



S A C O G

## Land Use & Housing Committee

Item #09-12-8  
Information

November 25, 2009

### RUCS Local Markets Topic Summary

**Issue:** The working papers and working group process for the RUCS Local Markets topic have been completed and staff is beginning to summarize the finding in preparation for a workshop with the SACOG board in January.

**Recommendation:** None, this item is for information only.

**Discussion:** Over the last year, SACOG staff and RUCS consultants have been writing working papers and engaging stakeholders in workshops for the transportation, land use, and local market topics of the RUCS project. Working papers on current conditions and innovations to address challenges and promote opportunities were drafted by the RUCS team and posted to the RUCS wiki for review by stakeholders. Workshops also offered stakeholders an opportunity to provide feedback via exercises designed around the issues addressed in the papers. While the majority of the workshops focused on one topic, the last two workshops covered multiple topics and included exercises designed to facilitate discussions about how topics are linked.

Local markets are a growing niche with the potential to provide farmers with new outlets for their products and consumers with fresh locally grown food. Current outlets include farmers markets, farm stands, CSA boxes, and some grocery stores and restaurants. Given that only about two percent of the food consumed in the region is locally grown, there is a large potential to expand existing outlets and add others such as institutions, such as schools and hospitals, food banks and many non-traditional locations. Developing a local food system may also create more local jobs and capture a larger share of the revenues associated with processing, distributing, and marketing food. RUCS work has looked at the local food system, from production to consumption, and despite the opportunities noted above, there are also challenges that must be addressed. Some of the key challenges include producing the volume of food needed to meet market demand, distribution logistics, processing capacity, regulations, and consumer awareness. These opportunities and challenges are outlined in the attached summary of the working papers and stakeholder feedback.

Going forward, staff will be using the working papers and workshop feedback to craft white papers for committee and Board review. Those papers will be presented to the Board in a workshop tentatively planned for January. Staff will be seeking guidance from the committee and Board on areas within each topic where staff should concentrate efforts to craft implementation strategies. Coupled with technical work, those strategies will be part of a “toolkit” that can assist with local economic viability and environmental sustainability efforts.

Approved by:

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Attachment

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**Rural-Urban Connections Strategy  
Local Markets Briefing Paper  
November 23, 2009**

The local markets topic is examining the policies, programs and infrastructure needed to support a local food system, which has the potential to expand markets for farmers and ranchers in the region to support and expand agricultural viability. Local markets also connect consumers to their food source and provide a direct source to fresh food. Issues that affect the viability of this system are noted below and are followed by brief descriptions of innovations that begin to address those issues. The innovations were the result of stakeholder feedback on working papers assembled by the RUCS team. Those results came mainly from three stakeholder workshops; the first on existing conditions; the second on innovations; and the third to facilitate discussion about how local markets are linked to other RUCS topics (land use and transportation).

The Food System

The way that food reaches our tables is complicated, yet remarkable. Fresh and processed food travels, mostly by truck, in to and out of our region daily. Along the way it goes from producer to aggregator, processor, distributor, wholesaler, and retailer. Much of this occurs outside of our region, which presents an opportunity to “internalize” some of this activity and capture the economic benefit of a local food system. The following summary provides a look at the scale of our food system.

- The region produces approximately 3.4 million tons of food
- The region consumes roughly 2.2 million tons of food
- Approximately 2% of local consumption comes directly from local sources. Outlets include:
  - Farmers markets
  - Community Supported Agriculture (CSA) boxes
  - A handful of restaurants and grocery stores
  - Very little institutional purchases
- The farm gate value<sup>1</sup> of production is roughly \$1.3 billion
- The wholesale and retail value of food is:
  - 182 wholesalers: \$2.5 billion
  - 835 retailers: \$3.8 billion
  - 3,400 food service outlets: \$2.2 billion

The following objectives were distilled from the research and feedback received from the local markets working group. The order of the objectives does not denote priorities; rather it represents the food system from production to consumption, tied together by infrastructure such as processing and distribution. Major themes heard throughout the process include the need for more education and marketing, food system infrastructure, institutional buying, and policies supporting local markets.

Objective: Connect Farmers to Available Land

The cost of land and starting a farm can be prohibitive for many people who want to farm. Yet, fallow farmland exists. Additionally, as the population ages, there are some long-term farmers facing retirement who would like to keep their land in agriculture, but do not have a succession plan. Making connections between farmers without land and land without farmers could be a central part of fostering a new collection of farmers and rancher interested in farming for the local marketplace.

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<sup>1</sup> This is the value of the raw product that the farmer receives at the time of harvest.

- Innovations
  - Create agricultural parks at the urban edge
  - Support and expand connection programs
    - In the SACOG region, a well established organization called FarmLink provides this service
    - Local farm bureaus, ag commissioners, farm advisors could help facilitate connections
  - Inventory and map available farmland
    - Include public land that can be used for farming

Objective: Provide Business Training Opportunities to Farmers

Farmers are entrepreneurs, but having farming skills is only half the equation; farmers also need business skills. Supporting business training opportunities that help farmers learn or update business and financial planning skills can help them increase both their profitability and their understanding of how to gain access to the local market.

- Innovations
  - Identify and support existing and potential education programs
    - UC Cooperative Extension and FarmLink have existing classes
    - The Agricultural Resource Center in Sutter Co. will provide support
    - Class location can be important

Objective: Increase Local Processing Capacity

Most of the processing facilities in our region are large-scale processors of major commodities such as rice, almonds, walnuts, tomatoes, and prunes. As a consequence, small and medium-sized farming and ranching operations that primarily sell (or would like to sell) to a local market are left with few local processing options that are economical. Developing a new infrastructure of processing facilities to serve the region's local marketplace could increase and extend the market viability of these value-added products thereby generating new revenue prospects, producing new job opportunities and tax revenues, reducing food miles traveled, and providing buyers with the option to purchase more goods grown or raised locally. Additionally, processing facilities would help local growers sell to institutions that often need pre-cut and packaged foods for their services.

- It is estimated that there are 120 processing facilities in the region for various products and at various scales; however,
  - Many are first stage processors (e.g., rice drier, grain elevator, nut huller)
  - Most value-added processors source raw products from outside the region (e.g., flour for bakeries, meat for cut and wrap)
  - Relative to the amount of food grown, the region has a small amount of processing (e.g., most tomato processing is located outside the region despite the large volume grown here)
- Loss of processing capacity has impacted:
  - Crops grown in the region
  - Distance traveled to get products to market
  - Grower's ability to diversify product offerings for the local market
  - Employment in rural area
- Regulations and permitting are repeatedly cited as issues to overcome
- Innovations

- Create shared processing facilities for value-added products
  - Commercial kitchens
  - Re-purposed existing facilities
  - Mobile processing, especially for meat
- Scale processing to meet regional needs
- Streamline the permitting and regulatory process

Objective: Increase Local Distribution

Local grower-focused food distribution centers can provide a valuable connection between local producers and local markets including wholesale, retail, food service, institutional and other food outlets. A distribution center can relieve a producer of the responsibility of aggregating, marketing, and distributing product. While such centers would be particularly beneficial for smaller farms and ranches, all scales of operation could better connect with local food outlets. This would give buyers more purchasing options for local food, as well as giving growers additional outlets and income opportunities. Local consolidation and distribution centers could also decrease vehicle miles traveled by growers who currently deliver to multiple sites, leaving more time for farming while also reducing the region's carbon footprint.

- The region has 20 wholesale produce distributors, not including distributors that serve chain grocery stores. Several distributors outside the region also serve the area.
- Many distributors are interested in local food, but currently just a few more aggressive operations source no more than 10 percent locally
  - Limited volume and consistency of local product are key issues
  - Aggregation and transportation logistics are also impediments
  - Market demand is still not high enough to justify investments in a local system
  - Local food is too expensive for many retailers and food service outlets
- As with processing, distribution also faces many regulations that must be met
- Innovations
  - Create shared aggregation and distribution facilities for local food
    - Use as a “feeder” to larger distributors
    - Higher volumes serve more outlets, bring down prices
  - Collaborate with distributors and use existing infrastructure where available
    - Can reduce the cost of establishing local distribution and take advantage of existing trucks and delivery routes
    - Re-purpose existing warehousing
  - Streamline the permitting and regulatory process

Objective: Promote Agritourism

Agritourism is an important means for connecting urban and suburban residents with the rural landscape, and can also provide new economic opportunities to local farms and ranches. It links the purchase of farms' products with on-farm experiences like participating in or observing farm operations, picking fruit, etc. Beyond sales of agricultural products, additional agritourism activities include farm stays, events, picnics, and educational programs. Agritourism can bring in jobs, sales tax and property tax revenue, increase visibility of local agriculture, and support local farm operations.

- The region has an estimated 450 agritourism sites or events. Examples include:
  - Apple Hill, Camino
  - Hoes Down, Capay Valley
  - Mountain Mandarin Festival, Auburn

- Pear Festival, Courtland
- California Peach Fest, Marysville
- Pumpkin patches, Christmas tree farms, u-pick orchards
- Regulations can be a challenge to establishing and operating an agritourism venue
  - Zoning may prohibit, or require special permitting for, certain activities
  - Building and health codes can impose numerous and expensive standards
- Conflict with neighbors and surrounding uses can be a challenge
  - Traffic and parking impacts on surrounding agriculture operations
  - Noise and traffic and parking impacts on residences
- Innovations
  - Develop supportive local policies and ordinances addressing events and on-site processing and sales, in particular
  - Provide an agricultural resources center or liaison for regulations guidance
  - Create agritourism clusters and provide a regional agritourism guide
    - Minimizes conflicts with adjacent properties
    - Creates advantages for providing infrastructure and marketing
    - Can be more easily served by public transportation

Objective: Expand Farm to Institution Programs

Farm to institution programs offer farmers another way to sell their products locally, reaching a market that has purchasing power on a much larger scale than individual consumers and single restaurants and stores. Farm to institution programs can include, but are not necessarily limited to: farm to school; farm to hospital; farm to public institution; and farm to corporate site.

- In order to serve these institutions effectively, a supplier will most likely need:
  - Large volume
  - Product consistency
  - Pre-processing
  - Competitive pricing
- Innovations
  - Focus on schools and universities
    - Local food can connect students to producers and serve as an educational opportunity, particularly where the school also has an on-site garden and cooking classes.
  - Coordinate with existing local food aggregation and distribution efforts
    - Address issues of volume, consistency, processing, and pricing

Objective: Increase the Number and Types of Food Outlets

Research indicates that two of the largest barriers to consumers purchasing local foods are convenience and cost. Although more people are becoming aware of the benefits of purchasing locally produced food, many will only begin to purchase these foods if it is as convenient as their regular food purchasing. For others, there is an additional barrier, which is the higher cost of these foods. Expanding consumers' options of where to buy local food, and increasing the affordability to low income consumers, will help to expand the local food market.

There are 182 wholesalers and 835 retailers in the region according to the Economic Census; however, many of these food outlets are supplied through the conventional food system.

- Outlets offering locally grown food are limited to farmers markets, farm stands, CSAs, and a handful of retail outlets.
- Innovations

- Expand farm stands and farmers markets. Advantages include:
  - They are more mobile and can be scaled to “fit” into a community
  - They can provide fresh food where no grocery stores exist
  - They can be venues to assemble and distribute CSA boxes
  - They are inexpensive to “own” and operate and can be located at non-traditional locations such as churches, hospitals, office parks, etc.
- Support expansion of local food offering in grocery stores
  - Need to increase aggregation, volume and consistency; reduce price
- Find opportunities for permanent farmers markets
  - Offers not only a food outlet, but a community center

Objective: Increase Consumer Education and Marketing

Consumer education is important to build awareness of the benefits of purchasing and consuming fresh local foods and how to access it. Local marketing efforts help raise awareness and visibility of locally-focused agriculture operations and helps consumers identify and purchase local foods. In this way, many of the local marketing campaigns also double as education efforts. Both consumer education efforts and local food marketing programs can happen at varying scales, ranging from one farm to one county to a region or entire state. Ultimately, successful efforts result in more consumers purchasing local foods directly or indirectly.

- Examples of marketing efforts include:
  - Capay Valley Grown
  - Sacramento County Grow and Buy Local
  - Yuba-Sutter Farm Stands
  - Placer Grown
  - El Dorado County Farm Trails
- There are currently no regional branding or marketing efforts
- Innovations
  - Increase student and low income community diet and health education
  - Create a Regional Food Atlas, including:
    - Production calendar (seasonality of products)
    - Buyer’s guide and map (farm locations, food outlets, agritourism)
  - Support existing local marketing and branding efforts and develop a regional effort
  - Develop a marketing and education materials toolkit

Objective: Create a Food and Agriculture Policy Council

Food and agriculture policy councils formalize partnerships between anyone with a shared interest in increasing access to locally and sustainably grown foods. This could include farmers, consumers, land use planners, health officials, and policy makers. While most policy councils operate within a single jurisdiction or across a city-county, the opportunity exists to create a regional council. This council could make recommendations that support the expansion of local market opportunities and community access to locally grown foods. By having one regional entity that could represent diverse constituencies all along the food pipeline and serve as the focal point for policy advocacy on food and agriculture related issues, the region could facilitate the expansion of a local food system. While not formally a policy council, the Food System Collaborative assembled by Valley Vision will provide a focus on food and agriculture policy issues and serve as a central information resource.