



REQUEST FOR PROPOSALS

Feasibility Planning for In-State Organic Milk Processing in Maine

October 9, 2018

To All Interested and Qualified Consultants:

Maine Farmland Trust is presently accepting proposals for consulting services and technical expertise to oversee the management and coordination of the ***Feasibility Planning for In-State Organic Milk Processing in Maine*** project. This project is supported through the United States Department of Agriculture's Local Food Promotion Program.

All questions should be directed in writing to the below contact (pg. 8) by Tuesday, October 30, 2018. **Completed proposals are due by Wednesday, October 31, 2018 by 5:00 p.m..**

All potential candidates must be available for a phone or in-person interview during the week of November 5, 2018. The consultant will be selected by Tuesday, November 13, 2018 and the contract will begin on Monday, December 3, 2018. The goal is to complete this project by April 30, 2019.

The selection of a consultant will be based on the proposal that scores highest on the evaluation criteria outlined in the RFP.

We look forward to reviewing your proposal.

Sincerely,

Amanda Beal
President/CEO
Maine Farmland Trust

ORGANIZATIONAL BACKGROUND INFORMATION

Maine Farmland Trust

[Maine Farmland Trust](#) (MFT) is a member-powered statewide organization that protects farmland, supports farmers and advances the future of farming.

Our goal is not just to protect Maine farmland, but to revitalize Maine's rural landscape by keeping agricultural lands working and helping farmers, and their communities, thrive.

Our four program areas have developed to fill the needs of farmers, land owners, and local food markets in Maine: Farmland Protection, Farmland Access, Farm Viability, and Public Outreach.

Local Food Promotion Program- United States Department of Agriculture

The goal of the [Local Food Promotion Program](#) is to increase domestic consumption of and access to locally and regionally produced agricultural products, and to develop new market opportunities for farm and ranch operations serving local markets, by developing, improving, expanding, and providing outreach, training, and technical assistance to, or assisting in the development, improvement and expansion of local and regional food business enterprises (including those that are not direct producer-to-consumer markets) that process, distribute, aggregate, or store locally or regionally produced food products.

FEASIBILITY PLANNING FOR IN-STATE ORGANIC MILK PROCESSING IN MAINE

Executive Summary

Milk produced by the dairy sector represents Maine's second most valuable agricultural product; sales value reached nearly \$125 million in 2017.¹ While all of Maine's dairy farmers face viability challenges due to existing political and market forces, the nearly 1/3 of dairy farms selling into the organic market face additional challenges, as Maine lacks in-state processing infrastructure for their product. These producers' contracts with out-of-state processors can be especially vulnerable to shifting market strategies due to available supply elsewhere and/or corporate sales and mergers. Recently, several organic dairy farms in Maine were dropped by an out-of-state processor, and more contracts are expected to be in jeopardy in the future.

Demonstrated consumer support and producer need for local market access makes this the optimal time to investigate the feasibility of establishing in-state processing to enable better market stability for organic dairy farms. This comprehensive study, guided by an advisory panel of producers and agricultural service providers, will use a mixed-method approach to examine the feasibility of building a stable in-state processing business that has the potential to scale up over time. A sequential explanatory strategy, where quantitative data would be collected and analyzed first and the results would be used to inform the subsequent qualitative phase with in-depth key stakeholder and expert interviews, will: appraise previous in-state processing models; analyze current producer needs; estimate market size for in-state processing infrastructure; estimate

¹ USDA NASS 2017 State Agriculture Overview: Maine. https://www.nass.usda.gov/Quick_Stats/Ag_Overview/stateOverview.php?state=MAINE

operational costs of co-packing in an existing facility in comparison with a new facility; evaluate various business ownership models; and conduct a financial analysis to determine business model viability. If results are favorable, this study will serve as a basis for drafting a business plan and implementation strategy in the future.

History/Background

In 2009, Maine's Own Organic (MOO) Milk Company established itself as an in-state processor for organic milk as a direct response to ten dairy farmers being dropped by a large, out-of-state dairy distributor. MOOMilk showed great promise, but ultimately ended production five years later in 2014 due to inadequate lead time for planning before launching the business, undercapitalization, a lengthy trucking route to accommodate scattered farms, and facility and production issues with the company that was packaging their milk. These constraints were largely a result of the endeavor being launched in response to an immediate need to find a market for these specific organic dairy farms with cancelled contracts. As such, the company did not have the time up front to adequately plan or develop a business structure that was dynamic and had the resources needed to solve challenges and support growth. However, it is important to note that during the time MOOMilk was in operation, consumer support for their Maine-branded products was strong and growing. Annual sales topped out at nearly \$8 million, with the potential to nearly double by 2017 if it were still in operation. The company had even landed influential retailer accounts in the New England region, such as the Hannaford grocery store chain. This demonstrates the opportunity to tap into this consumer base if the right-sized, scaled, and capitalized processing facility could be successfully established. This project intends to include an assessment of MOOMilk's history of operations and financials, and to review the feasibility study conducted during their last year in operation, which primarily made the case to scale up their existing operations and to invest in a \$10-15 million facility for their next stage of growth. Based on a preliminary interview with the former CEO of MOOMilk in preparation for this proposal, and the corresponding letter of support enclosed in this application, we are certain that we will have access to MOOMilk's planning and financial documents needed to inform our study.

Advisory Team

To ensure the feasibility study captures the realities Maine organic dairy farmers are facing and the expertise to evaluate such conditions, Maine Farmland Trust has convened an Advisory Team comprised of key stakeholders, organizations, and experts, including:

- Maine Organic Milk Producers (MOMP) is made up of farmers working together to move organic dairy in Maine forward. MOMP aims to provide a means of communication, education and networking for Maine organic milk producers that will improve the profitability of organic dairy farms and create a vibrant organic milk industry. Five identified farmers active in MOMP will serve on the Advisory Team for the duration of this project, ensuring key stakeholder influence and participation.
- Coastal Enterprises, Inc. (CEI) helps to grow good jobs, environmentally sustainable enterprises, and shared prosperity in Maine and in rural regions across the country by integrating financing, business and industry expertise, and policy solutions. Established in 1977, CEI aims to create a world in which communities are economically and environmentally healthy, enabling all people, especially those with low incomes, to reach their full potential.

- Maine Organic Farmers and Gardeners Association (MOFGA), formed in 1971, is the oldest and largest state organic organization in the country. MOFGA is a broad-based community organization that educates about and advocates for organic agriculture, illuminating its interdependence with a healthy environment, local food production, and thriving communities.
- University of Maine Cooperative Extension's ongoing focus area continues to be the Maine Food System through research and outreach related to agriculture, aquaculture, food processing, distribution, business education, food safety, and human nutrition.

Workplan

Planned Activities:	Anticipated Completion Date:	Milestones:
<p>Establish and engage the Advisory Team, comprised of organic dairy farmers and representatives from MFT, CEI, MOFGA, and the University of Maine Cooperative Extension. This group will regularly meet to inform this feasibility study.</p>	<p>December 2018-April 2019</p>	<p>Committee meets monthly during study's duration to guide development and implementation of project, approximately 7 meetings, with supplemental phone calls/video conferencing as needed.</p>
<p>Appraise the previous organic dairy processor (MOO Milk)'s business plan and model, as well as their feasibility study. This will include an assessment of business operations, performance, and infrastructure. Through this appraisal we will also identify opportunities for alternative development based on today's current needs.</p>	<p>Milestone 1: December 2018 Milestone 2: January 2019</p>	<p>1.) A completed analysis of MOO Milk's operational documents and previous feasibility study. 2.) Consult with former CEO of MOO Milk to identify documents needed to create the framework for a successful business model.</p>

Conduct interviews with key stakeholders and industry experts, and analyze results.	December 2018-January 2019	8-10 key interviews completed and surveys collected.
Estimate market size for in-state processing infrastructure, including research into consumer trends, target users, calculations on market value, and volume of milk and value-added dairy products.	December 2018- February 2019	Data analysis to realize viability of new in-state processing infrastructure.
Evaluate the necessary startup costs of new infrastructure, including the needed equipment, packaging, branding, and technology based on determined market size.	January-February 2019	Compiled list of commercial equipment and additional operational startup costs needed for new business.
Examine the strengths and weaknesses of alternative business models through a cost-benefit and risk assessment analysis.	March 2019	Determined amount of investment needed for various business models and analysis of which is the most feasible and desirable for current conditions and needs.
Estimate revenue projections of proposed in-state processing infrastructure, including a comparative analysis of various business models and estimated growth potential/scalability.	March 2019	Forecasted revenue and expenses to inform business viability and conclusion as to which model is best suited for targeted users/consumer trends/investment requirements.

Identify business development opportunities and new partnerships in Maine and New England with key customers, such as yogurt and ice cream producers, other businesses using organic dairy products, and institutions.	January-April 2019	Completed database of interested partners, investors, and key customers.
Analyze all aforementioned data and compile findings.	April 2019	Milestone 1: Completed report of findings Milestone 2: Dissemination of findings
If analysis yields positive conditions for establishing in-state organic dairy processing, begin drafting targeted recommendations for next steps to inform a business plan and implementation strategy.	April 2019	A completed list of targeted recommendations based upon the findings of the feasibility study, and outline of draft a business plan and implementation strategy.

Role of Consultant

The consultant will serve as the Project Director for this feasibility study and will coordinate all project activities with the support of Maine Farmland Trust’s CEO/President, Amanda Beal, and MFT’s Policy and Research Director, Ellen Stern Griswold. The consultant will also be supported by members of the Advisory Team as needed. The consultant will manage communications with partners and stakeholders, conduct all interviews and surveys, manage all research activities, and compile findings into a final report.

Consultant Fee

The consultant is expected to complete this project by April 30th, 2019, and their total fee cannot exceed \$52,000. A travel stipend of \$2,035 will be provided for all travel related expenses.

SCOPE OF SERVICES

The consultant will perform the following three main tasks:

1. Complete a **needs analysis** that evaluates the previous organic dairy processor's (MOOMilk) model, determines the current needs of Maine organic dairy farmers, and gauges the opportunity for developing a market-driven, in-state organic dairy processing business.
2. Execute a **financial and impact analysis** that compares various business models for developing in-state organic dairy processing infrastructure, which will include startup costs, cost-benefit research, revenue projections, risk assessment, and development opportunities.
3. Compile findings of the aforementioned analysis into a **report of recommendations** that could inform the future development of a business plan and implementation strategy if the analysis indicates positive conditions for a new in-state organic dairy processing facility.

Specifically, the consultant will:

- Coordinate and facilitate 6-7 in-person Advisory Team meetings;
- Conduct an appraisal of MOOMilk's business plan and model;
 - Interview former MOOMilk CEO
 - Review MOOMilk's operational documents and their feasibility study conducted in 2013..
- Complete an analysis of Maine organic dairy farms' current needs through interviews and data collection;
 - Interview 8-10 key stakeholders and experts in the field.
- Estimate market-size for in-state processing infrastructure, including a market study for both fluid milk bottling and mixed value-added products;
- Estimate the operational costs of co-packing in an existing facility in comparison with establishing a new in-state processing facility, and how these two scenarios could be investigated as separate pathways or as stages of growth (co-packing first, then moving toward a stand-alone facility);
- Evaluate the various business models (size, scale, ownership); and
- Complete a financial analysis to determine business model viability.

SELECTION PROCESS & CRITERIA

MFT is seeking a consultant with strong facilitation and communication skills, and working knowledge or subject matter expertise in agriculture, preferably with respect to the dairy sector. Previous experience conducting a similar feasibility study is preferable. All respondents must demonstrate that they have significant experience, knowledge and abilities with respect to the provisions of this RFP.

Maine Farmland Trust will evaluate the responses based on criteria that include, but are not limited to, the following:

- Project Approach (40 pts)
 - Description of how scope of services will be carried out;

- Description of how key stakeholders will be engaged; and
- Descriptions of methodologies and/or tools that will be used to complete the technical analysis of the aforementioned tasks and activities.
- Previous Experience (35 pts)
 - Documented success of other studies/projects applicant has managed and conducted. Descriptions of projects and outcomes should be included; and
 - Two examples of work as well as two references from organizations for which applicant has conducted similar studies.
- Consultant Profile (25 pts)
 - Description of key capacities and skills; and
 - Description of time commitment and ability to meet project timeline.

Selection Process

All proposals are due on Wednesday, October 31, 2018 by 5:00 p.m.. Submissions must be in the form of a collated PDF document and sent to the contact below.

The proposals will be evaluated by Maine Farmland Trust and Advisory Team members. The selection committee will rank responses based on the above criteria. The top 2-3 proposals will be selected for a phone or in-person interview during the week of November 5, 2018. All candidates will be contacted by Tuesday, November 13, 2018.

Contact

All questions and completed proposals should be sent to:

Meg McCormick
Maine Farmland Trust
mmccormick@mainefarmlandtrust.org
(207) 338-6575