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**VIRGIN  
ISLANDS  
SUSTAINABLE  
FARM  
INSTITUTE**

**PREPARED TESTIMONY: Regarding Bill 31-0055 Processing Plant Feasibility Study Proposal**

April 13th, 2015

Dear Honorable Senate and People of the United States Virgin Islands,

Thank you for the invitation to testify today on the proposed processing plant for local fruits and vegetables. As the director of Ridge to Reef Farm in Frederiksted, I hope that I may provide a few helpful insights from our USDA certified organic production experience and market knowledge of fresh and value added products.

To briefly explain what we do: We work around 200 leased acres of specialty annual food crops, fruit orchards, and animal pastures, and are currently the only USDA certified organic farm in the USVI. We contract with over 12 farmers -some working, and some retired- and train new ones to help grow our production plan, which is aimed at feeding 1% of the UVSI population with fresh, locally grown organic food.

Today, our production output reaches roughly a half of a percent of the population of the VI each week. We have primary outlets on St. Croix, St. Thomas, and St. John through our Community Supported Agriculture program, and we are proud to be in our seventh month of providing our crops to the GVI public school special nutrition programs including School Lunch and Fresh Fruits and Vegetables Program, which are both federally funded. Despite many challenges, with help from committed individuals across the Virgin Islands, we have made much progress towards our goal, and hope to double our production and sales in the next two years to reach it.

However, our farm is not just growing for the sake of growth, or to prove a point about the production ability of organics; We are expanding our business so that it can be as economically sustainable as it is environmentally. In order to do that, a small farm like us has to be able to cover certain base capital costs that accompany production-level farming, such as liability insurance, vehicle insurance, government insurance, crop insurance, rent, tractor, fuel, feed, soil ammendments, deer fencing,

power, irrigation, certification costs, shipping, and on and on. Many of these costs, for professional farmers, are required not matter how big your farm is. You have to grow to a point where the income finally increases faster than the expenses and with a thin margin that can be tricky. And to do that, you need to capture a large enough market share and be extremely efficient to make any profit in this industry here in the VI, with a small, yet relatively untapped local market.

Now turning to the Bill at hand, it is a well know fact that most of the money to be made on raw food commodities is from the processing to change the state of the crop into a marketable good. The USDA's Rural Development Value Added Producer Grant provides up to \$75,000 for planning grants and \$200,000 for subsequent working capital grants, both with a 50% required match. Perhaps these federal grants could reduce the burden on local tax dollars for this project.

Clearly, small growers in the VI could benefit substantially if an accessible, licensed processing facility was available to allow growers to process and sell their own brands of value added products. Today, very few producers have the capital to create the needed facilities for these value added activities, and annual events such as Ag Fair are promising to crack down on non-licensed value added products in years to come. Selling value-added products is a viable way for farmers to have better profit margins than only selling raw crops, giving a needed advantage to cover the bottom line. Although many farmers are responding to increased demand, we still need a boost in our margins to meet it fully.

We are in support of this bill if it supports the needs of small producers to process and sell their own brands of products. Furthermore, if tax dollars will be used to create an advantageous opportunity for local food producers, then it should be evenly accessible for professional farmers and not competitive to the farming industry.

Section 1.b.1.B, calls for "A projection of the ability of the plant to gain a market share locally." This could be interpreted that the plant will compete with private enterprise in local market access. Such competition should be strictly avoided, or it may limit the growth of the private agricultural industry.

Now, a few practical concerns. First, if the project is to become financially sustainable, will it only rely on crops produced in the VI or import from the lowest bidder? Will there be some standard in place of what can be processed in this facility, in terms of where it is grown?

The amount of new production required to make this a stand alone enterprise that could outlive its funding would require well planned, long term sustainable agriculture strategy to protect soil quality, prevent erosion, and protect against the infiltration of pesticides and synthesized fertilizers into the water supply and ocean.

Educational and supportive practices not currently provided should be considered to help farmers who want to transition to organic production methods, whether or not they choose to become certified. We have to remember that when we are talking about a food system we are talking about the fisheries as well, and research has shown that non organic practices can create dead zones in the sea, such as the 500 mile wide dead zone at the mouth of the Mississippi.

In general, the focus of consideration for building a local food system should be placed on how to best use available resources to support the sustainability of food production and the quality of life our islands' farmers. Only with healthy happy farmers and fishermen and fisherwomen will we have a healthy happy food local system.

Thank you for acting in the best interests of our growing industry

Sincerely,

*Nate Olive*

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