

American Farmland Trust: Using New Partners to Foster AgriEconomic Development



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Overview

- Multifunctionality of agriculture is gaining more attention as a result of trade issues, the emerging 2007 Farm Bill and rural development goals
- Can altruistic and public good aspects fuel economic development through innovative agricultural enterprises?



An Agribusiness Economist's View

- Direct Food Marketing Trends in the US
 - Opportunity for Ag Enterprise Innovation?
- Results from CSU Research and Outreach
 - Colorado Crop to Cuisine
 - Colorado Homestead Ranches
- Increasing Awareness and Public Support
 - The Emergence of Local Food Policy Councils

American Food Attitudes

- Source of food is concern, with $\frac{3}{4}$ supporting US and local foods
- 77% support owner-operated farms and 59% would support family farms with higher food prices
- 71% say they are willing to pay more for environment-friendly food
- 27% worry a great deal and 34% worry some about how farming influences environment
 - % of concern higher for global farming impact

Source: Survey, <http://sasw.chass.ncsu.edu/global-food/foodglobal.html>

Organic Agriculture

- Organic crop and pasture land doubled between 1997 & 2003-over 2 million acres
 - Only 6% fruit and vegetable
- 20% growth in consumer demand annually during the 1990's
 - \$10.4 billion or 1-2% of all food sales (2003)
 - \$3.5 billion in 1996

Source: Oberholtzer, Dimitri and Greene, USDA-ERS

Organic Consumers

- Small but growing share of US consumers
 - 2.4% frequent or heavy consumers
 - 21% of organic consumers are "core" consumers who have fully integrated organics into purchases
- Organic shoppers have various motivations
 - In the 1980s and 1990s, environmental concerns were key
 - Health and quality have emerged as more important
 - New emphasis on small and local...with numerous articles in 2005 citing local as the new organic
 - Minorities sympathetic to environmental justice, fair returns and sustainable ag policy

Source: Hartman, Zepeda

Farmers Markets are booming...

- A record number of farmers markets, over 3,100
 - 79 percent increase since 1994 and 40-fold increase from 1960.
- For the US, agricultural products directly sold increased from \$591,820,000 to \$812,204,000 between 1997 and 2002
 - Number of farms and per farm receipts increased (\$5349 to \$6958).
- Increase in Colorado direct marketing is even more dramatic.
 - Between 1997 and 2002, almost 500 farms began direct marketing (2,343 total) and 7.5% of Colorado farms do some direct marketing (compared to 5.5% for the US).
 - Colorado revenues jumped from \$6,926,000 to \$17,406,000 in 2002.
- The USDA Ag Marketing Service found 57% growth in market sales, translating to \$17.30 per week per customer and \$306 per customer per market season.

Other local food systems

- Roadside stands & direct retail markets
- Community supported agriculture
- Farmer/chef connections
- Small-scale food processing
- Community and school gardens
- **Great News! There is growing interest and resources for each of these!!!**
- **Technical Assistance Needs of Producers growing in Area of Business Enterprises**

CSU Research and Outreach

- Specialty Crops Program
- New Office for Economic Development
- Focus Today on Business Technical Assistance from Department of Ag and Resource Economics/AgriBusiness Mgmt
 - Colorado Crop to Cuisine
 - Colorado Homestead Ranches



Colorado Crop to Cuisine

www.geocities.com/coloradocrop



What about Chefs?

- The growth in restaurant numbers and sales is an important market force to consider.
 - In 2006, US restaurant industry sales are projected to reach \$511Billion, over double the \$239 billion in 1990 (National Restaurant Association).
 - Restaurants represent 49 percent of US food dollars and is expected to reach 53 percent in 2010.
 - More than seven out of 10 eating-and-drinking places are single-unit (independent) operations.
 - Eating-and-drinking places are mostly small businesses, with 7 of 10 having < 20 employees.

Colorado Crop to Cuisine



- Organized by *Colorado State University Cooperative Extension* to build relationships between farmers and chefs
- 'FARM TO CHEF' Program
- Direct Sales/Marketing
 - Done between producers and consumers without the need for a 'middleperson'



CCC makes it easier for producers and chefs...

- Compiles availability from producers - *Availability List*
- Solicits orders from chefs
- Notifies farmers of their orders
- Delivers farmers' market products to the restaurants
- Provides invoices & bookkeeping services



Colorado Crop to Cuisine

- In 2001, 18 Northern Colorado producers marketed produce to 8 different restaurants in Fort Collins
 - Including Hewlett Packard's food service provider, Bon Appetit Management Company, the winner of 2001's Colorado Proud award for promotion of local agricultural products.
- In 2002, 15 producers marketed to 12 different restaurants and these numbers have stayed constant over the past five years
- What can we learn from Colorado Crop to Cuisine's experiences and current challenges?

Restaurant Participants

- Aspen Grill
- Café Amore
- Chimney Park
- Déjà vu
- Edward's House B&B
- Fiona's
- Pulcinella
- Spoon's
- The Canyon Chop House
- 2 local school districts!



Continuing to Innovate



- CCC Asks Customers to Support Restaurants
 - Ask owners/chefs to purchase locally
- Farmers' Markets with Value Added Products
 - Sat: Oak & Remington
 - Sun, Wed: Harmony & Lemay
- Culinary Basket Program/CSA
 - Receive weekly deliveries
- Farm to School
 - Poudre Valley: Lab School
 - Windsor School District



Colorado Homestead Ranches



- 5 ranches started selling freezer beef in 1997
- Product attributes: local, naturally grazed beef, no feedlot antibiotics or hormones
- Began selling processed meats and other producers' goods
- Processor for other producers

Colorado Homestead Ranches

- Started with freezer beef, then moved into farmers markets, then retail
- Opened Homestead Market in May 2002
 - Value added products
- Sell products to restaurants
- New meat processing facility
 - Complements past wild game processing
 - Exploring another plant
- Increasing pressure for higher volume sales

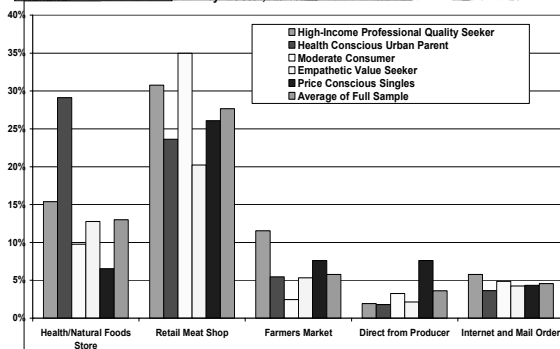
Background Information

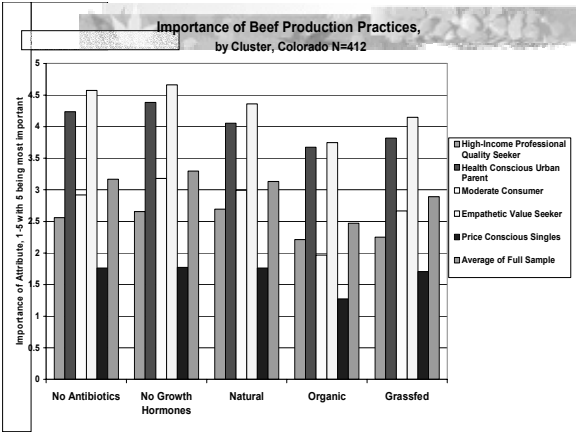
- Goal: return \$1400/head (\$2.00/lb)
 - CHR producers contribute sweat equity (they are not paid for their mgmt. labor contribution)
 - 3 years ago, began paying hourly labor for retail and sales effort
- Future goal: pay each producer for contributed labor as market and sales expand
- Market analysis to determine smartest sales growth strategy

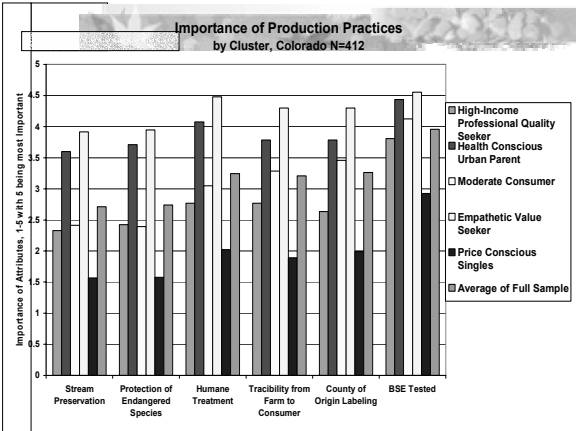
Market Analysis: Consumer Segmentation

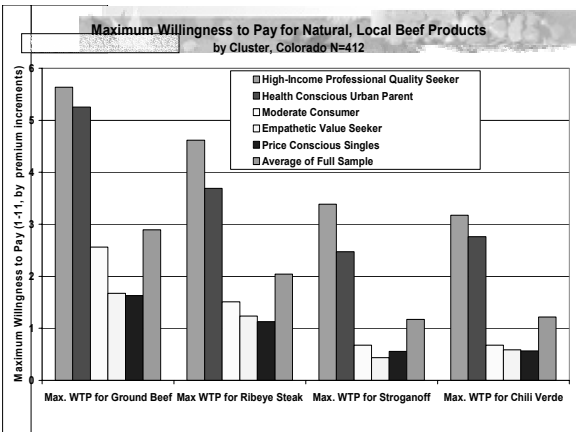
- Cluster analysis was used to create 5 consumer groups:
 1. High-income professional quality seekers (13%)
 2. Health conscious urban parents (13%)
 3. Moderate consumers (30%)
 4. Empathetic Value Seekers (22%)
 5. Price conscious singles (22%)

Share who Make Some Meat Purchases at....
by Cluster, Colorado N=412









Food Policy Councils

- These councils represent a groundswell of interest in food policy that will **stimulate local policy making to influence what we eat**, how it is produced, and how accessible nutritious fresh food is for all members of the community.
- Investing time and resources in community-based food policy councils can inspire local participation in our food systems.





Northern Colorado Food and Agriculture Policy Council Objectives

Food Security, Access, and Nutrition

To develop a partnership involving all facets of the community, to promote local food security and nutrition, through development of an integrated food policy that addresses production, consumption, and dietary health issues.

We are working closely with local school districts to help source local food products in school lunches, integrate nutrition and agricultural education in some pilot elementary programs and hope to work with health professionals in near future.

Northern Colorado Food and Agriculture Policy Council Objectives

■ **Community Economic Development**

To optimize the extent to which communities benefit financially from production and consumption of local agricultural products.

- An Economic Gardening program is being initiated in Larimer County, with participation from our group, to provide more support and less institutional barriers (ie zoning) to entrepreneurial producers and food processors.

Northern Colorado Food and Agriculture Policy Council Objectives

Productive and Profitable Agriculture:

To promote value-added processing either through local vertical integration or the development of new local businesses, which will produce and sell products closer to the end consumer.

- We are helping to promote more local food processing, following the successful model of microbreweries, through more flexible zoning standards, enhanced consumer sales opportunities (strong farmers markets, partnering with Coops/Whole Foods/Sunflower Markets) and support of innovative models (Estes Park wine tasting room).

Northern Colorado Food and Agriculture Policy Council Objectives

Environmental Effects of Agriculture and Industry


To promote the recognition of farmers as an integral part of the local community's economic, political, environmental, and aesthetic landscape.

- The group is working with Boulder county to see if smaller producer's production and stewardship goals can be more fully integrated with the public lands and open space goals of the county.

Resources Available

■ USDA Programs

- <http://www.ams.usda.gov/directmarketing/funding.htm>
- Value Added Product Development Grants
 - Due in August, feasibility and working capital programs through Rural Development at USDA
- Federal State Marketing Improvement Program
 - Market research and exploring new methods of marketing
 - February 14, 2003 deadline through CO Dept of Ag
- Sustainable Ag Research and Education Program
 - Regional, with Western proposals managed in region
 - Current Program focusing on needs of organic producers and niche beef marketing in Colorado
- Other Competitive programs from USDA
 - Community Food Projects, Integrated Organic Program, Small Business Innovation Research



Resources Available Locally

- State Departments of Agriculture
 - Directories of Local Producers
 - Colorado Proud, Arizona Grown, New Mexico: Growth with Tradition and Product of Utah
 - Regulatory Compliance Assistance
- Southwest Marketing Network
 - Great new resource for the Four Corners region
- Cooperative Extension Systems
 - Increasingly aware and responsive to direct marketing concerns
