

OUR ECONOMY



If Mendocino County consumers purchased only 15% of the food they need for home use directly from county farmers, this would produce \$20 million of new farm income in Mendocino County.

—Ken Meter, Food Economist
Crossroads Research Center

Shamrock Artisan Goat Cheese, based north of Willits, consists of a 130-acre family-run farm. A variety of high-quality goat cheeses are produced on the ranch from Alpines, La Manchas and Nubian dairy goats. Owners and cheese makers Gilbert and Ana Cox sell their wares at all Mendocino County Farmers' Markets.

We Have What it Takes

History tells us that Mendocino County has the capacity to have a sustainable food system.

Mendocino County is in an excellent position to expand the scale of its local food production and distribution. The county's agricultural focus, temperate climate, tourism economy and extended growing season create optimum conditions for increased economic growth and sustainable jobs based on a coordinated local food system.

An Economy of Kale?

The county's many microclimates and variations in temperature allow for the production of a wide variety of fruits, vegetables, nuts, seafood and ocean products, meats, eggs, and mushrooms.¹⁷ Currently many value-added products including salsa, jam, sausage, juice, cheese (chevre and feta), olive oil, vinegar, hard cider, apple cider, applesauce, pie, tomato sauce, beeswax, honey, teas, fruit leather, dried fruit, and corn salad are locally produced. Other

crops such as citrus are grown in the county, but not at a commercial scale.

The majority of Mendocino County's agricultural economy is currently fueled by winegrape growing (\$78 million). In 2007, 9% of Mendocino County's economy was comprised of agricultural and food producing activities. In 2009, major commodities included pears and other fruits (\$13 million), field crops (\$9.5 million), livestock (\$7.2 million), livestock and poultry products (\$5.9 million) and nursery products such as mushrooms, bedding plants and nursery stock (\$2.9 million). Sales of livestock and related products fell 51%, from 1969 to 2007.

Surprisingly, vegetables, including potatoes, squash, peas, etc., generated just \$1.0 million in sales.¹⁸

Looking at these statistics, it is not surprising that few people see growing food crops as an economically viable vocation. "Everyone wants to talk about food but no one wants to be a farmer, especially when the returns aren't very good. I'm an economist. If I had ten

acres of land, I'd be growing grapes," states John Kuhry, CEO of the Economic and Financing Development Corporation.

Low Hanging Fruit

Aside from the larger scale winegrape and orchard producers, most of our local food production is being sold through direct sales (farmers markets, Community Supported Agriculture and direct sales to local businesses). Supermarkets and restaurants generally import food grown in other areas, resulting in a disconnect between producers, buyers, and consumers. While the proportion of local food purchased in Mendocino County is still small, many of our locally owned retail grocers, restaurants, and institutions are making efforts to increase their purchases from small-scale food producers. In fact, the majority of food products in the county are produced by small-scale farmers and entrepreneurs.

If the community can capitalize on the existing agricultural base, add to it, build a stronger agricultural infrastructure, bring outside dollars in and localize consumption, the potential exists to create a viable agricultural economy supplying the population, and a population willing to support the true cost of local food production.

Invest In Ourselves First

One of the primary tenets taught to beginning investors is to "pay yourself first"—setting aside funds to build savings. This simple premise can be applied to supporting our local economy, according to John Kuhry of the Economic Development and Financing Corporation (EDFC). The most steadily increasing cost of production is hired labor.

The economic challenges facing a fledgling local food system are daunting, but the first and foremost hurdle is deceptively simple: to engage as many community members as possible in using their dollars to support a local food economy—paying ourselves first.

"When you look at the whole economic question, there needs to be a large movement to localize purchasing. Consumers and institutions must make a voluntary decision to support the local model. How do you get the middle class to support Community Supported Agriculture—an ideal target market? There's a cultural

shift that has to happen. At the middle class level, I have to make the conscious decision to pay a few cents more for that organic tomato," says Kuhry. "If everyone who had disposable income purchased locally, and if institutions participated, we'd make the shift."

"Fueling" our Farm Economy

Just like their counterparts in the last century, farmers have built-in challenges getting their produce out of the county to larger markets. Limited local demand for local foods cannot sustain county farmers, but fuel costs and logistical demands make it extremely challenging for most farmers to make a profit selling at markets in the Bay Area and beyond, especially for food producers selling perishable products. Most small producers must truck their wares long distances to and from markets several times weekly. The complex task of creating a coordinated distribution network is essential for the creation of a healthy food system.

Mendocino County consumers spend \$210 million annually on food produced outside of the county. This sum represents a huge market opportunity for local food producers.



Thriving, vibrant farmers' markets are one part of a local and sustainable food system.

What We Need

Mendocino County food producers can be supported by increasing local demand for local products and creating policies and strategies that make it easier to get the food that is produced to wider markets. Food and farm entrepreneurs will benefit greatly from increased access to training, marketing assistance and capital. The infrastructure that supported farmers of the past is almost invisible, with little remaining beyond a few picturesque barns and repurposed hop kilns. Opportunities are lost due to the inability for food producers to rapidly process crops for shipping, store surplus grain or expand production on a successful line of jams and jellies. The lack of reliable, countywide high-speed Internet access is an increasing impediment to rural farmers who need to be aware of changing regulations, industry and market trends or require broadband access to showcase their products to the public.

Organics: Growing the Economy Naturally

Despite economic challenges nationwide, consumer interest in local, organic and sustainably produced foods continues to increase. National sales of organic foods have almost reached the \$25 billion mark.¹⁹ Sales of local food throughout the US were expected to reach \$7 billion by 2011. From 2010 to 2011, organic acreage in the county increased from 3,484 acres to 5,812 acres. This does not include acreage devoted to wine grapes. As Mendocino County continues to grow more organic products, the region will continue to be identified as a leader in the organic food movement. More and more county restaurants proudly display the names of farms providing food for their menus, and though not every farmer grows organically, savvy consumers know that a local apple, whether conventionally or organically grown, can be sourced directly back to the grower, providing direct product responsibility for the customer and direct feedback to the farmer.

Sean White, general manager of the Russian River Flood Control and Water Improvement District says, "The reason that some farmers are switching to organic methods is not necessarily because people are pious or loving. It's because the crops increase in value. Everything is about marketing niches. We've

A Growing Market For Sustainable, Local Food

In 2008, the National Restaurant Association reported that 62 percent of restaurant patrons chose restaurants based on their commitment to the environment, and 40 percent of fine-dining patrons indicated that they would like to see more local foods on menus.

A 2006 survey of US consumers found that respondents preferred local products benefitting the local economy. Additionally, they were willing to pay higher prices for foods grown in their state and believed that meat, produce and dairy products are influenced by the region they are grown in and the natural resource characteristics of that region.



County Bounty: A wide variety of food products are grown, processed, sold or shipped within Mendocino County.

been able to reduce those inputs because at the end of the day, the end product is more valuable. If you're not making a profit, you won't have farms. You'll have Rohnert Park. It's insane how easy it is to screw this up," White cautions.

Create a Marketing Plan

Currently, there is no comprehensive "Grown in Mendocino County" marketing strategy, despite the existence of dozens of high quality foods and beverages grown or produced in the county. Marketers understand that consumers need repetition and multiple exposures to products before the message sinks in. Without an organized and

consistent message about the superiority, quality and availability of Mendocino County-made products, we will not create a “brand” which consumers can identify with. A retail food study conducted in Fort Bragg concluded that, “Every package sent out has the potential to promote the brand. Labels educate consumers about the area and help bring people to them. Mendocino has cachet. This is a very large need and a good opportunity.”²⁰

Farm2Fork: Making the Connections

Local institutions and retail food establishments represent a significant market force that could provide local food producers with a year-round, consistent market for their goods. However, today’s framework of institutional buying calls for large volume, standardized packaging, and single source ordering and distribution. This presents a challenge for most of our county’s current producers.

Small-scale, highly diversified production and the lack of a coordinated local distribution system frustrate buyers who are eager to incorporate local products into menus and keep their shelves stocked with fresh product. Menus are generally built upon year-round product availability and do not reflect seasonal fluctuations inherent in local production. Shrinking budgets, especially for schools, senior centers and hospitals, favor an industrial, “heat and serve” approach in an attempt to curb rising labor costs associated with meals cooked from scratch. These challenges make it more expedient to buy from distributors who import cheap food and export valuable dollars out of Mendocino County.

As awareness grows about the importance of fostering good nutrition through school meals, and as individual consumers demand higher-quality food from grocers and restaurateurs, the institutional market in Mendocino County is beginning to open up to local producers. Initiatives such as NCO Community Action’s Farm2Fork program connect local farmers with institutional buyers—facilitating local purchasing by helping smooth the logistical kinks in the current system.

Susan Lightfoot, Farm2Fork Coordinator, believes we are on the right track. “Our schools, hospitals, restaurants, grocery stores and caterers believe in the

importance of buying locally, but we have to make it easier for them to do it. These buyers don’t have time to seek out multiple producers to fill their ordering needs. I help them make connections and act as a liaison between the field and the plate.”

The program has seen success in its first year. Ukiah, Anderson Valley, Fort Bragg and Willits Unified School Districts are buying fresh product directly from a number of local producers, shifting their menus to align with the county’s seasonal abundance. “We need to continue to provide training, equipment and technical support to schools and other institutions to build this market for our local farmers and ensure our children see the bounty of the county on the lunch line,” Lightfoot concludes.

The Potential of Agritourism

In 2007, 21 farms reported income of \$1.7 million from agritourism and related activities, dramatically higher than the \$193,000 earned in 2002. Twenty-eight farms earned income from tourism in 2002, so fewer farms earned considerably more income.²¹ There is a golden opportunity for Mendocino County farms to capitalize upon the steady stream of tourists coming to the region for wine tasting and sightseeing, by creating opportunities for tourists to visit and purchase products from our farms and food producers. Lake County has created an agritourism website which guides the visitor to everything from farmers’ markets and flower farms to pumpkin patches and



On-site farm events such as this celebration at Ingel-Haven Ranch, can provide farmers with an opportunity to educate the public and showcase their land and their vocation.

petting zoos. An effort of this kind, with support from County tourism, promotional organizations and local Chambers of Commerce, has the potential to increase the bottom line for many farm-based businesses in Mendocino County.

Education and Support

Increasing the availability and affordability of locally produced foods is very possible in Mendocino County. This will take a combination of public education campaigns and increased engagement and support services for local farmers.²²

Restaurants, public agencies, schools and hospitals must be inspired and educated to understand their pivotal role in helping to create and support a vibrant food system. Consumers need to understand the hidden costs of big-box bargains and the long-term consequences associated with a dwindling supply of local farmers. Retailers are in a position to enjoy the benefits of supporting their food-producing neighbors by profiting from the sales of local goods. And tomorrow's farmers need tools to respond to a changing economy: better access to and utilization of technology, private/public agency support, political advocacy and a public which places a high value on the importance of what farmers bring to the table.

Creating Our Infrastructure

The following items were identified during the Steps Toward A Local Food Economy workshops and other forums as necessary components for the creation of a viable, thriving county food system.

- » Fuel-efficient delivery fleet
- » Tool banks and lending libraries
- » Gleaners network
- » Local food websites
- » Juice presses
- » Food distribution centers
- » Seed banks
- » Grain storage, processing and flour mills
- » Commercial kitchens
- » Inventory of existing resources
- » CSA centers
- » Food producer networks
- » Marketing co-op for producers
- » Olive presses
- » Meat processing facility

Cannabis Counties: Singular Challenges and Opportunities

Like it or not, our county is growing more than tomatoes.

Land and water use, diversion of our farm labor pool, and the price of land are just a few of the agricultural issues profoundly affected by the Mendocino County cannabis economy. It is critical that we acknowledge the formidable challenges that cannabis brings to our community, while at the same time recognizing its economic potential and the need for comprehensive local oversight, within the context of adherence to local, state and federal regulations.

As we watch states like Washington and Colorado transition to what could be the beginning of the end of cannabis prohibition, it would be prudent for our community to consider the implications of these changes. If California and the nation continue the trend toward legalization, this could dramatically and rapidly alter the economic, environmental and social fabric of Mendocino County life. The long-range consequences to our community are largely unknown, but it is important to remember to include our farmers, land use and agricultural experts in discussions involving the regulation and growing of cannabis in our county.



“Mendo Lake Credit Union sees great benefits in a thriving local food economy. Many of our credit union members are farm workers who depend on local production for their livelihood - many more are participants in the local CSA and Farmers Market programs – enjoying the end product. In our ‘small community’ economy, the boost that local food production provides is invaluable to our economic health - not to mention the nutritional value that the actual produce provides for the residents of the area. It’s a win-win for everyone!”

–Richard Cooper, Mendo Lake Credit Union



Bringing Local Food to the People

When Scott and Holly Cratty purchased a Ukiah “mini-mart,” they restored the business to a new version of the old fashioned corner store. Their store, the Westside Renaissance Market, is Ukiah’s go-to place for local food. Cratty also manages the Ukiah Farmers’ Market.

A Convenience Store With A Mission

Twenty years ago, neighborhood markets were ubiquitous. “The old Westside Market was the last survivor,” Cratty explains.

“We renamed the store Westside Renaissance Market because Renaissance connotes being in the present and looking thoughtfully into the past, making sure we carry over the good parts,” he smiles.

The market is a place for local producers to showcase their wares. Cratty knows every farmer and locally based food producer personally. The market stocks grocery items, beer, wine, artisan cheeses, local meats and prepared foods, from chicken tikka masala to fresh blackberry pie. Cratty estimates over 70 family businesses have recently derived income from the market. Though the focus is local, Cratty stocks conventional items like soda and Snickers bars. “We stock Coke and Pepsi next to organic sodas, so people have the opportunity to select for themselves. If it’s just the choir we preach to, things will never change.”

A Growing Market for Local Food

The Ukiah Farmers’ Market has been operating for 35 years. “We’re in our fifth year-round season. Farmers learned the ropes of winter farming, and now we have multiple county farms selling year-round lettuce and gorgeous tomatoes in January. It’s very inspiring.”

For every promotional dollar spent by farmers’



Scott Cratty, owner of the Westside Renaissance Market, checks his vegetable inventory.

markets, large grocers spend thousands. There is a persistent myth/misconception by the public that farmers’ markets are more expensive, which we have shown is not true when comparing like items and when shopping for items that are in season.

“If we believe quality, the environment and working conditions matter, we need to know the true history of what we buy.”

A “Convenient” Truth

According to the World Bank, Americans spend less than 7% of their per capita income on food—the lowest percentage of any country recording that data. “Cheap food is subsidized. If we paid the true social costs for shipped bananas or corn syrup, that would dramatically shift the ground,” says Cratty.

“Convenience is our biggest enemy. Spending money at the easiest, most convenient location means our dollars instantly leave

our community. If we are to create a local food system, people need to ‘inconvenience’ themselves—cook with in-season, available food.”

“It’s a sacrifice to go to the Farmers’ Market on a rainy Saturday morning,” Cratty explains. But once consumers reap the benefits of buying locally, they are more willing to make the trip, despite the inconvenience.

“Part of sustainability is awareness of what happens to our food when no one is looking.”

What We See is Not What We Get

“If you saw the real story of how foods get to a store—the working conditions, how crops are sprayed, processed, and stored in a sack in dingy conditions...if we had a clue where food came from, we’d never buy it. Low-priced items are low-priced because corporations pay lower wages. When we purchase that item, it encourages companies to cut more corners. If we believe quality, the environment and working conditions matter, we need to know the true history of what we buy. Part of sustainability is awareness of what happens to our food when no one is looking. At the Farmers’ Market, we look into the eyes of the people who grow our food. Once people know the real story, their reasons for shopping locally shift radically.”

Creating Community— One Bite at a Time

Cratty regularly makes community presentations about local food. “Everyone understands the message. After the presentation, some begin to shop at the Saturday market. People learn sustainability.



Cratty focuses on providing consumers with as many locally grown and/or produced products as possible. Cratty is proud to partner with Fort-Bragg based Thanksgiving Coffee Company, arguably the nation’s first sustainably-based coffee importer and roaster.

They move from middle of the grocery aisles to the produce department and then to the organic section. Then they become brave enough to visit the Co-op, and the next steps are to start shopping at the farmers’ market and, if possible, to join a CSA. Unfortunately, stagnating economies encourage people to migrate back to box stores—the more ‘convenient’ option.”

“Our challenge is getting this message into mainstream conversations so it is regularly reinforced. Then people begin to make small shifts in their purchasing, get involved with the food community and reconnect to food, and to each other.”

OUR ECONOMY: GOALS & ACTIONS

Goal 4: Encourage Institutions to Support Our Regional Food System

- 4.1 **Develop programs that facilitate and support local food purchasing and utilization.**
- 4.2 **Advocate for increased federal and state meal reimbursement rates.**
- 4.3 **Reinstitute fully functional institutional kitchens.**
- 4.4 **Educate and empower institutional decision-makers.**
- 4.5 **Revise institutional purchasing policies to incorporate geographical preference, prioritizing the purchase of regional foods.**
- 4.6 **Encourage institutional development of composting and zero waste programs.**

Goal 5: Develop the Regional Food Economy and Infrastructure

- 5.1 **Create a collaborative task force to recommend policy changes and economic development priorities that support small food businesses.**
- 5.2 **Create community-driven, inclusionary procedures that include input from agriculture-related institutions (University of California Cooperative Extension, Farm Bureau, Granges, etc.) to develop, plan and implement local food policy.**
- 5.3 **Develop information and education producers about cooperative ownership models and cooperative networks. (CSA Co-Op, Co-Op Processing Facilities, etc.)**
- 5.4 **Assess the status and availability of existing food processing facilities and small business incubators. Support the development of new businesses as needed.**
- 5.5 **Promote government and private investment in the local food and agriculture sectors.**
- 5.6 **Increase the use of renewable energy and fuel efficient vehicles and equipment for production and distribution.**
- 5.7 **Coordinate county food distribution to more effectively utilize new and existing resources such as distributors, food banks (back hauling), and local retailers.**
- 5.8 **Establish and maintain policies and ordinances that create access and support for urban food production.**
- 5.9 **Support the creation of a grain storage and processing facility.**
- 5.10 **Support the creation of an appropriately sized and located multi-species meat processing facility.**
- 5.11 **Establish a vehicle for local investment in farms and food system projects.**

Goal 6: Increase Consumption of Local and Regional Food. Improve Financial Viability of Local Food Producers

- 6.1 Support the development and marketing of Mendocino-branded foods and related value added products.
- 6.2 Collaborate with Chambers of Commerce and other organizations to produce a “Buy 10% Local” and “I Buy Local Food” advertising and promotional campaigns.
- 6.3 Improve public awareness of the value of local food and the true costs of food production.
- 6.4 Ensure regulatory support for food production and distribution.
- 6.5 Develop market support for local farmers and producers.
- 6.6 Create and utilize a web based virtual food marketplace that includes real time product availability.
- 6.7 Establish a centralized system that identifies retail outlets for local products.
- 6.8 Provide support and education to boost attendance and sales at farmers’ markets, CSAs, and local food outlets.
- 6.9 Increase sales of local seasonal food at local businesses (restaurants, grocers, retailers).

