

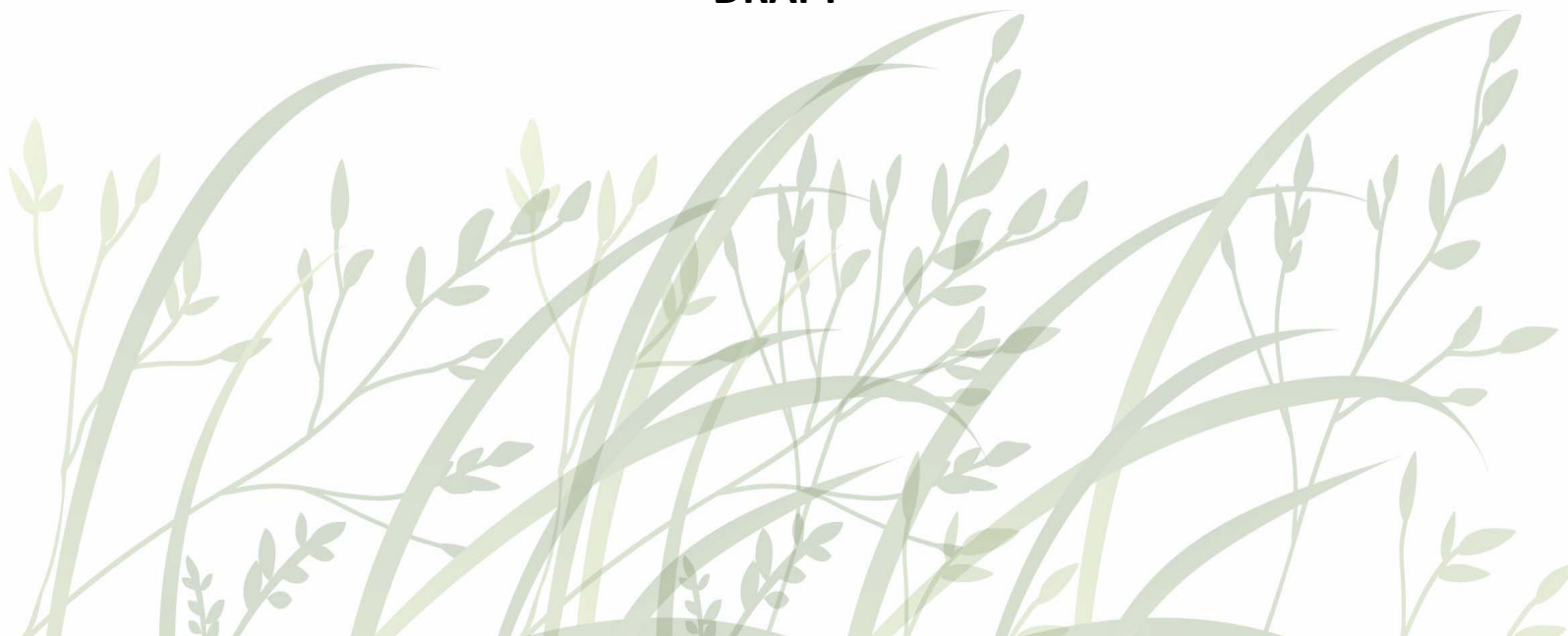


Rural-Urban Connections Strategy

Sacramento Region Local Market Assessment: Current Conditions and Innovations Summary

Sacramento Area Council of Governments

**May, 2010
DRAFT**



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Introduction

The local markets topic is examining the policies, programs, and infrastructure needed to support a local food system, which is seen as a promising area 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 and healthy food. Issues that affect the viability of this system are noted below and are followed by descriptions of innovations 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, which informed the second on innovations. The third workshop was held with stakeholders from the land use and transportation working groups to facilitate discussion about how local markets are linked to other RUCS topics.

The Food System

The following summary provides a look at our current food system.

Production and Consumption

Farmers and ranchers in the SACOG region produce approximately 3.4 million tons of food annually. While this far exceeds the 2.2 million tons of food we consume, it does not necessarily reflect what we eat. For example, the regional production of vegetables is more than 1,813,000 tons annually—about five times our consumption—however, 93 percent of that number is in tomato production, much of which leaves the region for processing. Of the 760,000 tons of grain produced in the region—about four times our consumption—90 percent of that is in rice, the vast majority of which is exported to Asia and the Middle East. And where there is the diversity of food production that could meet consumer demand, there is a lack of local distribution and processing infrastructure to serve those markets. Moreover, not only do most of our crops leave the region, but there is also a lack of production of certain foods. For example, in the category of meat and eggs, the region consumes nearly 1,300 percent of what is produced locally, meaning this food sector is served almost exclusively by products transported into the region.

So what do we eat? Using USDA Loss Adjusted Food Availability figures, which are derived from the USDA's Economic Research Service per capita food availability data and is adjusted for food spoilage, plate waste, and other market losses, SACOG estimated food consumption in the six-county region, which is summarized in Tables 1 and 2 below. This is the market for food; however, using the U.S. Agriculture Census, SACOG estimates that less than 2 percent of that

market is being met by growers within our region whose products are available only at farmers markets, in community supported agriculture (CSA) boxes, and a handful of restaurants and stores. Due to the structure of our food production system and the markets they serve, the region's producers and consumers rely on producers, aggregators, processors, and in many cases distributors and wholesalers outside the region to sell and supply nearly all of the food we produce and consume.

Table 1: Primary Weight (lbs.) of Per Capita Consumption by Food Group

Food Group	Fresh Products (Can be Grown in the Region)¹	Processed Products (Can be Grown in the Region)¹	Fresh and Processed (Can't be Grown in the Region)	Total Primary Weight (lbs.)
Fruits	92	120	41	253
Vegetables	197	167		365
Legumes	7	0.1		7
Nuts	8	0.06	1	9
Eggs	259			259
Meat		276	17	292
Dairy		282		282
Grains		197		197
Fats and oils			87	87
Sugars			136	136
Total	564	1,042	282	1,887

1 - Excludes bananas, cranberries, mangoes, papaya, pineapples, coconuts, macadamia nuts, hazelnuts, and fish.

Table 2: Primary Weight (tons) of Regional Consumption by Food Group

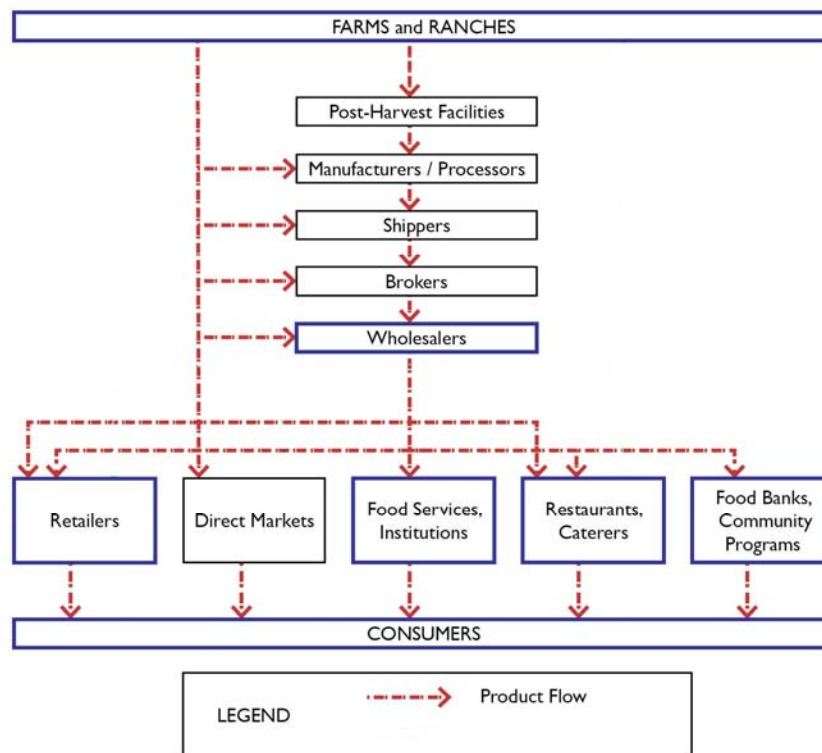
Food Group	Fresh Products (Can be Grown in the Region)¹	Processed Products (Can be Grown in the Region)¹	Fresh and Processed (Can't be Grown in the Region)	Total Primary Weight (tons)
Fruits	105,876	137,953	47,667	291,495
Vegetables	227,064	192,913		419,977
Legumes	8,330	115		8,446
Nuts	9,563	69	691	10,324
Eggs	298,650			298,650
Meat		317,892	19,011	336,903
Dairy		324,575		324,575
Grains		226,834		226,834
Fats and oils			100,241	100,241
Sugars			157,045	157,045
Total	649,484	1,200,350	324,655	2,174,489

1 - Excludes bananas, cranberries, mangoes, papaya, pineapples, coconuts, macadamia nuts, hazelnuts, and fish.

Distribution and Processing

The way that food reaches our tables is complicated, yet remarkable, as fresh and processed food travels, mostly by truck, in and out of our region daily. To do so, the system depends on economies of scale, an array of food and farm safety regulations, and an aggregation, distribution and processing system that is global in scale. Distribution encompasses every stage from farm to consumer. Some of these pathways are shorter; others are more circuitous, as shown in Figure 1.

Figure 1



Although some products arrive “raw,” most are transformed into processed or packaged goods along the way. On the whole, the food distribution system encompasses multiple business sectors providing a range of services that move food products from farms, orchards, and ranches to consumers. These services include transportation, post-harvest handling, processing, storage, shipping, and sales. Below are thumbnail descriptions of each of these sectors:

- **Post-harvest handling facilities** can be on- or off-farm and provide services such as cleaning, cooling, drying, grading, ripening, and packing.

- **Manufacturers** and **processors** transform raw farm products into simply processed to multi-ingredient foods. Low-tech processing facilities, for example those that might make juice or preserves, may be located on the farm.
- **Shippers** move raw and processed food by truck, train, ship, and air.
- **Packers/shippers** provide post-harvest and shipping services and are also often consolidators and farmers.
- **Brokers** consolidate products for sale, but usually do not take physical possession.
- **Distribution centers** are large facilities, from 10 to over 100 acres in size. They serve as the consolidation and distribution points for retailers, restaurants, and institutions. More and more large national and international retailers are no longer outsourcing their distribution needs and are doing it in house. State-owned distribution centers serve as hubs for food commodity recipients like schools, prisons, and senior homes.
- **Wholesalers** buy raw food products in large quantities from producers, processors, packer/shippers, and brokers. They then sell these products in bulk to retail, food services, and restaurant outlets. The terms wholesaler and distributor are sometimes used interchangeably and are combined in the name, wholesale distribution center. A wholesale terminal refers to an area owned and managed as a single entity by public or private management. A wholesale district refers to an area where many wholesalers are co-located.
- **Retailers** include large chains that usually have their own distribution centers and purchase directly from large farms and brokers, often through purchasing contracts. Smaller retail chains and independent markets usually buy from wholesalers, distributors and sometimes buy directly from farms.
- **Direct markets** include farmers markets, CSA's, and on-farm sales through farm stands and u-pick operations.
- **Food service companies** and institutions, depending on their size, operate like large or small retailers.
- **Public institutions** like schools also often participate in government-run bulk commodity purchasing programs but there is growing interest and participation in programs such as farm-to-school and farm-to-institution.
- **Restaurants**, including restaurant chains, independent restaurants, and caterers, usually operate like retail markets. Ingredient-focused restaurants emphasize seasonal and local purchases and have the flexibility to adapt to availability.
- **Food banks** and community food programs tend to glean from the rest of the food distribution system but also sometimes have purchasing contracts.

Food System Economics

This food system has tremendous economic value. The region's farm gate value—the price paid to the farmer for the raw product—stands at roughly \$1.66 billion today. However, by the time that food reaches the consumer, its value has increased substantially. Based on the 2007 Economic Census, there were 180 wholesalers in the region making around \$3.3 billion annually, 849 retailers earning \$4.7 billion, and 4,206 food and beverage service outlets

bringing in approximately \$2.1 billion annually. A local food system could capture more of this economic activity within the region as more value-added processing, marketing, and distribution take place here rather than outside the region.

Agriculture has been one of the few bright spots in our regional economy during this recession. According to county crop reports for the six-county region, the value of agricultural production from 2006 to 2008 has increased by approximately \$300 million or 22 percent. This \$1.66 billion agricultural output is part of California's approximately \$36.5 billion industry. Using the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) multipliers for California, crops grown in the SACOG region have a multiplier of roughly 2.0—for every \$1 change in agricultural output, there is a \$2 change in total economic output. This translates to approximately \$3.3 billion in economic output related to agriculture.

Estimating jobs related to agriculture is more difficult, but using the UC Cooperative Extension cost of production studies, SACOG estimates that there are about 6,300 permanent and seasonal full-time equivalent agricultural jobs in the region. Using BEA estimates, for every \$1 million in agricultural output in the region, there are approximately 22 related jobs for a total of roughly 28,000 jobs.¹ These figures are based on estimates for commodity agriculture. However, one of the characteristics of the agricultural economy in our region is the strong presence of family farms, some of which are less mechanized and therefore employ more people per acre. Growth in the local food system could also create more jobs in the agriculture sector. For example, an El Dorado County study found that for every dollar in local agriculture, there were seven dollars created in value-added processing and agritourism in the county. This kind of multiplier effect could be seen throughout the region if we do more of our own processing, distribution, and marketing.

Local Market Innovations

Growing demand for local food can be seen in the increase in farmers markets throughout the region, Community Supported Agriculture (CSA) boxes, and a growing number of stores and restaurants featuring local food. Opportunities to expand these outlets, as well as growing demand from institutions such as schools or hospitals, center on the region's ability to increase the volume of food grown for local markets and capacity of value-added processing needed to meet market demands. This report describes innovations in the local food system that are needed for this expansion. The following objectives and their corresponding innovations 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 stakeholder process include the need for more education

¹ BEA estimates are in 1999 dollars; therefore the 2008 crop value was adjusted down using the consumer price index for 2008 and 1999.

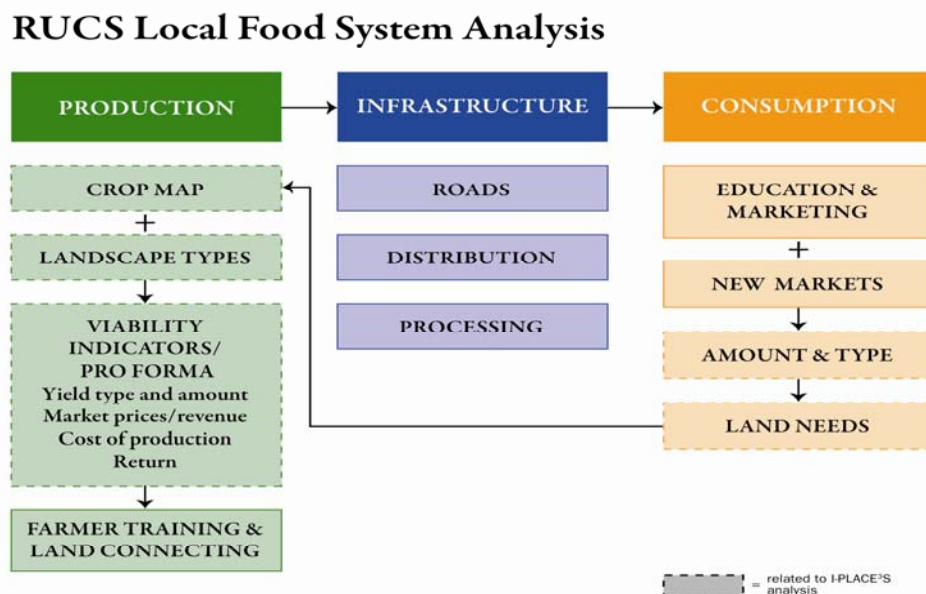
and marketing, food system infrastructure, institutional buying, and policies supporting local markets.

Local market objectives have been assembled into three main components with corresponding innovations:

- Production
 - Connect Farmers to Available Land
 - Provide Business Training Opportunities to Farmers
- Infrastructure
 - Increase Local Processing Capacity
 - Increase Local Distribution
- Consumption
 - Expand Farm-to-Institution Programs
 - Increase the Number and Types of Food Outlets
 - Promote Agritourism
 - Increase Consumer Education and Marketing
 - Consider a Regional Food and Agriculture Policy Council

Figure 2 below shows a graphical representation of areas where SACOG is building analysis capacity to study the local food system. Much of that work will be part of the I-PLACE³S model and linked to the crop mapping and farm viability modeling being built as part of the RUCS project. These data, mapping, and pro forma analysis tools will be available for public and private stakeholders to help form policies and plans that can expand the local food system.

Figure 2



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 and as the population ages, there are some retiring farmers without succession plans who would like to keep their land in agriculture. There are also opportunities for production on public and private lands that are idle or have been set aside for agriculture. Making connections between farmers without land and land without farmers will help foster a new cohort of farmers and ranchers interested in serving the local marketplace.

According to California FarmLink, a nonprofit organization that facilitates connecting farmers to land, California farmers over the age of 65 outnumber farmers under the age of 25 by approximately 60 to one. The number of farmers under the age of 35 declined 43 percent between 1992 and 2002. Complicating this situation, most beginning farmers have very little capital and financing options relative to the high costs of agricultural property, equipment, and other inputs like seeds or livestock. Others who may be more prepared financially still lack access to land and other resources to start an operation. At the same time, retiring farmers lack information about ways to keep land in agricultural production while simultaneously meeting financial goals related to retirement and estate planning.

A starting point for these connecting efforts is identifying how much land is needed to meet local market demand. The region currently has approximately 2.2 million acres in production. Using the consumption tables presented above, SACOG is developing methods to estimate how much land is needed to grow enough produce for each of the food categories. SACOG's crop map can also be useful to identify possible areas where a farmer could start or convert an operation for the local market.

In addition to urban growth policies and plans that minimize agriculture land consumption and conflict with other uses—discussed in the RUCS Land Use topic—there are innovations that can help increase the amount of land in production for local markets. The top innovations identified by stakeholders are discussed below.

Agricultural Parks at the Urban Edge

The concept of Urban Edge Agricultural Parks (AgParks) has been pioneered by Sustainable Agriculture Education (SAGE). SAGE defines AgParks as “part working farmland for small farmers, and part parkland for local communities”. AgParks provide fresh food, as well as educational, environmental, and aesthetic amenities for nearby urban and suburban communities. They support small farmers with opportunities for affordable land, shared infrastructure, and direct marketing of agricultural products. Once capitalized, Ag Parks aim to be self-sustaining. They are suitable for public or private landowners who want to establish agriculture as a valued urban-edge amenity.

SAGE has published the Urban Edge Ag Park Toolkit, a tool for public and private landowners considering urban-edge agriculture. It also operates its own AgPark, the Sunol Water Temple

Agricultural Park, on 18 acres of public watershed land in Sunol, California leased from the San Francisco Public Utilities Commission. That site hosts six farmers who sell their produce at farmers markets, produce stands, restaurants, and CSAs. This innovation will be discussed further in the upcoming RUCS Land Use paper and board workshop. More information can be found at: www.sagecenter.org/projects/urban-edge-agricultural-parks.

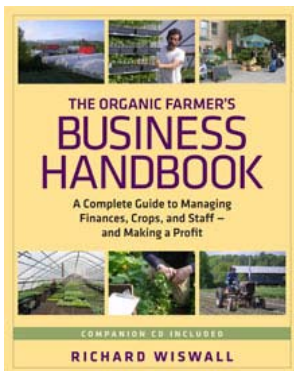
Connecting Farmers and Available Land

California FarmLink, which has an office in Davis, connects potential farmers with available farming opportunities around the state. Their stated mission is "to build family farming and conserve farmland in California by linking aspiring and retiring farmers; and promoting techniques and disseminating information that facilitate intergenerational farm transitions." Working closely with both incoming and outgoing farmers, FarmLink has developed an online database of land opportunities that includes cropshares,



leasing, land sales, partnerships, and more. The searchable database also includes a map showing all of the opportunities in the state. They offer options to retiring farmers other than outright land sales including leasing and farm business partnerships. FarmLink conducts comprehensive workshops and provides other support for farm succession. Their Intergenerational Farm Transition program helps farmers whose children may not be interested in farming keep their land in agriculture while also meeting their family's financial needs. More information on California FarmLink can be found at www.californiafarmlink.org.

Objective: Provide Business Training Opportunities to Farmers



Farmers are entrepreneurs, needing both farming and business skills. Supporting business training opportunities that help farmers learn or update business and financial planning skills can help increase profitability and access to the local market. Examples of innovative efforts in this region to assist farmers with business development are described below.

SACOG is currently developing small farm pro forma analysis tools to assist these market development and business training efforts, as well as individual growers. A typology assembled for use in the I-PLACE³S model includes cost of production, as well as yield and revenues from various market outlets for a range of production including fruits, nuts, vegetables, and meat. Each farm type can be updated with local data and adjusted to analyze various operations and

market opportunities. The tools will be a helpful starting point for farmers and ranchers considering growing for local markets and is useful to assist with economic development and planning departments developing programs and plans to assist these types of operations.

Start-up Farmer Training Programs

As part of their land connecting program, California FarmLink provides workshops and support to help new or small farmers get credit to start or expand their businesses. They provide technical assistance with business planning, farm financing, and structuring deals to secure farmland. California FarmLink has also developed an Individual Development Account (IDA) program focused on agricultural businesses. The IDA program, which was passed by Congress in the 2008 Farm Bill, provides \$3 in matching funds to every \$1 saved by the participant. These funds are generally used to purchase land and farm equipment. The program helps participants develop business skills including business plans, cash-flow projections, tax preparation, and more. The 5-year-old program has helped 25 beginning farmers in California develop their businesses. Information on California FarmLink can be found at: www.californiafarmlink.org.

The UC Cooperative Extension (UCCE) also provides farmer training programs. While these tend to be more oriented toward production, the UCCE also helps farmers identify new market opportunities and ways to improve their businesses. The Los Rios Community College Center for International Trade Development also works with farmers to identify new international market opportunities and the types of production and processing needed to serve those markets.

Agriculture Resource Center

In Sutter County, a new Agriculture Resource Center will provide production and business training classes, among other services that will be offered to help new and old farmers. The Sutter County Resource Conservation District (SCRCD), in partnership with the county, Yuba Community College (YCC), and UC Cooperative Extension (UCCE) will create the center in Yuba City, which will include meeting and office space (including space for incubator businesses), classrooms, conference rooms, and a laboratory. The center will house the USDA (Natural Resources Conservation Service, and Farm Services Agency), the County Agricultural Commissioner, UCCE, and SCRCD. This “one-stop shop” is not only good for growers, but will also help nurture old relationships and foster new partnerships among state, federal, and local agencies. YCC will hold weekly small business development training courses to improve farm economic efficiency and profit margins. Business planning and marketing will be provided on a one-on-one basis to local growers, enhancing the local economy via expanded markets and improved revenue. Training will also be provided by UCCE on the latest technology and advances in horticultural and biological sciences. Trainees will gain a greater understanding of the myriad of factors (climate, water law, mechanics, environmental regulation, trade and marketing, urban encroachment, etc.) that influence agriculture production and economics. Support on understanding regulations and acquiring permits will also be provided. Spanish language classes for farmers will be offered to assist with communication with Spanish speaking laborers. Additionally, English as a second language courses will be offered to Spanish, Punjabi,

and Hmong speakers which will increase access to job opportunities, and enable further development of their small business enterprises (i.e. strawberry, corn, and prune operations). For more information, contact Larry Lloyd, Interim District Manager (larry.lloyd@ca.nacdn.net or (530) 674-1461 ext. 132)

Objective: Increase Local Processing Capacity

It is estimated that there are 112 food manufactures in the region for various products and at various scales; however, many are first stage processors (e.g., rice drier, grain elevator, nut huller), while others that further process products (e.g., rice mills, plum driers) are generally shipping those products to wholesalers, distributors and other processors beyond our region that are serving national and international markets. For many products, such as tomatoes or peaches, which are grown in large volumes, there is relatively little processing capacity in the region. At the same time, most value-added processors in the region are sourcing raw product from outside the region (e.g., flour for bakeries, meat for cut and wrap, fruits and vegetables for packages of pre-cut food).



The disconnection between production and processing locally is an important contributor to the volume of trucks moving food into and out of the region. The loss of processing also affects cropping patterns as seen in dramatic reductions in tomato and peach production after canneries were closed in the 1990s. With agriculture as the main rural industry, these changes in processing and cropping affect rural economic development and job opportunities.

Most of the remaining processing capacity in our region is in large-scale processors of major commodities. 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. Many are forced to drive long distances for processing relatively small amounts of product. This lack of processing capacity affects local growers' ability to offer greater diversity of products in the marketplace. 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 truck trips, 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.

Shared Processing Facilities

Stakeholders ranked processing as an innovation to advance the local food system second only behind distribution. Workshop participants focused particular attention on *shared* facilities for a number of reasons. Rather than investing in real estate and expensive processing equipment

individually, small- to medium-sized farms or ranches could consider business arrangements to share new or existing processing facilities that are sized and equipped to handle multiple customers and in some cases multiple products. For example, olive growers see opportunities to collaborate with wineries since much of the equipment used to make wine and oil is the same. With a centralized facility, economies of scale are created leading to increased affordability and improved market access. Business synergies are created that help small-scale producers attract customers and sell directly at a larger-scale processing location or under a common marketing label. Co-location also allows producers to exchange ideas, share knowledge, rent or borrow equipment, and control costs.

Three examples below show the range of possible facilities that can serve the region:

- Repurposed Existing Processing Facilities

A prominent example of a share facility is the Old Sugar Mill in Clarksburg. From 1935 to 1993, the facility processed sugar beets into liquid and granulated sugar. In 1993, the mill was shuttered, a victim of poor economics when stacked up against international rivals, and quickly became a 106-acre abandoned industrial site. Today the facility has been transformed into a micro-commercial center where locals and visitors can walk to dining, recreation, art, and entertainment. It features the Clarksburg Wine Company (CWC), a custom crush facility featuring a state-of-the-art 20,000 square-foot of cellar space, presses, rotary and open top fermenters, stainless tanks, chillers, overhead hoists for trucks, among other features. CWC offers producers custom crushing and fermenting and winemaking services, storage, and lab analysis – meeting the needs of at least five other grape producers in the region. More than 75,000 square feet of warehouse and office space and more than 12 acres of yard use are available for lease. Retail, restaurant, light manufacturing, and additional office space is currently under renovation. More information is available at <http://oldsugarmill.com>.



- Commercial Kitchens

Commercial kitchens may be one of the primary processing facilities for many small- to medium-sized operations; however, most producers find it a daunting endeavor because of the time, expense, and regulatory process involved in building and maintaining a commercial kitchen. For example, a well-known community kitchen project in Canada, Fresh Choice Kitchen, estimated the total cost for kitchen equipment necessary to start a community kitchen to be around \$23,400 and about \$700 for

additional kitchenware. Such costs make shared commercial kitchens an attractive option for many looking for opportunities to serve the value-added food market.



A good example is Chef's Kitchen in Los Angeles (www.chefskitchens.com) which offers space (licensed by the health department) for rent on an on-going basis or on an as needed basis to chefs, caterers, cooking teachers, restaurateurs, as well as many other small food related businesses. Because the kitchen is privately owned, the hours are set by the clients. Members have access to the online real time schedule and can reserve times. Priority access is given to full-time chefs who rent the space on an on-

going basis. Rental rates and deposits are dependant on hours needed per month. Renters must pay a one-time registration fee and submit a ServSafe (food handler's) certificate as well as proof of insurance. General liability insurance listing the property as additionally insured is required and covers the facility, equipment, and the renter's equipment and products. If you are a permanent tenant, renting 60 hours a month or more, you get additional benefits of the facility including cold and dry storage, a mailbox, lockers, and the ability to share the existing health department license, which you can use to validate your food products.

- **Mobile Processing**

Mobile processing is another example of locally scaled processing used by multiple growers. This innovation is particularly applicable to meat production and the San Juan Islands in Washington State offer a relevant example. The closest US Department of Agriculture (USDA)-approved slaughter facility was 200 miles away by land and sea before the first-of-its-kind mobile meat processing unit was put into operation in 2002. It provides an efficient alternative that increases return and a local customer base for farmers. The 26-foot mobile meat slaughter unit is attended by a USDA inspector and is equipped for the on-farm slaughter of cows, sheep, hogs, and goats. The truck is self-contained and hauls carcasses to a separate wrapping and packing facility. The Lopez Community Land Trust owns the facility and leases it for a nominal fee to the Island Grown Farmers Cooperative. They purchased the trailer and the tow vehicle for just under \$100,000 and from start to finish the group estimates the project costs about \$350,000. The slaughter truck and the cut-and-wrap facility employ six people full-time. Membership and user fees sustain the facilities financially. More information can be found at www.mobileslaughter.com.

Supportive Plans, Policies and Zoning

Multiple stakeholders noted regulations and permitting as a challenge to constructing or repurposing facilities for processing. While local health codes are largely set by federal and state regulations, stakeholders suggested that more consistent interpretation and application of those regulations could help producers and processors plan for and work through the process of establishing a facility. Land use regulations were also mentioned as sometimes limiting where processing facilities can be located. El Dorado County among others offers a good example of zoning in agricultural areas that permits growers to have on-site processing. This subject is addressed in more detail in the RUCS Land Use topic.

Objective: Increase Local Distribution

As discussed earlier, the distribution system is made up of multiple components that move food from the field to the consumer. Distilling this system down to its basic elements, the primary functions needed are points where food is aggregated and then distributed. The region currently has 20 wholesale produce distributors, not including distributors that serve chain grocery stores. Some distributors outside the region also serve the area. Many are interested in



local food due to market demand, but currently the few more aggressive distributors source no more than 2 to 3 percent locally (one distributor estimates they source about 10 percent locally). The hurdles for sourcing locally included logistical challenges of purchasing from multiple small growers, seasonality of local produce, limited volume and food safety concerns. Some distributors have also suggested that market demand for local food is still not high enough to proactively pursue this sector and call for more local food marketing and consumer education to increase demand. Furthermore, some note that currently local food tends to be too expensive for many of their retail or institutional customers.

Locally 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 aggregation and distribution centers could also decrease vehicle miles traveled by growers who currently deliver to multiple sites, leaving more time for farming while also potentially reducing the region's carbon footprint. Moreover, local aggregators can achieve the volume and consistency that larger distributors, retailers and institutions need, essentially acting as "feeders" to more conventional distribution channels

and taking advantage of those well established delivery systems, trucks and customer relationships.

Shared Distribution Facilities

Establishing shared local aggregation and distribution facilities was the top innovation identified by stakeholders. As with processing, stakeholders emphasized “shared” distribution centers as essential to providing small- and medium-sized producers access to needed distribution that otherwise they could not afford to establish independently. The following examples provide a range of possibilities that can be applied in the region.

- **Grower-owned Rural Aggregation Center**

A group of Amish farmers in rural Wisconsin formed the Fennimore Produce Auction in 2007. The organization pays a commission of sales to a local realtor company to market, manage and truck product. Auctions are held three times a week for roadside stands, wholesale grocery and food service buyers. Most customers transport their own product but the realtor offers trucking services for any customer within a hundred mile radius. Go to www.cias.wisc.edu/wp-content/uploads/2010/01/fennimore_auction.pdf for more information.

In 1999, GROWN Locally opened its doors in Northeastern, Iowa. GROWN is a 22-member cooperative. Farmers harvest, wash, pack, and deliver product to a central location for aggregation and further distribution. Originally focused on online sales and aggregated CSA, they have since transitioned towards marketing to institutional buyers. They have one full-time coordinator. The website for GROWN is www.grownlocally.com.

- **Distributor-owned Rural or Urban Aggregation Center**

Growers Collaborative (GC) is a comprehensive educational and marketing program developed by the Community Alliance with Family Farmers (CAFF). The program’s primary goal is to improve revenues for the small- and mid-size family farmer. The program focus is on the sale of local fresh produce via local outlets. To that end, GC has teamed up with private wholesalers to establish the Sacramento Valley Food Hub. It is managed by Trinity Fresh, a produce company with over 25 years of experience providing wholesale distribution services to the local market. The physical location of the hub is in South Sacramento at the facilities of a food processor, Tam Fresh Cut Pack. The building has temperature controlled rooms and easy access loading docks. Most of the potential aggregation hub customers are existing distributors (e.g., Produce Express, Fresh Point, Pro



Pacific) and currently purchase product from this facility. The team has just launched the project; however, many customers are interested in venture given consumer interest in local food and the volume of food the facility could generate.

The aggregation hub is a key element in improving sales opportunities for local farmers. Small- and mid-size family farms in the counties of Sacramento, El Dorado, Placer, Sutter, Yuba, Sierra, Nevada, and Amador will be targeted by CAFF outreach coordinators to sell their product into the hub. The advantages and opportunities for growers are numerous. CAFF brings to the farmer an on-farm educational program that includes food safety, risk management, and other training. Additionally the grower becomes part of CAFF's "Buy Fresh Buy Local" marketing program that covers the full spectrum of the distribution chain, including the direct-to-consumer markets. Contact Bob Corshen (530-400-7947 or bob@caff.org) for more information.

- Co-op Grocery Store Aggregation Warehouse

In 1997, the Wedge Community Co-op in Minneapolis began the Co-op Partners Warehouse (CPW), 45,000 sq. ft. of warehouse space that provides storage and delivery for local growers that sell to Wedge and other co-operatives in the region. This has increased the product mix for the cooperatives and increased the Wedge's volume, resulting in better pricing and efficiency. In addition to acting as a local distributor for growers and other co-ops, CPW has developed an alternative distribution method for producers who prefer to have a direct relationship with the consumer. CPW's drop-shipping program consolidates products at the warehouse and delivers them to the end consumer, while customer orders and billing still go through the producer. CPW assesses the producer a small delivery fee. This program provides efficiency in both fuel and labor, allows the producer to maintain a direct relationship with the consumer, and maximum income for their product. To find out more about the warehouse, go to www.wedge.coop/about/about-warehouse.html.

- Online Distribution

Virtual distributors have no bricks and mortar warehouse, rather inventory is kept at the farm. When orders are made, the farmer is informed and then delivers the product either to a central location or directly to buyer. The distributor is in charge of marketing and management, including identifying buyers, labeling and invoicing.

Red Tomato (www.redtomato.org) is a distributor located in the Northeast and has undergone a number of iterations of its distribution system. From 1999 to 2002, it was a bricks and mortar operation with its own trucks and food aggregation site. Red Tomato decided that it cost too much money and time to maintain the transportation and buildings and felt that they had lost focus of their original goal: helping farmers connect to new markets. In 2003, they transitioned to an online organization that coordinates purchases between growers and buyers. The online structure has allowed the

organization to grow without being overwhelmed by increases in expanding infrastructure and maintenance cost. During the period of transition from about 2003 to 2007, the organization saw their total sales more than quadruple. Today, they work with about 35 farmers located through the Northeast, and sell to retailers, and institutions in Massachusetts, New York, New Jersey, and Pennsylvania.

Supportive Plans, Policies and Zoning

As with processing, stakeholders identified regulations and permitting as a challenge to constructing or repurposing facilities for distribution. Though local health codes are largely set by federal and state regulations, stakeholders suggested that more consistent interpretation and application of those regulations could help producers and distributors establish a facility. Land use regulations were also mentioned as sometimes limiting where distribution facilities can be located. This subject is addressed in more detail in the RUCS Land Use topic.

Objective: Expand Farm-to-Institution Programs

Stakeholders identified farm-to-institution programs as an important innovation for farmers 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 schools, hospitals, correctional facilities and other public institutions, as well as corporate sites. A number of institutions in the region are looking for possibilities to source more of their food locally, which provides a ready market for growers, distributors, and processors that can accommodate institutional needs.

There are important logistical and market considerations needed to serve these institutions effectively; probably the most important is volume. As noted above, many distributors see opportunity in providing locally grown food, but need higher and more consistent volume and product quality to supply larger customers. Aggregation and distribution centers oriented toward locally grown food can provide that volume and consistency, while institutional demand can influence what growers produce to serve that market. Higher volumes and consistent demand can help bring down the cost of local food, which is needed to broaden this market potential, particularly for institutions that operate with limited budgets.

Another important factor in serving institutions is having local processing capacity to prepare food for these customers. For many institutions, pre-processed food is essential since they do not have staff or facilities to prepare food on-site. For example, many school districts serve pre-packaged lunches or quickly unpack and serve prepared food for students. Processing facilities that provide pre-cut fruits and vegetables to those preparing full meals will help increase the potential for locally grown food to penetrate institutional markets.

Farm-to-School Programs

A prime example of a local farm-to-institution effort is the Davis Farm-to-School Connection (www.davisfarmtoschool.org). The comprehensive program includes: local purchasing for school meals, school gardens, nutrition and food education, farm tours, and recycling and composting programs. The Davis Farmers Market Foundation sponsors the program, which has a steering committee that reports to the foundation's board of directors. While the vision is to have a county-wide program, the committee is currently only working with the Davis Joint Unified School District. The program started in 2001 with salad bars, because the district did not have kitchen facilities to prepare meals. Once the district was able to build a new, commercial kitchen, they had the ability to prepare fresh, hot foods. Funding staff to prepare food and tend the salad bars was a challenge and limited the amount of local fresh food that could be offered to students. In 2007, renewal of a local parcel tax provided the school district with \$70,000. This funding supplied, among other things, staffing for the salad bars. The program has also benefited from having collaborative sources for purchase of local foods. The food is mostly purchased through Ripper, Riley & Thomas in Ukiah, and Produce Express in Sacramento. Since purchasing from Produce Express they have since shifted Produce Express' approach to listing its produce; they now include the name and location of the farm. By having one or two sources representing multiple producers, the district is able to purchase a large amount of produce without dealing with multiple invoices, deliveries, representatives, etc.



UC Davis provides another farm-to-institution example. University Dining Services is committed to actively engaging in procedures, policies and practices that foster sustainability of the regional food system and the livelihood of growers, producers and processors. They have identified seven core practices for their business: waste reduction and elimination, environmental stewardship, locally grown and produced, supporting sustainable agriculture, health and wellness, building community and culture, and education. There are 5,300 meal plan holders, who have the option to eat at one of the campus dining locations, for all three meals of the day. University Dining Services will increase sourcing of locally grown and locally processed foods—their target is 30 percent sourced locally by fall 2010—and prominently display information about all local products in the dining halls. For more information, go to <http://dining.ucdavis.edu/sus-locally.html>.

Objective: Increase the Number and Types of Food Outlets

There are 180 wholesalers and 849 retailers in the region according to the 2007 Economic Census; however, many of these food outlets are supplied through the conventional food system. As noted above, volume, consistency and the convenience of dealing with one supplier

and invoice is a hurdle to overcome in order for local food to make its way into conventional food outlets. Nonetheless, there has been an increase in the number of food outlets for locally grown food. The region has seen continued increases in the number of farmers markets (40), farm stands (at least 50, but they are difficult to inventory), and community supported agriculture operations (33), while a handful of restaurants and stores feature local food.

Many stakeholders identified two barriers to consumers purchasing local foods; 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. Innovations in 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. While there are many possibilities to increase consumer options for purchasing local food, a few stand out when considering the characteristics of the Sacramento region.

Farm Stands

Workshop participants viewed farm stands as key outlets for locally grown food. Farm stands have a number of compelling attributes. First, they are very mobile, can be scaled to "fit" into a community, and are inexpensive to "own" and operate. In its most basic form, a farm stand



involves setting up and breaking down a few canopies and tables, but also may include other services such as cooking or nutrition classes. Mobility and scale is important when targeting communities where no grocery store exists. Not only can a farm stand offer fresh food in underserved communities, they can be the assembly and pick up point for CSA boxes for that community. Their flexibility is also important when considering locations such as churches, hospitals, schools, libraries, office parks and other locations,

which offer parking and space to operate a stand for a few hours. Alchemist Community Development Corporation in Sacramento (www.alchemistcdc.org) provides an example of urban farm stands.

Grocery Stores

On the other end of the outlet spectrum, grocery stores were viewed by stakeholder as equally important as farm stands. Whereas a farm stand offers a lot of flexibility in its mobility and scale in bringing food to consumers, a grocery store offers the convenience of a fixed location that is open daily. Some local grocery stores in the region feature locally-produced foods. For example, both the Sacramento and Davis Food Cooperatives (www.sacfoodcoop.com or www.daviscoop.com) work with many local farmers and other product vendors carrying local produce, meat, and some processed goods. Some grocers, including large retailers like Raley's and Whole Foods, have begun to carry some locally-produced foods as well.

Additionally, Whole Foods in Roseville helped to create a year round weekly farmers market in front of their store.

Permanent Farmers Markets

Though not ranked as high as farm stands and grocery stores, participants also saw value in establishing permanent farmers markets in the region. Permanent farmers markets and structured or covered farmers markets are developing in many locations. In many instances, permanent farmers markets serve not only as a showcase for local foods, but also serve as community gathering places. One local example is in the City of Davis where a permanent covered structure for its farmers markets was erected in Central Park



(www.davisfarmersmarket.org). Another is the San Francisco Ferry Building (www.ferrybuildingmarketplace.com), which offers an outdoor farmers market three days a week and 41 retailers in 65,000 square feet of space.

Another example outside of our region is in Santa Fe, New Mexico. The non-profit Santa Fe Farmer's Market Institute's purpose is to fund and support a permanent farmers' market building, promote agriculture and land-based activities, and educate consumers about the benefits of buying local. The Institute owns the farmers market building and signed a long-term lease to operate it as part of a larger infill project—an old rail yard area being renovated with green construction. Their "Roots in the Railyard" campaign raised about half of the \$4.6 million needed to complete the project through private funding and half through local and regional public funding. Office and restaurant spaces in the building help support the building and market. The Market Hall is available for community-based events and some private events when not being used for the market. More information can be found at www.santafefarmersmarket.com.

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 farm 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.

According to a recent statewide agritourism survey by the UC Small Farm Center, just over half of the operators surveyed reported gross revenues from agritourism operations of more than \$10,000, while 22 percent reported gross agritourism revenues of more than \$100,000. Most

agritourism operators rated their operation as “somewhat profitable,” and 64 percent expect to expand or diversify their agritourism operations over the next five years.

The region has an estimated 450 agritourism sites or events. Examples include:

- Apple Hill, Camino
- Hoes Down Harvest Celebration, Capay Valley
- Mountain Mandarin Festival, Auburn
- Pear Festival, Courtland
- California Peach Fest, Marysville
- Pumpkin patches, Christmas tree farms, u-pick orchards, wineries, farm stands, and other sites throughout the region

Supportive Policies and Zoning

Workshop participants identified regulations as a key challenge to establishing and operating an agritourism venue. Zoning may prohibit, or require special permitting for certain activities, while building and health codes can impose numerous and expensive standards. There can also be conflicts with neighbors regarding issues such as noise, traffic, and parking impacts on surrounding agriculture operations and residences. Some jurisdictions, such as El Dorado County and Placer County have responded by establishing specific ordinances for agritourism sites to reduce the impact of these operations on the surrounding areas. These and other innovations that support agritourism events and related processing are explored in detail in the RUCS Land Use topic.

Improve Access

Agritourism is also addressed in the RUCS Transportation topic as many stakeholders identified access as a challenge. In addition to investing in key rural corridors, transportation innovations included signage and pavement markers that identify agritourism routes and locations, which is particularly important when sites are dispersed over a wide area. While agritourism clusters, such as Apple Hill, were not identified as a top innovation, there was some discussion around advantages from shared parking and ease of providing transit service for agritourism clusters. These innovations will be addressed in detail in the RUCS Transportation topic.

Objective: Increase Consumer Education and Marketing

Behind distribution and processing, stakeholders highly ranked consumer education as an important component of the local food system. This innovation aims 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.

Marketing and Branding

Successful marketing and branding efforts can be found throughout the region at varying levels. Some marketing efforts can be seen on a single farm, others branding a region within a county, and still other efforts aimed at marketing the agriculture of the entire county. Examples include:

- **Membership Organizations**

An example of a membership organization effort is PlacerGROWN, a nonprofit organization formed to help Placer County growers market their produce and agricultural products. PlacerGROWN (www.placergrown.org) has different levels of membership for community members, growers, and businesses. As a grower, membership benefits include a suite of marketing tools provided by PlacerGROWN, including logos, signage, and networking opportunities. All members benefit from the direct connection between the consumer and local producer.



- **Agritourism Associations**

An agritourism-based effort is the Apple Hill Growers Association in El Dorado County (www.applehill.com). This cluster of agritourism operations has a distinctive character that provides a market identity for Apple Hill products. The Association has more than 50 members, including orchards, wineries, Christmas tree growers, a microbrewery and spa. Coordinated marketing efforts help enhance the visibility of the area, while reducing the need for each individual operation to promote itself.



- **County Campaigns**

A good example of a county effort is *A Taste of Yolo*, a marketing campaign launched by Yolo County to promote its agricultural products (www.atasteofyolo.com). The campaign highlights the agricultural values of the county and emphasizes seasonal foods and specialties such as olive oil, wine, and fresh produce. Other efforts in the region include Capay Valley Grown (www.capayvalleygrown.com), Sacramento County Grow and Buy Local (<http://sacfarmbureau.org/GrowBuyLocal.htm>), Yuba-Sutter Farm Stands ([www.visityubasutter.com/Agriculture.aspx](http://visityubasutter.com/Agriculture.aspx)), and El Dorado County Farm Trails (<http://edc-farmtrails.org>).

- Internet-based Efforts

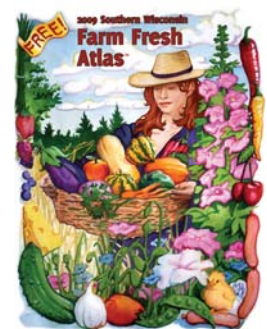
An on-line example is the *Buy Fresh, Buy Local*, produced for various California regions, by the Community Alliance with Family Farmers (CAFF). The guide includes the location of information about local farmers. The CAFF website (<http://guide.buylocalca.org>) also has a unique online tool where users can type in their zip code and search for “fresh food” within 10 miles (or more) of their area.

Food Education in Schools and Low-income Communities

The top innovation under marketing and education was expanding education in schools and low-income communities. There are many examples in the region of organizations promoting local foods and educating the community about the benefits of buying local. One effort that combines the two objectives is Fresh Producers, a local high school student managed non-profit organization that provides low-income community education about the importance of fresh produce in a healthy diet, and offers a way for the community to shift to purchases of local foods (<http://freshproducers.org>). CEO and Founding Director Rabbi David Wechsler-Azen decided the best way to educate young people and engage them in eating better was to enable them to play a role in selling fruits and vegetables in their community, and link their own wealth with their health. Furthermore, by getting students engaged in a business model approach, some of the profits could be allocated to support their future education plans. With the help of investments from Kaiser Permanente and the California Endowment, Fresh Producers kicked off the project in 2008 at Hiram Johnson High School in Sacramento. They have partnered with Meals on Wheels, which had excess space in their distribution warehouse and could accommodate Fresh Producers’ need for a repackaging site, a task which they now handle using volunteers from local congregations. After testing some packaging and pricing schemes, the group decided they would get greater participation if they assembled \$10 bags of food for their customers. Of those fees 70 percent pay for the fruits and vegetables, 10 percent supports the school, 10 percent returns to support the purchasing site, and 10 percent covers the project management costs. Using this fee model and assuming growth to 1,000 weekly orders, Rabbi David expects the program to be self sustaining within three years.

Regional Buyers Guide

Another top ranked education and marketing innovation is a regional buyer guide or food atlas. A good example of such a guide is Wisconsin’s Farm Fresh Atlases. They have produced local food outreach materials for multiple regions of the state, and have commitments from a broad range of organizations to keep the effort moving forward every year.



The REAP Food Group (which stands for Research, Education, Action and Policy on Food) is a nonprofit organization that decided to create a food atlas for Dane County, with a focus on farmers who are committed to sustainable production practices and focused on the local marketplace. The first outreach piece in 2002 was a fold-out map including 40 local farms. The goal was to get people more aware of

where their food comes from and familiar with the products available from local producers in the southern third of Wisconsin. Farmers were asked to pay a listing fee between \$20 and \$50 and 20,000 "Southern Wisconsin Farm Fresh Atlas" were distributed. Between 80 – 90 percent of participating farmers decided to recommit for the second publication.

The atlas has become too big to be just a map, and the annual publication is now in booklet form. The booklet includes a map of all of the locally-serving farms, lists of farmers markets, a business section on restaurants and grocery stores that feature foods produced in the region, and an agricultural production calendar. The REAP Food Group now sells print advertising in addition to listing charges to help offset production costs. Farm listings sell for \$55, business listings sell for \$110, and display ads range from \$250 - \$550 depending upon size. The local credit union serves as a project underwriter and has the back cover display ad as a benefit for their \$7,000 contribution. Even with all of these new revenue streams, the project continues to demand a lot of volunteer energy. Nonetheless, the project has been successful and there are now a total of five Farm Fresh Atlases in Wisconsin. See www.farmfreshatlas.org for more information.

There are plans to do a similar regional buyers guide for the Sacramento Valley Region this year, spearheaded by the California Alliance for Family Farmers. They are aiming to publish 30,000 copies of the Sacramento Valley *Eater's Guide to Local Food*, which will include farms, CSAs, restaurants, grocers, farm stands, farmers markets, organizations and u-picks who are all enriching our local food system and are either selling or buying a percentage locally. There are already regional buyers guides for three other regions in California: Central Coast, Bay Area, and Humboldt County.

Objective: Consider a Regional 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 (www.foodsystemcollaborative.org) assembled by Valley Vision provides a focus on food and agriculture policy issues and serve as a central information resource.

