

Single Source Exemption: Contract T011134
Term is 9/1/09 – 8/31/11
Cost - \$24,200

The Department received an exemption from the “Contract Reporter” requirements to enter into a single source agreement with the New York State Industrial Retention Network (NYIRN).

Background

With the increasing market demand for locally grown foods and processed goods sourced with local ingredients, a significant value-added economic development opportunity exists to expand the market and sales for New York businesses, particularly for the manufacturing sector in New York City. Preliminary research and anecdotal information strongly supports this goal, however there is a need to quantify and detail the demand (in scale and composition) for locally-grown ingredients among downstate manufacturers, including type of product, volume, quality standards, characteristics (organic vs. non-organic), cost thresholds, seasonal issues, etc. Furthermore, detailed supply-side research is needed to assess the ability of upstate growers to meet ingredient and sourcing needs among manufacturers, such as available products, cost and price thresholds, grower and purchase locations, existing transportation and distribution networks, environmental considerations, etc. The research will pinpoint met and unmet demand and identify specific opportunities for local growers to adapt crop choices to meet manufacturer demand as well as the ability of manufacturers to adapt product ingredients to locally available ingredients, ultimately strengthening the exchange between growers and producers and building a buy local manufacturing network.

Selection Rationale

The Department and the New York State Industrial Retention Network (NYIRN) were recently selected by USDA to receive a Federal State Marketing Improvement Program (FSMIP) grant project entitled, *From Farm to Factory: Linking New York State Producers and New York City Processors*, in order to meet the objectives outlined above. The project was chosen in part because it involved a partnership between the Department and an established food industry entity – NYIRN. NYIRN is a non-profit economic development organization established in 1997 to strengthen New York City’s manufacturing sector and is the only such organization in the City to have the type and depth of experience required to do this project, including:

- NYIRN has working relationships with over 900 New York City food processors.
- NYIRN has a staff with significant research and food industry expertise.
- NYIRN has a successful track record launching industry-specific programs that stimulate growth and create jobs by strengthening supply chains between suppliers and local manufacturers.
- NYIRN has stimulated widespread interest in the food sector from a coalition of labor, political and economic development agencies in the City that led to the

creation of the Food from New York program. The program provides comprehensive, sector-specific business assistance. NYIRN is the first point of contact for food companies.

- NYIRN has successfully completed similar studies for the building sector. For example, NYIRN's *Manufacturing Green* project, evaluated the demand for green building products and the capacity of manufacturers to meet this need.
- NYIRN provides diverse services to approximately 100 food businesses companies each year including:
 - retail assistance to help food companies expand their markets;
 - mentoring to provide business advice to start-up food entrepreneurs;
 - real estate assistance to help companies find specialized food space and to share space to reduce overhead costs;
 - assisting with energy and conservation projects to help reduce costs
 - comprehensive research and advocacy to inform policy makers and companies regarding the latest trends and opportunities in food manufacturing.

Reasonableness of Cost

NYIRN is contributing a substantial portion of the required match including \$3,050 in funding match and \$13,330 of in-kind services. The Department has a signed contract with USDA to implement this project.