

NIAGARA COUNTY, NY

MARKET AND ECONOMIC ANALYSIS FOR MEAT PROCESSING



APRIL 2024

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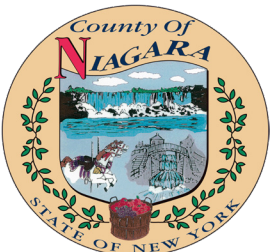


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EXECUTIVE SUMMARY

The Niagara County Market & Economic Analysis for Meat Processing arose from Niagara County's 2018 Agricultural & Farmland Protection Plan, which identified a need to increase local meat processing capacity, to reduce costs for farmers, and to increase jobs and investment in Niagara County. The 2018 Plan noted growing consumer demand for locally grown meats and the lack of local processing capacity. Additional affordable local processing is needed, as most livestock farmers in Niagara County currently transport livestock out of the region for processing.

This study analyzed the market and financial feasibility of developing a new meat processing facility in Niagara County. Tasks included:

1. Market Analysis
2. Outreach to farmers, processors, and stakeholders
3. Feasibility Assessment
4. Concept Plan
5. Financial Analysis
6. Model Business Plan

The Market Analysis aimed to characterize the market demand for a new facility within Niagara County and determine the type and size of facility that would best meet the needs of local producers. The analysis included surveys and interviews with producers, processors, and industry experts; assessment of current production and processing rates in the region; identification of market opportunities; and analysis of challenges.

Based on the analyses, an 8,000 sq. ft. facility that processes red meat and potentially poultry could be supported by the region's producers. As the market for religiously processed meat is growing, a facility that can process meat to halal and kosher standards is also recommended. The recommended ownership type is a producer cooperative.

A suitable site for a processing facility should have access to public water and sewer service as well as three-phase electricity. Of the sites

identified in Niagara County where zoning would allow a meat processing facility and utilities are available, two sites were identified as potentially feasible: The Niagara County Business Park in the Town of Cambria and the former Pfeiffer Foods Facility in Wilson. Relying on information available, this study assumes the development of a facility at the proposed Niagara County Business Park.

A model business plan (Appendix A) was developed which presents basic operating assumptions, cost estimates, and cash flow projections. The facility would be designed to process 1,138 head of cattle, 350 hogs and 263 lamb or goats annually. Poultry processing could be available in a separate portion of the facility. Estimated costs for capital, labor and operations total \$1.0 - \$1.3 million annually. Upfront costs to construct the facility, based on \$750/sq. ft., are estimated at approximately \$6 million. Grant funding would be needed for the facility to be economically viable.

SUNY Niagara and the Niagara Falls Culinary Institute can support a new meat processing facility by facilitating workforce development and promoting the use of local meats in restaurants and institutions.

Next steps:

1. Establish a working group to generate interest, identify Co-Op owners, & advance parts of the business plan. (*Cornell Cooperative Extension of Niagara County & Niagara County Dept. of Economic Development*)
2. Advance development at Niagara County Business Park or secure another site. (*Niagara County Dept. of Economic Development*)
3. Establish ownership group & formalize business. (*Ownership group*)
4. Obtain grant funding. (*Ownership group & Niagara County*)
5. Develop, market, and operate the facility. (*Ownership group*)

MARKET ANALYSIS

A crucial first step in determining the feasibility of a new meat processing facility in Niagara County is to understand the current market for livestock in the County. This market analysis provides a high-level overview of revenue generated by livestock sales in Niagara County, the number of farms that raise livestock, livestock inventories, and the types of marketing opportunities producers can utilize to sell their goods.

NIAGARA COUNTY AGRICULTURAL ECONOMY

Niagara County is located in the northwest corner of New York State, encompassing 522 square miles. The County is bordered by Canada and the Niagara River to the west, Lake Ontario to the north, Orleans County to the east, and Erie County to the south.

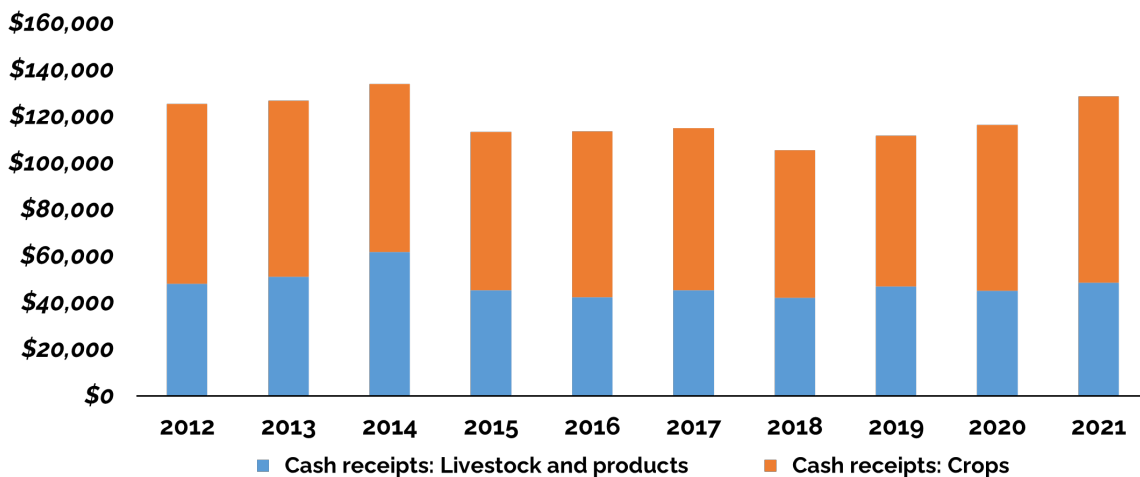
The 2020 estimated population of Niagara County was 212,666. Most of the population is concentrated in the three cities of Niagara Falls (50,193), North Tonawanda (31,568), and Lockport (21,165), and their surrounding suburban communities in the western half of the County. The eastern half of the County is sparsely populated and is largely agricultural in nature.

Agriculture has historically been a major component of the County's character. The County is also a significant contributor to the agricultural economy of New York State. According to the 2022 USDA Census of Agriculture, there are 628 farms in Niagara County covering 121,516 acres of land (17% of all land in the County). The average farm size is 193 acres, however 87% of farms are less than 179 acres. Niagara County ranks in the top 10 of NYS counties for grain, vegetable, and fruit production. The County is also in the top 50% of livestock producing counties in the State (29 out of 62).

Based on the 2022 Census of Agriculture, 206 farms in Niagara County sold livestock, poultry, and/or animal products and generated \$69 million in sales (44% of all agricultural product sales). Of the \$69 million, milk from cows made up approximately 91% of sales. Livestock and poultry meat sales generated approximately \$5.4 million annually in sales.

According to the U.S. Bureau of Economic Analysis, farms in Niagara County sold approximately \$128,500,000 worth of products in 2021. As seen in Chart 1, the average annual cash receipts for all agricultural products in Niagara County between 2012 and 2021 was \$119,040,000.

Chart 1: Niagara County Annual Agricultural Sales



Source: U.S. Bureau of Economic Analysis, Table CAINC45: Farm Income and Expenses

Livestock Inventory & Analysis of Trends

Table 1 at the end of this section summarizes the numbers of farms and inventory of livestock in Niagara County, based on the 2022 Census of Agriculture, and notes changes between 2017 and 2022.

Cattle and Calves

In 2022, approximately 103 farms in Niagara County raised 1,366 beef cattle. Beef cattle and milk cows are the two largest selling livestock products in Niagara County. The number of farms that raise cattle and calves decreased by 32% from 2017 to 2022 while the inventory of cattle and calves only decreased by 5% during the same period.

Among farms with beef cattle, 79% raise less than 19 at a time. Beef cattle on these farms make up 44% of all beef cattle in the County. Among farms with milk cows, five farms have 80% of the County's inventory. The remaining milk cows are concentrated on five other farms whose inventory ranges from 200 to 449. In contrast to smaller hooved livestock, beef cattle typically take two years of feeding before they are raised to a suitable weight for processing; livestock such as hogs, goats, and sheep typically take 4-6 months. Recent economic and environmental conditions led to disruptions in the national cattle production cycle which caused the price of feeder cattle to skyrocket. In January 2024, the USDA predicted the price of cattle in 2024 to reach record highs of \$153.00 per central weight (cwt), a 5.8% increase. High prices restrict the ability for small-scale beef

farmers to purchase sufficient quantities of cattle to raise for meat processing, requiring them to pass the price increases onto consumers. Livestock farmers who participated in the Steering Committee noted that consumers in Niagara County would not pay prices high enough to cover these increased costs.

Hogs

According to the 2022 Census of Agriculture, 38 farms in Niagara County raised 300 hogs. Between 2017 and 2022, the number of farms that raised hogs increased by 52% but the inventory of hogs decreased by 21%. Hog sales in the County increased during this period. In 2017, 32 farms sold 557 hogs generating a total of \$72,000 in revenue. In 2022, 32 farms sold 396 hogs generating a total of \$87,000 in revenue. This represents a 29% decrease in the number of hogs sold but a 21% increase in value from sales.

Sheep and Lamb

In 2022, 24 farms in Niagara County raised 511 sheep and lambs for meat. The number of farms that raise sheep and lambs decreased by 49% from 2017 while sheep and lamb inventory decreased by 36%. 18 farms that raise sheep and lambs only have 1-24 in their inventory. Six farms with 25 to 99 sheep and lambs in their inventory raise 74% of the entire stock of sheep and lambs in Niagara County. An additional eight farms in Niagara County raise sheep for wool production.

Goats

Goats in Niagara County are raised for meat, milk, and mohair. In 2022, 23 farms maintained a total inventory of 214 meat goats.

The number of farms in Niagara County raising goats decreased by 41% from 2017 to 2022 and the inventory of goats also decreased by 41% too. The value of all goat sales increased by 110% and the number of all goats sold increased by 3%.

Poultry

According to the 2022 Census of Agriculture, 11 farms in Niagara County raised 745 broilers. The number of farms that raised poultry increased by 23% overall between 2017 and 2022. Poultry farms in Niagara County are relatively small with 74% of farms raising only 1-49 birds at a time. Poultry numbers are hard to extrapolate as their rearing cycle is so quick that current and annual inventory may be difficult to separate.

Specialty Livestock

In addition to traditional livestock, several farms in Niagara County raise and sell specialty livestock. These livestock include alpacas, llamas, deer, rabbits, and bees. Due to specialty livestock being a niche market, there was a lack of reportable data in the Census of Agriculture on some of these livestock.

Table 1: Niagara County Livestock Inventory

Type of Product	Number of Farms	2022 Inventory	'17-'22 Change in Inventory	2022 Number Sold	'17-'22 Change in Number Sold	Value
Beef Cattle	103	1,366	-24%	84	-34%	\$5,207,000
Milk Cows	14	9,462	+5%	N/A	N/A	\$63,328,000
Hogs	38	300	-2%	396	-29%	\$87,000
Sheep & Lamb	24	511	-36%	142	-66%	\$22,000
Sheep Wool	8	N/A	N/A	7,094 lbs	+119%	\$1,000
Meat Goats	23	214	-25%	N/A	N/A	N/A
All Goats (Meat, Milk, Mohair)	33	250	-41%	289	+3%	\$86,000
Broilers	11	745	-60%	1,478	-5%	N/A
Layers	109	4,234	+4%	602	-41%	N/A
Pullets to replace laying stock	23	775	+35%	3	N/A	N/A
Turkeys	11	116	-59%	N/A	N/A	N/A
Alpacas	14	158	+2%	N/A	N/A	N/A
Llamas	2	N/A	N/A	N/A	N/A	N/A
Deer	1	N/A	N/A	N/A	N/A	N/A
Rabbits	3	26	-85%	N/A	N/A	N/A

Source: US Census of Agriculture, 2017 & 2022

MARKETING OPPORTUNITIES

The ability of a farm to survive and remain profitable depends on successfully finding markets. Markets for livestock producers include livestock auctions, consignment sales, and direct-to-consumer sales (DTC). This section provides an overview of these types of marketing opportunities with a focus on DTC sales as this method provides farmers the most control over the sale of their products and allows them to retain a larger share of the market value of their livestock.

Auctions

Auctions are an easy way for producers to ensure their livestock are purchased and allow another

party to arrange for processing. While auctions result in lower prices for farmers, an auction offers farmers an opportunity to connect with meat buyers to establish future partnerships.

Live Animal Market

At Live Animal Markets, customers go to a facility to directly view and select their animal. The animal is then processed on-site in a custom-exempt processing facility before the resulting meat is given to the customer. Since the customer takes ownership of the animal before it is processed, the facility operates under a custom-exempt license which does not require USDA-inspection.

Livestock Contract Raising

The contract raising of livestock is when a business contracts with a farm to raise livestock. This type of agreement allows the business to ensure they receive a tailored product while the producer has guaranteed pay. Typically, livestock raising contracts are made between large corporations and large-scale growing facilities. However, this type of partnership may also offer opportunities for local farmers and restaurants/institutions to connect and establish local economic partnerships.

Direct-to-Consumer Sales (DTC)

The direct sales of food products by farmers in the US is a steadily growing and popular option for US farmers. According to the 2022 USDA Census of Agriculture, DTC sales increased by 16% since 2017, with 116,617 farms participating. The USDA estimates 5.8% of all US farms take part in some form of DTC sales, resulting in total revenue of \$3.3 billion and an additional \$14.2 billion through sales directly to retail markets, institutions, and food hubs. Throughout the US, the highest grossing form of DTC is on-farm retail/farm stands which brought in over \$1 billion in sales in 2020.

DTC sales make up a larger proportion of all product sales in NYS than in other US states. NYS farmers generated \$288 million in DTC sales in 2022. In Niagara County, 163 farms (79% of County farms & 13 times the national average) generated \$10.6 million in DTC sales in 2022; 70 farms

(33% of County farms) made an additional \$28.3 million in sales to local/regional food markets, institutions, and food hubs. The following is a summary of various types of DTC sales available to Niagara County Producers.

Farm Stand

The classic farm stand is one of the most common and profitable forms of DTC sales for farmers in the US. As a farm stand is not considered a retail food store but instead an extension of the farm, the farm stand is not required to abide by the same strict regulations that apply to a typical food retail store. However, New York State regulations limit total value of meat products that can be sold at a farm stand to \$56,900 for red meat and \$46,700 for poultry, annually. While farm stands do not require inspections, a New York State Department of Agriculture and Markets (NYSDAM) inspector may periodically visit to monitor the storage of products.

Farmers Market

Today there are more farmers markets in the country than ever. As of 2019, there were 8,771 active farmers markets, a 390% increase since the USDA's Agricultural Marketing Service started tracking them in 1994. On average, the number of farmers markets grew by 7% per year between 1994 and 2011 and the number has increased by around 1% per year since 2016.

In Niagara County, seven different farmers markets operate primarily from June to October and at least two operate year-round. In the surrounding counties of Erie, Genesee, Orleans, and Wyoming, an additional 18 farmers markets provide opportunities for local farmers to sell their products and for residents to purchase and support locally grown products.

Community Supported Agriculture (CSA)

The first formal Community Supported Agriculture (CSA) was established in Massachusetts during the 1980's to improve marketing options for small-scale farmers and increase food-chain sustainability. In 2023, the USDA estimated there were over 12,000 CSAs throughout the country. A typical CSA operates as a subscription service where a consumer pays a fee upfront to a farmer in exchange for a weekly delivery of a share of the farm's products. Although many CSAs primarily provide only fruits and vegetables, some offer shares in meat and livestock products.

Freezer Trade

The sale of whole, half, or quarters of an animal is known as Freezer Trade. Typically, a customer purchases and takes ownership of a whole or portion of an animal from a farmer. The farmer will then take the animal for processing. After the animal is processed, the portion of the animal purchased will be delivered to the customer. As the customer takes ownership of the livestock prior to processing, the

livestock can be processed under custom-exempt status. Selling cuts of meat instead of a whole or portions of an animal is not considered Freezer Trade and is subject to a different set of regulations.

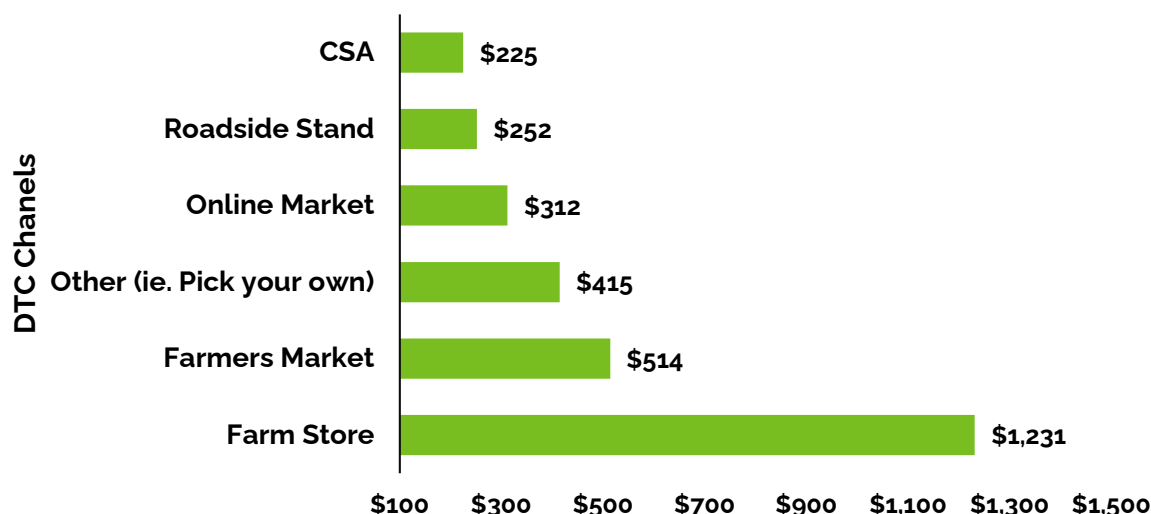
Hotels, Restaurants, and Institutions (HRI)

Farmers can sell meat directly to hotels, restaurants, schools, and other institutions (HRIs) under specific parameters through federal and state licenses. A farmer can sell quarters or cuts of meat directly to HRIs if the livestock was harvested at a USDA-inspected facility. The USDA Agricultural Marketing Service publishes [Institutional Meat Purchase Specifications](#) so institutional purchasers may reference these voluntary standards when procuring meat products.

Additionally, a farmer could take their processed animal from a USDA facility and process it further in their 20-C facility. A 20-C processing facility is essentially a commercial kitchen where meat can be further processed by cutting, slicing, trimming, grinding, freezing, wrapping, and dividing carcasses into retail cuts. The 20-C facility can sell the processed product to any in-state restaurant, hotel, or other institution.

Sales to schools represent a growing opportunity for New York farms. Between 2007 and 2023, direct sales from farms to schools increased by 430% nationwide. New York State has established programs to encourage schools and universities to purchase NYS farm products. In 2013 SUNY launched SUNY Commits which set out to significantly increase the procurement of local foods to feed the nearly half-million students in the SUNY system. The NYS Department of Agriculture (NYSDAM) Farm-To-School program incentivizes K-12 schools to purchase at least 30% of all food from local sources. Currently, more than 40% of school districts in NYS have opted into some sort of farm to school program.

Chart 2: Direct-to-Consumer Sales by Marketing Practice, 2020 (\$ million)



Source: USDA National Agricultural Statistics Service, 2020 Local Food Marketing Practices Survey – Direct Farm Sales of Food

PRODUCER & PROCESSOR OUTREACH

Surveys and interviews of meat producers and meat processors provided insight on their challenges as well as potential market opportunities. This section provides an overview and analysis of the survey and interview responses. The findings informed the study's conclusions regarding the feasibility of a new meat processing facility in Niagara County and helped to identify other actions the County can take to better support local farms and meat processors.

PRODUCER SURVEY ANALYSIS

Between February and April of 2023, a survey was conducted of livestock producers in Niagara County and the surrounding region. The survey was distributed to producers utilizing contact information provided by the Cornell Cooperative Extension (CCE) of Niagara County and the Niagara County Soil Water Conservation District (SWCD). Responses were collected from 41 different meat producers. The survey form can be found in Appendix B.

Producer Overview

The following summary describes the characteristics of the 41 producers who responded to the survey.

1. The average producer of livestock for meat has been involved in the trade for 17.7 years. Responses ranged from 3 to 70 years.
2. Producers are not very active with livestock related organizations. A total of 37.5% of respondents indicated that they are not a part of any type of organization. The other respondents indicated at least one organization they are active with.
3. Three quarters (72.5%) of respondents do not have a succession plan.
4. Livestock operations in the area are relatively small, as 57.8% of respondents have zero paid employees on their farms. Only two livestock producers have 10 or more employees. Most of these employees are seasonal or work part-time.
5. In addition to raising livestock, 75.6% of respondents produce other agricultural products on their farm. The most common types of other farm products include hay (18) & vegetables (14).
6. Grain fed is the most common special farming attribute that respondents use. None of the respondents indicated that they are certified organic.

While this study focuses on red meat processing, it is important to note that poultry is the most abundant type of farm animal raised in Niagara County. This may be due to the fact poultry have significantly shorter growing periods compared to livestock and are much smaller which makes transporting and processing them easier. Farms that raise hooved livestock species raise on average 11 - 16 head.

Table 2: Livestock Raised by Survey Respondents

Livestock Type	Total # Raised	Avg # Raised	# of Farms
Chicken	4,805	240	20
Turkey	701	54	13
Other Poultry	650	93	7
Cattle	481	16	30
Hogs	280	16	18
Goats	238	15	16
Sheep/Lamb	116	11	11
Other	102	20	5

In March of 2023, the consultant team attended the annual Niagara County Agribusiness Outreach Forum in Lockport, NY. At the event, the team delivered a presentation on the feasibility study. The presentation provided highlights on the purpose and methodology of the study, an overview of information analyzed to date, and promoted for the producer and processor surveys. After the presentation, the consultant team met with several livestock producers in the audience to discuss the challenges and opportunities for raising livestock and meat processing in Niagara County.

Marketing and Sales Channels

Producers were asked what channels they use to sell their livestock and poultry products and were given a list of options to choose from. Respondents used on average 1.6 different sales channels with some using as many as four or as little as one. The most common sales channel type was a farm stand/store which was used by 40.7% of respondents.

Producers were asked how they market their livestock and livestock products. Respondents use between one and five different marketing activities with an average of 1.9. Only nine producers indicated they have a website for their business. The most common marketing activity used was word-of-mouth at 49%.

Processing Activities

Producers were asked to identify which meat processors they use. Respondents reported using on average 1.9 processors, with some producers self-processing and others using as many as six different processors.

The two most commonly used processors are B&R Custom Butchering and Hartland Abattoir. Hartland Abattoir is the only USDA certified meat processing facility in Niagara County and B&R Custom Butchering is a custom-exempt processing facility located in Orleans County. A list of identified processors can be found in Table 4.

Respondents were also asked how far they are traveling round-trip and the price of livestock processing. Based on survey responses, producers are traveling on average 71 miles or approximately 1.1 hrs. round-trip to deliver livestock for processing.

Table 3: Types of Sales Channels

Sales Type	# of Producers	% of Producers
Farm Stand	11	40.7%
Farmer's Market	5	18.5%
CSA	3	11.1%
Wholesale	3	11.1%
Retail	3	11.1%
HRI	4	14.8%
Auction	4	14.8%
DTC	9	33.3%
Freezer Trade	5	18.5%

Based on analysis of travel times for producer's first, second, or third choice processor, producers are traveling on average an additional 23.3 miles to deliver livestock to their third-choice processor compared to their first choice. Some producers travel as little as 25 miles round-trip to deliver their livestock while others travel as far as to Pennsylvania resulting in a 260-mile round-trip. Survey respondents also noted how many times per year they travel to a processor. Some producers travel as little as twice a year while others travel as many as 25 times per year.

Chart 3: Round-Trip Travel by Meat Producers

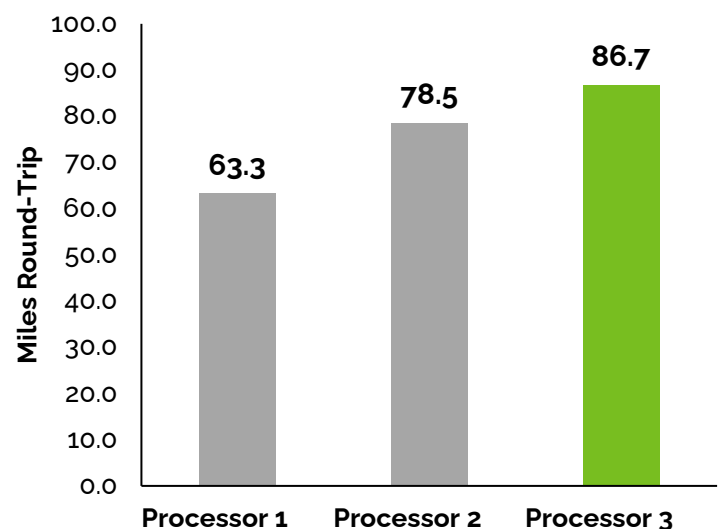


Table 4: Meat Processors Used by Niagara County Meat Producers

Processor	Certification	County	# of Farmers Using this Processor	% of Farmers Using this Processor
Amish	N/A	N/A	1	4%
B&R Custom Butchering	Custom-Exempt	Orleans	14	50%
Britts Slaughterhouse	Custom-Exempt	Niagara	3	11%
Burly Brothers Country Processing	USDA	Wyoming	1	4%
DJ's Custom Meats	Custom-Exempt	Genesee	1	4%
Falconer Meats	Custom-Exempt	Wyoming	1	4%
Hartland Abattoir	USDA	Niagara	11	39%
HLW Acres Poultry Processing	5-A	Wyoming	2	7%
Joe's Meat Market	USDA	Wayne	3	11%
Kelley Meats	USDA	Oneida	1	4%
Kennedy Meat Market	USDA	Cattaraugus	1	4%
Krammell's Meat Market	Custom-Exempt	Wyoming	2	7%
M&M Meats	Custom-Exempt	Genesee	1	4%
Schrader Farms Meat Market	USDA	Seneca	1	4%
Sylvester Meats	USDA	Tioga (PA)	1	4%
Self-Process	N/A	N/A	2	7%
Whitney Creek	Custom-Exempt	Genesee	3	11%

Table 5 compares the median price that producer survey respondents pay per animal for processing and what the typical U.S. price is. With the exception of turkey, goats, sheep, and lamb, the prices local producers pay is within the range of national averages for processing.

Table 5: Reported vs Typical Processing Costs

Livestock Type	Median Cost	Typical Cost
Chicken	\$5.00	\$3.50 - \$7.50 ¹
Turkey	\$9.50	\$8.00 ²
Other Poultry	\$5.00	\$3.50 - \$7.50 ¹
Cattle	\$675.00	\$500.00 - \$1,000.00 ³
Hogs	\$250.00	\$200.00 - \$250.00 ⁴
Goats	\$95.00	\$90.00 ⁵
Sheep/Lamb	\$100.00	\$90.00 ⁶

¹ <https://familyfarmlivestock.com/cost-to-butcher-meat-chickens-with-examples/>

² <https://familyfarmlivestock.com/is-raising-your-own-meat-turkeys-worth-it/>

³ <https://whyfarmit.com/cost-to-process-cow/>

⁴ <https://farmhouseguide.com/how-much-do-pigs-cost/>

⁵ <https://familyfarmlivestock.com/why-is-goat-meat-so-expensive/>

⁶ <https://familyfarmlivestock.com/is-raising-your-own-lambs-for-meat-worth-it/>

Challenges and Needs

Producers were asked a series of open-ended questions to elicit an understanding of the shared challenges and needs that producers in the region face. Producers identified the following challenges most frequently: (1) **rising costs of feed and fuel**; (2) finding markets for year-round revenue; (3) connecting with customers; and (4) the lack of livestock veterinary services.

Producers were asked to identify what lack of services besides processing availability is hindering their operations. Common responses included: (1) veterinary services; (2) a farmer co-op; (3) marketing and grant application support; and (4) transportation support.

Lastly, the survey investigated what processing services producers need but are not currently being met. The two most common answers are: (1) facilities that are closer and (2) facilities that are USDA certified.

New Facility Questions

The last section of the producer survey asked about the processing services farmers use and what they would like to see in a new facility. Livestock producers were first asked to identify what processing services they currently get from the facilities they use. Chart 4 shows that the majority of producers use non-USDA facilities. Other services that producers commonly use include value-added processes such as sausage making, smoking, and curing. Services less commonly used include cryo-packaging, brokering, marketing, and transportation assistance.

The producer survey asked what services the livestock producers would desire in a new facility. The most desired service was for the facility to be USDA certified (Chart 5).

Chart 4: Processing Services Used by Producers

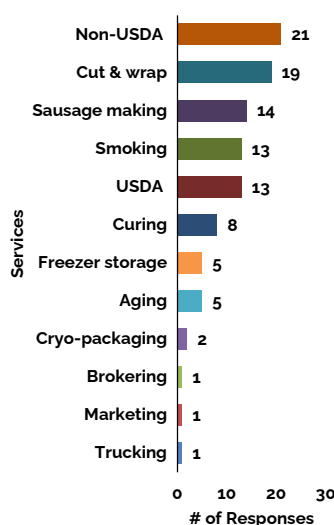
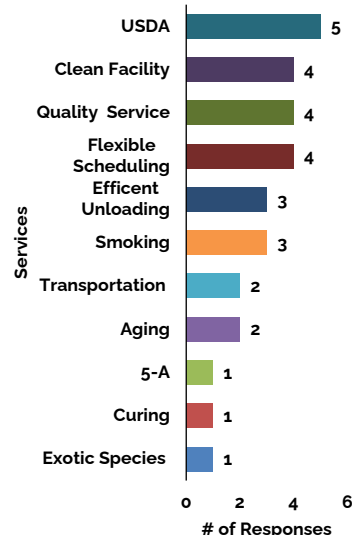


Chart 5: Desired Processing Services by Producers



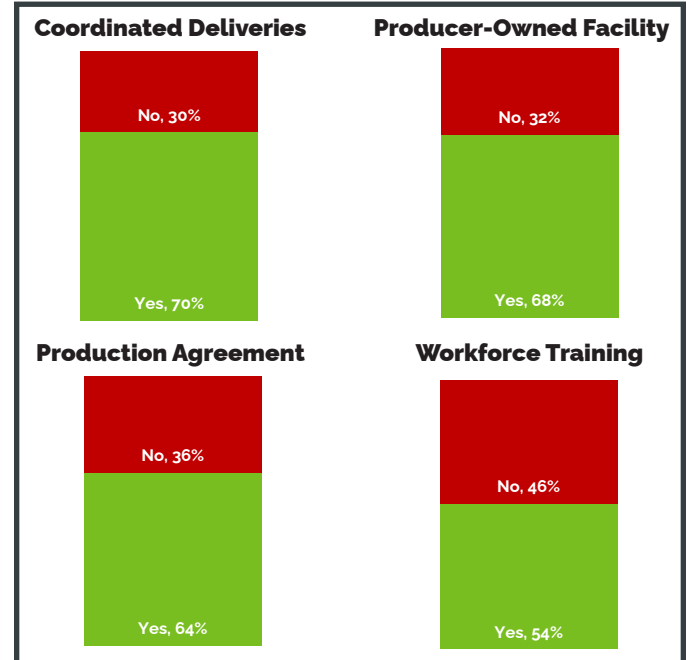
The survey asked producers for input regarding how a new facility in Niagara County should operate. Chart 6 illustrates respondents' interest in various hypothetical operational characteristics. Although the majority of respondents were in favor of all the facility characteristics presented, respondents were most interested in having a new facility help coordinate livestock deliveries from farms to the facility; 70% of respondents were in favor of this.

The second most desired operational characteristic was for the new facility to be producer-owned; 68% of respondents were in favor of this. As a producer-owned processing facility, the facility would process mostly livestock from producers who are co-owners of the facility. A similar structure type is used by Alliance Farm Butchery in Holland, NY, and by other food businesses in the region. At Alliance Farm, producers can purchase a membership to the processing facility which in turn guarantees them a dedicated scheduled slot, reduced processing costs, and custom labels.

The third most favored operational characteristic was for the facility to require production agreements between the producer and the facility with 64% of respondents in favor of this. A production agreement is a contract with the facility requiring the producer to bring in a pre-determined number of livestock for the facility to process. This type of agreement would ensure the facility has enough livestock to process while producers are guaranteed a slot for their livestock to be processed.

The operational characteristic which received the least amount of interest was for the facility to offer workforce training opportunities; 54% of respondents were in favor of this. This operational characteristic would incorporate a training program into the new facility where newly hired employees, producers, or residents interested in entering the field of meat processing could learn all the skills necessary to become a competent meat processor.

Chart 6: Producer Interest in Operational Characteristics for a New Facility



PROCESSOR SURVEY AND INTERVIEW ANALYSIS

A survey of regional meat processors was developed to better understand the existing meat processing in the region. After reviewing lists published by the USDA and the Cornell Livestock Program, 32 active meat processors were identified in the region. Surveys were mailed directly to each processor. Six survey responses were received from meat processors and two follow up phone interviews were conducted. In addition, two other phone interviews were conducted with processors who did not respond to the survey. An example of the survey is provided in Appendix C.

Processor Overview

Processors provided the following general information about their facilities and operations.

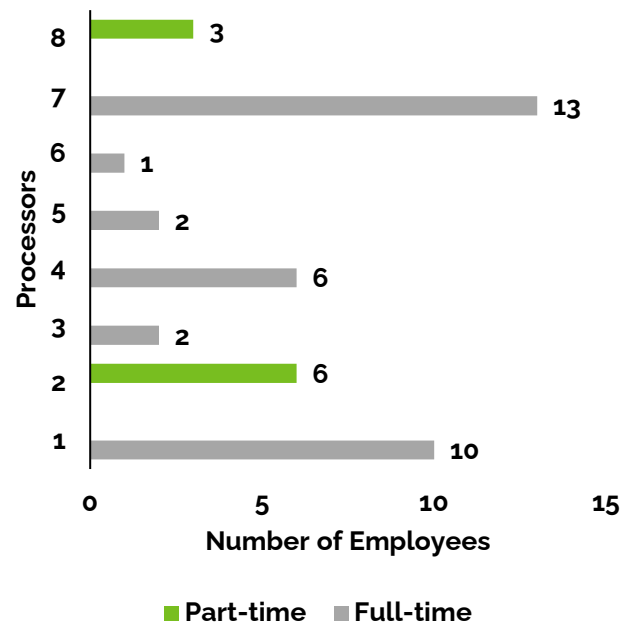
1. Meat processors responding to the survey have been involved in the industry for an average 38.3 years.
2. Meat processing facilities responding to the survey were built on average 39.4 years ago and renovated on average 13.5 years ago.
3. Only two processor respondents stated they are a member of a meat processing related organization. These processors are members of the American Association of Meat Processors and/or the NYS Farm Bureau.
4. Only 20% of respondents have a succession plan.
5. A total of 88% of respondents provide custom-exempt services and only 25% of facilities are either USDA or NYS 5-A certified. Of the certified facilities, three also provide custom-exempt services.

Workforce

The survey included questions concerning the number of employees, type of employee training, and pay rates. On average, surveyed meat processors have 5.7 employees at their facility. The number of full-time and part-time employees varies by facility. During phone interviews, processors were asked what type of tasks are assigned to their employees. Processors generally expect their employees to be involved with all parts of the operation, including

harvesting, cutting, value-added processes, working the retail store and answering phone calls. Chart 7 below illustrates the variation in the number of employees per facility.

Chart 7: Number of Employees per Facility



With regard to training, the vast majority of employees learned the skills of meat processing while on the job. Of the 43 employees at eight different facilities, only 5% had received formal Hazard Analysis Critical Control Plan (HACCP) training; The remaining 95% of employees only received on-the-job training.

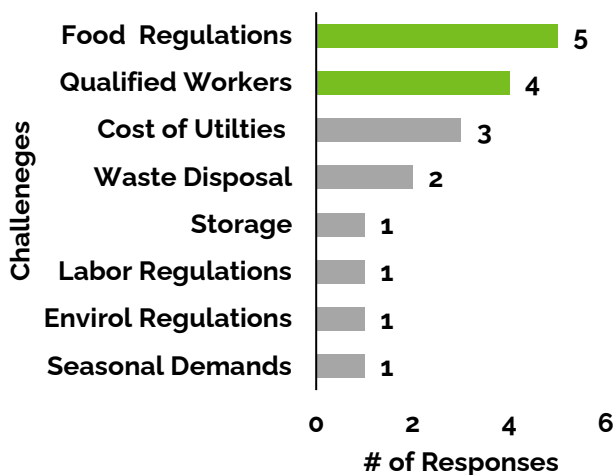
Among processors who responded to the survey, wages ranged from an average low wage of \$15.00/hr. to an average high of \$24.00/hr.

Processor Challenges

Based on survey responses, the biggest challenge processors face is the stringency of food safety regulations, followed closely by finding qualified workers.

The processor survey provided insights into the challenges processors face in finding a suitable workforce. Common responses included: (1) finding people to apply who are interested in the field; (2) finding workers with previous experience; and (3) taxes and regulations associated with employees. During a one-on-one interview, one processor indicated their facility has enough demand from producers to double their processing rate but they are unable to increase production due to a lack of suitable workers. This processor noted that the business cannot compete with the higher wages offered at larger processing facilities or butcher shops at chain grocery stores.

Chart 8: Processor Meat Processing Challenges

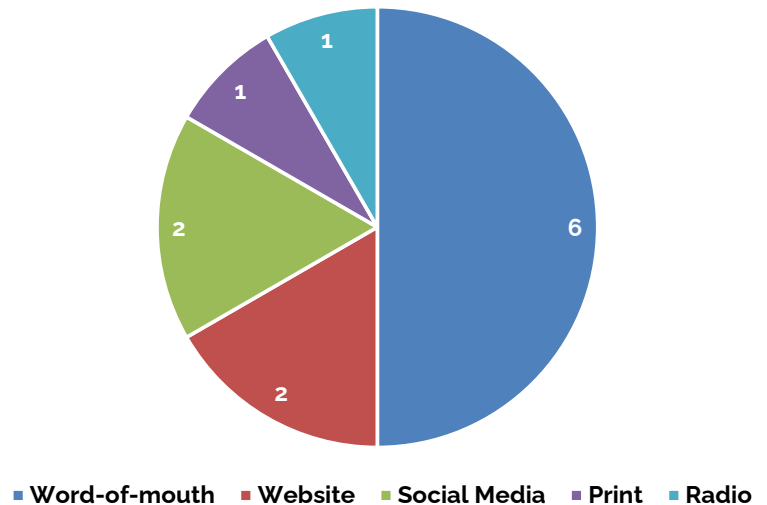


Marketing and Sales Channels

Meat processors were asked what channels they use to sell their products. Respondents were given a list of options. Only two respondents indicated they sell their products directly to customers using their own retail space. Processors engaged in retail sales indicated that this channel makes up less than 50% of their sales. The other respondents stated that the processed meat is returned to the producers to sell themselves.

When asked what marketing activities they use to sell their products, meat processors were given a list of options. Respondents use on average 1.5 different marketing activities with a high of three and a low of one. The most common marketing activity used is word-of-mouth which is used by six processors.

Chart 9: Meat Processor Marketing Channels



Processing Activities

Respondents were asked to list what services they provide at their facility. All respondents provide cut & wrap services at their facility (Chart 10). Value-added services were the second most common service with five processors offering sausage making, curing, or smoking services. No respondents provide trucking services. Regarding specialty processing, only two respondents indicated they offer halal or kosher processing services.

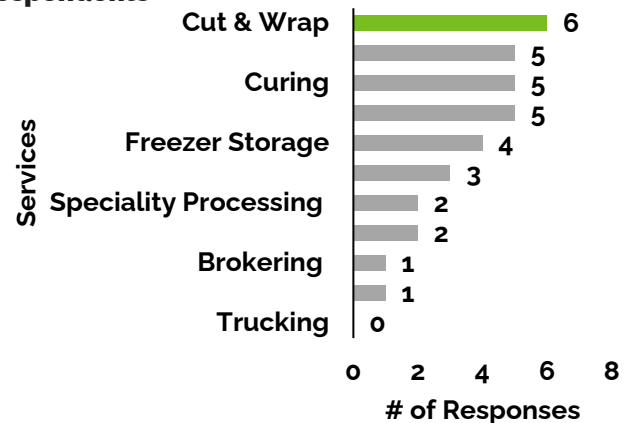
Of the eight total surveyed and interviewed processors, cattle are the most processed animal, followed closely by hogs. Infrequent processing of goats and lamb also occurs.

Processing Capacity

Number of Farms and Rates of Processing

It was difficult to extract firm numbers from processors on how many producers utilize their services. On average respondents provide services for 83 producers with a median of 63. Two processors indicated they provide services for over 100 producers while two others provide services for less than 20 producers.

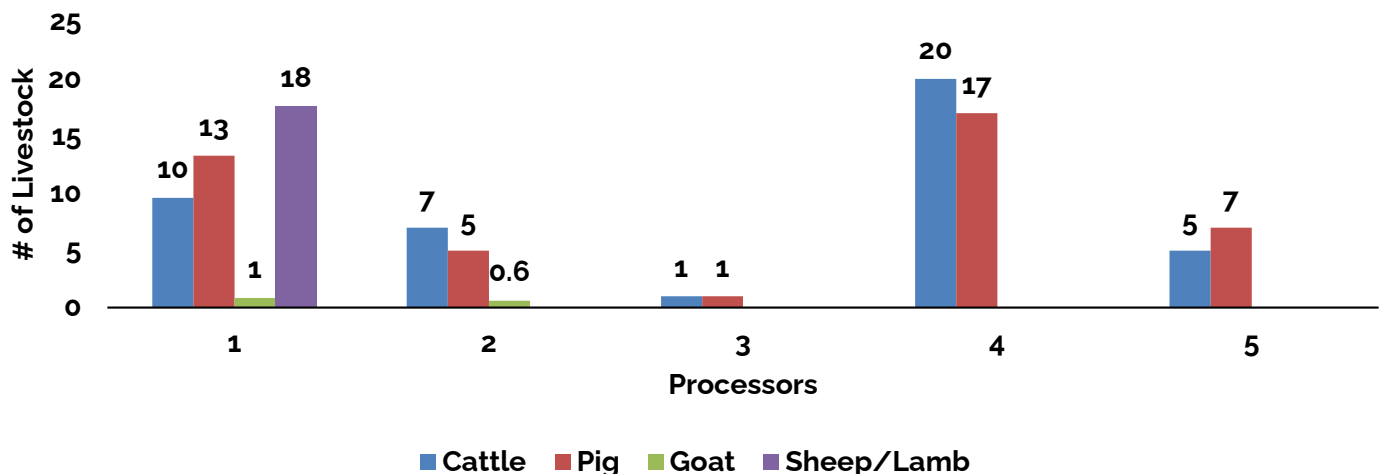
Chart 10: Processing Services Offered by Survey Respondents



Processors were asked to quantify how many animals they process per week. Some processors were unable to provide a definitive answer. Chart 11 illustrates the processing rates for respondents who were able to provide an answer. Cattle, the most commonly processed livestock species, are processed at an average rate of nine head per week, with a high of 20 per week. Pigs are also processed at an average rate of nine head per week.

Two facilities that were interviewed, both of which opened during the last few years, indicated that most of the livestock they process comes from animals raised on their own farm. These respondents stated they are unable to find enough producers to provide livestock for processing and are filling the throughput to remain operational with their own livestock.

Chart 11: Livestock Processed per Week by Facility



Change in the Rate of Work and Capacity to Accept New Work

Meat processors were asked how the amount of work has changed over the last year and over the past five years. A total of 67% of respondents indicated the amount of work at their facility increased over the last year while 33% said it stayed the same. Over the last five years, all respondents said the amount of work received has increased.

Respondents were asked to indicate their capacity to accept new work, and were given four options: fully booked, varies seasonally, some capacity available, and looking for new work. A total of 50% of respondents said they are fully booked while the other 50% said it varies seasonally. None of the respondents had some capacity or were actively looking for new work.

Lastly, respondents were asked how far in advance they require producers to schedule an appointment at their facility. A total of 50% said 1+ year, 33% said 1-3 months, and 17% said 4-12 months (Chart 13). No facility said they could schedule an appointment with less than a month's notice.

Processor Pricing

Table 6 compares prices among four processors in the region for various processing services. "Cut & Wrap" refers to the process of breaking down cuts of meat and packaging it. Most processors charge for cut & wrap services as a per pound fee and charge separate fees for harvesting and any value-added services. One processor offers both harvesting and cut & wrap services with a bundled fee. When compared to the two custom-exempt facilities, the USDA facilities were able to offer lower fees for harvesting and, in most cases, for cut & wrap as well. However, one interviewed USDA processor said that some producers can't afford their prices and are traveling to older and larger facilities in Pennsylvania that offer lower prices.

Chart 12: Processor Capacity to Accept New Work

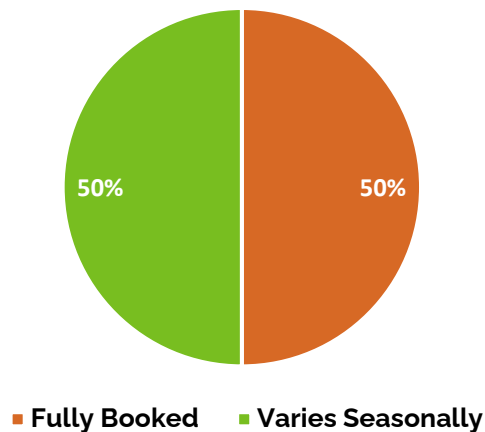


Chart 13: Processor Scheduling Availability

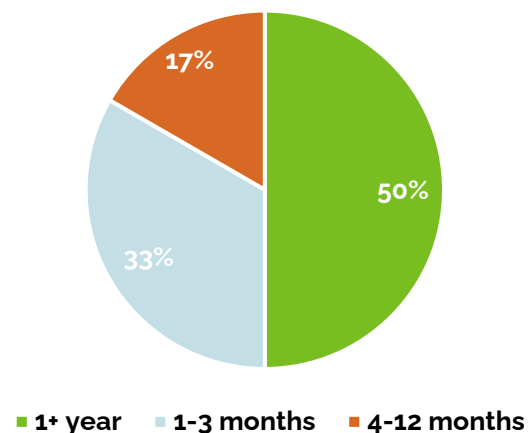


Table 6: Processor Price Comparisons

Service Type	Processors			
Facility	USDA	USDA	Custom-Exempt	Custom-Exempt*
Beef	\$110.00	\$100.00	\$125.00	\$960.00
Pork	N/A	\$65.00	\$75.00	\$290.00
Disposal	Included in Processing fee	N/A	N/A	Included in Processing fee
Cut & Wrap	\$1.35/lb	\$0.65/lb	\$0.70/lb	Included in Processing fee
Smoking	N/A	\$1.15/lb	\$0.65/lb	N/A

*Working on becoming USDA certified

Western New York Region Meat Processors

The map displays the Western New York region, including parts of Ontario, Canada, and the Niagara Peninsula. Major cities like Toronto, Hamilton, Buffalo, and Rochester are labeled. The map shows 32 numbered locations of meat processors, color-coded by facility type: green for 5-A, blue for Custom-Exempt, and red for USDA. The Niagara River and Lake Ontario are prominent features. An inset map in the top left corner shows the location of the study area within the state of New York. A scale bar at the bottom left indicates distances up to 50 miles. A north arrow is located in the top right corner.

Facility Type:

- 5-A
- Custom-Exempt
- USDA

1. Alliance Farm Butchery	12. Hitching Post Meats	23. Smith Packing Co.
2. Big E Farms	13. Hartland Abattoir	24. R&M Meat Cutting
3. Becker's Meat Shop	14. HLW Acres Poultry processing	25. Stevens Brothers
4. B&R Custom Butchering	15. Grizzly's Custom Cutting	26. Ramph's Bison Hill Farm
5. Britts' Slaughterhouse	16. Joe's Meat Market	27. Whitney Creek Farm
6. Countryside Processing	17. Kennedy Meat Market	28. Warsaw Meat Packing
7. Bond's meats	18. Kramell's Meat Market	29. Ridgecrest Turkey Farms
8. Burly Bros Country Butchering	19. Kemp's Meat Processing	30. McDonalds Meats
9. DJ's Custom Meats	20. Kerr's Custom Butchering	31. Coffaro's Custom Butchering
10. Falconer Meats	21. Lackawanna Halal Market	32. Sylvester's Quality Meats
11. Erba Verde farms	22. M&M Meats	

FEASIBILITY ASSESSMENT

The feasibility assessment for a new meat processing facility in Niagara County addresses: (1) the appropriate size of a new facility; (2) the availability of sufficient livestock to support the facility; (3) site selection considerations; (4) permits, licensing, and meat safety regulations; (5) alternative ownership models; and (6) workforce needs.

While this market study and feasibility assessment focuses on processing facilities for red meat, additional capacity for poultry processing is also needed in Niagara County. Poultry processing can be included as a component of the new facility, provided that the facilities are physically separated. The facility will also need to comply with regulations and licensing requirements specific to poultry processing.

WHAT IS THE RIGHT SIZE?

Based on interviews with current meat processors and consultation with Martin Broccoli, agricultural economic development specialist with the Cornell Cooperative Extension, a new meat processing facility would need to be at least 8,000 sq. ft. in size to accommodate the necessary throughput of livestock. As 8,000 sq. ft. is still considered a small facility, the feasibility of developing a larger 20,000 sq. ft. facility was also investigated.

At \$750/ sq. ft., the estimated cost to build a new 8,000 sq. ft. meat processing facility is approximately \$6 million. The cost to build a larger 20,000 sq. ft. facility is approximately \$15 million.

Meat processors interviewed stated that they saved costs on facility acquisition by either building it themselves and purchasing used equipment, or they bought a vacant processing facility and renovated it in phases.

Table 7: Facility Cost Comparisons

Facility	USDA	Custom-Exempt*	Custom-Exempt	New Facility
Size	13,000 sq. ft.	3,000 sq. ft.	4,500 sq. ft.	8,000 sq. ft.
Cost	\$900/sq. ft.	\$200/sq. ft.	N/A	\$750/sq. ft.
Weekly Output	Beef: 20	Beef: 5 Pork: 6-8	Beef: 10-15 Pork: 15-20	N/A
8,000 sq. ft. Facility	\$7.2 million	\$1.6 million	N/A	\$6 million
20,000 sq. ft. Facility	\$18 million	\$4 million	N/A	\$15 million

*Working on becoming USDA certified

IS THERE SUFFICIENT LIVESTOCK IN THE MARKET?

Based on information provided by interviewed processors, a new 8,000 sq. ft. facility would need to process approximately 35 head of livestock per week with 65% cattle, 20% pigs, and 15% goats, sheep, or lamb. Assuming the facility would be open 50 weeks per year, the total processing capacity would be 1,750 livestock per year. Approximately 1,138 of the livestock processed annually would be cattle, 350 would be hogs, and the remaining 263 would be goat, sheep, or lamb.

To be successful, a new meat processing facility in Niagara County would need to be able to capture the processing services for livestock not just in Niagara County but services for farmers in other counties throughout the region as well.

Extrapolating from the weekly processing rates reported by five meat processors in surveys or interviews, the 27 existing non-poultry meat processors across an 11-county region currently process a total of 513 livestock weekly, with a yearly rate of 25,560. One processor stated they only process one cattle and one pig per week, while only two facilities indicated they process

more than 20 head of livestock per week. Assuming these five processing facilities accurately represent ~20% of all the meat processors identified as part of this study, processing rates for the average meat processor in the region can be estimated (Table 8).

SITE SELECTION CONSIDERATIONS

Characteristics that will be important to consider when selecting a site within Niagara County for a new meat processing plant is the availability of adequate electricity, sewer, and water service as well as zoning that would allow meat processing. Meat processing requires a significant amount of electricity to power all the machinery involved, and a substantial amount of water is used throughout different parts of the process.

Zoning

Within Niagara County, the three cities, five villages, and 12 towns each have their own zoning regulations which specify the types of uses and the intensity of uses permitted within each defined zoning district. Municipalities that do allow meat processing facilities require them to be located within designated industrial zoning districts. Based on a review of zoning regulations for each of the 20 municipalities, Table 9 shows where a meat processing facility is allowed. As a permitted use, the facility would need only a building permit from the municipal Code Enforcement Officer, and potential site plan approval. Where a special use permit is required, the facility would need approval by a local board subject to specific criteria established in the zoning regulations.

Table 8: Estimated Weekly and Yearly Regional Processing Rates

Livestock Type	Weekly Processing Capacity		Yearly Processing Capacity	
	Avg. Survey Rate	Regional Rate	Avg. Survey Rate	Regional Rate
Cattle	9	243	450	12,150
Hog	9	243	450	12,150
Goat	1	27	50	1,350
Total	19	513	950	25,650

Table 9: Municipalities that Permit Meat Processing Facilities

Level of Use	Municipalities	
Permitted Use	1. Village of Baker 2. Village of Middleport 3. Village of Wilson 4. Town of Newfane 5. Town of Royalton	6. Town of Cambria 7. Town of Pendleton 8. Town of Wilson 9. Town of Wheatfield 10. City of North Tonawanda
Special Use Permit	1. Town of Lockport 2. Town of Porter	3. Town of Newfane

Figure 2: Zoning Districts that Permit Meat Processing Facilities

Zoning Districts Where Meat Processing Facilities are Permitted

- Yes
- No
- Special Use Permit

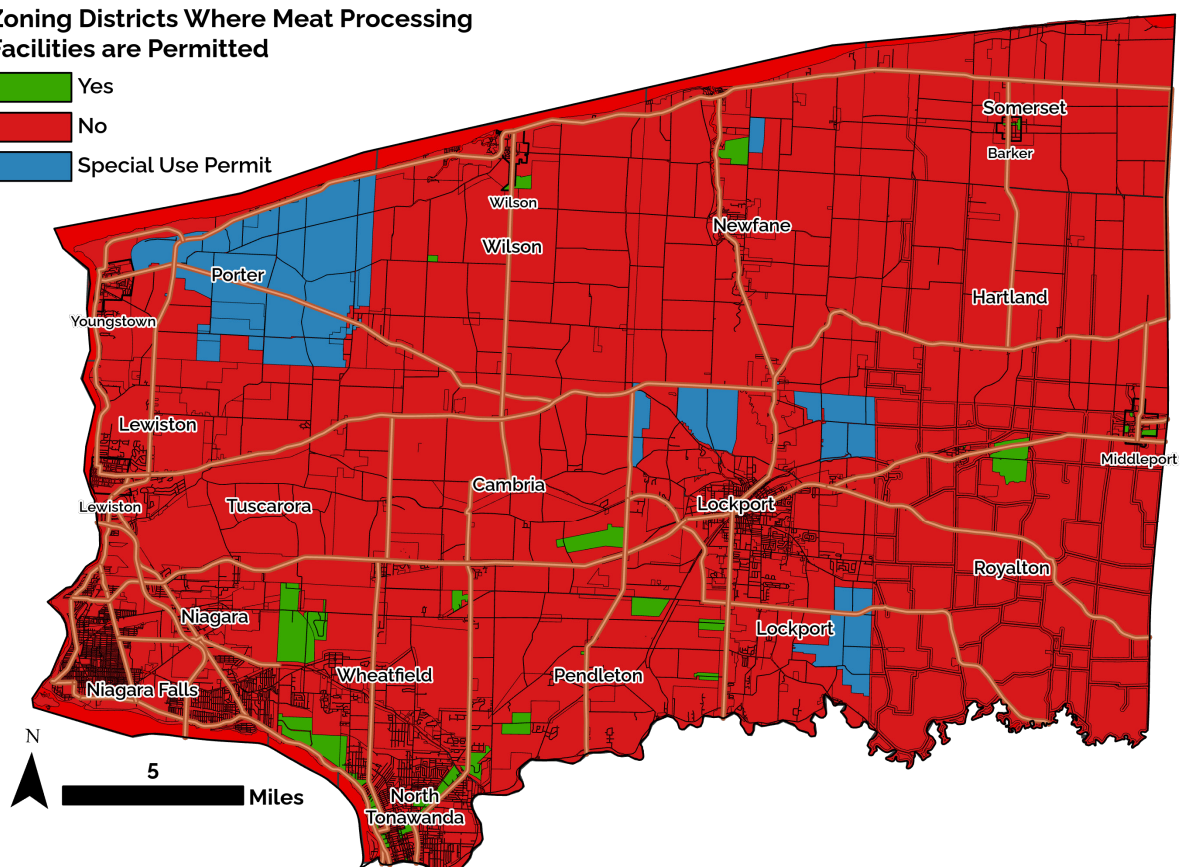
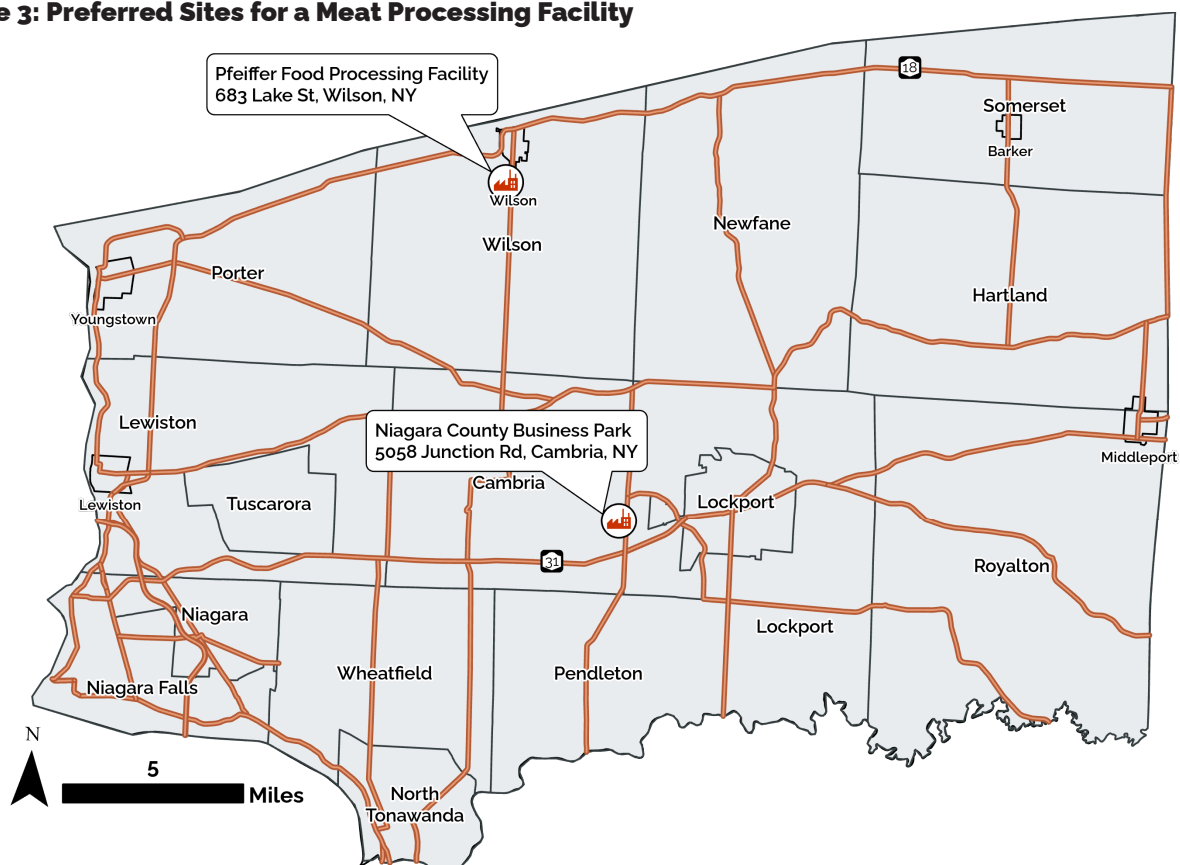


Figure 3: Preferred Sites for a Meat Processing Facility



Electricity

Meat processing requires the use of numerous pieces of machinery that require three-phase electricity to operate effectively. This requirement was confirmed in interviews with meat processors. Therefore, any new meat processing facility built will likely need to be built in an area that would allow the facility to hook up to three-phase electric power. All municipalities in the County receive electricity through National Grid with the exception of the City and Town of Lockport who receive electricity through NYSEG.

Most areas in the western half of Niagara County within the cities of Niagara Falls and North Tonawanda, and the Town of Wheatfield, have access to three-phase electricity. In the eastern and northern portions of the County, several areas lack access to three-phase power.

Water and Wastewater

Meat processing requires a significant amount of water. For example, to completely process one head of cattle would require approximately 350 to 400 gallons of water. Livestock such as pigs, goats, and sheep need around half as much water. While there are meat processing facilities that handle their wastewater on site through a septic system and some type of constructed wetland or pond/lagoon, connecting to municipal water and wastewater is the preferred option. Municipal wastewater treatment facilities may require the processor to provide information about the anticipated total suspended solids (TSS), biologically dissolved oxygen (BOD), fat, oil and grease content (FOG), and discharge rates of the facility in order to determine the connection fees and monthly charges, and whether pre-processing of wastewater would be required.

Site Suitability Analysis

The site suitability analysis aimed to identify one or more suitable sites for a new meat processing facility in Niagara County. The analysis identified sites with adequate water, sewer, and electric service; and that were zoned industrial.

Based on the analysis of zoning regulations and infrastructure for each of the 20 municipalities in Niagara County, six sites were identified as potentially suitable sites for a new meat processing facility. The Steering Committee considered each site and elected to move forward with further consideration for two of these sites: The proposed Niagara County Business Park in Cambria and the former Pfeiffer Foods Facility in the Town of Wilson.

Niagara County Business Park

One potentially viable site for a new meat processing facility, which is currently being planned, is the Niagara County Business Park which will cover 60 acres of land within the Town of Cambria near the Town of Lockport Industrial Park. As part of the Park's conceptual plan, an area has been identified for a potential meat processing facility.

Located centrally within Niagara County, off of NYS Route 31, the Niagara County Business Park would be easily accessible by farmers both inside and outside the County, is appropriately zoned, and efforts are underway to develop three-phase electric, water, and sewer connections.

Pfeiffer Food Processing Facility

The second parcel under consideration for the potential new meat processing facility in Niagara County is the former Pfeiffer Food Processing Facility in Wilson, NY. Located in the northern portion of the County on NYS Route 18, the Pfeiffer Food Processing Facility would be accessible to farmers in Niagara County. As the facility was formerly used for food production, the building is already equipped with a loading dock and on-site wastewater facility.

The facility is currently for sale. A site visit will be required to further assess the viability of the building for potential conversion to a meat processing facility.

Niagara County Business Park

Address: 5058 Junction Rd, Cambria, NY

S.B.L: 107.00-2-32

Owner: Niagara County

Size: 60 acres

Zoning: Planned Development (P-D)

Property Class: 330 (Vacant Commercial)

Adjacent Uses: Agricultural & Industrial

Electrical: 1-Phase

Highway Access: 1.0 mile to NY-31

Water & Waste Water: Public water available, no sewer connections

Environmental: Freshwater NWI Wetland (5.65 acres)

Site of the Niagara County Business Park



Incentives

- Industrial revenue bonds
- Revolving loans fund
- Tax abatement
- Workforce development
- State tax credits & capital grants
- Low cost power

Pro & Cons

Pros:

- County owned and undeveloped
- Property is slated for development as an industrial park
- Located centrally within the County

Cons:

- Lack of electrical and sewer connections at the moment
- Potential push-back from nearby residents



Existing Conditions

Pfeiffer Food Processing Facility

Address: 683 Lake St, Wilson, NY

S.B.L: 23.17-1-6

Owner: Lawta Properties LLC

Size: 13 acres

Facility Size: 86,000 sq. ft.

Zoning: Industrial (I)

Property Class: 710 (Manufacturing & Processing)

Adjacent Uses: Agricultural, Commercial, and Residential

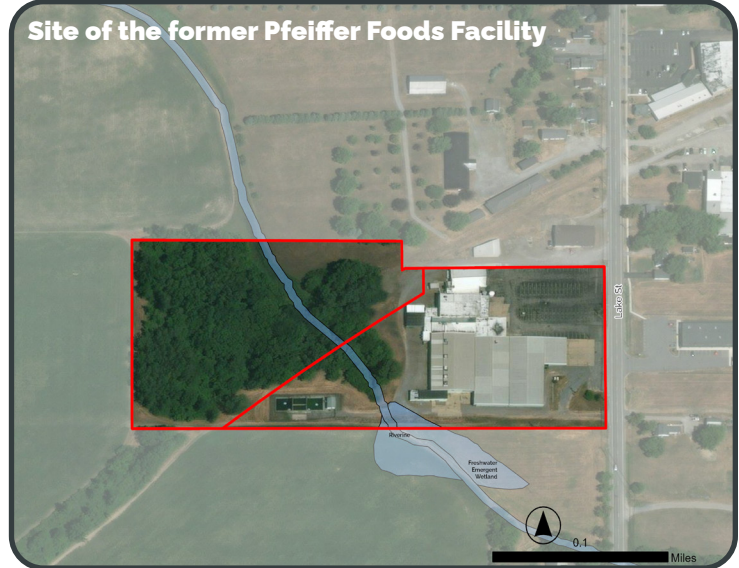
Electrical: 3-Phase (4.8kV)

Highway Access: 1.5 miles to NY-18

Water & Waste Water: Public water (6" @ 50 psi), Sewer (12") & on-site waste water treatment facility

Environmental: Freshwater NWI Wetland (0.8 acres) & intermittent stream

Site of the former Pfeiffer Foods Facility



Incentives

- Industrial revenue bonds
- Revolving loans fund
- Tax abatement
- Workforce development
- State tax credits & capital grants
- Low cost power

Pro & Cons

Pros:

- Existing former food processing facility & USDA compliant
- Listed for sale
- Public water & sewer with on-site waste water treatment
- Loading/docking terminal on-site
- Opportunities to expand incrementally

Cons:

- Located in the north of the County
- Potential push back from nearby residents



Existing Conditions

PERMITS, LICENSES, AND MEAT SAFETY REGULATIONS

Meat processors are subject to a myriad of permits and license requirements based on the type of livestock to be processed and where and how the processed products will be sold. Based on responses to the producer survey, most meat producers would prefer a USDA inspected facility.

Requirements for USDA Inspected Facilities

Under the Federal Meat Inspection Act (FMIA), the United States Department of Agriculture (USDA) is authorized to issue "grants of inspections" to meat processing facilities. These facilities are approved to have a USDA inspector oversee their harvesting and processing operations for amenable meats (cattle, sheep, goats, swine, and equines). By adhering to this level of inspection, products produced in these facilities are permitted to be sold in the US and exported to international markets as well. The USDA inspector ensures that the facility is in conformance with the [Code of Federal Regulations for Animals and Animal Products](#) during the cutting, wrapping, and value-added phases of processing and verifies that the plant is in conformance with its health and safety plans (HAACP Plan, SSOP, and GMP - see Table 11.)

USDA inspection requires that the animal be stunned prior to harvesting unless the facility has a religious exemption. During this phase, the USDA inspector will examine the animal to verify its age. For cattle, if the age is over 30 months the inspector will make sure that the spine is removed from the carcass in order to avoid the transfer of mad cow disease. When packaging USDA inspected meat, the labels must have the following components:

1. Facility ID number
2. Inspection legend
3. Product name

4. Name and address of the farm the meat came from
5. Safe-handling instructions, and an ingredient list

In addition, packaging must be FDA food grade approved. Following the packaging of the product, it must be properly stored. Frozen USDA products must be stored at 0 degrees (F) during transport and storage. Refrigerated products must be transported and stored at 41 degrees or below (F).

NYS 5-A Poultry Processing

A New York State 5-A Poultry Processing License is granted by NYS to facilities that process up to 20,000 birds annually. These facilities are typically found on a livestock farm as the license only permits processing of birds that are owned by the license holder. Exemptions are available for small enterprises (fewer than 20,000 birds per year), for operations that sell at their own retail facility, and for facilities that process fewer than 1,000 birds annually. Table 10 describes the three exemptions that apply to poultry processing in New York.

Table 10: 5-A Processing Exemptions

Exemption	Description
Small Enterprise Exemption	Processors can purchase birds from other farmers to process and sell. The processor cannot exceed the 20,000-bird limit.
Retail Exemption	Processor can sell products from their own retail facility.
1,000 Bird Exemption	Processors do not need a 5-A or USDA license and are exempt from inspections given that (1) less than 1,000 birds are processed annually, (2) processor does not sell birds they did not raise, (3) processing is done under sanitary conditions, (4) processor keeps necessary records, and (5) products are not sold between states.

NYS 5-A Non-Amenable Slaughter

Non-amenable meat comes from livestock that are exempt from federal inspections under the FMIA. Such livestock include bison, farmed deer, rabbits, alpacas, etc. To harvest non-amenable meat in New York State, one must obtain a 5-A license and have a NYS Inspector visit the facility to ensure that the facility's operations and standards meet NYS requirements. Meat processed with this license can only be sold directly to end consumers.

NYS 20-C Processing

The New York State 20-C Processing license allows further processing of amenable livestock that was harvested at a USDA inspected harvesting facility. Some facilities that have a USDA grant of inspection to harvest livestock also have a NYS 20-C license which allows them to process meats outside USDA inspection hours. In essence, a 20-C processing facility is a commercial kitchen. In a 20-C processing facility, permitted actions include cutting, slicing, trimming, grinding, freezing, wrapping, and dividing carcasses into retail cuts. The 20-C facility can sell the processed product to any in-state restaurant, hotel, or other institution. However, these products cannot be sold at wholesale to then be re-sold. A 20-C facility is also permitted to cure, cook, or smoke their products; however, these products can then only be sold from the 20-C facility's own retail establishment or at a public market.

NYSDAM may issue several 20-C licenses to a single facility. This allows for multiple farmers or processing businesses to process and sell their own meats through a shared kitchen and retail space. Additionally, a 20-C facility could purchase USDA inspected carcasses from multiple farms and sell processed meat under a single labeled product.

Custom-Exempt

A custom-exempt facility is allowed to harvest animals only for the use of the animal's owner. This type of license is typically obtained by farmers who intend to sell meat on their farm, at a farmers market, through a CSA, or through freezer trade.

Custom-exempt facilities are not required to have an inspector present during processing of the animal; however, a USDA or NYSDAM inspector may periodically stop by to ensure the facility is operating appropriately. While custom-exempt facilities are held to a lower standard than other state regulated facilities, each facility must comply with the following requirements: (1) washable floors and walls; (2) separate kill and processing floors; (3) drains equipped with a back-up flush system; and (4) water temps that can reach 170F.

Halal or Kosher Processing

Halal meat processing is the process of producing meat products in accordance with the certain Muslim requirements while kosher meat processing complies with the requirements of Judaism. While the USDA does not have specified regulations for what constitutes acceptable halal or kosher processing, any USDA-certified halal or kosher processor is required to obtain a USDA certified grant of inspection and must follow their developed Hazard Analysis Critical Control Point (HACCP) and Sanitation Standard Operating Procedure (SSOP) plans just like any other USDA meat processor. However, for halal and kosher processing, the USDA allows an exception to FSIS Directive 6900.2, Humane Handling and Slaughter of Livestock, which requires the livestock to be rendered stunned prior to slaughter. As this is not permitted under halal and kosher processing, the USDA does permit exemption to this requirement for religious reasons. Below is a summary of the requirements for halal meat processing.

1. The livestock species is not haram. Haram species include pigs, dogs, donkeys, & mules.
2. Animals were raised naturally & humanely.
3. Slaughter of the livestock is performed by a person of the Muslim faith or "people of the book".
4. Slaughter is accomplished through the severance of the trachea, esophagus, carotid artery, and jugular veins using a sharp knife

- dedicated solely to halal processing.
- The name of Allah must be taken to invoke a blessing upon the meat throughout.

For more information on halal meat processing requirements, visit the [University of Minnesota Halal Meat Introductory Guide](#).

Changing demographics in the region indicate an opportunity to grow the halal sector in tandem with the County's livestock production of goats and lamb. According to The Association of Religion Data Archives, the Muslim population makes up more than 2% of the population in both Erie and Niagara County. Since 2010, the Muslim population in Erie and Niagara Counties has significantly increased¹. As goats and lamb are an important component of the diet in Islamic cultures, the area's growing Muslim population is a potential untapped market which could help support the growth of these livestock markets in Niagara County.

¹ <https://www.thearda.com/us-religion/census/congregation-al-membership>

Kosher meat processing also involves several steps required to adhere to the dietary laws outlined in Jewish religious traditions, including:

- Selection of animals: Accepted kosher animals include cattle, sheep, goats, & deer.
- Harvesting (Shechita): The animal must be slaughtered by a certified shochet (ritual slaughterer). The harvesting process must ensure a humane and quick death.
- Draining of blood: The blood must be completely drained from the meat.
- Inspecting and salting: The meat undergoes a thorough inspection to ensure it is free of any abnormalities. It is then salted to remove any remaining blood. Separation of meat and dairy: Kosher dietary laws prohibit the mixing of meat and dairy products. Separate utensils, dishes, and processing equipment are required for meat and dairy.
- Certification: The entire process should be under the supervision of a reliable and recognized kosher certifying agency to ensure compliance with kosher standards.

More information on kosher meat processing and the kosher certification can be found at the Orthodox Union's kosher certification website:

<https://oukosher.org/>

In New York State, the Department of Agriculture and Markets requires that halal and kosher goods are labeled as such and are able to provide documentation of their halal or kosher claims. There are numerous halal and kosher food certifiers found throughout the country. New York State maintains a [list](#) of certifiers who are permitted to make halal certified claims as well as [kosher claims](#).

Meat Safety

Both federal grants of inspection and state meat processing licenses require facilities to develop and maintain plans to minimize risks to health and safety. These plans focus primarily on risk assessment/mitigation and establishing sanitary protocols. Table 11 on the next page provides an overview of these required plans.



Table 11: Meat Safety Plans

Plan Type	Description	More Information
Hazard Analysis Critical Control Point Plan (HACCP)	This plan is used to control biological, chemical, and physical hazards in meat and poultry products. The plan is structured on identifying potential hazards and then identifying preventative measures that should be implemented in the event of a hazard.	https://www.fsis.usda.gov/inspection/compliance-guidance/haccp
Sanitation Standard Operating Procedure (SSOP)	This plan requires that the facility management develop a plan that addresses daily sanitary procedures that help prevent direct product contamination or adulteration.	9 CFR § 416.12 – Development of Sanitation SOPs Electronic Code of Federal Regulations (e-CFR) US Law LII / Legal Information Institute (cornell.edu)
Good Manufacturing Practices (GMP)	A set of procedures that are established to ensure food is not contaminated during any meat processing steps. A GMP is mandated for all USDA facilities, additionally, the NYSDAM requires a GMP for state regulated facilities	https://www.fda.gov/drugs/pharmaceutical-quality-resources/current-good-manufacturing-practice-cgmp-regulations https://agriculture.ny.gov/food-safety/food-safety-modernization-act

OWNERSHIP MODELS

The following narrative describes potential business structures for a new meat processing facility in Niagara County.

C or S Corporation

The C corporation is the traditional form of a corporation, which is a business entity that provides limited liability to its shareholders. C corporations are led by a board of directors elected by the corporation's shareholders. Employees of the corporation conduct the day-to-day business dealings of the entity. The corporation must maintain enough capital to protect it from business debts.

Corporations that file for S corporation tax status combine the limited liability of the C corporation with the tax status of the sole proprietorship or partnership. The main difference between C corporations and S corporations is how they are taxed. While C corporations are subject to double taxation, S corporations are granted a "pass through" taxation because all the corporation's profits are passed on to the shareholders in the form of dividends. In contrast to a C corporation, an S corporation may not have

more than 100 shareholders, all of whom must be citizens or residents of the United States.

Limited Liability Company (LLC)

A limited liability company (LLC) is a business structure that provides limited liability to its owners. The main difference between an LLC and a corporation style business is that LLCs are more flexible and less formal. LLCs allow individuals to operate their own business without having to be directed by an elected board. Many of the existing meat processing facilities in the region operate as LLCs.

Cooperative

A cooperative (Co-Op) is a member/producer owned business that is owned and controlled by the same people who utilize the services. Owners of a Co-Op work together to plan, finance, and operate the business. A Co-Op structure can result in lower costs of production with the possibility of enhancing production and marketing capabilities.

One new meat processing facility in the Western New York area that has followed the Co-Op structured business model is Alliance Farm

Butchery (AFB) (Affiliated with "Rise and Swine" Farm) in the Town of Holland, Erie County.

AFB opened in the summer of 2023 and provides custom meat processing services to at least 12 member farms in addition to processing the livestock they raise. Farmers apply to become members and, once accepted, pay a yearly membership fee. As members, farmers are prioritized for scheduling over non-members and have flexibility in changing their appointments. In addition, member farmers get discounted processing fees and options for customized labeling.

AFB noted in an interview that they were the first meat processing facility in NYS with this type of business model. Because regulators at NYSDAM and USDA were not familiar with this model, multiple meetings were required before AFB received the licensing and regulatory approvals they needed to operate.

Overall, the cooperative structure benefits farmers as they can ensure they will have guaranteed appointments to have their livestock processed, while the facility operator ensure a steady stream of livestock to process. Among respondents to the producer survey, 68% of producers in Niagara County would be interested in joining a meat processing facility that operates as a Co-Op.

Resources to assist in establishing a Co-Op business model include Cooperation Buffalo, which provides training and support services to new and existing cooperatives in the WNY region. In addition, Cornell Cooperative Extension (CCE) offers technical assistance and resources to assist existing and prospective meat processing facilities. CCE Oneida County has partnered with NYSDAM to provide educational outreach to individuals and municipalities interested in developing a USDA inspected meat processing facility. Agricultural economic development specialist Marty Broccoli, based in Oneida County, assisted meat processing facilities get started in NYS and provided input into this feasibility analysis. He also recommended the Co-Op model as the most economically viable option for a new facility in Niagara County¹.

Contract Farming

Contract farming is a business structure where a farmer agrees to supply a specified amount of product (livestock) to a contractor (meat processing facility). The contract specifies how much livestock the farmer will supply to the processor, the price to be paid to the farmer, and the dates of the delivery. In some cases, the contract can include requirements such as how the livestock will be raised or how it will be delivered.

Contract farming offers advantages and disadvantages for both the farmer and the processor. From the perspective of the farmer, contract farming helps farmers secure slots for their livestock to be processed, provides them with a steady and expected stream of income, and provides opportunities for information and technology sharing with the processor or other contracted farmers. The disadvantages to contract farming for farmers include the loss in flexibility of having your product processed elsewhere, the chance of becoming overly dependent on a single processor and potentially lower revenue for the livestock.

For processors, the advantages of a contract farming structure include having a consistent supply of livestock to process, consistency in quality, and efficiency in scheduling. Disadvantages include the potential for open slots if the farmer cannot fulfill the agreement or higher costs if they are working with many small producers compared to a few large ones. Overall, 64% of respondents to the producer survey indicated they would be interested in using a processing facility that operated using a contract farming business structure.

¹ based on meetings with Cornell Cooperative Extensions Agricultural economic development specialist Martin Broccoli.

WORKFORCE

Finding and retaining a suitable workforce will be a crucial component for a new meat processing facility. Based on processor outreach conducted during the study, meat processing facilities in the region employ an average of 5.7 workers and pay an average of \$15-24/hr. Compared to custom-exempt facilities, USDA facilities have more employees and pay their employees more.

Finding suitable employees was identified as one of the biggest challenges for meat processors among potential employers. The biggest challenge among custom-exempt facilities is being able to offer competitive wages. When custom-exempt facilities cannot compete with wages provided at USDA facilities, workers may leave to go work at the USDA facilities. Another major challenge for both custom-exempt and USDA facilities is finding employees who are interested in the field and have formal training related to meat processing. Overall, only 5% of all employees at facilities who responded to the processor survey received some form formal meat processing training.

One way to help stimulate interest in meat processing in the region would be to offer formal training opportunities so people can become certified meat processors. The only college in the State that currently offers certification for meat processing workers is SUNY Cobleskill, which is located approximately one hour west of Albany. The college offers an intensive hands-on training program designed to provide students with the skills necessary to begin employment at a meat processing facility. The course is a 220-hour one month program that costs \$3,500 and covers topics such as sanitation, food safety, slaughter, meat cutting and processing, retail cutting, and value-added processing.

To understand how the region's workforce can better prepare to meet the demands for meat processing locally, representatives from SUNY Niagara and the Niagara Falls Culinary Institute (CI) met with the study consultants to discuss how they could develop their own meat

processing micro-credential program and potentially partner with a new meat processing facility in Niagara County.

SUNY Niagara currently offers culinary arts degrees which cover several topics that could overlap with a meat processing program. These include food safety and sanitation, meat/seafood fabrication, and knife cutting fundamentals. However, they do not offer courses that teach students how to fully process a livestock carcass as neither their classrooms nor kitchens have the space and equipment needed to accommodate this training. If the CI were to offer a meat processing program, representatives noted that a meat processing lab developed in conjunction with the proposed meat processing facility would not only give students hands on experience on what it is like to work at a meat processing facility, but the partnership with the colleges may also provide another source of funding for the construction of the facility.

SUNY Niagara representatives also noted that they could support students interested in meat processing through articulation arrangements, which allows the college to offer students the opportunity to attend other SUNY schools to take courses for a specialized education. SUNY Niagara representatives are open to promoting SUNY Cobleskill's meat processing program and assisting students who are interested in pursuing it. SUNY Niagara's current president is the former president of SUNY Cobleskill which would help support information sharing if the college decides to develop its own meat processing program.



KEY FINDINGS FROM PRIOR FEASIBILITY STUDIES

As part of this feasibility study, the consultant team reviewed numerous other studies conducted across New York State and the US to better understand the common challenges and opportunities of meat processing facilities. The narrative below summarizes key findings from three studies that were conducted over the last ~20 years in New York State. Also provided is a list of other studies which were helpful in the development of this report.

Red Meat Processing in NYS: Bottleneck in the Local Food Economy (2021)

In 2021, Cornell's Small Farms Program interviewed meat processors throughout NYS to better understand potential opportunities to increase capacity and improve the State's meat industry. The findings are detailed in a report, "Red Meat Processing in NYS: Bottleneck in the Local Food Economy". The livestock industry contributes nearly \$900 million in sales each year to the New York State economy and is a key component of the State's food system. Cornell researchers interviewed 112 of the estimated 300 USDA, 5A, and custom-exempt meat processors in the State. Custom-exempt processors made up the largest proportion of processors surveyed (52%). The survey found that 31.6% of custom processors would be interested in transitioning to a USDA certified processing facility if funding were available; 20.3% would be interested without funding. Among USDA facilities, 59.1% would be interested in increasing their processing capacity if funding were available, with 54.6% interested even if funding is not available.

Custom-exempt processors were asked what barriers prevent them from becoming USDA certified. Processors identified financial and labor constraints as the two major barriers to obtaining a USDA "grant of inspection". Other barriers identified included strict regulations,

space constraints, excessive paperwork, and an inability to modernize operations. Among USDA processors, the two biggest barriers to expanding their operations are labor and space constraints.

The Cornell study presented five recommendations that would help mitigate the identified barriers by custom and USDA processors:

1. Extension Support: Cornell Cooperative Extension (CCE) has the capacity to help meat processors develop HACCP and Succession Plans, recruit labor, and support interested parties in building new facilities;
2. Create pathways to becoming a meat cutter: This would address the major barrier identified for both custom-exempt and USDA processors of finding qualified workers;
3. Access grant funding for facility modernization/expansion: Many other states have used CARES Act and other COVID funding to improve existing meat processing facilities. Improving current facilities would cost much less than building an entirely new facility;
4. Support value-added processing facilities: Although the dairy industry in NYS is one of the biggest in the country, facilities in NYS lack capacity to process cull cows, which could supply ground beef for institutional facilities;
5. Develop a processor/farmer network: As old processing facilities frequently go out of business while new ones are being started, a publicly available list of all processors would help farmers find a processing facility with availability to process their livestock.

Southern Tier West: The Invigoration of Local Livestock and Processing Industries (2015)

In 2015, the Southern Tier West Planning and Development Board (STW) developed a report on the feasibility of a new meat processing facility. The study, "Southern Tier West: The Invigoration of Local Livestock and Processing Industries", aimed to assess the meat processing industry in a three-county region in the southwest corner of New York State and analyze issues facing producers and processors in the region. The study included interviews and surveys of 17 livestock

farmers and 12 meat processors. The survey asked farmers what processing needs were not being met. The most common answers were consistency with labeling and packaging, skilled butchery, and cryovac packaging. Farmers reported challenges in getting their order returned to them correctly, getting on a meat processors schedule, and tracking chain of custody. The biggest challenges for processors included finding experienced workers, maintaining a consistent workload to keep them employed year-round, and a lack of available USDA inspectors and complying with strict regulations.

Based on analysis of local demand and interviews, the report concluded that there is not enough demand to support a new meat processing facility in the Southern Tier and that a new facility would not resolve the issues the region is currently facing. However, this report did offer several recommendations to support the meat industry in the STW region (See Table 12).

Table 12: Southern Tier West Study - Barriers and Recommendations

Barriers	Recommendations
Processing Bottleneck	Offer opportunities to farmers teaching them skills to finish livestock at non-peak processing times of the year.
A lack of communication and sharing of ideas among producers and processors	Conduct farmer and processor round-table discussions and help align livestock production and processing schedules.
Processing facilities are old and outdated	Create a grant fund to upgrade processing facilities.
Market demands show customers want humanely processed products.	Create an opt-in program to receive funding to switch to organic and more humane processes.
Livestock farm and processing facility owners are aging and lack succession plans.	Create a grant fund to help businesses develop a succession plan.
Farmers travel great distances to deliver livestock for processing.	Develop programs for coordinated livestock delivery.

Hudson Valley Livestock Marketing Taskforce: Meat Processing Feasibility Study (2000)

In 2000, the Hudson Valley Livestock Marketing Task Force evaluated the feasibility of developing a USDA meat processing facility in the Hudson Valley. The facility would have to be able to process up to 2,000 cattle, 2,200 hogs, and 2,600 other animals per year. The study inventoried and analyzed existing facilities in the area, conducted a market analysis for the Hudson Valley, and completed a cash flow analysis for construction and operation of a new facility.

The analyses resulted in two recommendations: (1) construct a new facility or (2) purchase a mobile processing unit. For the first recommendation, this report leaned towards redeveloping an older facility, which would likely have access to appropriate infrastructure and have suitable zoning.

Two major challenges with building a new meat processing facility were: (1) The need for the facility to be connected to public infrastructure and (2) appropriate zoning and acceptance from the community. As meat processing facilities generate large amounts of waste, require a reliable supply of potable water, and need transportation options, adequate water, sewer, and transportation infrastructure is critical. Regarding zoning, some municipalities do not permit meat processing. Additionally, residents may object to a new facility in their community due to concerns about noise, odors, or other nuisances. Zoning may allow a pre-existing facility to operate as a "pre-existing non-conforming use". If an existing facility is unavailable, the report recommends siting the facility within a planned industrial development or an industrial park.

As for the second recommendation, a mobile facility would improve the convenience of meat processing by bringing it to producers. However, to be USDA certified, the mobile facility can only visit farms that also meet the standards of USDA certification.

Other Studies

Halal in Minnesota - Goat Meat Marketing Case Study (2022): A case study that documents how to successfully execute and market a halal meat processing facility. This study shows how success was accomplished through building relationships between farmers, meat processing facilities, halal retailers, and the Muslim community.

Potential for Growth in Local Processing and Sales of Utah Beef (2020): A report developed by Utah State University examines the potential for increasing meat processing capacity in Utah and assesses the potential demand for local beef.

Feasibility of a Mixed-Species Slaughter Facility in West End, Colorado (2020): A study that examines the technical and financial feasibility, market area, management requirements, and economic impact of a new processing facility in Colorado.

Guide to Direct Marketing Livestock and Poultry (2019): A resource guide developed by Cornell's Small Farms Program that helps New York farmers better understand the current regulations governing processing and marketing of livestock.

Small Meat Processors Business Planning Guidebook (2011): A guidebook developed by the Niche Meat Processor Assistance Network which spells out each step in the creation of a business plan for a small meat processing facility.

CONCEPT PLAN

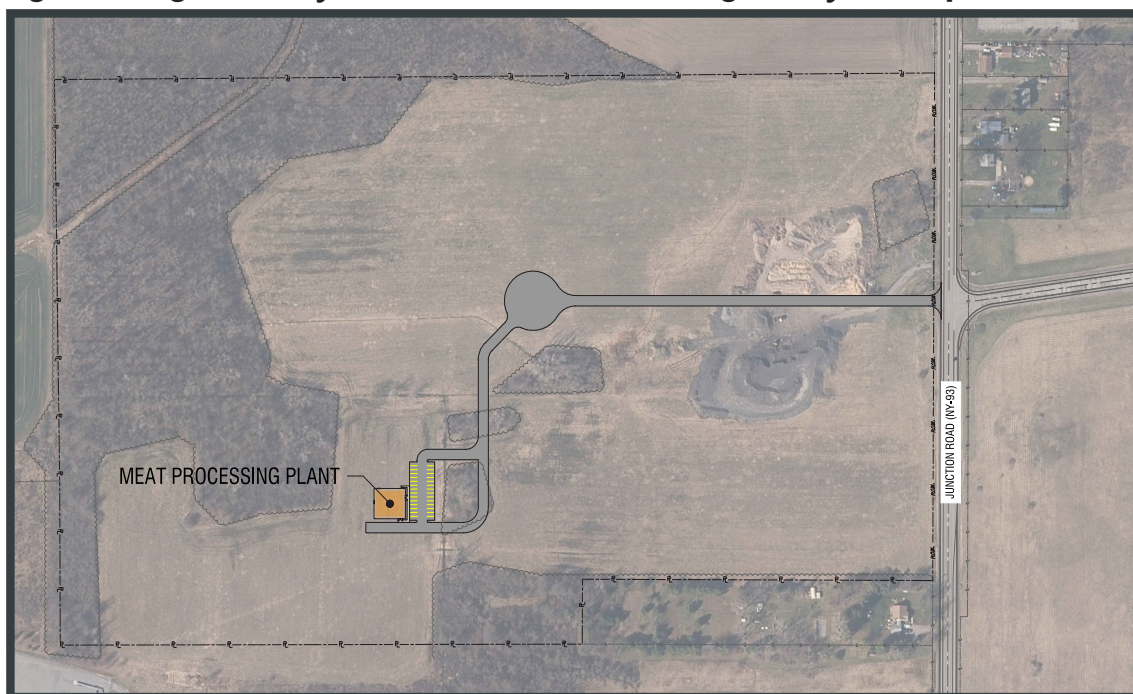
A concept plan was prepared, based on the assumption that a new facility would be constructed in the Niagara County Business Park. The processing facility would be constructed on a parcel at the rear of the new Business Park so that it would be separated from other uses and from nearby residences. The facility would require construction of a driveway and parking lot connecting to the main access road.

As noted in the Feasibility Assessment, the estimated cost to build a new 8,000 sq. ft. meat processing facility is approximately \$6 million. The cost to build a larger 20,000 sq. ft. facility is approximately \$15 million. These cost estimates assume typical costs for site development. Site development costs would vary based on the size of the parcel and the distance to existing roadways and utilities. For the Niagara County Business Park site, the estimated cost of the access road and utility connection is \$577,191. As cost is directly related to the linear feet of driveway and utilities, a site closer to the main access road would result in lower costs.

Table 13: New Meat Processing Facility Probable Project Costs

Description	Qty.	Cost/Unit	Total Cost
Asphalt: Heavy duty asphalt pavement	30,343 SF	\$8.09	\$245,475
Concrete: Concrete sidewalk	781 SF	\$16.00	\$12,496
Utilities: 8" DIP Sanitary	630 LF	\$180.00	\$113,400
4" DIP water	620 LF	\$121.00	\$75,020
Electrical: Conduit sleeves	600 LF	\$10	\$6,000
Mobilization & General Conditions	10%		\$48,100
Construction Contingency	10%		\$48,100
Opinion of probable cost of construction total			\$577,191

Figure 4: Niagara County Business Park Meat Processing Facility - Concept Plan



SAMPLE EXTERIOR & FLOOR PLAN

The sample floor plan shown below is intended to help potential entrepreneurs plan for the development of a new facility or for renovating an existing facility. The below floor plan is from [Iowa State University's Guide to Designing a Small Red Meat Plant](#). The floor plan is for a 5,250 sq. ft. facility and does not include all of the equipment

or rooms that may be necessary for a new meat processing facility in Niagara County. While these plans do not accurately depict what would be built in Niagara County, these plans and guidebook do accurately illustrate how a red meat processing facility should be laid out. On the adjoining page are example exterior plans which help illustrate what a new processing facility in Niagara County may look like.

Figure 5: Example Meat Processing Floor Plan

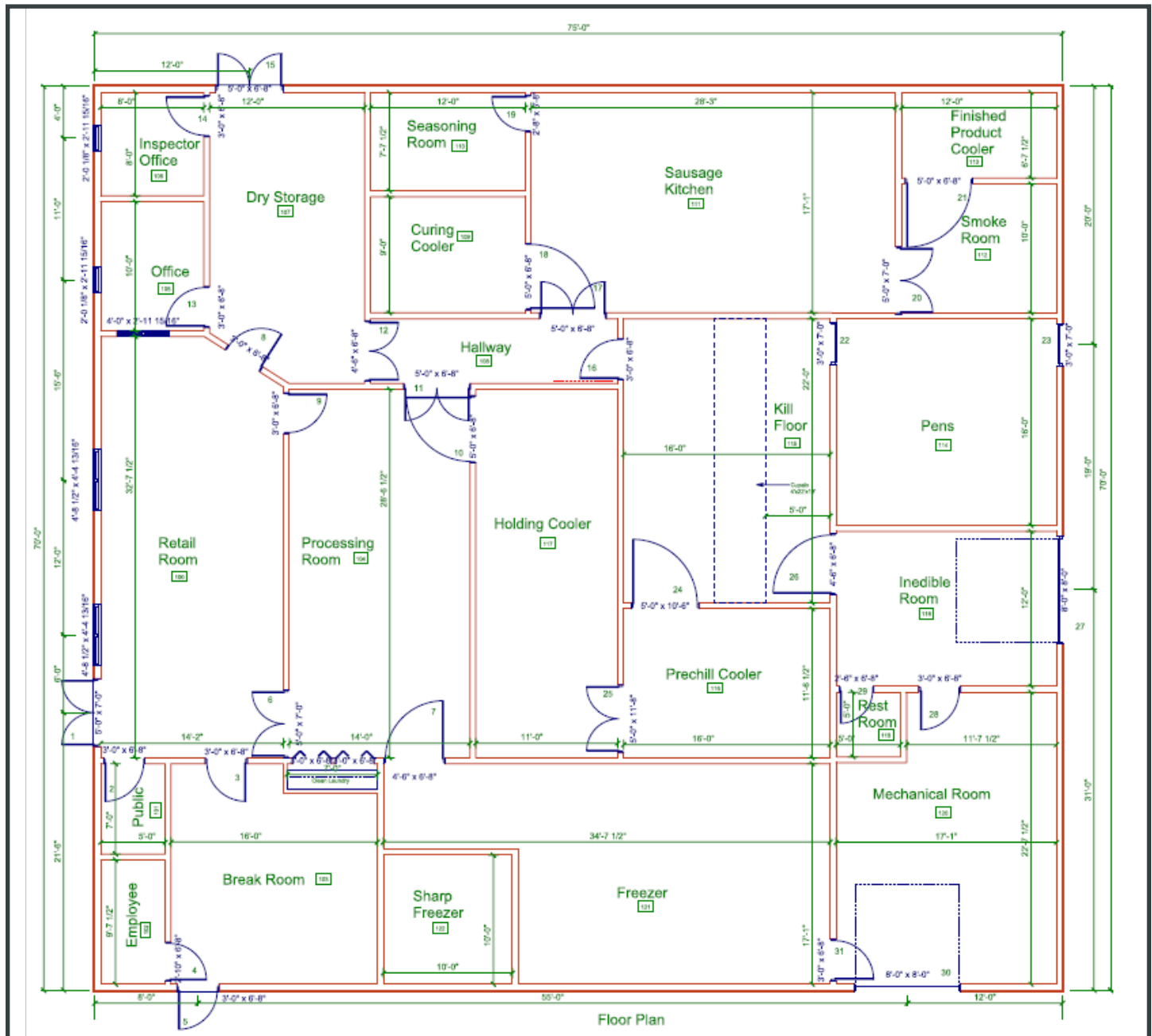


Figure 6: Example Meat Processing Exterior Plan - Front View

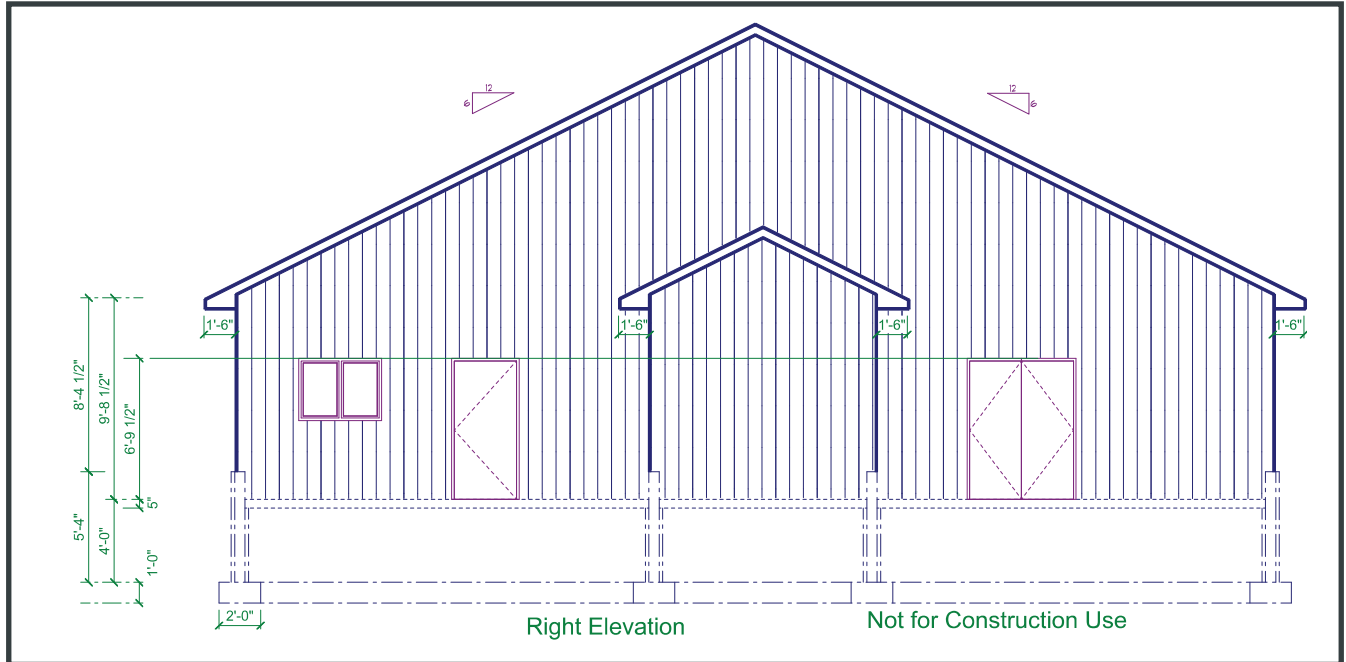
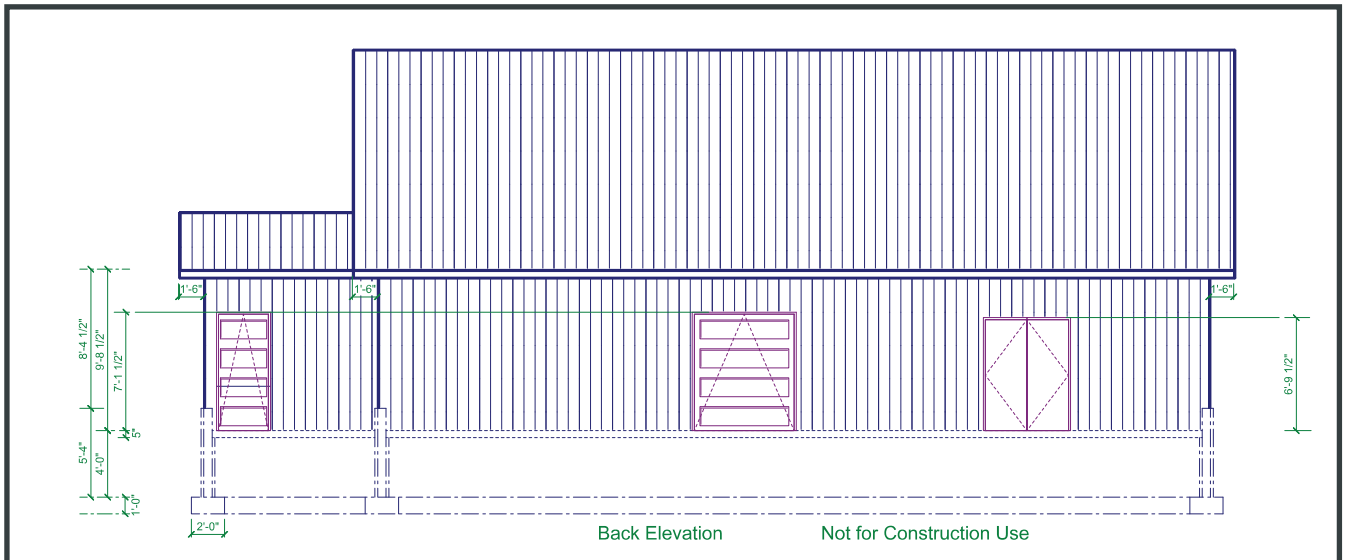


Figure 7: Example Meat Processing Exterior Plan - Side View



FINANCIAL ANALYSIS

CASH FLOW ANALYSIS

The costs and revenues of a small (or large) meat processing facility can vary greatly depending on the size of the facility, scale of operations, inspection status, the amount of capacity utilized for different species, and additional value-added processing, among other factors. Accurate cost and revenue estimates will require finalized facility drawings as well as the actual costs and specifications (including utility requirements) of equipment, and the availability of commitments (i.e., letters of intent, contract, business structure) for animal harvesting and processing services. The financial model for this study was developed using published sources, information gathered from meat processors in the region, and experts from Cornell Cooperative Extension.

The cash flow analysis incorporates funding scenarios based on four potential sources of funding. A template developed at Oklahoma State University uses a simple grant-led funding scenario with each component of the cash flow analysis broken down.

Basic Operating Assumptions

The cash flow analysis model assumes strictly USDA processing of red meat animals, with no retail sales. Poultry processing may be added to the cash flow projections if included in the facility as a separate component. Based on interviews and survey responses from meat producers and processors, it was determined that the greatest need for a new meat processing facility would be for USDA inspected red meat. The model assumes that the facility will process amenable red meat animals, including cattle, hogs, sheep/lamb, and goats.

The model assumes that the plant will have the capacity to process at least 1,750 head annually. The plant is expected to run 50 weeks during the year with two weeks down time for repairs, maintenance, or any severe weather. The processing capacity would be 35 head per week. It was assumed that 65% of the livestock processed would be beef cattle. Hogs, sheep/lamb, and goat would make up the remaining 35%. At 65% of capacity, 1,138 cattle could be harvested annually in this sized plant. This would mean that 1,138 cattle, 350 hogs, and 263 sheep/lamb/goats would be processed annually.

Table 14: Basic Operating Assumptions

Variable	Units	Rationale
Plant Processing Capacity (hd/wk)	35	Assumption based on processor survey and expert interviews
Weeks per Year in Operation	50	Assumed two weeks downtime
Total Annual Processing Capacity (hd/yr)	1,750	Combined processing capacity for all livestock.
Cattle Processed per Year	1,138	Assumed that cattle will be the most in demand livestock
Hogs Processed per Year	350	Assumed that hogs will be the second most in demand
Sheep & Goats Processed per Year	263	Assumed that sheep and goats are the third most in demand

Capital Costs

This section estimates facility, property, and equipment capital expenditures for an 8,000 sq. ft. processing facility. Cornell Cooperative Extension agricultural economic development specialist Martin Broccoli estimates the total cost to build a new meat processing facility from scratch to be \$6 million or \$750.00 per finished square foot. This cash flow analysis allots a total of \$200,000 for the purchase of all equipment necessary for cutting, value added processes, and packaging. Lastly, \$15,000 is allotted for the acquisition of the land the processing facility will be located on. Equipment costs can be highly variable due to the high costs of stainless steel but can be minimized by securing used equipment.

This capital cost assumption is based on the scenario that the processing facility would be a total new build. However, capital costs could potentially be lower if the processing facility were developed within an existing building, such as the former Pfeiffer Food Production Facility. As this building was formerly used for food processing, the site already has a loading dock, septic system, and potentially floor layouts that would be suitable for meat processing.

The total investment for property acquisition, construction of a new facility, and equipment would be approximately \$6,215,000. The cash flow model assumes that 60% of costs will be covered through grants, 20% would be financed through member equity, and the remaining 20% would be financed through a long-term loan of 10 years at an interest rate of 6.25%. With this assumption, annual payments over 10 years for the new facility would be \$170,890.

Table 15: Capital Cost Assumptions

Variable	Unit
Building and Grounds	\$ 6,015,000
<i>8,000 sq. ft. Facility</i>	\$6,000,000
<i>Land Acquisition</i>	\$15,000
Equipment	\$200,0000
Loan	\$1,243,000
<i>Interest</i>	6.25%
<i>Loan Term</i>	10 years
<i>Yearly Loan Payment</i>	\$170,890

Labor

The cash flow analysis assumes that a new meat processing facility of this size will have six full-time employees and one part-time scheduler/bookkeeper. The six full-time employees that would work at the facility would include one plant manager/cutter, one assistant manager/cutter and four packagers and cutters. It is assumed these employees would work 50 weeks a year at 40 hours per week. Table 16 depicts the overall labor costs associated with this new facility.

Table 16: Labor Cost Assumptions

Role	#	Rate	Hrs	Wk Earnings	Yr Earnings	Benf.
Manager	1	\$30	40	\$1,200	\$60,000	\$21,000
Asst Manager	1	\$20	40	\$800	\$40,000	\$14,000
Cutter	4	\$16	40	\$2,560	\$128,000	\$44,800
Book-Keeper	1	\$16	20	\$320	\$16,000	\$5,600
Total	7			\$4,880	\$244,000	\$85,050
Subtotal						\$329,400

Operating Expenses

Operating expenses other than labor costs include costs for utilities and other services. The cash flow analysis assumes a total of \$9,850 per month (see Table 17) These expenses would change based on the level of output and changes in fees from providers.

Financial Feasibility

Based on the estimated costs and revenues described above, the profit/loss projections for this meat processing facility were determined across 10 years for a loan-led and grant-led scenario.

In the loan-led scenario, where 60% of the construction costs for the new facility would be financed via a loan, the facility would not generate a profit until year six of operations while the estimated cash flow would remain over -\$200,000 across all 10 years (Table 19). In the grant-led scenario, where 60% of the construction costs for the new facility would be financed via grant funding, the facility would turn a profit after its first year in operation. However, while cash flow would exceed \$100,000 in the first year, it would decrease every year after. (Table 20).

Poultry Processing

If needed to meet the demand for additional poultry processing in Niagara County, the facility could generate additional revenue incorporating a poultry processing component.

A cash flow analysis for a poultry component assumes that this service would be secondary to the red meat processing capacity and would be utilized on an as-needed-basis. As poultry processing requires significantly less space than red meat, the cash flow analysis assumes a 1,000 sq. ft. poultry processing facility with the capacity to process 250 birds one day per week, or 12,500 per year. As the poultry facility would be physically separated component within a facility predominantly used for red meat processing, the

Table 17: Operating Expenses Assumptions

Operating Expense	\$/Month
Electricity	\$4,500
Gas	\$1,500
Water	\$1,000
Sewer	\$1,000
Phone/Internet	\$200
Renderer Pick-up	\$1,000
Microbial Testing	\$150
Solid Waste Management	\$500
Subtotal	\$9,850

cost of utilities, upfront construction costs, and labor may be shared among the poultry and red meat processing components. Facility development costs are estimated at \$200 per sq. ft., adding \$200,000 to the overall costs of development for the new meat processing facility. The poultry processing component would bring in an additional \$60,000+ in gross sales each year to the business (Table 21).

Table 18: Poultry Processing Assumptions

Poultry Type	Number	Price	Value
Chicken (Whole)	8,750	\$4.00	\$35,000
Chicken (Cut)	2,500	\$6.00	\$15,000
Turkey (Whole)	1,250	\$10.00	\$12,500
Sub-total	12,500		\$62,500

Table 19: Loan-Led Cash Flow Analysis

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross Sales										
Cattle	\$1,063,563	\$1,074,198	\$1,084,940	\$1,095,790	\$1,106,747	\$1,117,815	\$1,128,993	\$1,140,283	\$1,151,686	\$1,163,203
Hogs	\$127,365	\$128,639	\$129,925	\$131,224	\$132,537	\$133,862	\$135,201	\$136,553	\$137,918	\$139,297
Goat/Sheep	\$26,250	\$26,513	\$26,778	\$27,045	\$27,316	\$27,589	\$27,865	\$28,144	\$28,425	\$28,709
Total	\$1,217,178	\$1,229,349	\$1,241,643	\$1,254,059	\$1,266,600	\$1,279,266	\$1,292,058	\$1,304,979	\$1,318,029	\$1,331,209
Expenses										
Variable	\$514,975	\$520,125	\$525,326	\$530,579	\$535,885	\$541,244	\$546,656	\$552,123	\$557,644	\$563,221
Fixed	\$806,343	\$813,298	\$784,802	\$759,185	\$735,257	\$717,160	\$697,754	\$667,950	\$636,638	\$612,620
Other	\$17,160	\$17,332	\$17,505	\$17,680	\$17,857	\$18,035	\$18,216	\$18,398	\$18,582	\$18,768
Total	\$1,338,478	\$1,350,755	\$1,327,633	\$1,307,445	\$1,288,999	\$1,276,440	\$1,262,626	\$1,238,471	\$1,212,864	\$1,194,608
Before Tax	-\$121,301	-\$121,406	-\$85,990	-\$53,386	-\$22,399	\$2,286	\$29,433	\$66,508	\$105,615	\$136,601
Tax	\$0	\$0	\$0	0	\$0	\$791	\$8,241	\$18,622	\$29,446	\$38,248
Estimated Cash Flow										
After Tax	-\$121,301	-\$121,406	-\$85,990	-\$53,386	-\$22,399	\$2,035	\$21,192	\$47,886	\$75,719	\$98,353
Depreciation	\$169,606	\$190,006	\$176,006	\$166,006	\$158,886	\$158,866	\$158,886	\$149,946	\$141,026	\$141,026
Principle	\$279,607	\$297,083	\$315,650	\$335,378	\$356,339	\$378,611	\$402,274	\$427,416	\$454,129	\$482,513
Cash Flow	-\$231,302	-\$228,482	-\$225,625	-\$222,758	-\$219,853	-\$217,710	-\$222,197	-\$229,197	-\$237,385	-\$243,134

Table 20: Grant-Led Cash Flow Analysis

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross Sales										
Cattle	\$1,063,563	\$1,074,198	\$1,084,940	\$1,095,790	\$1,106,747	\$1,117,815	\$1,128,993	\$1,140,283	\$1,151,686	\$1,163,203
Hogs	\$127,365	\$128,639	\$129,925	\$131,224	\$132,537	\$133,862	\$135,201	\$136,553	\$137,918	\$139,297
Goat/Sheep	\$26,250	\$26,513	\$26,778	\$27,045	\$27,316	\$27,589	\$27,865	\$28,144	\$28,425	\$28,709
Total	\$1,217,178	\$1,229,349	\$1,241,643	\$1,254,059	\$1,266,600	\$1,279,266	\$1,292,058	\$1,304,979	\$1,318,029	\$1,331,209
Expenses										
Variable	\$514,975	\$520,125	\$525,326	\$530,579	\$535,885	\$541,244	\$546,656	\$552,123	\$557,644	\$563,221
Fixed	\$650,968	\$669,574	\$653,456	\$640,991	\$631,037	\$627,788	\$624,156	\$611,114	\$597,611	\$592,515
Other	\$17,160	\$17,332	\$17,505	\$17,680	\$17,857	\$18,035	\$18,216	\$18,398	\$18,582	\$18,768
Total	\$1,183,103	\$1,207,030	\$1,196,286	\$1,189,251	\$1,184,779	\$1,187,067	\$1,189,028	\$1,181,635	\$1,173,837	\$1,174,503
Before Tax	\$34,074	\$22,319	\$45,356	\$64,809	\$81,821	\$92,199	\$103,030	\$123,344	\$144,191	\$156,706
Tax	\$9,541	\$6,249	\$12,700	\$18,146	\$22,910	\$25,816	\$28,848	\$34,536	\$40,374	\$43,878
Estimated Cash Flow										
After Tax	\$24,534	\$16,070	\$32,657	\$46,662	\$58,911	\$66,383	\$74,182	\$88,808	\$103,818	\$112,828
Depreciation	\$169,606	\$190,006	\$176,006	\$166,006	\$158,886	\$158,866	\$158,886	\$149,946	\$141,026	\$141,026
Principle	\$93,202	\$99,028	\$105,217	\$111,793	\$118,780	\$126,204	\$134,091	\$142,472	\$151,376	\$160,838
Cash Flow	\$100,937	\$107,048	\$103,445	\$100,875	\$99,017	\$99,045	\$98,976	\$96,281	\$93,467	\$93,016

Table 21: Grant-Led Poultry and Red Meat Cash Flow Analysis

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross Sales										
Cattle	\$1,063,563	\$1,074,198	\$1,084,940	\$1,095,790	\$1,106,747	\$1,117,815	\$1,128,993	\$1,140,283	\$1,151,686	\$1,163,203
Hogs	\$127,365	\$128,639	\$129,925	\$131,224	\$132,537	\$133,862	\$135,201	\$136,553	\$137,918	\$139,297
Goat/Sheep	\$26,250	\$26,513	\$26,778	\$27,045	\$27,316	\$27,589	\$27,865	\$28,144	\$28,425	\$28,709
Poultry	\$62,500	\$63,125	\$63,756	\$64,394	\$65,038	\$65,688	\$66,345	\$67,008	\$67,679	\$68,355
Total	\$1,279,678	\$1,292,474	\$1,305,399	\$1,318,453	\$1,331,638	\$1,344,954	\$1,358,403	\$1,371,987	\$1,385,707	\$1,399,564
Expenses										
Variable	\$514,975	\$520,125	\$525,326	\$530,579	\$535,885	\$541,244	\$546,656	\$552,123	\$557,644	\$563,221
Fixed	\$671,084	\$689,632	\$673,446	\$660,902	\$650,857	\$647,504	\$643,756	\$630,582	\$616,932	\$611,672
Other	\$17,160	\$17,332	\$17,505	\$17,680	\$17,857	\$18,035	\$18,216	\$18,398	\$18,582	\$18,768
Total	\$1,203,219	\$1,227,088	\$1,216,277	\$1,209,162	\$1,204,599	\$1,206,784	\$1,208,628	\$1,201,103	\$1,193,158	\$1,193,660
Before Tax	\$76,459	\$65,386	\$89,122	\$109,291	\$127,038	\$138,170	\$149,776	\$170,885	\$192,549	\$205,904
Tax	\$21,409	\$18,308	\$24,954	\$30,602	\$35,571	\$38,688	\$41,837	\$47,848	\$53,914	\$57,653
Estimated Cash Flow										
After Tax	\$55,050	\$47,078	\$64,168	\$78,690	\$91,468	\$99,483	\$107,838	\$123,037	\$138,636	\$148,251
Depreciation	\$174,221	\$194,621	\$180,621	\$170,621	\$163,051	\$163,481	\$163,501	\$154,561	\$145,641	\$145,641
Principle	\$96,202	\$102,214	\$108,603	\$115,390	\$122,602	\$130,265	\$138,406	\$147,057	\$156,248	\$166,103
Cash Flow	\$133,070	\$139,485	\$136,187	\$133,921	\$132,367	\$132,699	\$132,933	\$130,541	\$128,209	\$127,879

Funding Scenarios

Comparisons of four funding scenarios assess the feasibility of potential funding sources: (1) simple grant-led scenario; (2) simple loan-led scenario; (3) complex grant-led scenario, and (4) complex grant-loan scenario.

The cash flow analysis for these scenarios show that building a new small-scale mixed-species

meat processing facility from the ground up will require substantial grant funding or private investment. Without grant funding, the cost of borrowing will preclude financially feasible effort within a 10-year time frame - unless it is heavily supported by grant-funding and private investments. However, it may be possible to reduce upfront costs by redeveloping an existing facility or increase revenue by increasing the processing capacity and output.

Table 22: Facility Funding Scenarios

	Simple Grant-Led Scenario		Simple Loan-Led Scenario		Complex Grant-Led Scenario		Complex Grant-Loan Scenario	
	%Funding	\$ Amount	% Funding	\$ Amount	% Funding	\$ Amount	% Funding	\$ Amount
Loan	20%	\$1,243,000	60%	\$3,279,000	20%	\$1,243,000	50%	\$3,107,500
Grant	60%	\$3,279,000	20%	\$1,243,000	50%	\$3,107,500	20%	\$1,243,000
Member Equity	20%	\$1,243,000	20%	\$1,243,000	15%	\$932,250	15%	\$923,250
Private Investment	0%	\$0	0%	\$0	10%	\$621,500	10%	\$621,500
Private Gift	0%	\$0	0%	\$0	5%	\$310,750	5%	\$310,750

FUNDING RESOURCES

Empire State Development Grant Funds

NYS Empire State Development offers grant funding for economic development projects that create jobs. This opportunity is part of the annual Consolidated Funding Application (CFA) cycle, which generally kicks off in late May or early June. The grants are designed to fund business needs, including capital investments, project implementation costs, and project planning costs.

Community Development Block Grant (CDBG)

The Community Development Block Grant (CDBG) program is a federal program that disperses funds to states, to administer in accordance with federal guidelines for areas outside of designated CDBG entitlement communities. In New York State, Homes and Community Renewal (HCR) administers CDBG programs, for housing, public infrastructure, and economic development. New York CDBG funds should be the “funds of last resort” to fill in the final gaps in funding needed to make a project viable. It is important to note that the business itself is not the applicant – a municipality or NGO like an IDA is the eligible applicant – so the application and the administration of an award would require coordination with the applicant. Complete resources including past awards can be found at the [CDBG Economic Development website](#).

New York State Ag and Markets

New York State Department of Agriculture and Markets (NYSDAM) offers various grant funding opportunities. Opportunities are currently released through and managed through Grants Gateway. NYSDAM also maintain a list of current and past funding opportunities on their [website](#). It is important to track and monitor their funding releases as future opportunities could be relevant.

USDA Rural Development

The United States Department of Agriculture (USDA) manages extensive Rural Development programming and funding opportunities including programs aimed at increasing meat processing capacity. A complete list of current funding opportunities are found in this [Matrix](#) – funding deemed relevant to NAMC's processing facility has been summarized in Table 23 below.

Table 23: USDA Grant Funding Opportunities

Program	Overview	Grant Info
Meat & Poultry Processing Expansion	Funds used to build & expand facilities, buy equipment, offset costs with becoming USDA, and workforce recruitment	Max award is \$25 million or 20% of total project costs. Website
Meat & Poultry Intermediary Lending	Provides funding to lenders who finance or plan to finance the start-up, expansion, or operation of a processing facility	Max award is \$15 million. Min award is \$500,000. Website
Rural Business Development	Supports small businesses to start or expand. Funds can be used to develop land & facilities or cover costs for studies & business plans.	No max award. Small requests are given higher priority; there is no cost-sharing requirement Website
Rural Micro-Entrepreneur Assistance	Supports the startup and growth of small rural businesses.	Loans range from \$50K - \$500K Website

CONCLUSION

The Niagara County Market & Economic Analysis for Meat Processing arose from Niagara County's 2018 Agricultural & Farmland Protection Plan, which identified a need to increase local meat processing capacity, to reduce costs for farmers, and to increase jobs and investment in Niagara County. The 2018 Plan noted growing consumer demand for locally grown meats and the lack of sufficient local processing capacity. Additional affordable local processing is needed, as most livestock producers in Niagara County currently transport livestock out of the region for processing.

This study analyzed the market and financial feasibility of developing a new meat processing facility in Niagara County. Tasks included:

1. Market Analysis
2. Outreach to farmers, processors, and stakeholders
3. Feasibility Assessment
4. Concept Plan
5. Financial Analysis
6. Model Business Plan

The Market Analysis aimed to characterize the market demand for a new processing capacity within Niagara County and determine the type and size of facility that would best meet the needs of local farmers. The analysis included surveys of and interviews with producers, processors and industry experts; an assessment of current production and processing rates in the region; identification of market opportunities; and an analysis of challenges.

Based on the data analyzed, it is recommended that an 8,000 sq. ft. facility is developed under a cooperative ownership model that would process red meat and poultry raised by the region's producers. As the market for religiously processed meat is growing, it is also recommended that the facility is capable of processing meat to halal and kosher standards. A suitable site for a processing facility would

require access to public water and sewer service as well as three-phase electricity. Of the sites identified in Niagara County where zoning would allow a meat processing facility and utilities are available, two sites were identified as potentially feasible. The sites include the Pfeiffer Foods facility in the Town of Wilson and the proposed Niagara County Business Park in the Town of Cambria.

Included in Appendix A is a model business plan was developed which presents basic operating assumptions, cost estimates, and cash flow projections for the proposed facility. The facility would be designed to process at least 1,750 head of livestock annually, while poultry processing would be available in a separate portion of the facility, as needed. Estimated annual costs for capital, labor and operations total \$1.0 - \$1.3 million annually. Upfront costs to construct the facility, based on \$750/sq. ft., are estimated at approximately \$6 million. Several scenarios presented show how such a facility would be funded. However, a majority of funding would need to come from grants for the facility to be economically viable. Next steps to make this processing facility a reality include:

1. Establish a working group to generate interest, identify Co-Op owners, & advance parts of the business plan. (*Cornell Cooperative Extension of Niagara County & Niagara County Dept. of Economic Development*)
2. Advance development at Niagara County Business Park or secure another site. (*Niagara County Dept. of Economic Development*)
3. Establish ownership group & formalize business. (*Ownership group*)
4. Obtain grant funding. (*Ownership group & Niagara County*)
5. Develop, market, and operate the facility. (*Ownership group*)

APPENDICES

APPENDIX A: MODEL BUSINESS PLAN - NIAGARA COUNTY MEAT PROCESSING FACILITY

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BACKGROUND

APPROACH TO CREATING THE MODEL BUSINESS PLAN

The feasibility study provided a broad view of the animal production and meat processing market in and around Niagara County. Within its scope of research and findings, the study identified several operating businesses and business models and considered several different options for a new meat processing facility in Niagara County.

To create a business plan, including model business plans, certain decisions need to be made to identify a single approach, so specific details and action steps associated with that approach can be captured in the business plan. This approach is called the “preferred approach” as it represents the current preferred approach from the alternative options that were considered in the feasibility study.

While several elements of the model business plan only pertain to the preferred approach, many elements apply to any business start-up scenario. For instance, decisions related to staffing, marketing, funding, fiscal controls, etc. apply to all business forms. This provides Niagara County and other stakeholders with a flexible tool to support decision making in future scenarios.

This model business plan is not meant to be a finished business plan. Certain sections and elements will read as finished text which can be carried forward into the final business plan verbatim. However, other sections and elements are meant to serve as a checklist of decisions to consider, such as example scenarios, and sample language, that the leadership team and its advisors will complete as business details are decided. **Sections of the business plan that represent finished language are italicized; example language is left in normal, unitalicized text.**

KEY BUSINESS DECISIONS MADE FOR PREFERRED APPROACH

Two major decisions needed to be made to develop a model business plan for the preferred approach – Business Type and Business Location. Based on our research and stakeholder input received during the feasibility study, it was determined that a **Cooperative** is the preferred business type and a **new build at the future Niagara County Business Park** the preferred location.

A cooperative was found to have the greatest potential for pooling resources, spreading risks, aligning with the interests of potential member businesses, and drawing on the business experience and relationships of potential member businesses. It was also the form of business that was most supported in the producer survey (68% of survey respondents indicated that they would like to see a producer-owned facility).

Determining the preferred location was a challenging decision. As described in the feasibility study, the steering committee originally identified six sites to develop a meat processing facility. The six sites were pared down to two final sites – the future Niagara County Business Park and the former Pfeiffer Foods Production Facility. Pros, cons, costs, and considerations were identified and evaluated for both sites. For the purposes of developing an example business plan, the Niagara County Business Park was used as a model based on several factors:

- The Niagara County Business Park site is ideally located to be proximate to producers and consumers.
- A new facility will meet the functional needs and regulatory specifications for meat processing. It can be designed to the exact size to meet the market opportunities while allowing for expansion contingencies to be incorporated into initial building designs. A new

building will also be more energy-efficient, have lower maintenance costs, and offer a clean, welcoming environment for both staff and customers.

- While this business plan assumes supply will largely be met by producer members from within Niagara County, the business will not be able to reach benchmark volumes without serving non-members and non-Niagara County producers. The location in Cambria is central to the County and proximate to Lockport's retail customer base, providing a convenient location to suppliers and consumers both in and out of the County.

While these factors form a strong rationale for selecting the Niagara County Business Park as the preferred location, it is important to note that the committee obtained incomplete information related to the Pfeiffer Food Production Facility and was unable to tour the site. This additional information could have shifted the evaluation in favor of the Pfeiffer site. Factors related to facility siting will continue to change over the course of the decision-making timeline and should continue to be evaluated and weighted for impacts on feasibility.

KEY ASSUMPTIONS & PLAN ELEMENTS

- The new processing facility and business is hypothetically named "**Niagara Area Meat Cooperative or NAMC**." A name provides easier reference throughout the business plan.
- Niagara County will be successful in developing the Business Park, will work with the Town of Cambria to ensure that Town zoning will allow for a meat processing facility within the Business Park, will desire to have a meat processing facility as a tenant, will negotiate lease terms that are in line with cost estimates and that are appropriate for the long-term investment the cooperative will be making in design and building a facility on the site, and will be successful in bringing three-phase power and public sewer to the project site.
- The cooperative members will be willing and able to contribute the equity and collateral necessary to secure a large enough loan to cover construction costs and to fund initial business start-up costs.
- Despite the pooled resources of cooperative members, grant funding will be required to reduce the loan principal and interest payments for the project financing to be viable.
- A competitive grant application is dependent on a business plan, facility designs, construction cost estimates, and financing information. Activities (and costs) related to determining this information need to be completed before key grant funding cycles.
- The cooperative members, its Board of Directors, and its advisory team are willing, able, and have sufficient knowledge and experience to plan and execute business activities, in addition to their current commitments, until such time as employees are hired to manage business activities and make business decisions.
- The cooperative will pursue sales to the region's halal and kosher markets as part of its business strategy. The ultimate scope and scale as a percentage of the overall business is not specifically represented in the business plan. However, supporting information is provided in the Feasibility Study and this plan.
- The cooperative will pursue processing and sales of poultry as part of its business strategy. The ultimate scope and scale as a percentage of the overall business is not specifically represented in the business plan. However, supporting information is provided in the Feasibility Study, this plan, and a cash flow analysis.

PLAN CONTENTS

This section should be written by key leadership once all the plan sections have been completed with final business decisions. The summary should capture the vision of NAMC by restating the Purpose and Goals and outline other key business elements that make NAMC a compelling investment opportunity.

Two sample executive summaries are included as attachments to the model business plan.

BUSINESS TYPE & FORMATION

Niagara Area Meat Cooperative (NAMC) is a non-stock, agricultural cooperative as defined by New York State Cooperative Corporations Law, Article 6.

The following steps will be taken to form the business entity:

1. **Draft and File the Articles of Incorporation:** Prepare and file the Articles of Incorporation with the New York State Department of State. This document should include essential details about the cooperative, such as its purpose, location, structure, and the names of the founding members. It is recommended that this document be prepared in consultation with an attorney familiar with forming businesses generally or cooperatives specifically in New York State.
2. **Create Bylaws:** Draft the bylaws that will govern the cooperative's operations. These should include information about membership, voting rights, responsibilities, and other operational procedures. Sample bylaws are provided in the Appendix.
3. **Hold an Organizational Meeting:** Conduct an initial organizational meeting with the founding members to adopt the bylaws, elect directors, and establish committees if necessary.
4. **Obtain an Employer Identification Number (EIN):** Apply for an EIN from the Internal Revenue Service (IRS). This number is necessary for tax purposes and is used to identify the cooperative when filing taxes and opening bank accounts.
5. **Register for Taxes:** Register for federal, state, and local taxes as required by the New York State Department of Taxation and Finance. This may include sales tax, income tax, and other applicable taxes.
6. **Apply for Necessary Licenses and Permits:** Depending on the cooperative's activities, there may be a need to obtain specific licenses or permits from the relevant authorities.
7. **Open a Business Bank Account:** Set up a business bank account to keep the cooperative's finances separate from personal finances.
8. **Comply with Ongoing Requirements:** Ensure that the cooperative complies with all ongoing filing and reporting requirements set by New York State.

Some of these documents will become appendix items in the final business plan. Banks and/or other lending institutions will request them as part of a loan application and NAMC should, therefore, be prepared to provide their Articles of Incorporation, Bylaws, the IRS determination letter containing its EIN, and other official state and federal formation documents.

Profit Sharing Plan

In a non-stock agricultural cooperative in New York State, profits are typically distributed among the members based on the cooperative's bylaws and policies. Generally, the distribution of profits in a cooperative is based on the principle of equitable distribution, meaning that profits are shared in

proportion to each member's participation in the cooperative. Here are some common ways profits might be shared:

Patronage refunds: Profits can be distributed to members based on their patronage or the extent of their use of the cooperative's services, such as the volume of products sold through the cooperative or the number of resources contributed by the member to the cooperative.

Equity distribution: The cooperative may allocate profits based on the equity each member holds in the cooperative. This equity could be determined by the amount of capital each member has invested in the cooperative or by other factors outlined in the cooperative's bylaws.

Per-unit retain allocation: In agricultural cooperatives, profits may be shared based on the quantity or quality of the agricultural products each member contributes to the cooperative. This method ensures that members are rewarded for the quantity and quality of their contributions to the cooperative's overall productivity.

Consensual agreement: The cooperative may allow its members to collectively decide on the distribution of profits through consensus or voting. This method ensures that all members have a say in how profits are shared and promotes a sense of ownership and cooperation among the members.

It is crucial for members of the cooperative to understand the specific rules and guidelines outlined in the cooperative's bylaws regarding profit sharing. The bylaws typically govern how profits are distributed and how decisions are made within the cooperative. For those involved in a cooperative, it's recommended to thoroughly review the cooperative's bylaws and consult with the cooperative's management or legal counsel to understand how profits are shared and distributed among the members.

BUSINESS DESCRIPTION

NAMC is a full-service, USDA-certified, halal-certified, and kosher-certified meat processing facility catering primarily to local livestock producers and consumers within Niagara County.

General Owners

The ownership structure of a start-up cooperative meat processing facility can vary based on the cooperative model chosen and the specific agreements among the founding members. However, a general overview of the owners involved is as follows:

1. **Member-Owners:** Member-owners are typically the primary owners of a cooperative. These individuals or entities (such as other cooperatives, businesses, or even consumers) join the cooperative by purchasing membership shares or paying a membership fee. Each member-owner usually has an equal vote, regardless of the number of shares they hold, ensuring a democratic decision-making process.
2. **Founders:** The founders of the cooperative meat processing facility are often the initial group of individuals or entities who initiate the cooperative's establishment. They might hold a significant stake in the cooperative and could also have a significant influence on the cooperative's early operations and direction.
3. **Workers or Employees:** In some cooperative models, the employees or workers of the meat processing facility might also become member-owners. This can incentivize dedication to the cooperative's success, as they have a stake in the business's performance and profits.
4. **Board of Directors:** The cooperative may have a board of directors elected by the member-owners. The board is responsible for making strategic decisions, setting policies, and

overseeing the management team. Board members are often chosen from among the member-owners or individuals with relevant expertise.

5. **Management Team:** A cooperative meat processing facility will typically have a management team responsible for day-to-day operations, including processing, marketing, and administration. The management team might be hired by the board of directors or elected by the member-owners, depending on the cooperative's structure.
6. **Community or External Investors:** Some cooperatives might also allow external investors from the community or other businesses to invest in the cooperative. These investors may not have voting rights or the same level of ownership control as member-owners, but they contribute financially to the cooperative's capital.

In a cooperative structure, decision-making power is usually distributed among the member-owners through a democratic process, where each member-owner has an equal say, irrespective of the number of shares they own. This democratic ownership model distinguishes cooperatives from traditional corporations where ownership and decision-making might be more centralized.

Once NAMC's bylaws and membership have been established, this section will identify the ownership group. This section should introduce key leaders and/or managers within the ownership group, highlight their relevant business experience, their commitment to NAMC's success, and provide their business contact information.

Professional Relationships

In this section, identify key professional relationships that the Cooperative members can leverage towards NAMC's success. These can include professionals that provide fee-based professional services or in-kind advisory services. Examples of professional relationships to include in this section are accountants, attorneys, bankers, insurance agents, and business advisors. Provide their name, business name, business address, business phone, and business e-mail.

Purpose

Our cooperative meat processing facility in Cambria, NY, aims to revolutionize the local meat industry by providing high-quality, ethically sourced meat processing services to member and non-member producers and catering to the diverse needs of consumers, including those seeking halal and kosher products. Through collaboration and innovation, we strive to establish a sustainable and community-driven operation that supports local agriculture, ensures food safety, and delivers exceptional products to our region.

Goals

NAMC's goal is to become the premier choice for meat processing in Niagara County, by prioritizing the following objectives:

1. **Supporting Local Producers:** *Partnering with member producers to offer reliable, accessible, and cost-effective processing services, encouraging sustainable farming practices, and fostering economic growth within our community.*
2. **Ensuring Quality and Safety:** *Implementing stringent quality control measures and adhering to the highest standards of food safety to deliver premium-grade meat products that meet and exceed consumer expectations.*
3. **Catering to Diverse Needs:** *Recognizing the diverse preferences of consumers, including those seeking halal and kosher products, and offering a wide range of processing options to meet religious and dietary requirements.*

4. **Environmental Responsibility:** Integrating eco-friendly practices into our operations, minimizing waste, and promoting environmentally sustainable processes throughout our supply chain.

By achieving these goals, our cooperative meat processing facility aims to not only meet the needs of producers and consumers but also contribute to the development of a more sustainable and thriving local food ecosystem.

MANAGERS & EMPLOYEES

NAMC is operated by a small, but dedicated staff that is focused on delivering quality products and services to its members and customers. NAMC will initially hire the Plant Manager and the Scheduler/Booker during the ramp up phase of the business launch. They will be brought on before operations begin to finalize the facilities, management, operating, and risk management plan.

Manager

1. Plant Manager (1) – Full-time, Year-Round: The Plant Manager is the head of day-to-day operations for NAMC. The Plant Manager is the direct supervisor for all other staff.

Employees

2. Assistant manager (1) – Full time, Year round
3. Packaging/Cutting (4) – Full-Time and Seasonal
4. Scheduler/Booker, Part-time, Year Round

In the final version of the business plan, provide management and key employees professional experience, any certifications or awards they have achieved, and highlights of job responsibilities assigned to their role.

Key Outsourced Functions

Start-up Functions

Marketing/Branding: During NAMC's start-up phase, marketing, branding, and web design functions will be outsourced to an outside firm. This firm will guide NAMC through the creation of a logo, brand elements and style guides, and develop the business website, ensuring that website and point of sale technologies are properly integrated. Once these brand assets have been developed, on-going marketing and branding activities will be handled internally by the plant manager, with support from the Assistant Manager and Scheduler/Booker.

Ongoing Functions

Bookkeeping: NAMC established a professional services agreement with [Bookkeeping Services], a highly respected bookkeeper with over [1] years of bookkeeping experience. The bookkeeper will work with the Plant Manager to document fiscal controls and to establish effective accounting systems for the timely entry of expenses, monthly reconciliations, accurate monthly financial reports, and preparation for annual audits.

Accounting: NAMC established a professional services agreement with [Accountant Services]. [Accountant Services] will provide guidance to the bookkeeper and plant manager when regulatory questions or high-level structure and system questions arise.

IT: NAMC has established a professional services agreement with [IT Systems] – a managed IT service firm.

In the final version of the business plan, fill in the business names, key personnel, key work experience, and other relevant credentials that demonstrate the skill and competency of the

professional services team that you surround NAMC with. Provide a high-level outline of the specific functions that partners are responsible for.

OPERATIONS

Suppliers

A central benefit of forming as a cooperative meat processing facility is that member businesses constitute most, if not all the supply. This ensures that member producers have adequate and timely access to processing services and that the facility has a stable supply of animals to meet throughput benchmarks.

As noted in the feasibility study, an 8,000 sq. ft. processing facility would need to average 35 head of livestock per week with a distribution of 65% cattle and 20% pigs, and 15% goats sheep, and lamb. When this production rate was compared to the number of animals in the market, estimates show that the meat processing facility will need to be able to capture the processing services for livestock in Niagara County *and* in other counties throughout the region.

NAMC and its member producers will assess its current internal, annual supply volumes and its target, future supply volumes and then market its services to non-member producers to fill the schedule and support its profitability.

IT

Information technology hardware and software has increasingly become an essential investment to operate an efficient, safe, and customer friendly business in the twenty-first century. It can also be a competitive advantage and differentiator, especially industries that have been slow to adopt technology. It is difficult to project the exact mix of IT services, products, and approaches that will be most suitable for NAMC's operating context until the membership leadership team and the staff management team is in place. Technology only adds value to the extent that the people establishing and managing the technology are successful in generating that value through its effective implementation. The following provides a high-level overview of IT systems that should be considered, as well as additional considerations for approaches that can be taken to satisfy NAMC's IT needs.

1. Facility Management:

- Inventory management software to track raw materials, finished goods, and packaging materials.
- Equipment maintenance software to schedule and track the maintenance of machinery and equipment.
- Security systems, cameras, building access controls and related technologies that will protect the facility, the products, and the employees.
- Climate controls hardware and software, for the general facility and for all food storage zones. The hardware and software systems need to be able to monitor temperature and humidity and will ideally allow for real-time alerts if temperature or humidity fall outside of the prescribed food safe range. Of all the possible IT investments, this solution set is one of the most critical as it will protect the financial value of the product NAMC is storing and processing, the regulatory risk that NAMC is exposed to, and the reputational risk associated with any negative food safety event.
- Telecommunications hardware and software including phone system, internet service, and routers and extenders that provide Wi-Fi coverage for the entire facility.

2. Supply Chain Management:

- Supply chain management software for tracking raw material sourcing, inventory levels, and distribution channels.
- Vendor management software for managing relationships with suppliers and ensuring timely deliveries of raw materials. Any formal CRM solution that is considered or pursued for customer relationship management should also be able to manage vendor relationships to maximize the value of the product and to limit the number of different systems required to manage and integrate.

3. Business Administration and Financials:

- Enterprise resource planning (ERP) software for managing and integrating various business processes, including procurement, manufacturing, and distribution. These can be robust, companywide systems that would include many of the other stand-alone systems identified in other sections – CRM, sales, and marketing – or can manage a narrower set of critical technology integrations.
- Accounting software for managing finances, including accounts payable, accounts receivable, and payroll. This decision should be made in consultation with NAMC's bookkeeper, accountant, and plant manager to ensure that those three essential operators are comfortable and proficient with the system or willing to gain proficiency. It should also be noted that payroll and employee HR services are often managed outside of a company's accounting system in order to outsource the legal, tax, and other compliance responsibilities associated with payroll management.
- Budgeting and forecasting software to plan and monitor financial performance. Some accounting software programs have effective budgeting and forecasting software built into them – like Sage accounting – other are more limited and basically serve as a repository for "actuals" that can then be exported to Excel for further budgeting and forecasting activities. Decisions related to these software solutions should be made in consultation with NAMC's bookkeeper and accountant.

4. Sales and Marketing:

- Customer relationship management (CRM) software to manage customer data, track sales leads, and improve customer engagement.
- E-commerce platform for online sales and order processing.
- Marketing automation software for targeted marketing campaigns, email marketing, and social media management.

5. Compliance and Regulatory Requirements:

- Regulatory compliance software to ensure adherence to industry-specific regulations and compliance standards.
- Food safety management software to track and manage food safety protocols, inspections, and certifications.

6. Data Security:

- Data security measures such as firewalls, antivirus software, and regular data backups to protect sensitive business and customer information.

- Implementing secure access controls and protocols to safeguard data and prevent unauthorized access.

7. Communication and Collaboration:

- Cloud-based communication tools for internal and external communication, such as email, video conferencing, and instant messaging.
- Collaboration tools to facilitate teamwork and project management, including task tracking and document sharing.

There is a broad range of IT approaches to achieve a suitable technology approach, from minimalist to maximalist. It is helpful to walk through a medium-investment approach for a start-up business operating in a traditionally low-tech industry:

"Because of budget constraints and management's lack of comfort with high-tech IT solutions, NAMC's leadership and management decide to take a medium-investment approach for the business start-up phase. Future investments will be considered as business use cases and return on investment becomes clearer and as staff experience with IT management increases. NAMC creates a Google Business Account to handle their e-mail, their Google My Business presence, and their internal communication and document sharing. Google's built-in firewalls and web security are sufficient for NAMC's initial needs. For Facility systems, NAMC contracts with a managed IT services provider that has familiarity with climate control sensors and systems, as well as general facility security. The scope of the contract includes the initial set-up of all essential technologies and software, training for key staff on the use and maintenance of the hardware and software, and a small monthly retainer to be on-call for troubleshooting issues that management is unable to solve. The scope of that contract also includes the installation of VOIP hardware and in-bound call service system. For its accounting needs, NAMC and their bookkeeper decided to run FreshBooks, which connects to their point-of-sale system – Square – and manages all of their A/R and A/P. They decide to outsource Payroll to a payroll management company. NAMC works with a marketing team to build a website and is supported by that marketing team to establish integrations between Square, Google, and any other systems to ensure that the website is an effective marketing tool and e-commerce platform. The NAMC team initially relies on Google Docs and Google Sheets for internal documents, collaborations, inventory tracking, and regulatory and compliance tracking. The barcoding and SKU framework that they establish in Square is sufficient for being able to track the source, batch, and customer for products that move through the facility, meeting minimum regulatory standards for upstream and downstream product tracking. This approach means that many critical business activities are paper-based, which requires manual data entry and other inefficiencies, but it is a technology approach that meets NAMC's minimum needs and fits within its start-up budget."

There are endless combinations of approaches that NAMC can consider. Focusing on accounting and food safety investments during the start-up phase and allowing time for experience and budget to inform future investments is a reasonable approach.

Fiscal, Accounting, Payroll

The annual fiscal requirements for a cooperative meat processing plant can vary based on the location, size, business structure, and specific activities of the plant. However, some common fiscal requirements and financial obligations may include:

1. Tax Filings:

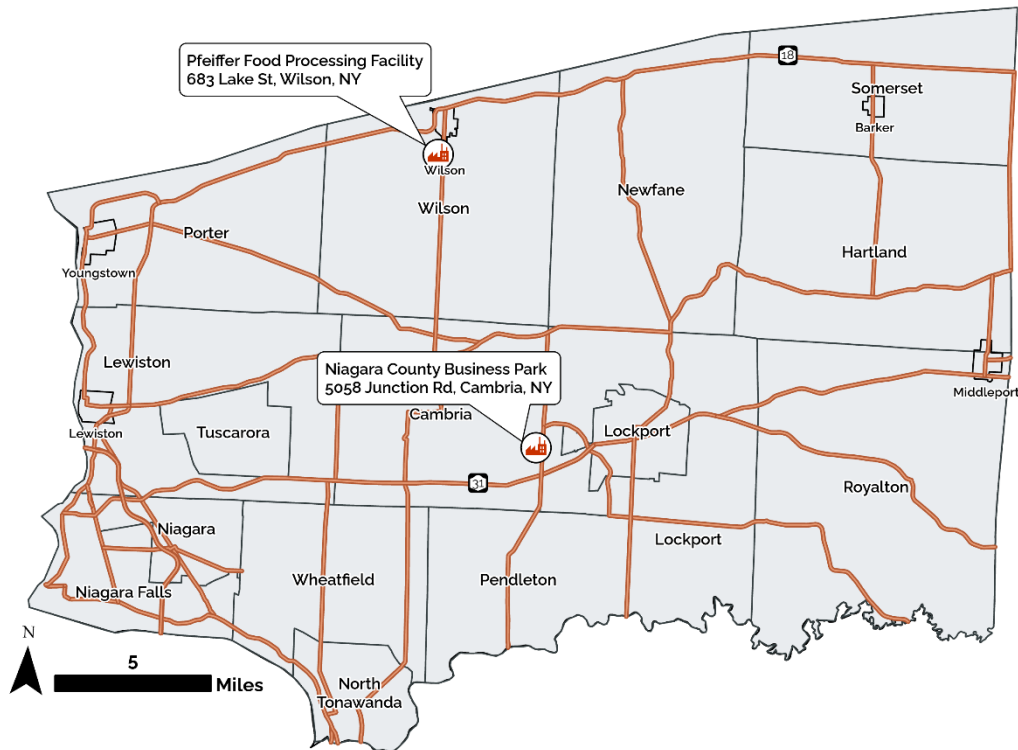
- Federal Taxes: This includes income tax filings (Form 1120 or 1120S for cooperatives) and employment taxes (such as Form 941 for payroll taxes).

- State Taxes: State income taxes, sales taxes, and other state-specific taxes applicable to the operation.
2. **Financial Reporting:**
 - Annual Financial Statements: Generally accepted accounting principles (GAAP) require the preparation of financial statements (income statement, balance sheet, cash flow statement).
 - Cooperative-Specific Reporting: Cooperatives often have unique reporting requirements based on their structure, such as allocating and distributing profits among members. They may need to prepare reports reflecting these distributions and allocations.
 3. **Employee-related Obligations:**
 - Payroll Taxes: Filing and paying federal and state payroll taxes, as well as providing W-2 forms to employees.
 - Employee Benefits: If the cooperative provides employee benefits, such as health insurance or retirement plans, it needs to manage contributions, deductions, and reporting related to these benefits.
 4. **Insurance:**
 - Liability Insurance: Coverage for potential product liability, workers' compensation, property insurance, and other business-specific insurances.
 5. **Audits and Reviews:**
 - Some cooperatives might require regular audits or financial reviews as part of their internal policies or regulatory compliance.
 6. **Annual Meetings and Reporting to Members:**
 - Many cooperatives hold annual meetings for members, where financial reports, future plans, and other important matters are discussed and presented.

It is crucial for the cooperative meat processing plant to work closely with accountants or financial advisors who understand the specific requirements of the industry and the cooperative structure. These professionals can help ensure compliance with all federal, state, and local fiscal requirements while maintaining the financial health and sustainability of the business. Additionally, specific requirements may vary significantly based on the plant's location and the regulations imposed by local authorities or the specific cooperative's bylaws. Therefore, seeking local legal counsel or industry-specific advisors is often recommended.

Location

Based on the analysis of zoning regulations and infrastructure for each of the 20 municipalities in Niagara County, six sites were identified as potentially suitable sites for a new meat processing facility. The Steering Committee considered each site and elected to move forward with further consideration for two of these sites. The two preferred locations for a potential meat processing facility for the NAMC are the currently under development Niagara County Business Park in Cambria, NY and the former food processing facility for Pfeiffer Foods in Wilson, NY.



Hours of Operation

The typical hours of operation for a USDA certified meat processing plant with an attached retail store in Western New York can vary based on several factors, including local regulations, market demand, and the business's specific goals. However, a general guideline for operating hours might be as follows:

1. Meat Processing Plant:

- Monday to Friday: 8:00 AM to 5:00 PM
- Saturday: 8:00 AM to 1:00 PM
- Sunday: Closed

Consideration should be given to conducting a market analysis to determine the optimal operating hours based on customer preferences and competition in the area. Additionally, it's important to stay informed about any specific regulations or requirements imposed by the USDA and local authorities regarding operating hours for meat processing plants in Western New York.

Production Schedule

This production schedule is based on the volumes calculated in the feasibility study. Those calculations assumed a scenario where the facility is constructed with 60% loan and the volumes required to break even financially in that scenario. NAMC's goal will be to achieve a funding mix with more grants and/or financing options at lower interest rates, which would reduce the debt servicing costs and therefore reduce the amount of volume required to break even or be profitable. It should be noted that this discretionary capacity could be used strategically to grow patiently and pursue NAMC's most profitable markets.

Annual target production levels:

- 1,138 cattle
- 350 hogs
- 263 sheep/lamb
- 12,500 birds
- 50 weeks per year

Assumptions:

- Halal and kosher processing will happen on an intermittent, as-needed basis and will require advanced coordination with a "Muslim harvestman" and Jewish "shochet" to perform the processing. This lends itself to batch processing at times of the week or year when core market processing is not as busy or when demand for halal and kosher products is high, generally around religious festivals and holidays.
- Poultry processing will take place in a separate room and will require entirely separate equipment and workflows. As such, poultry and other animal processing will need to take place at separate times as it is unlikely that NAMC will have sufficient workforce to process simultaneously.
- Non-poultry and non-halal/kosher animals can be processed in the same room of the facility and at the same time, if necessary, though practicalities of processing and packaging will generally dictate separate processing.

Weekly processing rates:

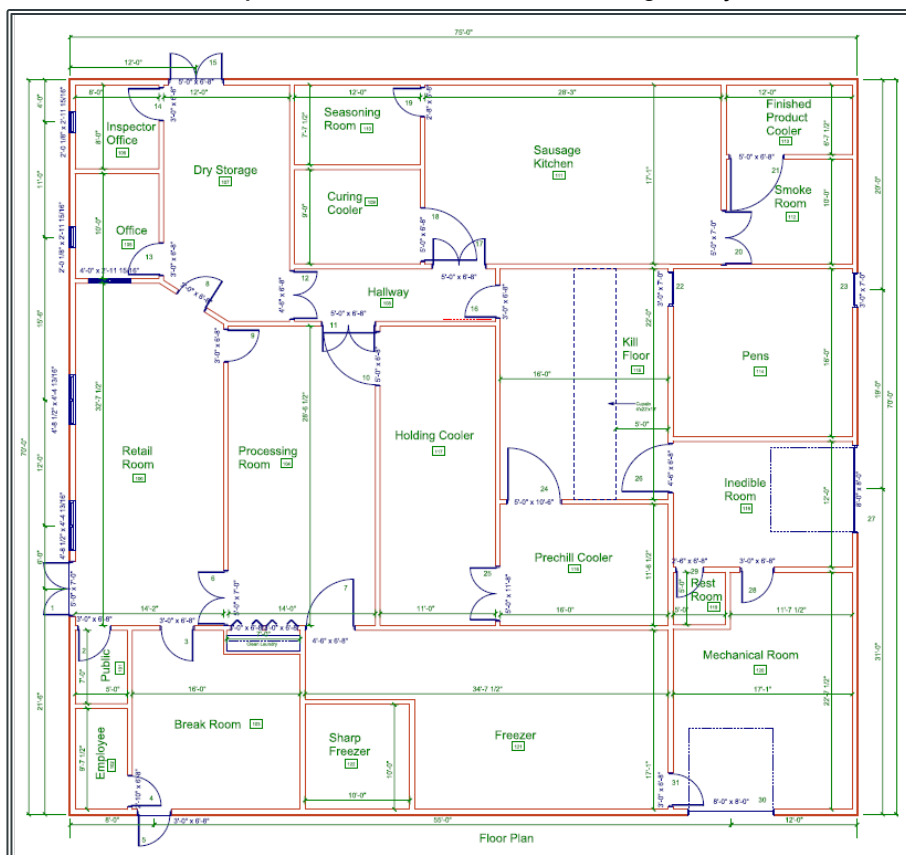
- Cattle: $1,138 / 50 \text{ weeks} = 22.76 \text{ cattle per week}$ (round up to 23 cattle per week)
- Hogs: $350 / 50 \text{ weeks} = 7 \text{ hogs per week}$
- Sheep/lamb: $263 / 50 \text{ weeks} = 5.26 \text{ sheep/lamb per week}$ (round down to 5 sheep/lamb per week)
- Birds: $250 \text{ one day/week} = 12,500/\text{year}$

This schedule assumes an equal distribution of the workload, and the actual schedule may vary depending on the processing time for each animal and any specific operational requirements. Additionally, the schedule should consider the workforce's capacity, equipment availability, seasonality, storage capacity, and other operational constraints. It's crucial to ensure that the processing facility adheres to all USDA, halal, and kosher certification standards and regulations during the production process.

Facilities Plan

The sample floor plan shown below is intended to help potential entrepreneurs plan for development of a new facility or for renovating an existing facility. The below floor plan is from [Iowa State University's Guide to Designing a Small Red Meat Plant](#). The floor plan is for a 5,250 sq. ft. facility and does not include all the equipment or rooms that may be necessary for a new meat processing facility in Niagara County. However, these floor plans and the rest of the guidebook do an excellent job of illustrating and describing how a red meat processing facility should be laid out.

Example Floor Plan for a Red Meat Processing Facility



Regulatory

Under the Federal Meat Inspection Act (FMIA), authority is bestowed to the United States Department of Agriculture (USDA) to issue "grants of inspections" to approved facilities for meat processing. These facilities are not administered licenses by the USDA, instead, these facilities are approved to have a USDA inspector oversee their harvesting and processing operations for amenable meats (Cattle, sheep, goats, swine, and equines). By abiding to this level of inspection, products produced in these facilities are permitted to be sold anywhere in the US and can be exported to international markets. When a USDA inspector is overseeing the processing of a facility, there are two main things reviewed:

1. They ensure the facility is in conformance with the Code of Federal Regulations for Animals and Animal Products (accessible here: <https://www.ecfr.gov/current/title-9>.) during the cutting, wrapping, and value-added phases of processing.
2. The USDA inspector also verifies that the plant is in conformance with their HACCP Plan, SSOP, and GMP. These plans are explained under the Meat Safety section.

During the harvesting process, the animal must be stunned prior unless the facility has a religious exemption such as kosher or halal. Additionally, during this phase the USDA inspector will examine the animal to verify its age. For cattle, if the age is over 30 months the inspector will make sure that the spine is removed from the carcass with the intent to mitigate the transfer of mad cow disease.

When packaging and labelling USDA inspected meat, the labels must have the following components:

1. Facility ID number
2. Inspection legend
3. Product name
4. Name and address of the farm the meat came from
5. Safe-handling instructions, and an
6. Ingredient list when more than one ingredient is in the product. In addition, the packaging must be FDA food grade approved. Following the packaging of the product, the product must be properly stored. When storing frozen USDA products, products must be stored at 0 degrees (F) during transport and storage. Refrigerated products must be transported and stored at 41 degrees or below (F).

20-C Processing

This NYS license is administered for the purpose of further processing of amenable livestock that started at a USDA inspected harvesting facility. Many USDA facilities may have a 20-C license as well which would allow them to process meats outside USDA inspection hours. In essence, a 20-C processing facility is a commercial kitchen. In a 20-C processing facility, permitted actions include cutting, slicing, trimming, grinding, freezing, wrapping, and dividing carcasses into retail cuts. Following any of these levels of processing, the 20-C facility can then sell their product to any in-state restaurant, hotel, or other institution. However, these products cannot be sold wholesale to then be re-sold. Any 20-C facility is also permitted to cure, cook, or smoke their products; however, these products can then only be sold from the 20-C facility's own retail establishment or at a public market.

When issuing 20-C facility licenses, NYSDAM may issue several licenses to a single facility. This allows for multiple farmers or processing businesses to process and sell their own meats through a shared kitchen and retail space. Additionally, with this license a 20-C facility could purchase USDA inspected carcasses from multiple farms and sell it under a single labeled product.

Halal Meat Processing

Halal meat processing refers to the process of producing meat products in accordance with the religious text of Muslims. While the USDA does not have specified regulations for what constitutes acceptable halal processing, any USDA-certified halal processor is required to obtain a USDA certified grant of inspection and must follow their developed Hazard Analysis Critical Control Point Plan and Standard Sanitation Operating Procedure just like any other USDA meat processor. During inspections a USDA inspector is required to follow the instructions of FSIS Directive 6900.2, Humane Handling and Harvest of Livestock. Such instructions require the livestock to be rendered insensitive to pain prior to harvest, however, as this is not permitted under halal processing, the USDA does permit exemption to this requirement for religious reasons. Below is a summary of all the requirements necessary for halal meat processing.

1. *The livestock species is not haram. Haram species include pigs, dogs, donkeys, and mules.*
2. *The animals were raised in an environment resembling their natural habitat and were raised humanely.*
3. *Harvest of the livestock is performed by a person of the Muslim faith or "people of the book".*
4. *Harvest is accomplished through the severance of the trachea, esophagus, carotid artery, and jugular veins using a sharp knife dedicated solely to halal processing. Stunning is strongly discouraged, however, if it must be carried out, it should not kill or cause permanent physical damage to the species. Additionally, the same stun gun used to stun haram species must not be used.*
5. *The name of Allah must be taken to invoke a blessing upon the meat throughout the whole process.*
6. *The harvest process should be conducted while facing towards Mecca.*

For more information on halal meat visit the [University of Minnesota Halal Meat Introductory Guide](#)

In New York State, the Department of Agriculture and Markets requires that halal goods are labeled and as such are able to provide documentation of their halal claims. There are numerous halal food certifiers found throughout the country, New York State maintains a [list](#) of certifiers who are permitted to make halal certified claims.

Kosher Meat Processing

Kosher meat processing involves several steps required to adhere to the dietary laws outlined in Jewish religious traditions, including:

1. *Selection of animals: Only certain animals that meet the kosher criteria can be used. Commonly accepted kosher animals include cattle, sheep, goats, and deer.*
2. *Slaughtering (Shechita): The animal must be slaughtered by a trained and certified shochet (ritual slaughterer). The slaughtering process involves a quick and precise cut to the throat, severing the major blood vessels. This is done to ensure a humane and quick death.*
3. *Draining of blood: After slaughtering, the blood must be completely drained from the meat. This is a crucial step in keeping with kosher dietary laws.*
4. *Inspecting and salting: The meat undergoes a thorough inspection to ensure it is free of any abnormalities or imperfections. It is then salted to remove any remaining blood. This process is known as kashering.*
5. *Separation of meat and dairy: Kosher dietary laws prohibit the mixing of meat and dairy products. Therefore, separate utensils, dishes, and processing equipment are required for meat and dairy.*
6. *Supervision and certification: The entire process should be under the supervision of a reliable and recognized kosher certifying agency to ensure compliance with kosher standards.*
7. *Labeling: Products processed as kosher should be labeled with a reliable kosher certification symbol, providing consumers with confidence in the product's compliance with kosher laws.*

More information on kosher meat processing and the kosher certification can be found at the Orthodox Union's kosher certification website: <https://oukosher.org/>

Meat Safety

Both federal and state meat processing licenses require facilities to have various types of plans to minimize risks throughout the process. These plans focus primarily on risk assessment/mitigation and establishing sanitary protocols.

Plan Type	Description	More Information
Hazard Analysis Critical Control Point Plan (HAACP)	Based on technical and scientific principles, the plan is used to control biological, chemical, and physical hazards in meat and poultry products. The plan is structured on identifying potential hazards and then identifying preventative measures that should be implemented in the event of a hazard.	https://www.fsis.usda.gov/inspection/compliance-guidance/haccp
Standard Sanitation Operating Procedure (SSOP)	A mandated plan by the USDA for all meat processing facilities. The SSOP requires that the facility management develop a plan that addresses daily sanitary procedures that help prevent direct product contamination or adulteration.	9 CFR § 416.12 – Development of Sanitation SOPs. Electronic Code of Federal Regulations (e-CFR) US Law LII / Legal Information Institute (cornell.edu)
Good Manufacturing Practices (GMP)	A set of procedures that are established to ensure food is not contaminated during any meat processing steps. A GMP is mandated for all USDA facilities, additionally, the NYSDAM requires a GMP for state regulated facilities	https://www.fda.gov/drugs/pharmaceutical-quality-resources/current-good-manufacturing-practice-cgmp-regulations https://agriculture.ny.gov/food-safety/food-safety-modernization-act

MARKETING

Market

NAMC serves two markets in a single geography – producers that need meat processing services and customers for the processed meat products. The core focus will be meeting the processing demands of member producers. Excess production capacity and sales activities will then be dedicated to serving non-member producers, retail and wholesale market opportunities, and halal and kosher certified processing and market opportunities.

Industry & Competition

Given the nature of the meat processing industry and the national and international scope and scale that the industry can reach, there is substantial direct and indirect competition. For the purposes of this business plan, the analysis is focused on direct competitors, which are considered to be meat processors within the Western New York Region. Competition with these companies is for producers/suppliers and finished meat product customers.

Within the Western New York Region, there are 32 meat processors – thirteen USDA certified facilities, two 5-A facilities, and seventeen custom-exempt facilities. Of those facilities, there is one USDA facility and one custom exempt facility in Niagara County. Beyond Niagara County, there are only three more facilities within a 40-miles radius of NAMC's facility location – two custom meat facilities and one USDA facility.

Within the region, interviews with existing operators and review of a market analysis identified opportunities for NAMC's entry into the market:

- The average meat processor has been in the industry for 38.8 years. While this is an advantage in terms of experience and controlling its share of the market, it also indicates that existing operators are aging and could be nearing retirement.
- Only 20% of survey respondents had a succession plan. That means that as current operators age into retirement, some current competitors will be unable to find a successor and will terminate operations.
- The average meat processing facility was built 39.4 years ago and renovated 13.5 years ago. NAMC's new facility will offer operating advantages that reduce costs, increase profitability through efficiencies, and support a clean and food safe environment.
- The most common marketing activity that competitors currently use is "word-of-mouth" and, on average, competitor processors only use 1.5 marketing activities to promote their business.
- Producers in our target geographic area are having to travel too far and wait too long to get their animals processed. Among survey respondents, producers traveled an average of 76 miles round-trip to reach their processing facility to access limited processing availability.
- Existing processors are at or over capacity. When asked about their capacity to accept new work, 50% of processors indicated that they are fully booked; 50% indicated that their capacity varies seasonally. When asked about their scheduling availability, 50% of meat processors said that they require scheduling 1+ year out, 17% said they require scheduling 4-12 months out, and 33% only require scheduling 1-3 months out.

Based on these industry conditions and trends, NAMC's entry into the market, while competitive, is also needed to serve producers and create another meat processing option with long-term sustainability to maintain meat processing services in the food economy as many existing processors age-out of the industry.

Given NAMC's cooperative business model, its intended market of small to mid-sized producers, and its position as a USDA facility entrant in the market, our main competitors are Hartland Abattoir and Burly Bros. Country Butchery. Both are USDA certified processors and take a modern, e-commerce approach to their businesses.

Hartland Abattoir was founded in 2013. It operates an 8,500 square foot, USDA certified meat processing facility in Gasport, NY – 10 miles (16 minutes) northeast of Lockport, NY and 13 miles (19 minutes) from NAMC's facility. Hartland Abattoir is, in many respects, a model for what NAMC aspires to develop and add to Niagara County's food economy. The size of the facility, modern e-commerce approach, and the USDA status are all hallmarks of NAMC's business approach. While nominally competitors in the same market, Hartland Abattoir is at capacity with limited opportunity or desire to expand its operation to meet more of the market demand. NAMC will be stepping in to serve the substantial customer base that Hartland Abattoir cannot accommodate.

Burly Bros. Country Butchery has operated in the agriculture industry, in some capacity, for over 60 years. Beef production and meat processing are its most recent agricultural businesses. Their 13,000 square foot, USDA certified facility is in Attica, NY - 41 miles (59 minutes) from Lockport and 45 miles (1 hour 2 minutes) from the NAMC facility. Burly Bros. also serves as a model business with branding, e-commerce, modern facilities, and operations that appeal to the modern consumer. Location, product, and market are our main differentiating features to Burly Bros.

Location: *The Burly Bros. facility requires significant travel time and fuel costs for all producers in Niagara County, especially those in the west and north. Our facility will reduce the time and expense for producers to have their animals processed and place it in the range of a distinct consumer market.*

Product: *Burly Bros. only produces beef, so NAMC's hog, goat/sheep/lamb, and poultry processing are welcome additions to the market for producers and consumers.*

Market: *In addition to geography, NAMC will reach a separate and distinct market through its focus on producer-members and the relatively untapped halal and kosher markets.*

In comparison to other processors in the Western New York market, NAMC has several competitive advantages:

Marketing, Sales, and Branding: *NAMC's modern approach to customer services and sales, offering an e-commerce platform on a website and a frictionless ordering and fulfillment process that many modern customers – both suppliers and consumers – either expect or appreciate. NAMC's branding and active marketing will also underpin its modern approach and serve as a differentiator with USDA competitors and with competitors in other industry categories. As a new market entrant, NAMC recognizes that it cannot rely on the legacy of a reputation, existing customers, and word-of-mouth to reach our customers. NAMC's brand identity will attract attention, make emotional connections to customers, and create brand loyalty. Marketing efforts will use traditional channels as well as social media and Google ads to reach customers that competitor's traditional marketing approach is missing.*

Location: *NAMC's location and the nature of the small and mid-size producer market creates logistical advantages. Customers need to have a meat processing option that is closer to their locations with more scheduling availability.*

Facility: *NAMC's new facility creates operating efficiencies that will reduce costs and support profitability. The cleanliness and modern amenities will also create a positive impression on customers, which will attract and retain customers.*

Customer Profile

Livestock Producers:

- *Small-scale and family-owned farms in the surrounding area.*
- *Producers committed to sustainable and ethical farming practices.*
- *Farmers who prioritize the humane treatment of animals and the highest quality standards for their products.*

Local Consumers:

- *Health-conscious individuals seeking premium quality meats sourced from local farms.*
- *Halal diet adherents in the community seeking certified halal meat products.*
- *Kosher diet adherents in the community seeking certified kosher meat products.*
- *Consumers with a preference for supporting local businesses and the agricultural community.*

Restaurants and retailers interested in sourcing locally produced, high-quality meats for their menus and shelves.

Products

Near Term

USDA, halal, and kosher meat processing – sliding scale on costs and priority scheduling for members.

Freezer storage – Set rates for storage of frozen processed products. Sliding scale for members and non-members.

Future Product and Market Considerations

NAMCs initial services are designed to meet the needs of Niagara County producers. However, we recognize future opportunities that could grow out of those core member services. Those services could represent additional revenue for NAMC and added benefits to members and the consumer market through shared services, resource and skill consolidation, and new market pursuits.

- **Transportation services:** *It is easy to imagine scenarios where NAMC will decide to invest in fleet capabilities to fulfill orders. These initial investments could grow to offer hauling to member producers, delivery to expanded consumer markets, cross docking with other food producers, and back hauling of products within its distribution network.*
- **Wholesale and Institutional Sales:** *NAMC will develop competency in navigating regulatory and food safety requirements as a USDA processing facility and its 8,000 sq. ft. processing plant will have capacity beyond its initial member producer customer base. These factors mean that NAMC is well positioned to navigate the additional regulatory and food safety requirements associated with wholesale and institutional sales and will have the capacity to aggregate sufficient supply to meet that market's minimum order thresholds. Additionally, NYS incentivizes the purchasing of NYS food in K-12 schools through its "30% NY Initiative." Through this program, schools that successfully source 30% of their lunch menu from NYS food producers increase their reimbursement from \$0.08 per meal to \$0.25 per meal, which can mean thousands of dollars in additional revenues for school lunch programs. Producers are encouraged to get added to the [database](#) that Cornell University maintains and to market their products and services to BOCES and school food service directors. Additionally, since the COVID-19 pandemic, NYS has funded the "New York Food for New York Families" program, which provides emergency feeding organizations grant funding to purchase New York State food, including meat, for charitable distribution. An interested producer must similarly get added to an approved vendor database that is generally maintained by its Regional Food Bank, which is [FeedMore Western New York](#) in the Niagara area.*
- **Retail:** *NAMC will have opportunities to develop a brand and its own line of retail meat products, especially as other competitors age out of the industry. NAMC and its members will consider where a shared brand creates new opportunities to reach retail consumers (versus taking market share from member producers).*
Training/Education: *As part of a training and workforce development program, NAMC can partner with SUNY Niagara (Formerly Niagara Community College) and the Niagara Falls Culinary Institute to offer meat processing training and certifications classes at their facility. NAMC can charge service fees for the classes. This will have the added benefit of developing a skilled worker pipeline that can support NAMC itself and the next generation of meat processing in Western New York food economy.*

Price

Exact prices and cut sheets will be developed in coordination with the Plant Manager at the time of product launch, however, the below table illustrates how the NAMC's processing fees compare to other meat processing facilities in the area.

Services	Processor				
	USDA	USDA	Custom-Exempt	Custom-Exempt*	NAMC
Base Fee (Beef)	\$110	\$100	\$125	\$960	\$110
Base Fee (Pork)	N/A	\$65	\$75	\$290	\$65
Cut & Wrap	\$1.35/lb	\$0.65/lb	\$0.70/lb	Included in base fee	\$1 - \$1.10 (varies by species)
Value-Add Processing	N/A	\$1.15/lb	\$0.65/lb	N/A	\$1.15/lb

Marketing Strategy

The majority of NAMC's marketing efforts will be directed towards the consumer market since members will be the core of its supplier market and require less traditional marketing activities. As such, NAMC will:

1. Utilize local media and community events to create awareness and establish a strong local presence.
2. Engage in targeted digital marketing campaigns, leveraging social media and local online platforms to reach both producers and consumers in and around Niagara County.
3. Identify and engage "brand champions" and community liaisons within the Muslim and Jewish communities to build customer relationships with key retailers, wholesalers, and individual consumers.

Sales

Sales will be executed by cash, check, lines of credit, debit, and credit card. NAMC will determine the best payment processing platform based on its business needs, the costs and fees associated with the platform, the customer experience it provides, and its ability to integrate with NAMC's preferred accounting and inventory management software.

Fulfillment

Because NAMC will focus on member producers, its fulfillment requirements will be minimal during its start-up and early growth phases. Members will be responsible for delivering animals to the site and picking-up finished products from the processing plant. If opportunities arise to sell to non-member customers, whether those are wholesale, retail, or individual consumers, NAMC will be prepared to make deliveries to consumers. NAMC will set order minimums for delivery to be provided and add delivery fees to the product mark-up to make the investment of time and fuel expense economical. Transportation can range from coolers in staff employee vehicles (with appropriate compensation to staff for fuel and wear-and-tear on their vehicles), to coolers in a NAMC owned vehicle, to a refrigerated NAMC owned vehicle. NAMC will navigate that range of options, making incremental investments as opportunities warrant, and ensure that its chosen method conforms to food safety regulations and maintains the cold chain throughout the delivery route.

Brand Assets:

If NAMC's brand assets have been developed before the business plan is finalized, include key brand assets in this section of the business plan.

- Logo
- Website – link to website and include representative graphics or screen shots of the site that demonstrate the aesthetic or key functionality.
- Slogan
- Additional items to consider including as attachments to the business plan if they have been developed:
- Flyers and other print promotional assets
- Case Statement - Often referred to as a one-pager. This document provides a summary of the business, the business model, and serves as a succinct introduction to the business.

FINANCIALS

Funding Mix

The four scenarios below consider four different combinations of potential start-up investment for the 8,000 square foot NAMC processing facility. Scenarios 1 and 2 – the simple scenarios – only consider three funding sources – loans, grants, and member equity. Scenario 1 considers a “grant-led” scenario where grants are 60% of the funding; scenario 2 is “loan-led” where loans are 60% of the funding. Scenarios 3 and 4 are slightly more complex and consider:

- Private investment – an equity contribution from a non-member.
- Private gift – seed funding without any expectation of financial return.

It is important to note that as these funding mixes change, so does NAMC's cash flow forecast and operating considerations. The ultimate loan amount will determine the amount of loan interest NAMC is paying and factoring into its cash flow forecast. As noted in the Production Schedule section, less principal and interest creates financial flexibility, which also allows for operational flexibility since lower fixed costs takes pressure off NAMC's required processing throughput.

Finally, it is important to note that the funding scenarios are only based on the investment required for an 8,000 sq. ft. facility, land, and equipment, which are further detailed in the Cash Flow Forecast. Investments to cover operating expenses are not considered here.

Total Investment	<u>\$6,215,000</u>							
	<u>1: Simple Grant Led Scenario</u>		<u>2: Simple Loan Led Scenario</u>		<u>3: Complex Grant Led Scenario</u>		<u>4: Complex Grant Loan Scenario</u>	
	Percent Funding	\$ Amount	Percent Funding	\$ Amount	Percent Funding	\$ Amount	Percent Funding	\$ Amount
Loan	20%	\$1,243,000	60%	\$3,729,000	20%	\$1,243,000	50%	\$3,107,500
Grant	60%	\$3,729,000	20%	\$1,243,000	50%	\$3,107,500	20%	\$1,243,000
Member Equity	20%	\$1,243,000	20%	\$1,243,000	15%	\$932,250	15%	\$932,250
Private Investment (non-member)					10%	\$621,500	10%	\$621,500
Private Gift (non-member)					5%	\$310,750	5%	\$310,750
Total	100%	\$6,215,000	100%	\$6,215,000	100%	\$6,215,000	100%	\$6,215,000

Grant Funding

Empire State Development Grant Funds

This opportunity is part of the annual Consolidated Funding Application cycle, which generally kicks off in late May or early June. The grants are designed to fund several business needs, including capital investments, project implementation costs, and project planning costs. Complete details can be reviewed in the [2023 Available Resource Guide](#).

CDBG

The Community Development Block Grant (CDBG) program is a federal program that disperses funds to states, which states then administer in accordance with federal guidelines. In New York State, Homes and Community Renewal (HCR) administers CDBG programs, including housing, public infrastructure, and economic development. Their economic development programming is organized into three categories - economic development, small business assistance, and micro-enterprise. The funds must result in the creation or retention of jobs that do not require education beyond high school or provide on-the-job training. Depending on the NAMC's remaining funding needs, the economic development and small business assistance programs would be the most applicable. The state wants CDBG funds to be the "funds of last resort" and to fill in the final gaps in funding needed to make a project viable. An interested applicant with a competitive project e-mails HCR a project brief, including secured funding. HCR will then decide whether to invite the applicant to apply. If invited, applications are made through the CFA portal. Once an application is started, the applicant has 60 days to complete the application. It is important to note that the business itself is not the applicant – a municipality or Non-Governmental Organization such as an IDA is the eligible applicant. The application and administration of an award requires coordination between the business and the applicant. More information, including past awards, can be found at the [CDBG Economic Development website](#).

USDA Rural Development

The United States Department of Agriculture (USDA) manages extensive Rural Development programming and funding opportunities. Niagara County is served by the Batavia Service Center of the USDA. It is important to develop a relationship with USDA, so they become familiar with the meat processing facility. Funding opportunities are extensive and new opportunities are constantly added. A complete list of current funding opportunities can be found on the Rural Development USDA website. Funding deemed relevant to NAMC's processing facility has been summarized in the table below:

Program	Overview	Applicant	Population	Additional Information
Meat and Poultry Processing Expansion Program N/A	Expands meat and poultry processors capacity. Among other things, funds can be used to build or expand processing facilities, modernize equipment, meet safety requirements, ensure compliance with packaging requirements, offset costs associated with becoming an inspected facility, and for workforce recruitment, training, and retention.	Sole proprietor businesses or other entities that engage - or want to engage - in meat and poultry processing	N/A	Program Type: Grant Terms and Conditions: Maximum award is \$25 million – or 20% of total project costs – whichever is less. Website: https://go.usa.gov/xzDXM
Meat and Poultry Intermediary Lending Program	Provides funding to intermediary lenders who finance – or plan to finance – the start-up, expansion, or operation of harvest, or other processing of meat and poultry	Private, nonprofit corporations, public agencies, federally recognized Tribes, and cooperatives	N/A	Program Type: Grant Terms and Conditions: Maximum grant award is \$15 million. Minimum grant award is \$500,000. Website: https://go.usa.gov/xhY38
Rural Business Development Grant	Supports small and emerging private businesses to start or expand. Funds can be used to purchase or develop land, buildings, and equipment; to cover costs for feasibility studies and business plans and provide other technical assistance; to improve rural transportation, establish revolving loan funds, and support rural distance learning programs that provide educational or job training.	Towns, communities, state agencies, nonprofits, institutions of higher education, federally recognized Tribes, and rural cooperatives	Rural areas outside of any city with a population of 50,000 or more	Program Type: Grant Terms and Conditions: There is no maximum grant amount. Smaller requests are given higher priority, and there is no cost-sharing requirement. Website: https://go.usa.gov/xzDXt
Rural Micro-entrepreneur Assistance Program	Supports the startup and growth of small rural businesses. Loans can be used to establish revolving microloans for small, rural businesses, working capital, debt refinancing, equipment and supplies, and real estate improvements. Grants can be used to provide training and technical assistance to microloan borrowers and microentrepreneurs	Nonprofits, federally recognized Tribes, and institutions of higher education (Borrowers must be businesses with 10 or less full-time employees.)	Rural areas with populations up to 50,000	Program Type: Loan, grant Terms and Conditions: Loans: Loans range from \$50,000 to \$500,000. Maximum 20-year term with 2-year payment deferral. Grants: Maximum grant of \$205,000 annually. Website: https://go.usa.gov/xzD5Z

New York State Ag and Markets

New York State Ag and Market's mix of grant funding is constantly changing. Opportunities are currently released through and managed through the Statewide Financial System. They also maintain a list of current and past funding opportunities on their website at <https://agriculture.ny.gov/funding-opportunities>.

There have been limited funding opportunities that would directly benefit a start-up meat processing business. Many of the recurring, annual Ag and Market opportunities are directed at supporting consumers (SNAP, SNAP Ed), land protection and conservation, and farm to school and other institutional programs. However, it is important to track and monitor funding releases as future opportunities could be relevant. It can also be useful to consider the market opportunities that Ag and Markets funding may be creating as an indirect opportunity for NAMC. For instance, the New York Food for New York Families program creates a significant market for NYS food products.

Grant Preparedness

All grant opportunities that NAMC pursues will emphasize job creation, increased economic activity, leveraging of resources (private funds or other public funds), and community benefit. Most of that grant narrative can be pulled from the feasibility study and this business plan. There are a few additional steps that NAMC should take to be prepared and competitive in its pursuit of grant funding:

- Set up accounts on relevant grant platforms and pre-qualify with the New York State. There are three main grant platforms for state and federal grant applications. For New York State, those platforms are the Consolidated Funding Application (CFA) and the Statewide Financial System (SFS); for federal applications it is Grants.gov. NYS requires that vendors be pre-qualified to submit applications and receive awards. NAMC should create and account and pre-qualify well before pursuing an opportunity. There can be significant processing time to establish an account and become pre-qualified. Pre-qualification in SFS is required for CFA opportunities. More information on the process is available at the NYS Grants Management website. The federal registration process is managed through SAM.gov and results in the issuance of a Unique Identifier that is used in all future federal applications. Like the state process, NAMC needs to register well before pursuing an opportunity. The Sam.gov website provides guidance on the process.
- Sign-up to receive notifications from all major grant platforms – SFS, CFA, and Grant.Gov. Generally, you are able to select the types of grant funding that are relevant to your business. However, since some opportunities might get released by the Department of Health (for Food Banks), it is worth selecting a wide range of topics.
- Get familiar with the Western NY Regional Economic Development Council (REDC) strategic plan and identify ways in which the facility matches priorities within the plan.
- Develop relationship with REDC leadership to familiarize them with the project.
- Maintain accurate projections for staffing, including job descriptions, the number of people anticipated in each position, anticipated compensation, and the expected timeline for filling positions. These projections are required responses in many economic development grant applications and typically constitute a large percentage of the overall scoring.
- Establish relationships with lenders to familiarize them with the project and to understand the funding range and terms available to NAMC. Organizational documents that can serve as proof of funds include bank statements or commitment letters from the cooperative itself (depending on how and when the cooperative is capitalized) or from individual cooperative members. Loan documents that can serve as proof of funds include the term sheet of an executed loan, a loan offer letter, or a letter of interest from a lender that indicates their awareness of the project and their interest in offering a loan to the project.

- Letters of support – NAMC won't need to solicit letters of support until starting an application, but identifying stakeholders that can speak to the benefits the project will deliver and to the strength and competency of the project team is an important first step. Once the application is started, provide stakeholders with a template letter. The letter can be fully written for supporters to simply sign, or the letter can include opening and closing paragraphs and bullet points for stakeholders to respond to in their own words.
- Decide on an in-house or out-source approach. NAMC should assess the experience and capacity of its internal team and determine whether they have the time, talent, and desire to write grant applications in-house. If they don't, it is worth establishing a relationship with a grant writing and consulting firm. Most firms will assist in screening and identifying grant opportunities, support preparedness steps, and be familiar with the grant application and grant platforms in order to craft competitive grants and successfully navigate any technical challenges associated with the grant application submission.

Small Business Financing and Technical Assistance Empire State Development

- Entrepreneurship Assistance Centers Program
- Procurement Assistance
- Business Mentor NY Program
- Direct Business Assistance

Small Business Development Center New York

New York has established a Small Business Development Center (SBDC) throughout the state. Niagara County is served by the [Niagara Small Business Development Center](#). The SBDC's typical range of support services are listed below:

- Pre-venture planning
- Business Plan Development
- Marketing Strategy and Research
- Long-term Growth Strategies
- Financial Projection
- Loan-Packaging Assistance
- Management Assistance
- Special Programs
- Grand Opening Services
- Social Media and Website Strategy

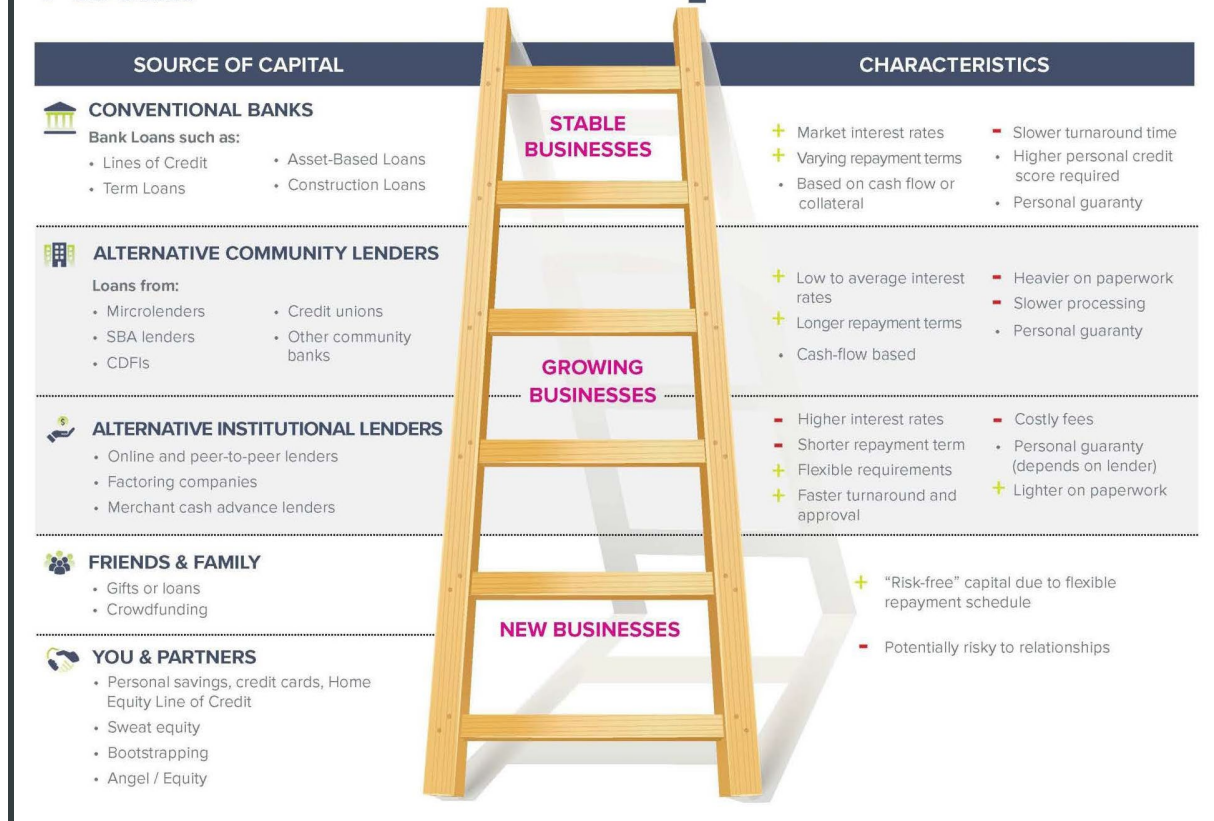
Community Development Financial Institutions (CDFIs)

Community Development Financial Institutions – known as CDFIs – share a common goal of expanding economic opportunity in low-income communities by providing access to financial products and services for residents and businesses.

CDFIs can be banks, credit unions, loan funds, microloan funds, or venture capital providers. They can help families finance their first homes, support community residents starting businesses, and invest in local health centers, schools, or community centers. Some also provide training and technical assistance to entrepreneurs and nonprofits. There are more than [80 CDFIs](#) in NYS.

As depicted in the "Capital Continuum" infographic below, the CDFI funding falls into the "alternative community lenders" tranche of funding.

The Capital Continuum



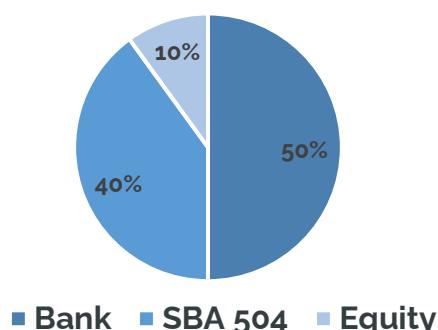
A typical portfolio of CDFI financing options include:

1. Financing for Working Capital:
 - o Line of Credit
 - o SBA Microloans
 - o PCF loan products
 - o SBA 7a/CA
2. Financing for Long Term Asset Purchases:
 - o SBA Equipment Loans (7a)
 - o SBA Acquisition Loans (7a)
3. Financing for Real Estate Purchases:
 - o Commercial Mortgages (504&7a)
4. Owner Occupied financing (51%)

Terms and funding structure related to the SBA 504 program, as one example of how these financing options fit into a broader funding approach are:

SBA 504 Program Details	
Loan Amounts	\$50,000 to \$5.5 million for the 504 portions of the loan. Significantly larger projects can be funded using the program.
Terms	10- 20- and 25-years
Interest rate	Below-market, fixed rates. View current rates at pursuitlending.com
Time to funding	Approximately the same as the first mortgage

Typical Structure



Bank Financing

Cooperatives, especially start-up cooperatives without an existing financial track record and typical financial statements, are a unique lending consideration for banks. The personal finances and collateral that might be asked of an individual loan seeker are complicated by the member ownership of a cooperative. Adding an advisory committee member with banking and loan experience can help NAMC navigate the lending process and identify lending institutions that will understand NAMCs goals, the cooperative structure, and the funding mix NAMC is trying to achieve. In addition to traditional banks, Farm Credit East has specific agricultural financing experience, including [facility loans](#), and has offices in Batavia, NY. NAMC's financial advisors and the lending institutions it connects with will provide more specific guidance on documentation and application requirements, but this is a list of considerations NAMC should be prepared to provide:

1. **Business Plan and Financial Projections:** A solid and well-detailed business plan is essential for any start-up cooperative looking to secure a business loan. The plan should include a comprehensive description of the cooperative's objectives, market analysis, revenue projections, and an explanation of how the loan will be utilized to achieve these goals.
2. **Personal and Business Credit Histories:** The bank will review the credit histories of both the cooperative's founders and the cooperative itself, if it has any established credit. A good credit history demonstrates the ability to manage financial obligations responsibly, which can increase the likelihood of securing a loan.
3. **Cash Flow and Financial Statements:** The bank will closely examine the cooperative's cash flow and financial statements, including income statements, balance sheets, and cash flow statements. These documents provide insights into the cooperative's financial health, its ability to generate revenue, and its capacity to repay the loan.
4. **Collateral:** Start-ups may not always have a robust financial history to support their loan application, so banks often require collateral to secure the loan. Collateral could include assets such as property, inventory, equipment, or accounts receivable that the bank can claim if the cooperative fails to repay the loan.
5. **Personal Guarantees:** In the case of a start-up cooperative, banks might also ask for personal guarantees from the founders or key stakeholders. This ensures that if the cooperative is unable to repay the loan, the individuals will be personally responsible for repaying it.

6. **Cooperative's Management Team and Industry Experience:** The bank will evaluate the experience and qualifications of the cooperative's management team. Having a team with a strong track record in the industry can instill confidence in the lender regarding the cooperative's ability to succeed and repay the loan.
7. **Legal and Compliance Documents:** The cooperative must provide all the necessary legal and compliance documents, including its formation documents, licenses, permits, and any other documentation required by local or national regulatory authorities.

Investors

As noted in the General Ownership section, some cooperatives allow external investors from the community or other businesses to invest in the cooperative. These investors may not have voting rights or the same level of ownership control, but may, as investors, be incorporated in the profit-sharing plan and receive a return on their investments as laid out in that plan. Other investors may be motivated by values and mission and take a philanthropic approach to their investment, with little or no expectation for returns.

As NAMC's funding mix and funding needs become clearer, NAMC should continue to consider how private investors could fill gaps and reduce NAMC's needs for loans. NAMC will want to carefully consider what influence and profit-sharing external investors are given in return for their investment so as not to dilute control or future financial benefits to members, but, if well structured, terms could be comparatively favorable to business loans, allow for greater investment in facilities, staff, and operations, and allow for greater operating flexibility.

NAMC should consider where its purpose and goals overlap with other community businesses and institutions. For example, if the development of a meat processing facility would allow for long-term educational programming for Niagara Community College, the college may be a natural ally and ideal early investor.

Cooperative Cash Flow Forecast

The costs and revenues of a small meat processing facility can vary greatly depending on the size of the facility, scale of operations, inspection status, the amount of capacity utilized for different species, and additional value-added processing, among other factors. Accurate cost/revenue estimates will require finalized plant drawings and the actual costs and specifications (including utility requirements) of equipment, and the availability of commitments (i.e., letters of intent, contract, business structure) for animal harvesting and processing services. Utilizing a template developed by the Oklahoma State University Extension, three cash flow analysis were developed including (1) a loan-led analysis, (2) a grant-led analysis, and (3) a grant led analysis for a processing facility that would incorporate both red meat and poultry processing. A breakdown of all the inputs utilized in the cash flow analysis can be found in the Financial Analysis chapter of the feasibility study.

Based on the estimated costs and revenues, the profit/loss projections for this potential meat processing facility were determined across 10 years for a loan-led and grant-led scenario. In the loan-led scenario, where 60% of the construction costs for the new facility would be financed via a loan, the facility would not generate a profit until year six of operations while the estimated cash flow would remain over -\$200,000 across all 10 years. In the grant-led scenario, where 60% of the construction costs for the new facility would be financed via grant funding, the facility would turn a profit after its first year in operation. However, after tax profits would not exceed \$100,000 until year nine. Lastly, for the grant-led scenario that incorporates both red meat and poultry processing, the facility would also turn a profit after its first year in operation and would exceed \$100,000 in after tax profits after year seven, two years sooner than the grant-led scenario which only processed red meat.

Grant-Led Cash Flow Analysis for Red Meat and Poultry

<u>Gross Sales</u>											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cattle	\$0	\$1,063,563	\$1,074,198	\$1,084,940	\$1,095,790	\$1,106,747	\$1,117,815	\$1,128,993	\$1,140,283	\$1,151,686	\$1,163,203
Hogs	\$0	\$127,365	\$128,639	\$129,925	\$131,224	\$132,537	\$133,862	\$135,201	\$136,553	\$137,918	\$139,297
Goat/Sheep	\$0	\$26,250	\$26,513	\$26,778	\$27,045	\$27,316	\$27,589	\$27,865	\$28,144	\$28,425	\$28,709
Poultry	\$0	\$62,500	\$63,125	\$63,756	\$64,394	\$65,038	\$65,688	\$66,345	\$67,008	\$67,679	\$68,355
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$1,279,678	\$1,292,474	\$1,305,399	\$1,318,453	\$1,331,638	\$1,344,954	\$1,358,403	\$1,371,987	\$1,385,707	\$1,399,564
<u>Expenses</u>											
Variable	\$0	\$514,975	\$520,125	\$525,326	\$530,579	\$535,885	\$541,244	\$546,656	\$552,123	\$557,644	\$563,221
Fixed	\$0	\$671,084	\$689,632	\$673,446	\$660,902	\$650,857	\$647,504	\$643,756	\$630,582	\$616,932	\$611,672
Other	\$0	\$17,160	\$17,332	\$17,505	\$17,680	\$17,857	\$18,035	\$18,216	\$18,398	\$18,582	\$18,768
Total Expenses	\$0	\$1,203,219	\$1,227,088	\$1,216,277	\$1,209,162	\$1,204,599	\$1,206,784	\$1,208,628	\$1,201,103	\$1,193,158	\$1,193,660
Before Tax Profit	\$0	\$76,459	\$65,386	\$89,122	\$109,291	\$127,038	\$138,170	\$149,776	\$170,885	\$192,549	\$205,904
Tax	\$0	\$21,409	\$18,308	\$24,954	\$30,602	\$35,571	\$38,688	\$41,937	\$47,848	\$53,914	\$57,653
After Tax Profit	\$0	\$55,050	\$47,078	\$64,168	\$78,690	\$91,468	\$99,483	\$107,838	\$123,037	\$138,636	\$148,251
<u>Estimate of Cash Flows</u>											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
After Tax Profits	\$0	\$55,050	\$47,078	\$64,168	\$78,690	\$91,468	\$99,483	\$107,838	\$123,037	\$138,636	\$148,251
Depreciation	\$0	\$174,221	\$194,621	\$180,621	\$170,621	\$163,501	\$163,481	\$163,501	\$154,561	\$145,641	\$145,641
Principle	\$0	\$96,202	\$102,214	\$108,603	\$115,390	\$122,602	\$130,265	\$138,406	\$147,057	\$156,248	\$166,013
Cash Flow	\$0	\$133,070	\$139,485	\$136,187	\$133,921	\$132,367	\$132,699	\$132,933	\$130,541	\$128,029	\$127,879
(does not consider increases or decreases in working capital loan)											

Loan-Led Cash Flow Analysis

<u>Gross Sales</u>											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cattle	\$0	\$1,063,563	\$1,074,198	\$1,084,940	\$1,095,790	\$1,106,747	\$1,117,815	\$1,128,993	\$1,140,283	\$1,151,686	\$1,163,203
Hogs	\$0	\$127,365	\$128,639	\$129,925	\$131,224	\$132,537	\$133,862	\$135,201	\$136,553	\$137,918	\$139,297
Goat/Sheep	\$0	\$26,250	\$26,513	\$26,778	\$27,045	\$27,316	\$27,589	\$27,865	\$28,144	\$28,425	\$28,709
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$1,217,178	\$1,229,349	\$1,241,643	\$1,254,059	\$1,266,600	\$1,279,266	\$1,292,058	\$1,304,979	\$1,318,029	\$1,331,209
<u>Expenses</u>											
Variable	\$0	\$514,975	\$520,125	\$525,326	\$530,579	\$535,885	\$541,244	\$546,656	\$552,123	\$557,644	\$563,221
Fixed	\$0	\$806,343	\$813,298	\$784,802	\$759,185	\$735,257	\$717,160	\$697,754	\$667,950	\$636,638	\$612,620
Other	\$0	\$17,160	\$17,332	\$17,505	\$17,680	\$17,857	\$18,035	\$18,216	\$18,398	\$18,582	\$18,768
Total Expenses	\$0	\$1,338,478	\$1,350,755	\$1,327,633	\$1,307,445	\$1,288,999	\$1,276,440	\$1,262,626	\$1,238,471	\$1,212,864	\$1,194,608
Before Tax Profit	\$0	-\$121,301	-\$121,406	-\$85,990	-\$53,386	-\$22,399	\$2,826	\$29,433	\$66,508	\$105,165	\$136,601
Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$791	\$8,241	\$18,622	\$29,446	\$38,248
After Tax Profit	\$0	-\$121,301	-\$121,406	-\$85,990	-\$53,386	-\$22,399	\$2,035	\$21,192	\$47,886	\$75,719	\$98,353
<u>Estimate of Cash Flows</u>											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
After Tax Profits	\$0	-\$121,301	-\$121,406	-\$85,990	-\$53,386	-\$22,399	\$2,035	\$21,192	\$47,886	\$75,719	\$98,353
Depreciation	\$0	\$169,606	\$190,006	\$176,006	\$166,006	\$158,886	\$158,866	\$158,886	\$149,946	\$141,026	\$141,026
Principle	\$0	\$279,607	\$297,083	\$315,650	\$335,378	\$356,339	\$378,611	\$402,274	\$427,416	\$454,129	\$482,513
Cash Flow	\$0	-\$231,302	-\$228,482	-\$225,635	-\$222,758	-\$219,853	-\$217,710	-\$222,197	-\$229,585	-\$237,385	-\$243,134
(does not consider increases or decreases in working capital loan)											

MODEL BUSINESS PLAN ATTACHMENTS

ATTACHMENT 1: SAMPLE BYLAWS

Bylaws of the Niagara County Meat Processing Cooperative

Article I: Name and Location

Section 1. Name: The name of this cooperative shall be the "Niagara County Meat Processing Cooperative," dba Niagara Area Meat Cooperative (NAMC), heretofore referred to by the acronym NAMC.

Section 2. Location: The principal office of the cooperative shall be located in Niagara County, New York.

Article II: Mission and Purpose

Section 1. Mission: The mission of the cooperative is to provide a platform for local farmers and producers to collectively process, market, and distribute meat products in an efficient, sustainable, and ethical manner, while promoting the economic development and well-being of the community.

Article III: Membership

Section 1. Eligibility: Any individual or entity engaged in agricultural or meat production within Niagara County, New York, or within sufficient proximity of the cooperative location to fulfill production agreement and membership participation and related duties.

Section 2. Application: Prospective members must submit a written application, including a signed production agreement, and any other required documents as stipulated by the Board of Directors.

Section 3. Rights and Responsibilities: Members have the right to participate in the decision-making process and avail themselves of the benefits and resources provided by the cooperative. Members are responsible for upholding the cooperative's values and meeting their obligations as outlined in the production agreement.

Article IV: Meetings

Section 1. General Meetings: General meetings of the members shall be held at least annually, with the specific date, time, and location to be determined by the Board of Directors.

Section 2. Special Meetings: Special meetings may be called by the Board of Directors or by written request of at least 20% of the members, specifying the purpose of the meeting.

Article V: Board of Directors

Section 1. Composition: The Board of Directors shall consist of [number] members, elected by the cooperative's members.

Section 2. Responsibilities: The Board shall oversee the management and operations of the cooperative, develop policies, and make strategic decisions in alignment with the cooperative's mission.

Article VI: Termination of Membership

Section 1. Voluntary Withdrawal: A member may voluntarily withdraw from the cooperative by providing a written notice to the Board of Directors at least [time period] in advance.

Section 2. Termination: Membership may be terminated by the Board of Directors for failure to comply with the provisions of the production agreement or the bylaws, subject to the right of appeal as outlined in the cooperative's policies and procedures.

Article VII: Amendments

Section 1. Procedure: These bylaws may be amended by a two-thirds majority vote of the members present at a general meeting, provided that the proposed amendments have been shared with the members at least [time period] before the meeting.

Section 2. Ratification: Any amendments to the bylaws must be ratified by the Board of Directors before taking effect.

Article VIII: Dissolution

Section 1. Procedure: The cooperative may be dissolved by a two-thirds majority vote of the members at a special meeting called for that purpose, with the distribution of assets to be determined in accordance with New York State laws and regulations.

These bylaws are intended to govern the operations and management of the Niagara County Meat Processing Cooperative and may be amended as necessary to ensure the cooperative's effective functioning and compliance with relevant laws and regulations.

ATTACHMENT 2: ADIRONDACK GRAZERS' COOPERATIVE APPLICATION AND MARKETING CONTRACT

ADIRONDACK GRAZERS' COOPERATIVE, INC. MEMBERSHIP APPLICATION AND MARKETING CONTRACT

THIS AGREEMENT between Adirondack Grazers' Cooperative, Inc. hereinafter referred to as the Cooperative, and the undersigned Member, witnesseth:

Vision

The Cooperative will seek to maximize Member revenue by developing sales in markets not easily available to individual farmers. The Cooperative will provide a forum for Members to improve on farm efficiencies and sustainable practices. The Cooperative will set quality standards and standards of care for Member products and animals.

The Member

1. Agrees to be bound by the Cooperative's certificate of incorporation, bylaws, rules and regulations and policies as now or hereafter adopted.
2. Contracts, by this instrument, with the Cooperative to sell all the meat of marketable quality produced by the Member and committed to the Cooperative for sale. Members further agree not to compete with the Cooperative for any sales in the greater New York Metropolitan area including Connecticut, New Jersey and Massachusetts east of the Connecticut River and all the New York State counties' south and inclusive of Putnam and Rockland. Existing clients identified below with operations or offices in this area are excluded from the agreement not to compete until such time as they are no longer customers of the Member or the Member determines unilaterally to waive this exclusion. This exclusion shall only last for five (5) years from the date of formation of the Cooperative. After such date, the agreement to not compete will apply to all Members and clients.

[List Existing Clients or state NONE]: _____

3. Will deliver live healthy animals to the Cooperative selected Regional Abattoirs at such times in unadulterated form and pay kill and any other Abattoir fee necessary to deliver a hanging carcass to the Cooperative.
4. Will notify the Cooperative of any lien on the products delivered hereunder, and authorizes the Cooperative to pay the holder of said lien from the net proceeds derived from the sale of such products before any payment is made to the Producer hereunder.
5. Agrees to pay One Thousand Dollars (\$1,000.00) to purchase one share of stock in to the Cooperative. The applicant shall not become a Member until the check for payment clears. Any monies paid to the Cooperative in connection with a Pre-Application shall be credited toward the payment required herein. For initial formation, Members can pay \$500 with this application, \$250 within three (3) months of application and \$250 within six (6) months of application. However, applicant shall not become a Member or receive the stock certificate until payment in full is made. Failure by the Member to timely make a required payment results in termination of rights and forfeiture of any monies previously paid to the Cooperative. All payments shall be made by check payable to "Rosie's Beef, LLC."
6. Accept a deduction by the Cooperative of a fee established from time to time by the Cooperative Board but in no case to be greater than fifteen percent (15%).
7. Agrees to follow and abide by the Production Protocols attached hereto and incorporated herein by reference.

The Cooperative

1. Agrees to be bound by its certificate of incorporation, bylaws, rules and regulations and policies as now or hereafter adopted.
2. Agrees to act as agent for the marketing of products of Producer as herein provided.
3. Will market Producer's products in a manner deemed to be most advantageous for its Members.

4. Will account to the Producer in accordance with this contract for all amounts received from the sale of products as herein provided.
5. Will make a payment to the Producer within thirty (30) days of delivery to the slaughterhouse.
6. Provides inventory control for Members, abattoirs and processors to meet needs of end users.
7. Maintain normal business practices including but not limited to:
 - a. Purchase insurance
 - b. Provide bookkeeping, billing, manage receivables and pay expenses.
 - c. Secure banking services
 - d. Provide sales and marketing for Member products
 - e. Engage an independent accountant who will among other things perform annual audits.
 - f. Contract with Members, abattoir(s), meat cutters and end users.
 - g. Deliver meat to New York City
 - h. Collect receipts from end users
8. Will be accountable to the Members pursuant to the By-laws

This Contract shall remain in effect for an initial term of two (2) years from the date hereof. Following the initial term, the contract may be cancelled by notice given in writing by either party to the other within ten (10) days after any yearly anniversary date, and such cancellation shall become effective on the last day of the second calendar month following the month during which such notice is given. Cancellation of this Contract by a Member shall include return of all Cooperative stock owned by the Member to be cancelled and purchased back by the Cooperative in accordance with the Bylaws.

Date: _____

Producer's signature: _____

Print name here: _____

Address: _____
(R.F.D. or Street No.) (Town) (State and Zip Code)
County: _____ Social Security No.: _____ - _____ - _____

ADIRONDACK GRAZERS' COOPERATIVE, INC.

Accepted this _____ day of _____, 20____.

By: _____, President

By: _____, Secretary

MEMBERSHIP CERTIFICATE

This certifies that _____ of _____ is a
Member of Adirondack Grazers' Cooperative, Inc. and is entitled to all of the rights,
benefits, and privileges of the Cooperative.

Date: _____

_____, President

ATTACHMENT 3: EXECUTIVE SUMMARY EXAMPLE

6

EXECUTIVE SUMMARY

The **Executive Summary** (*your Cover Letter*)

briefly explains the rest of your business plan in about *one or two pages*.

Page two is the **Table of Contents**. It shows the lender on which page each section can be found (*see page 5 for the breakdown of sections*).

The Executive Summary should include:

- the owners' names and their credentials
- your products or services
- your market(s) and the competition
- the amount of money needed
- how the loan will be repaid
- how long you want the loan to last

YOUR COVER LETTER SHOULD READ SOMETHING LIKE THIS ONE:

Leave off your return address if the letter is on your company's stationery.

List the purpose of the loan (*starting, buying, or expanding a business*). Include owners' names and experience. Mention your products and services.

Briefly mention your markets and customers

Include key facts about your competition.

Tell the lender who should be contacted and provide a phone number.

Include all signature(s) and typed name(s).

December 31, 2008

The Green Rose
466 Oak Street
This Town, USA 67890

Mr. John Nelson
ABC Bank
123 Main Street
Anytown, USA 12345

Re: Loan Request for \$300,000

Dear Mr. Nelson,

With 20 years of management experience in the residential landscaping business, we are requesting a loan to start our own landscaping business, called The Green Rose.

The climate for a successful landscaping business is perfect. Last year, the number of new homes built in Pembroke Pines increased by 15%. Just this quarter, new building permits are up 10% over last year. Of the 45,000 homes in the area, 3,000 were built last year.

Our target market is owners of new and older homes. We plan to reach them with focused marketing, which you will read about in our plan. In addition, we have good working relationships with many building contractors, who have indicated they will refer us to their clients.

Two of our six local competitors have filed Chapter 11. Two are family-owned businesses who concentrate on commercial contracts. The last two are healthy competition, though they lack our marketing and management expertise.

We are investing \$75K in savings and are requesting a \$300K loan from your bank. We would like five years to repay the loan, using the cash flow of the business. Our secondary source of repayment will be from collateralized equipment. Our homes and business assets, valued at \$500K, are offered as collateral for the loan.

Our business plan is attached. In it you will find the information you need. If you have any questions or need more information, please contact Mr. Green at (321) 234-5678.

Respectfully submitted,

Ed Rose *Tim Green*
Ed Rose Tim Green



To build the lender's enthusiasm, make references to what's included in your business plan

Mention how much money you would like to finance and the terms (how many years). List the source of re-payment (*loans should be repaid by the business' cash flow*). Also include how much **you** are investing and where your money will come from.

List the secondary source of repayment. This is usually collateral which includes business and personal assets (see page 18). Also, fill in the equity value of these assets.

EXECUTIVE SUMMARY (YOUR COVER LETTER)

date _____
 your address _____

Lender's name, bank name, and address

Re: Loan Request for \$ _____ (fill in amount)

Dear (fill in lender's name) _____:

I (or we) am requesting a loan of _____. The owner(s) (fill in names) _____ have experience in this industry including... (mention experience in industry or training that would qualify you to run this business).

The market for this business... (include one brief paragraph about the industry and its growth)

Our target market is... (include one brief paragraph about your target market/customers)

The competition includes.... (include one brief paragraph about your competition and how your business will attract their customers)

We are investing \$ _____ of our own money. Our collateral consists of business assets having a fair market value of \$ _____ and personal assets (if applicable) with a value of \$ _____

Attached is our business plan which backs up our request. If you have any questions, please contact (name) _____ at _____ (include phone number).

Sincerely,

 Your signature(s) and printed name(s) here

ATTACHMENT 4: FINANCIAL FORMULAS

30

FINANCIAL FORMULAS

BREAKEVEN POINT

When a company has neither a profit nor a loss, it is the breakeven point. It is important to determine your breakeven point so you know the sales needed for your business to be profitable. The numbers for this formula come from your Income Statement (see page 24).

NUMBERS USED IN THIS EXAMPLE COME FROM THE INCOME STATEMENT ON PAGE 24.

1	Determine your Net Sales	\$900,000 NET SALES	100%
2	Total your Variable Expenses and divide them by the Net Sales to calculate the percentages they represent	\$540,000 COST OF GOODS SOLD + \$90,000 SELLING EXPENSES \$630,000 TOTAL VARIABLE EXPENSE	60% (\$40K/900K) + 10% (90K/900K) 70% (630K/900K)
3	Subtract your Total Variable Expenses from your Net Sales to calculate the Margin .	\$900,000 NET SALES - \$630,000 TOTAL VARIABLE EXPENSE \$270,000 MARGIN	100% - 70% 30% or .30
4	Divide your Fixed Expenses by the Margin and the answer is your Breakeven Point	\$170,000 FIXED EXPENSES (this number comes from page 24 General & Administrative) ÷ .30 MARGIN \$566,667 BREAKEVEN AMOUNT	

This company needs sales of \$566,667 to break even. One dollar more and the business is profitable. One dollar less and the business shows a loss.

1-2-3 METHOD FOR LOAN DECISIONS

USE THE 1-2-3 METHOD TO PRE-QUALIFY AND CALCULATE YOUR MAXIMUM LOAN AMOUNT.

	EXPLANATION	EXAMPLE: ABC Company	ANSWER																				
1	DISCOUNTED COLLATERAL Also called COLLATERAL COVERAGE	Every \$1 borrowed must be covered by \$1 in collateral. Lenders discount the value of assets (collateral) so the <i>discounted</i> value must equal the loan amount. This covers the lender in case of foreclosure. See page 18. This is a common discount formula used with collateral: EXAMPLE: <table border="1"> <thead> <tr> <th></th><th>Market Value</th><th>Discount Percentage</th><th>Discounted Value</th></tr> </thead> <tbody> <tr> <td>• Inventory</td><td>\$30,000</td><td>50%</td><td>\$15,000</td></tr> <tr> <td>• Fixed Assets</td><td>\$50,000</td><td>50%</td><td>\$25,000</td></tr> <tr> <td>• Accounts Receivable</td><td>\$20,000</td><td>25%</td><td>\$15,000</td></tr> <tr> <td>Total</td><td>\$100,000</td><td></td><td>\$55,000</td></tr> </tbody> </table>		Market Value	Discount Percentage	Discounted Value	• Inventory	\$30,000	50%	\$15,000	• Fixed Assets	\$50,000	50%	\$25,000	• Accounts Receivable	\$20,000	25%	\$15,000	Total	\$100,000		\$55,000	Maximum loan based on discounted collateral is \$55K
	Market Value	Discount Percentage	Discounted Value																				
• Inventory	\$30,000	50%	\$15,000																				
• Fixed Assets	\$50,000	50%	\$25,000																				
• Accounts Receivable	\$20,000	25%	\$15,000																				
Total	\$100,000		\$55,000																				
2	THE ABILITY TO REPAY Also called DEBT SERVICE COVERAGE	For every \$2 a business has in annual cash flow, the bank will allow \$1 in loan payments. The ABC Company needs to calculate how much they can borrow and afford to re-pay for a seven-year loan: • \$12K net profit + 3K in depreciation = \$15K annual cash flow • \$15K x 50% = \$7.5K the maximum lenders usually allow in annual payments is half of the annual cash flow • \$7.5K/12 months = \$625 maximum monthly payment • \$625/\$17.13* = \$36.48K rounded to \$36.5K *Monthly payment on a \$1000, seven-year loan with an interest rate of 11% is \$17.13	Maximum loan based on the ability to repay is \$36.5K																				
3	EQUITY Also called DEBT-TO-WORTH or LEVERAGE	A business can borrow \$3 for every \$1 invested. Assume ABC Company wants to refinance a \$75K loan. The business has assets of \$100K, liabilities of \$75K, and Net Worth or Equity of \$25K.	Maximum loan based on equity is \$75K (\$25K in equity x 3) \$75K																				

THE LOAN DECISION

The lowest of the three answers calculated here is the maximum loan size. The maximum loan size for ABC Company is \$36.5K.

ATTACHMENT 5: FINANCIAL RATIOS

28

RATIOS



WHAT'S THE BIG IDEA?

Ratios are your business' scores. Even though ratios are not included in your business plan, they will be calculated by lenders to make decisions.

Lenders and investors compare your ratios to:

- acceptable bank ranges
- a company's prior years
- your business' history
- other companies in your industry

Industry averages are found in reference books and on the Internet. They include the RMA Annual Statement Studies, the Almanac of Business and Industrial Financial Ratios, Dun & Bradstreet, your industry's associations, trade periodicals (magazines and newspapers for your industry), and the Small Business Administration/SBA (www.sba.gov).

1

ASSET MANAGEMENT RATIOS

Accounts Receivable Turnover

Number Source: Balance Sheet (pg. 22) & Income Statement (pg. 24)

Accounts Receivable (\$75,000 on pg. 22) X 365 days

$$\frac{\$27,375,000}{\$900,000} = 30.4$$

It takes 30 days to collect bills

Net Sales Figure (pg. 24)

NOTE: This shows how many days it takes to collect money owed to you. Lower answers are better.

Inventory Turnover

Number Source: Balance Sheet (pg. 22) & Income Statement (pg. 24)

Inventory Figure (\$85,000 on pg. 22) X 365 days

$$\frac{\$31,025,000}{\$540,000} = 57.4$$

57 days to turnover or sell the inventory

Cost of Goods Sold (pg. 24)

NOTE: This formula shows how many days it takes you to turnover (or sell) your inventory. Lower answers are better.

2

LIQUIDITY RATIOS

Working Capital

Number Source: Balance Sheet (pg. 22)

Current Assets (pg. 22)
Subtract Current Liabilities (pg. 22)

$$\begin{array}{r} \$170,000 \\ - \$150,000 \\ \hline \end{array} = \$20,000$$

Working Capital

NOTE: Shows if a company has enough cash to pay bills. This example shows an excess amount after paying all current liabilities. The answer must be positive. More money is needed to meet expenses if the answer is negative.

Quick or Acid Test

Number Source: Balance Sheet (pg. 22)

Total Current Assets of \$170,000 (pg. 22) less Inventory of \$85,000 (pg. 22)

$$\frac{\$85,000}{\$160,000} = .56$$

Total Current Liabilities (pg. 22)

The answer should be 1 or more. In this example, the answer, \$0.56, is less than 1. The company could not pay all its current liabilities without selling some inventory.

NOTE: Inventory may become no longer useful. This ratio eliminates inventory from current assets and cash. It's called "quick" because it includes items that can be turned into cash.

Current

Number Source: Balance Sheet (pg. 22)

Total Current Assets (pg. 22)

$$\frac{\$170,000}{\$160,000} = 1.13$$

Total Current Liabilities (pg. 22)

Number of times you can pay current liabilities

NOTE: Tests a company's short-term debt paying ability. This means there is \$1.13 in cash and current assets available to pay every \$1 of current liabilities.

RATIOS

3

DEBT MANAGEMENT RATIOS

Leverage (or Debt-to-Worth)

Number Source: Balance Sheet (pg. 22)

Total Liabilities (pg. 22) → $\frac{\$204,000}{\$87,000} = 2.34$ ← The company is leveraged 2.34 times
 Total Capital (pg. 22)

VR Very Important Ratio

NOTE: Determines if a company has enough equity. Lower answers are better. Lenders prefer this ratio to be 3 or lower.

Accounts Payable Turnover

Number Source: Balance Sheet (pg. 22)
& Income Statement (pg. 24)

Accounts Payable at \$41,000 (pg. 22) × 365 days → $\frac{\$14,965,000}{\$350,000} = 42.75$ ← Accounts Payable are paid every 43 days
 Purchases (pg. 24)

NOTE: Shows how quickly a company pays its suppliers. Lower numbers are better.

4

PROFITABILITY RATIOS

Profit Margin on Sales

Number Source: Income Statement (pg. 24)

Net Profit (pg. 24) → $\frac{\$53,000}{\$900,000} = .0588$ ← The profit margin is 5.9%
 Net Sales (pg. 24)

NOTE: Shows the percentage of net profit for every dollar of sales. If the profit margin is too low: the prices are too low, the cost of goods is too high, or expenses are too high. Compare the profit margin to previous years (if the business is over three years old). New businesses may compare the profit margin to those published in RMA studies or by trade associations.

Cash Flow to Current Maturities (Debt Service)

Number Source: Balance Sheet (pg. 22)
& Income Statement (pg. 24)

Net Profit of \$53,000 (pg. 24) + Depreciation of \$10,000 (amount created for this example) → $\frac{\$63,000}{\$6,000} = 10.5$ ← For every dollar of debt, 10.50 is available to pay it
 Current Portion of Long-Term Debt (pg. 22). For new businesses, use one year's worth of loan payments.

VR Very Important Ratio

NOTE: Shows your ability to pay term debts after owners' withdrawals. Lenders prefer 2 or better.

YOUR BUSINESS: RATIO ANALYSIS

		YOUR ANSWER
Assets	1 Accounts Receivable Turnover	
	Inventory Turnover	
Liquidity	2 Working Capital	
	Quick or Acid Test	
	Current	
Debt	3 Leverage (or Debt-to-Worth)	
	Accounts Payable Turnover	
Profit	4 Profit Margin on Sales	
	Cash Flow to Current Maturities (Debt Service)	

ATTACHMENT 6: SAMPLE START-UP TIMELINE

Sample Meat Processing Start-up Timeline

The date ranges provided below are estimates only and meant to convey the general sequence and timing of start-up activities once a definite commitment to the project has been made. While comprehensive, the list is not exhaustive and will be informed by the research and experience of project team members and advisers.

Action Step/Milestone	Category	Year			
		2024	2025	2026	2027
Establish Business Start-up Group - members will include key advisor functions - attorney, accountant, banking/financing, business management	Organizational	x			
Business formation	Organizational	x			
Determine the Type of Cooperative	Organizational	x			
Choose business name	Organizational	x			
Draft and file the Articles of Incorporation	Organizational	x			
Create Bylaws	Organizational	x			
Create Member Agreement	Organizational	x			
Hold an organizational meeting	Organizational	x			
Obtain an Employee Identification Number (EIN)	Organizational	x			
Register for Taxes	Organizational	x			
Open a business banking account	Organizational	x			
Develop a profit sharing plan	Organizational	x			
Organizational rules, regulations, policies	Organizational	x			

Sample Meat Processing Start-up Timeline

Develop a critical dates calendar that establishes start dates and end dates to manage business activities and meet all compliance and filing deadlines (meeting schedule, tax filing, etc.)	Organizational	x			
Continue developing and refining business plan	Planning	x			
Sign letter of intent with Niagara County for rights to develop site in the Business Park	Organizational	x			
Conduct site analysis	Construction	x			
Engineering evaluations	Construction	x			
Appraisal (or lease agreement)	Construction	x			
Phase 1 Environmental	Construction	x			
Utilities assessment	Construction	x			
SEQRA	Construction				
Facility design	Construction	x			
Engage architect/engineer for design of the facility	Construction	x			
Arrange financing	Financing				
Identify and submit grants for construction funding (give design at least 3-months lead time so design details can be included in the grant application)	Financing	x			
Estimate of probable cost from facility design	Financing	x			
Construction loan financing	Financing	x			
Member equity	Financing	x			
Collateral	Financing	x			
Secure Grant Awards	Financing		x		
Secure Loans	Financing		x		
Finalize facility plans	Planning		x		
Execute Lease with County	Planning		x		
Apply for construction permit	Construction		x		
Secure all necessary approvals	Construction		x		
Begin construction	Construction		x	x	
Develop personnel policies	Operations		x	x	
Develop risk management and fiduciary control systems	Operations		x	x	

Sample Meat Processing Start-up Timeline

Hire key management staff (with approximately 3 months left to go on construction)	Operations	x	
Manager	Operations	x	
Bookkeeper	Operations	x	
Develop Operating Policies	Operations	x	
Develop Food Safety Plan	Operations	x	
Develop Operating Plan	Operations	x	
Complete facility construction	Construction	x	
Obtain certificate of occupancy	Construction	x	
Apply for operating licenses and permits	Operations	x	
Obtain operating licenses and permits	Operations		x
Initiate sales and marketing activities	Operations		x
Begin scheduling suppliers for processing	Operations		x
Hire and train operating personnel	Operations		x
Soft launch operations	Operations		x
Processing	Operations		x
Retail	Operations		x
Wholesale	Operations		x
Distribution	Operations		x
Hold grand opening/ribbon cutting	Operations		x
Normal operations	Operations		x
Update business strategies and tactics as needed	Operations		x

ATTACHMENT 7: HOW-TO MANUAL FOR FORMING A FARM MARKETING COOPERATIVE



How-to Manual for Forming a Farm Marketing Cooperative

Sandy Buxton

Cornell Cooperative Extension
Capital Area Agriculture and Horticulture Program

Sarah Teale

Rosie's Beef and
Adirondack Grazers Cooperative

February 2015



How-to manual for forming a farm marketing cooperative

Adirondack Grazers is a cooperative that formed in 2012 to assist farmers in Washington County, NY with finding a way to market their beef for a reasonable and sustainable price. This is a how-to manual highlighting some of their learning as they traveled the road of independent farm producer to potential coop member to committed member receiving value.

There are a number of resources available that describe how to form a cooperative. What makes this document special is some of the specific issues that became part of the real-life discussion throughout the process of forming Adirondack Grazers. Good or bad, this info may assist another farmer group who are thinking about creating this type of system.

Why would a group of farmers think about forming a cooperative?

Coops have traditionally been an active and viable part of the ag landscape in the Northeast. Especially in our corner of New York State, there are a number of milk cooperatives serving dairy farmers or purchasing coops helping small farms buy supplies more economically.

The concept of a marketing coop would allow the farmer to concentrate on what they do the best – produce. It might also eliminate the challenge some of the producers discovered when they tried to explore retail selling at farmers markets and discovered there are not enough slots to accommodate a fraction of the farms that might be interested.

Some of the characteristics of cooperatives is it is generally user-owned, user-controlled and user-benefitted. The farmers participating in the cooperative will be focused on the necessary business decisions. One member, one vote is the system for decisions that was chosen.

Other examples exist also – Farm to Chef was a corporation founded to distribute and market ag products from Washington County to New York City (apples to milk to zucchini). It operated for several years though with some challenges we will discuss later and eventually the corporation was sold to a private company who purchases items from farmers and then transports to the market.

There are some other loosely organized distribution systems where farmers pay for transportation and have made their arrangements with the final buyer, handling the invoices and payments themselves.



Questions to run through

Do you have a group that might want to explore the concept?

This type of endeavor requires that you have a group of producers who are interested. They need to be trying to achieve the same basic concept – a better price on the product.

If they are wishy-washy on the end goal, it will be very difficult to get a core group formed that will be able to work toward the end goal.

The exploratory group does not need to be extremely homogenous though they do need to be focused around a single product like beef rather than all grazing livestock (too diverse – tough to market easily). This group may be a steering committee that will be the precursor to the first board of directors.

Several farmers had been working with cooperative extension on financial projections for starting or expanding pastured beef businesses. When the numbers were not presenting a profitable picture, there was a great deal of discussion about how to improve the picture.

Price is the best and fastest adjustment. But most of our local farms are not appropriately sized to handle accounts that want regular deliveries (weekly/bi-weekly/monthly).

As a quick rule of thumb, it takes 4 animals in the pipeline (mama cows, calves, feeders, finishers, replacements). This means to have one beef to sell each week (52/year), there are more than 200 animals providing support, a tough proposition in a smaller scale part-time farmer/landowner world.

Through cooperative extension educators, a meeting was promoted to beef producers and held to discuss the needs and marketing options for farmers in Washington County and the surrounding area.

During introductions of the more than fifty people in the room, there was a common theme. Many of the farmers present had been seriously raising beef for five to ten years. They were interested in expanding their operations but they had maxed their current markets, either freezer beef (whole or in cuts) or farmers markets.

Extension led a discussion identifying many of the needs the producers had. The idea of a marketing cooperative was also presented. The group agreed to meet again in a month after performing some research into a number of the issues discussed.

At the second meeting, a number of attendees discussed the issues and agreed that banding together somehow to appear as a larger business made business sense. One attendee stated they were applying for a SARE Farmer grant to explore the distribution challenge concept.

How to find leadership?

It is crucial for the group to have several people who are committed to the project concept and willing to pursue all avenues and keep the team on track. Leaders have to be capable of watching the big picture, delegating assignments and encouraging people to execute them, all while selling the vision.

It is important for the core team to elect or designate someone with these skills and not just a bully with a loud voice. The success of the process will hinge on the ability of the core group to work together.

Questions to run through (Cont'd)

Additionally, the group may need to identify and recruit people who can be advisors for the group. It may be cooperative extension educators or other farmers or business people who can provide some experience and insight into the potential business.

Review the Market

One of the key issues facing any group looking to form a new endeavor is:

“What is the marketplace?”

Taking the time to review current patterns of use and spending in that market, tracking prices received by other players and knowing the depth the market available.

- How many restaurants are looking for local meat?
- Are there people or markets other than restaurants that want to purchase local meat?
- How many farms are available to supply it?
- Can the farms provide a stable/quality/uniform product?
- What are the products that the market desires? Whole or halves or quarters of fresh meat or frozen individual cuts

Run Projections

“can the group provide the product at the prices which the clients are willing to pay?”

- Are there enough animals available to sell into the marketplace?
- Based on potential prices received, how many animals does the business need to sell to reach breakeven point?

Identify the snags in the system

“can they be overcome?”

Distribution / Transportation

- how do you move meat (refrigerated or frozen) and maintain USDA certification?
- How to deliver to customers?
- What time of day are they present for deliveries?
- How to take orders from customers and track inventory?

Adding or subtracting farms to the system

- What is the system the group is going to choose?
- How can a new farm be added to system?
- How will a farm be subtracted?
- What will be the reasons for asking farms to leave?

Business Entity - Choose Cooperative

Legal Considerations

An attorney **MUST** be part of the discussion to be very clear with potential members about what the process is, what pitfalls may be involved and provide insight into how this entity might operate in the future.

Adirondack Grazers obtained some funding from SARE because one of the farms involved applied for a farmer grant that could be used for the feasibility piece of project and paying for some of the legal advice. This allowed some of the meetings to involve the attorney.

Bylaws

The attorney will help the group craft these but they are extremely important as a structure designed to tell the group how to conduct business. This is the document that lays out how to carry out the actions necessary for operating the business.

Membership requirements need to be defined as well as providing information about the rights and responsibilities of the members. Members may have to abide by protocols and rules which describe activities they must do and things they cannot do.

Board of director information is also included to lay out how board members will be chosen, duties, terms of office, how officers will be elected or removed, date of required meetings and date of fiscal year.

The bylaws will also define how members can obtain equity, how to redeem equity, how the group will handle profits and losses, the dissolution of the entity and the process for amending the bylaws.

Adirondack Grazers defined a geographic area for marketing. The designated area the group is concentrating on is Greater New York City area which includes southern CT, New Jersey and NYC. The bylaws state any farm currently selling in that area must transition the customer over to Adirondack Grazers by the end of five years after a member joins.

Election of Officers

The leadership group or steering committee is the primary place where the new officers will come from for the cooperative. Once the business has been in operation for a period of time, others will be able to be elected to lead the cooperative.

There are resources that can be accessed through USDA's Rural Development and Cooperative Extension as well as Cooperative Development Institute in Deerfield, MA.

Adirondack Grazers set their first board up with staggered terms – 2 members with a one year term, 2 members with two years and one with a three year term. This guaranteed having a board where the positions won't all enter or exit at the same time.

Articles of Incorporation

For most businesses, this is defined by the state regulations and relate to the type of entity organizing. The articles give legal standing to the business and require work by the consulting attorney.

Articles are filed with the Secretary of State (in NYS) and describe the broad operation of the business, the principal place of business, the names of the incorporators, the proposed duration of the business and the capital structure.

Adirondack Grazers chose to utilize a Steering Committee and explore the feasibility of operating a marketing business before beginning the process of incorporating as a cooperative. The attorney that was chosen attended a number of meetings explaining the process and answering numerous questions from the participating audience members.

Stock

The purchase of equity by a member provided a voting right to decisions made at the annual meeting, the opportunity to be elected to the board of directors and the ability to receive patronage dividends from the operation of the cooperative.

The purchase of stock at \$1,000/member share was also a way to provide additional financing for the business. Adirondack Grazers made the decision to only allow for stock purchases from members who are farmers who own beef cattle. This reduced the potential for a conflict of interest from stock owners who may represent other related interests, such as transportation, a restaurant owner or slaughter house.

Financing

As with most small businesses, available capital to provide for the day-to-day operations of the business is a challenge.

Assessments

A cooperative can raise money through the stock purchases as well as assessments of a fee on material marketed through the cooperative, often referred to as a per-unit retains.

Adirondack Grazers designated a \$.15/pound assessment which was reduced to \$.10/pound. The goal of the assessment was to generate working capital to pay for operating expenses (staff, rent, postage, phone, utilities).

Benefits

The member users were designated to be in a position to receive member dividends based on their rate of usage of the cooperative once the capital account of the cooperative was sufficiently funded.

Marketing Activities

Many groups look to cooperatives as a way to help them improve their bargaining power, reduce costs or increase income or availability of supplies. The process of identifying and standardizing the requirements and goals provides added value to the members and their customers.

As the primary driver of the formation of Adirondack Grazers, access to markets for smaller producers was the focus of the board. But achieving that goal also brought other opportunities in reduced slaughter expenses and booking slaughter slots, transportation to markets and education of members.

Staff

With most new businesses, it is vital to have people carrying out key functions like bookkeeping, managing inventory, sales, marketing and communications. But the reality is these positions are usually filled in the beginning by unpaid members, interns or friends of the cooperative. It is difficult to grow a business with no income by paying out salaries even if the business has borrowed a line of credit.

Adirondack Grazers used all of the above – friends, unpaid members, paid staff and lots of goodwill to meet with people, create promotional material and get the business moving. Numerous people contributed hundreds or even thousands of hours to create and nurture the business.

The lesson that is important is to give credit, to try and pay when possible and to employ the skills that everyone has best.

When the business moves to the point of hiring staff, the board needs to have a clear understanding of the daily tasks as well as the future issues that will grow larger. The board needs to understand what the employee does but the employee also needs to understand what the cooperative does, who and how the members are trying to achieve something.



Pitfalls and Challenges

There are numerous problems that have been discussed as part of this document. Lack of capital, failure to have a clear mission and goal, the inability to share the vision with potential members are just some.

Collect and utilize advisors is one of the most important roles some of the key leaders can pursue. Inviting many different people to be part of the discussion right from the start will help to bring ideas and perspective to the table. While they may not have worked with exactly the same business before, they often have some experience in group facilitation or starting other large projects.

Final Thoughts

The effort to discuss and create a new cooperative to solve a problem or issue is substantial. It takes a dedicated group of volunteers who are prepared to work through the steps examining the different options and scenarios. There needs to be some clear leadership as well as supporters to move the project forward.

Adirondack Grazers drew together a group of like-minded beef farmers who were willing to work to explore the potential of the market, the business and opportunities. It was not easy or fast. And definitely not a silver bullet to the marketing challenge confronting all of the growers. However, it did demonstrate the power a group can generate in the market.

Resources

<http://www.rurdev.usda.gov/rbs/pub/cir7/cir7rpt.htm>

http://www.uwcc.wisc.edu/info/i_pages/startc.html

http://cccd.coop/info/starting_operating_a_coop



APPENDIX B: MEAT PRODUCER SURVEY

Niagara County Meat Processing Facility Feasibility Study Producer Survey February – March 2023

This survey will help prepare a feasibility study for the development of a meat processing facility in Niagara County. Thank you for your participation!

Your information will be kept confidential and not directly linked to your farm. You do not need to answer every question to have your responses counted.



Please use this QR code to access the online version of this survey:

Part 1: Facility Questions

1. How long has your farm been selling livestock or poultry products?

2. Are you a member of any organizations? (Select all that apply)

☐ National Livestock Producers Association

☐ New York Small Scale Food Producer Association

☐ New York Farm Bureau

☐ Local Business Association

☐ NYS Beef Producers Association

☐ Empire Sheep Producers Association

☐ Another relevant organization: _____

3. Does your farm have a succession plan?

☐ Yes

☐ No

4. How many employees does your farm employ? _____

5. How many of your employees are full-time, part-time, or seasonal?

Full-time: _____

Part-time: _____

Seasonal: _____

6. What types of livestock/poultry does your farm raise and how many of each do you raise per year?

<input type="checkbox"/> Chicken: _____	<input type="checkbox"/> Pigs: _____
<input type="checkbox"/> Turkey: _____	<input type="checkbox"/> Goats: _____
<input type="checkbox"/> Other Birds: _____	<input type="checkbox"/> Lamb/Sheep: _____
<input type="checkbox"/> Cows: _____	<input type="checkbox"/> Other: _____

7. What other agricultural products does your farm produce?

<input type="checkbox"/> Dairy	<input type="checkbox"/> Vegetables	<input type="checkbox"/> Hay
<input type="checkbox"/> Fruits	<input type="checkbox"/> Grain	<input type="checkbox"/> Corn
<input type="checkbox"/> Other (Please specify): _____		

Part 2: Operation Questions

1. What special attributes does your livestock or poultry operation have? (Select all that apply)

<input type="checkbox"/> Free range	<input type="checkbox"/> Organic
<input type="checkbox"/> Pasture raised	<input type="checkbox"/> All natural
<input type="checkbox"/> Grass fed	<input type="checkbox"/> Other: _____
<input type="checkbox"/> Grain fed	

2. What percentage of your meat or poultry products do you sell at the following places?

Farm stand: _____	Grocery or other retail outlet: _____
Farmer's market: _____	Restaurants & Institutions: _____
CSA: _____	Auction: _____
Wholesale distributor: _____	Other: _____

3. How do you advertise your meat or poultry product? (Select all that apply)

<input type="checkbox"/> Word-of-mouth	<input type="checkbox"/> Social media
<input type="checkbox"/> Website	<input type="checkbox"/> Radio
<input type="checkbox"/> Print	<input type="checkbox"/> Other: _____
<input type="checkbox"/> Email	

4. How many processors does your farm use? _____

5. Where do you have your livestock and/ or poultry harvested?

Processor 1: _____

Processor 2: _____

Processor 3: _____

6. How many miles do you travel **round trip** to deliver livestock/ poultry for harvesting?

Processor 1: _____

Processor 2: _____

Processor 3: _____

7. How satisfied are you with each of your processors? Please provide comments as to why you chose your level of satisfaction.

	Very satisfied	Somewhat satisfied	Not at all satisfied
Processor 1: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Processor 2: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Processor 3: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments: _____

8. How many times a year do you travel to a facility for harvesting/processing services?

9. What is the estimated cost you pay per animal for processing?

Chicken: _____

Pigs: _____

Turkey: _____

Goats: _____

Other Birds: _____

Lamb/Sheep: _____

Cows: _____

Other: _____

10. Aside from a lack of meat processing options, what are the biggest challenges for your farm in regard to livestock?

11. Aside from a new meat processing facility, what other services does your farm need?

Part 3: New Meat Processing Facility Questions

1. What processing services do you currently use? (Select all that apply)

- | | |
|--------------------------------------------|-------------------------------------------------------------------|
| <input type="checkbox"/> USDA facility | <input type="checkbox"/> Sausage making |
| <input type="checkbox"/> Non-USDA facility | <input type="checkbox"/> Cut & wrap |
| <input type="checkbox"/> Aging | <input type="checkbox"/> Trucking & distribution |
| <input type="checkbox"/> Smoking | <input type="checkbox"/> Marketing |
| <input type="checkbox"/> Curing | <input type="checkbox"/> Brokering, wholesale, or retail services |
| <input type="checkbox"/> Cryo-packaging | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> Freezer storage | |

2. What meat processing service needs do you have that are not being met?

3. What is your interest in scaling up production on your farm if a new meat processing facility were to be constructed in Niagara County?

☐ Very interested

How much new capacity would you add? _____

☐ Somewhat interested

☐ Not interested

4. What qualities would you like to see in a new processing facility in Niagara County?

5. How important is it that the new facility be USDA or 5A inspected?

	Very important	Somewhat important	Not important
USDA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. Would you be interested in coordinating delivery of livestock with other producers to ensure a steady supply to a processing facility?

☐ Yes ☐ No

7. Would you be interested in signing an agreement committing your farm to process a certain number of livestock through the proposed facility?

☐ Yes ☐ No

If yes, please indicate the type of livestock & number of animals/ birds per year you could provide to the facility:

8. Would you be interested in joining a producer-owned processing facility that only processes livestock for the owners (i.e., a cooperative)?

☐ Yes ☐ No

9. Would you be interested in utilizing workforce training opportunities if incorporated into the new meat processing facility?

☐ Yes ☐ No

10. Would you be interested in joining a focus group with other farmers that help identify the needs and ways forward for a new meat processing facility in Niagara County?

☐ Yes ☐ No

11. Based on the questions above, do you have any other feedback that you would like to share?

If you are interested in being involved with further outreach for this study or would like to be kept updated with the progress of this report, please fill out the following information.

Name of Farm: _____

Phone Number: _____

Owner Name: _____

Email: _____

Address: _____

APPENDIX C: MEAT PROCESSOR SURVEY

Niagara County Meat Processing Facility Feasibility Study Processor Survey February – March 2023

This survey will help the Niagara County Department of Economic Development to prepare a feasibility study for the development of a meat processing facility in Niagara County. Thank you for your participation!

Your information will be kept confidential and the answers you provide will not be linked to your facility. You do not need to answer every question to have your responses counted.

Please use this QR code to access the online version of this survey:



Part 1: Facility Questions

1. How long has your facility been in business? _____
2. What year was your facility built? _____
3. What year was your facility last renovated? _____
4. Are you a member of any of the following organizations? (Select all that apply)
 - ☐ NYS Meat Processors Associations
 - ☐ American Association of Meat Processors
 - ☐ Local Business Association
 - ☐ Another relevant organization: _____
5. Does your facility have a succession plan? ☐ Yes ☐ No
6. How many employees does your facility employ? _____
7. How many of your employees are full-time, part-time, or seasonal?
Full-time: _____ Part-time: _____ Seasonal: _____
8. Which types of training have your employees received? Check all that apply and indicate the number of employees who have received each type of training.
 - ☐ Meat Association programs: _____ ☐ HACCP training: _____
 - ☒ Meat processing short course: _____ ☐ Ag School: _____

☐ Technical school: _____

☐ Learned on the job: _____

9. What is the range of wages that you pay your employees? _____

10. What are the three biggest challenges with hiring new employees?

1. _____

2. _____

3. _____

11. What about your business do you believe keeps your customers coming back to you?

12. What type of advertisement do you use? (Select all that apply)

☐ Word-of-mouth

☐ Print

☐ Website

☐ Radio

☐ Social media

☐ Other: _____

☐ Email

13. What are the biggest processing challenges for your facility (**Choose three**)?

☐ Food safety regulations

☐ Shelf-life/storage

☐ Finding qualified workers

☐ Inconsistent supply of livestock

☐ Cost of utilities

☐ Wastewater processing

☐ Current market conditions

☐ Quality water source/availability

☐ Seasonal demands

☐ Technology

☐ Environmental regulations

☐ Other #1: _____

☐ Access to customers

☐ Other #2: _____

☐ Labor regulations

Part 2: Operations Questions

1. What type of inspection system does your facility operate under? (Select all that apply)

☐ USDA inspected harvesting facility

☐ Custom-exempt slaughter facility

☐ USDA inspected processing facility

☐ Other: _____

☐ NYS 5-A Facility

2. If you are a non-USDA inspected business what is your interest in becoming one?

☐ Very interested ☐ Somewhat interested ☐ Not at all interested

3. If you are not a 5-A inspected business what is your interest in becoming one?

☐ Very interested ☐ Somewhat interested ☐ Not at all interested

4. What are the major obstacles you perceive to becoming USDA/5-A certified?

5. Does your facility perform specialty processing (i.e. Halal or Kosher)

☐ Yes ☐ No If yes, what type: _____

6. How many farms do you provide processing services for? _____

7. What percent of the livestock that you process are sourced from within NYS? _____

8. What types of livestock does your facility process and how many animals do you process per year? (Please check all that apply and indicate the number of each)

☐ Chicken: _____ ☐ Pigs: _____

☐ Turkey: _____ ☐ Goats: _____

☐ Other Birds: _____ ☐ Lamb/Sheep: _____

☐ Cows: _____ ☐ Other: _____

9. How far in advance do you require for someone to schedule an appointment at your facility?

☐ 1 – 4 weeks ☐ 3-12 months

☐ 1-3 months ☐ 1 year+

10. What is your processing rate per month for hooved animals? _____

11. What is your processing rate per month for birds? _____

12. What processing services do you provide? (Select all that apply)

- | | |
|------------------------------------------|-------------------------------------------------------------------|
| <input type="checkbox"/> Aging | <input type="checkbox"/> Cut & wrap |
| <input type="checkbox"/> Smoking | <input type="checkbox"/> Trucking & distribution |
| <input type="checkbox"/> Curing | <input type="checkbox"/> Marketing |
| <input type="checkbox"/> Cryo-packaging | <input type="checkbox"/> Brokering, wholesale, or retail services |
| <input type="checkbox"/> Freezer storage | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> Sausage making | |

13. What percent of your processing business is focused on the following? Please check all that apply and indicate the percent of your business in each.)

- | | |
|---------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Products that you sell directly to consumers: _____ | <input type="checkbox"/> Products that you sell wholesale: _____ |
| <input type="checkbox"/> Products that you sell to restaurants or institutions: _____ | <input type="checkbox"/> Products that you sell to retail outlets _____ |
| | <input type="checkbox"/> Custom meat processing for people who do their own marketing: _____ |

14. How has the amount of meat you process changed in the last year and last five years?

- | | Increased | Decreased | Stayed the Same |
|-----------------------|--------------------------|--------------------------|--------------------------|
| Over the past 1 year | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Over the past 5 years | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

15. What is your facility's capacity to accept more work?

- | | |
|--------------------------------------------|-------------------------------------------------------|
| <input type="checkbox"/> Fully booked | <input type="checkbox"/> Some capacity available |
| <input type="checkbox"/> Varies seasonally | <input type="checkbox"/> Looking to take on more work |

Please provide any comments or suggestions here:

If you are interested in being involved with further outreach for this study or would like to be kept updated with the progress of this report, please fill out the following information.

Name of Facility: _____ **Name:** _____

Address: _____

Phone Number: _____ **Email:** _____