TOWARDS A SOLANO COUNTY LOCAL FOOD SYSTEM

SUMMARY OF A FEASIBILITY STUDY OF PROPOSED SOLANO COMMUNITY FOOD CENTERS AND NEXT STEPS TO SUPPORT A LOCAL FOOD ECONOMY

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FULL REPORT AVAILABLE UPON REQUEST FROM SUSTAINABLE SOLANO
This feasibility study set out to explore the potential for the proposed development of small-scale, consumer-driven food businesses or food centers sourced by local farmers to be established in each of Solano County’s seven cities (Vallejo, Fairfield, Suisun City, Dixon, Rio Vista, Vacaville, and Benicia).

Overall, we identified limited interest by and underdeveloped opportunities for small- and medium-scale farmers to sell locally, and a relatively low consumer demand for local, value-added products within the county. Instead of moving forward with the implementation of the proposed food centers, we suggest a focus on the development of a more comprehensive strategic plan.

We also discuss possible future directions Sustainable Solano can pursue to successfully implement their vision of a sustainable local food system that expands consumer access to locally-produced raw and value-added food products and addresses distribution challenges within Solano County.

A PROJECT DEFINITION OF LOCAL

Although federal and state standards have been developed for other food designations like Organic, Humane, and Fair Trade, to date, there is no comprehensive definition of local food. The 2008 Farm Act defines local foods as those produced in "the locality or region in which the final product is marketed, so that the total distance that the product is transported is less than 400 miles from the origin of the product; or the State in which the product is produced" (Consolidated Farm and Rural Development Act of 2008). However, food retailers often develop their own definitions to promote these products in their stores. For this project, we define local as being grown and produced within Solano County.

What is Local Food?
In 2012, sales of agricultural products by Solano County farms comprised 7 percent of total California sales. Compared to California overall and Yolo County in particular, the average size of farms is increasing in Solano County. Average farm sales have consistently increased as well, although these sales are below Yolo County’s sales. Both Solano and Yolo County produce a relatively high percentage of organic commodities to satisfy strong consumer preferences for organic foods in California and beyond.

The majority of agricultural acres in the county are devoted to field crops (cotton, hay, and grain), followed by animal production. A significantly smaller acreage is dedicated to specialty crops (fruit, vegetables, nuts, etc.), though these account for much of the value generated by agricultural output in the county. In 2016, the top four crops were walnuts, nursery products, almonds, and tomatoes, but a comparison to trends observed for Yolo County suggests additional potential to grow and market specialty crops in Solano County going forward.

It is concerning that only 41 percent of all farming operations in Solano County reported a positive cash income in 2012. Furthermore, the average age of principle operators is increasing (60.8 in 2012), and, on average, Solano County farmers have been in business 23.8 years. These demographic trends suggest it is critically important to rethink agriculture in an integrated and collaborative approach that maintains and strengthens Solano County’s agricultural roots and engages new talent in building a sustainable local food system.

SOLANO COUNTY'S LOCAL FOOD ECONOMY

FARM PRODUCTION

$307 million in agricultural sales in 2012
Solano County was home to eight certified farmers markets in 2018. These markets are located in Benicia, Fairfield, Rio Vista, Vacaville, and Vallejo. Kaiser Permanente also hosts three farmers markets at its hospitals in Fairfield, Vacaville, and Vallejo. Approximately 45 percent of Solano County residents live farther than 1 mile (urban) or 10 miles (rural) from a supermarket, supercenter, grocery store, or other source of retail food. Furthermore, many of these stores do not offer fresh produce. A 2016 survey found that only 41 percent of county food retailers sell fresh fruits or vegetables.

Eight farms in the region (three of which are Solano-based) have CSA programs and deliver to Vallejo, Vacaville, Fairfield, and Benicia. They provide prepared meals as well as fresh produce, eggs, meat, honey, dairy, and seafood. The CSA programs around the county are largely operating independently and sometimes in parallel, serving the same cities. In September 2017, Sustainable Solano consolidated four different CSAs under one roof in Benicia. As a result, all participating farms have seen an increase in sales, with two farms’ subscription rates increasing by more than 100 percent over the past year.

We also identified seven farm stands or on-farm shops in the county, mostly located in Pleasant Valley and Suisun Valley. About half of these operate year-round. Products vary from seasonal stone fruit and citrus (Brazelton Ranch) to more diverse offerings such as olive oil, produce, eggs (Be Love Farm), and a shop with dried fruit and nuts sourced from outside the county (Cal Yee). Solano County had one U-pick stand (Erickson Ranch), but it closed last year and now sells solely prepared foods (jams, preserves) from the fruit they grow.

Restaurants in Solano County have been slow to adopt the “farm-to-table” trend. This is potentially a result of farmers’ lack of visibility among restaurants and food service decision-makers, lack of knowledge, and a weak demand for locally produced foods overall. We identified a small number of restaurants and other food businesses with an interest in serving locally-sourced foods. However, they need help identifying and establishing local supply relationships.

Solano's total agricultural sales and DTC sales have consistently increased over the last decade. Despite this, sales are significantly lower than in neighboring Yolo County. While Solano was on par with average DTC sales per farm in Yolo County in 1992, Yolo County has since seen an increase in average DTC per farm of 454 percent compared to a 100 percent increase in Solano. These increases point to a remarkable growth potential for these distribution channels. However, even in Yolo County, DTC sales account for less than 2 percent of total sales and only 15 percent of farms participate in these marketing and distribution channels.
EXISTING STUDIES

SUPPLY OF LOCALLY PRODUCED FOODS

The number of food hubs (operations that facilitate the aggregation, storage, processing, distribution, and marketing of locally produced food products) has dramatically increased since 2006. While empirical research suggests that food hubs can be a crucial part of a local food systems, reduce unemployment, increase tax revenue, stimulate rural economies, improve economic security, strengthen regional branding, foster and retain local businesses, improve public health and the quality of life in a community overall, many fail after just a few years of operation.

Agricultural Impact Associates already estimated the direct, indirect, and induced economic impacts of Solano County’s agricultural activities in 2017. They found that Solano farm production created $531 million in economic output and generated 4,454 jobs in the county.

Value-added food and beverage processing is one of the largest industries in the county, but nearly all raw inputs used in production come from outside the county, and most processed goods are sold outside of the county as well. Establishing distribution channels and using locally-grown inputs would allow capturing a greater portion of the returns from this industry within the county, and new retail opportunities could make these products more accessible to local consumers.

A number of studies have documented significant consumers’ preferences and willingness to pay for locally-produced food. However, estimates vary greatly, ranging from approximately five percent for Blackberry jam with the “Ohio Proud” or “Kentucky Proud” labels to over 80 percent for apples from Vermont. Even within the same product category, there can be significant variation in consumer willingness to pay. Such variation makes it difficult to approximate the magnitude of a potential premium with precision, though it is reasonable to conclude that consumers are likely willing to pay higher prices for foods produced in the Solano region.

Furthermore, institutions such as hospitals, colleges, and universities have expressed interest in using locally produced food in food service. In a national survey, roughly six percent of hospitals had a local food buying program and other sustainability practices. School districts are also a significant source of demand for local food, as more than 4 in 10 public school districts surveyed by the Economic Research Service reported participating in farm to school activities during the 2011-2012 and 2012-13 school years.

DEMAND AND WILLINGNESS TO PAY FOR LOCAL FOODS
We conducted a survey of small- and medium-size farms in the county. While we contacted 60 farmers, only fourteen agreed to participate, providing a first indication of a relatively low interest in or engagement in the local economy. Twelve of these farmers considered themselves small farmers. Nearly all farmers surveyed (86 percent) already sell their products through DTC channels. These include CSAs in the greater Sacramento and Bay Area Regions, roadside stands, farmers markets, on-farm stores, and U-pick operations. Those who sell at farmers markets do so at markets in San Francisco, Sacramento, and everywhere in between.

The farmers surveyed face a number of challenges, many of which relate to marketing their products and getting them to market. Even when farmers are able to get their goods to consumers, they face difficulty pricing their products. Often, consumers do not value the goods at prices that are profitable to farmers and expect lower price when buying through DTC channels. In additional focus groups, farmers noted that increased resources for marketing to local customers, assistance with the distribution of food products, including access to institutional buyers, and efforts to increase public awareness and education about local food production in the community would alleviate many of the challenges they face and likely help small farmers remain in business.

Efforts to open a Food Co-op in Solano County are also currently underway. The Cultivate Community Food Co-op partnered with Sustainable Solano and Solano Public Health to pilot a meal delivery system to further assess the feasibility of the proposed food centers. Over a six week pilot period, 96 meals made from local ingredients were sold at an average cost of $13.94. Limited consumer demand was the main constraint to growing the operation and sales volume, as it operated at only 68 percent of its production capacity. Consumer surveys indicate that low awareness of the benefits of local production and the perceived high prices were the primary reason for the relatively low demand. Prepared meals are likely too costly to include in the initial phase of a proposed local food network and a focus on selling local produce might be a more feasible first step.

Many farms currently involved in DTC sales that are utilizing existing retailers to promote their products are collaborating with retailers outside county lines (e.g. in Sacramento and the greater Bay Area). Thus, our analysis of consumer demand for value-added local food products conducted in partnership with the Sacramento Natural Foods Co-op provides insight into the potential demand for such products. We examined sales of preserves and baked goods produced within 100 miles of the co-op, a subset of which are marketed as local. We detect a stronger potential for marketing local production in the preserves category, though we also find a positive price premium for certain sub-categories of baked goods that carry a local label.
We further examined a number of existing and successful businesses with a focus and approach that seems in alignment with these project goals. Even though, these businesses are not located within the county, these successful operations can provide valuable insights for the further development of an updated business plan.

Ceres Community Project is a non-profit that provides low-income individuals with free and low-cost meals prepared by teens in three community kitchens in Sebastopol, CA. They source 100 percent local (60 miles) for their program and, thus, may serve as a model for a value-added social enterprise combining local food with educational and service components.

Three Stone Hearth is a for-profit business in Berkeley, CA, and one of the first community-supported kitchens in the nation. The business model is rooted in direct relations with local farmers. The store front carries mostly prepared food, as well as some raw and value-added products from local producers. An extensive public education program helps building community awareness of and demand for the products promoted, while supplementing revenue from product sales.

Capay Valley Farm in Esparto, CA is a for-profit, direct-to-consumer, wholesale food hub that does wholesale business with independent specialty retailers, restaurants, and corporate cafeterias. It now focuses exclusively on institutional customers. This might be the most relevant business model as it showcases how institutional partners can be used to build a local food economy.

Sierra Harvest (Nevada City, CA) is a non-profit that serves to support local farms and improve the quality of food in school cafeterias by introducing local, freshly-prepared food into local schools. They run a farm-incubator program, classes, and workshops for local farmers, a farm-to-school program, and the Sierra Gardens program, which establishes gardens for low-income community members.

Finally, Solano Grown, founded in 2009, operated an online marketplace on which local farmers could sell directly to consumers in Solano County. It faced challenges, as many consumers wanted to see and touch produce before buying. Transporting produce to and from the a single market location was difficult, and prices were high and varied throughout. It shut down in 2017, though the name recognition afforded by the brand may provide useful for the proposed project.
RECOMMENDATIONS AND FUTURE DIRECTIONS

One larger question this project asked is whether or not local food systems are good for both urban centers and rural communities? And who are the potential clear winners or losers within these communities? Our analysis suggests that consumers in urban centers, but mostly in urban centers outside Solano County lines currently benefit from the multifaceted agricultural production in Solano County. Furthermore, small- and medium-scale farms in Solano County struggle to utilize existing opportunities to market their products directly to consumers, especially within the county. Our supply and demand analysis strongly suggests the proposed food centers cannot be implemented and operated profitably at this point.

Rather than developing an alternative business plan, Sustainable Solano should continue to build alliances and engage diverse stakeholders to develop a more comprehensive strategic plan for a local food economy in Solano County. In particular, we recommend to focus on supporting collaboration among small- and medium-scale farmers and providing services that strengthens market access for these farmers. As an organizational structure, we recommend considering traditional cooperatives models as well as more recently developed hybrid models (e.g. New Generation Cooperatives or Limited Cooperatives Associations). These newer models can attract outside investment in more flexible ways. Building managing, processing and storage facilities to would create economies of scale would be relative capital intensive, for instance. Some services, such as the re-establishment of an online market place, might be pursued as a less capital intensive first step, however.

Sustainable Solano and its partners could focus on assembling and distributing larger orders or boxes of produce and invest in promoting the already recognized brand name Solano Grown. More generally, coordinated outreach and education that raises awareness of issues faced by local farmers and increase appreciation for local foods will be essential to increasing demand for locally produced foods within the county. Identifying and procuring contracts with institutional buyers could be one way to create predictable and reliable market channels for local producers and offer opportunities to promote local products at the same time. Investments in and coordinated efforts to promote Agritourism could be another approach that provides direct recreational benefits and educate consumers about local agricultural production. Finally, a more thorough analysis and exploration of opportunities to locally manage food assistance and related programs can ensure increased access to healthy and locally produced foods for underserved populations.

The analysis and recommendations discussed in this comprehensive feasibility study can directly benefit small and medium-scale farmers in the region, create additional job opportunities, keep revenue within the county, generate additional income, and ultimately contribute to overall economic growth in Solano County.