



*VIRGINIA DEPARTMENT
OF AGRICULTURE AND
CONSUMER SERVICES*

**ANNUAL REPORT ON
THE VIRGINIA FARMERS MARKET
SYSTEM**

2005 REPORT AND 2006 PLAN

January 2006

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I. LEGISLATIVE MANDATE

Report to the Chairmen of the House Committee on Agriculture, the Senate Committee on Agriculture, Conservation and Natural Resources, the House Committee on Appropriations, and the Senate Committee on Finance.

This report to the Chairmen of the House Committee on Agriculture, the Senate Committees on Agriculture, Conservation and Natural Resources, the House Committee on Appropriations, and the Senate Committee on Finance complies with the requirements of House Bill 1038, passed by the 2000 General Assembly and signed into law by Governor Gilmore.

This legislation (§ 3.1-73.5 B.), which became effective July 1, 2000, requires the Commissioner of Agriculture and Consumer Services to submit a report summarizing the market operators' reports and plans for each year, beginning on January 1, 2001 for the markets operating pursuant to a contract between the Commissioner and the market operator during the preceding calendar year.

The plan shall describe the operators' goals for the coming year as to acreage to be served by each market, the types of crops to be sold at the market, and the number of brokers, buyers and producers to utilize the market.

The report shall describe the extent to which the goals for the previous year were met.

II. EXECUTIVE SUMMARY

The Virginia Farmers Market System includes four shipping point farmers markets, each operating under a contract between the Commonwealth of Virginia and private sector and/or county government organizations:

- The Southwest Virginia Farmers Market, Hillsville, is operated by the County of Carroll
- The Eastern Shore of Virginia Farmers Market, Melfa is operated by a producer cooperative
- The Northern Neck of Virginia Farmers Market, Oak Grove is operated by local vegetable producer association
- The Southeast Virginia Farmers Market, Courtland is operated by local vegetable producer association.

For the 2005 harvest year volume and value of produce handled was steady to slightly declining as compared to 2004. Statistically the breakdown is as follows:

- 269 producers marketed product and/or used market services at the four markets (combined), compared to 284 producers in 2004
- Gross value of products marketed was over \$19 million representing over 2.23 million product units, compared to \$23.05 million in 2004 representing 2.08 million product units

- The markets served 5,749 acres in 2005, compared to 5,554 acres in 2004
- The system served 72 brokers and 382 major retail stores and institutional buyers, compared to 55 brokers and 444 retail stores and institutional buyers in 2004

Significant factors affecting production and marketing volumes for the past year as cited by the market operators in 2005 were, on the negative side:

- Increased fuel and input costs cut profitability dramatically
- Extreme weather volatility with a cold wet spring and early summer followed by extreme heat and drought in most areas
- Continued increase in buyer trends toward purchasing local produce which enhanced more local marketing and sales opportunities, thus decreasing the need for sale to wholesalers
- Slow economic recovery in some regions of the state
- Continued produce buyer consolidations resulting from mergers and buyouts, a trend that shows no sign of ending
- Tighter competition, particularly from other domestic and international supplier sources, another continuing trend
- Market windows growing more narrow, thereby stopping or compressing product movement
- Ever changing consumer demand on product mix and varieties
- Continued downward trend producer numbers and acreage, “suburbanization” of production areas and associated escalation in land values (increasing operating costs for rented land) is becoming a critical factor
- Labor continues to play a significant role, two of four markets report that their producers use migrant labor. Labor supply and housing continue to be issues for two of the system’s markets (Eastern Shore and Northern Neck).
- The Southeast market continues to struggle in attracting producers to the market and increasing the volume of produce raised in the region. The region traditionally has been a “row crop” area- corn, soybeans, cotton and peanuts. Recruiting and convincing farmers to shift from these traditional crops into produce has been difficult.

On the positive side:

- Virginia producers continue to be adept at changing both the volume and varieties of their product mix to meet consumer demand
- Generally higher produce prices due to extremely limited supplies
- Production meetings and grower educational sessions were held in regions served by all markets during winter months to educate growers on market demand and production techniques
- Good Agricultural Practices (GAP) and Food Safety Training Workshops were held in several market areas to enable markets and producers to attain consistent product quality and food safety standards which are being required by an increasing number of wholesale buyers

- The Eastern Shore of Virginia Farmers Market continued as an agricultural service center. The cooperative operator operates and manages the wholesale market and manages the Southeastern Potato Marketing Committee. Eastern Shore's cotton gin, Shore Gin & Cotton, Inc., renewed a lease on one brokerage office on the market site and outside management will oversee cotton ginning operations
- The Southwest Virginia Farmers Market has traditionally served as a traditional wholesale regional product operation in season and brokered non-regional product out of season. Tenants on the market have been able to improve regional producer's ability to enter the marketplace by maintaining a year-round presence in the marketplace
- The Northern Neck of Virginia Farmers Market enhances market volume by moving a moderate amount of non-regional product in early spring prior to Virginia's harvest season, which enhances their reputation and supply capabilities with their wholesale customers

III. PRODUCTION CONDITIONS AND MARKET FACTORS

The 2005 production year was one of the more difficult in the history of Virginia's shipping point farmers market system. Two issues affecting the situation were the extraordinary increases in fuel and input costs and extreme weather volatility. In general, a cold wet spring limited planting and was followed by the extraordinary seasonal weather conditions beginning as a prolonged very cold and wet spring and early summer and ending with very hot dry production conditions.

In 2005 season the earliest spring plantings had to be plowed under and replanted which lead to missed market windows on the salvageable crops. Delayed/late plantings for cool weather growing crops, such as broccoli and greens were faced with the opposite in weather conditions, hot and droughty, which severely cut yield. Some fortunate vegetable producers were able to hit the market at just the right time with quality product. Those few found favorable prices on extremely limited supplies. Crop insurance and other federal programs offered some financial respite for a number of growers who were not as fortunate.

For the Southwest Virginia market, market window opportunities were narrower than normal due to their more limited growing season compared to other production areas in the state. Pumpkin acreage increased slightly; however, total volume was lower because of a decrease in yields.

A poor regional economy remains prevalent for the Southwest Virginia market and has a dramatic sales affect by limiting customer purchases. The market is seeing few buyers representing small, independently owned stores and produce stands, but there is more interest from chain buyers.

Producer numbers is a major change for the Eastern Shore market with virtually no small growers, representing 10 to 15 acres, using the market's services.

Market management is seeing decrease volumes of traditional crops being produced on the Eastern Shore, i.e. cucumbers, sweet corn, asparagus, green peppers and Irish potatoes. Once again in 2005, there was no commercial sweet corn grown on the Shore. Several years ago, the Eastern Shore market was traditionally a major supplier for the Fourth of July sweet corn market. The Northern Neck market, among the four system markets, was the only supplier of sweet corn to retail buyers. Pickles, a market stable several years ago, still have not returned to the market. In 2005, the Eastern Shore Farmers Market did not provide hydro-cooling or packing services for individual producers.

The Southeast Virginia Farmers Market continues to struggle to convince producers to expand produce production in the region. According produce volume for the market lags well behind the other markets. The market did note that area melon and cantaloupe growers received good prices as grower have shifted production to meet growing consumer demand for seedless melon varieties.

Statewide producer education and research resources improved in 2005 with several Horticulture Production specialists being hired by the Virginia Cooperative Extension Service. The payoff from this increased staffing will improve over the next several years once research trials are expanded and accelerated. This resource is desperately needed to keep vegetable and fruit producers on the cutting edge of new production technologies and newer plant varieties that will assist producers' competitiveness with other domestic and international suppliers.

IV. SUCCESS IN MEETING GOALS FOR THIS YEAR

Weather extremes and the regional economic factors resulted in most market system operators having some difficulty in meeting their goals for 2005.

The Southwest Virginia Farmers Market bases their success on their ability to sell available local products. For 2005, several crops such as tomatoes, peppers, green beans, sweet corn, cucumbers, potatoes, squash, pumpkins and peaches had significant increases in planted acreage since the market opened in 1992. Pumpkin acreage has increased to become the second largest crop in the region.

For the Eastern Shore of Virginia Market, one of the market operator's goals was to maintain a full market of tenants. Going into the 2005 season, their facility was fully leased. One market slot was spot leased in 2005. The Eastern Shore market operator is managing a seasonal migrant labor housing project for the largest market tenant. The facility, when completed, will house 500 seasonal workers. Phase 1 activities including feasibility studies, blueprint and regulation interface and phase 2 activities such as soil studies, blue prints and site preparation for construction have been completed. The facility will be built to both Virginia Code and Federal specifications.

The Northern Neck of Virginia Farmers Market operator met their numerous goals. The Northern Neck Market has a continuing emphasis on producer education and development. The growers association, in cooperation with market management, sponsored winter producer meetings. Training sessions focused on plans and commitments for the 2005 production year. The growers association sponsored an educational trip opportunity for growers interested in using market services. The 2005 educational trip effort was to the Mid-Atlantic Fruit and Vegetable Convention in Hershey, Pennsylvania in early February, 2005.

Good Agricultural Practices (GAP) training, another educational goal, was provided for producers to assist Northern Neck region's production to meet buyer demands. Certification enhances marketing opportunities for regionally grown product to retail grocery buyers who now require it. Additional producer training and development efforts were implemented through product quality grading workshops. The immediate outcome was a higher quality product arriving at the market for commingling into major produce sales. Additionally, copies of the 2004 Commercial Vegetable Production Recommendations for Virginia were purchased and distributed to members.

Seven Northern Neck of Vegetable Growers Association members and three market staff attended the 2005 PMA-Fresh Summit in Atlanta to work with VDACS staff in the market promotion of Virginia produce. The trip allowed growers to meet buyers, obtain possible sales leads and see first hand the size and scope of the produce industry.

The market operator's goal to increase prices and enhance profitability for producers using Northern Neck market services was addressed in several ways. Pre-season commitments with category buyers on the part of marketing staff helped solidify market product needs and producer delivery schedules.

Addressing migrant labor issues was another continuing goal for the Northern Neck market. The association continued their work with the Rappahannock Migrant and Seasonal Worker Council and with the Telamon Corp. to develop worker housing for the region. Telamon has received grants totaling \$400,000 to assist growers with cost-share on worker housing on the farmers own farm sites. Two projects in Westmoreland County are underway.

For the Southeast Virginia Farmers Market, Virginia-Carolina Growers, Inc., market operator, indicates they have met their modest customer and wholesale produce volume goals in the second year of the organization's contract with the state. The organization's goals for handling cabbage, eggplant, potatoes, squash and tomatoes were met and watermelon volumes were exceeded. The organization formed a relationship with the Northern Neck of Virginia Farmers Market management to handle product sales during the 2004 harvest year and that relationship continued in 2005.

V. MARKET GOALS FOR THE COMING YEAR

The Southwest Virginia Farmers Market's goals for 2006 include the following:

- Increase diversity in the region's vegetable production
- Build stronger major grocery retail buyer relationships to counter reduction in sales to small independent stores and produce stands
- Obtain funding for additional warehousing and cooling space
- Sell available product at the highest possible prices that will contribute to producer profits
- Enhance producer awareness through educational opportunities through grower meetings and field demonstrations in the region

The Eastern Shore of Virginia Farmer's Market operator's goals for 2006 include the following:

- Maintain present tenants to ensure profitability
- Serve in a leadership role to work closely with cooperative extension service to participate in agricultural conferences and local agriculture days for the public school system
- Promote the market and its' economic development activity through presentations at local civic organization meetings
- Manage the Southeastern Potato Committee at the request of the Board of Directors. The committee operates the USDA Marketing Order #953

The Northern Neck of Virginia Farmers Market operator's goals for 2006 include the following:

- On education:
 - Investigate the need for and provide education on GAP/Food Safety for those producers wishing to gain certification
 - Conduct a scholarship program for a local college student interested in pursuing an agricultural career
 - Conduct educational programs that meet the needs of Eastern Virginia growers
 - Support local and regional educational activities that promote agriculture and agriculture education
 - Sponsor tours or trips for association members to learn better management and production practices
 - Provide Commercial Vegetable Recommendation guides to the association membership
- On Promotion/Profitability:
 - Support and encourage development of new marketing strategies and new markets for member/grower produce
 - Communicate with growers to keep them informed of market conditions
 - Review farmers market policies and procedures in an effort to bring more benefits to growers/users
 - Participate in national produce meetings and tradeshow to promote Virginia produce

- Continue contacts with state legislators on concerns and needs of the farmers market system and report impacts of the local market
- Continue to work with the Migrant Labor Council on housing issues and provide leadership towards methods of interfacing with producers

The Southeast Virginia's Farmers Market operator's goals for 2006 include the following:

- Expand sweet corn and green bean acreage that will result in increased volume
- Actively recruit new growers
- Rework corn and green bean packing lines and retrofit five coolers in space previously occupied by Department of Corrections
- Continue an alliance with the Northern Neck of Virginia Farmers Market management to assist in providing sales service

VI. PRODUCER ATTITUDES ON PROFITABILITY AND OUTLOOK FOR THE FUTURE

The Southwest Virginia market reports that they expect increased acreage for green peppers, pumpkins and green beans for 2006. Growers are optimistic as evidenced by their investment in more sophisticated production equipment and their use of black plastic and drip irrigation production techniques. Market management feels that growers are interested in continuing and expanding vegetable production.

The Eastern Shore market operator is seeing spiraling increases in land values that affect availability of owned and leased acreage for produce production. This situation is leading vegetable producers to continue the search for more profitable crops. The increase in land values is prohibiting younger producers from entering into vegetable production. Long time producers are diversifying between vegetables and grain. The future for Eastern Shore vegetable production is in doubt with the lack of younger vegetable producers. As the growers become older and retire, planted acreage declines. The Eastern Shore Marketing Cooperative, Inc. will continue to provide services and encouragement to assist the agricultural community in this period of change.

The Northern Neck of Virginia market operator reports that producers are expected to remain active. There is some concern about reduced acreage for produce production in the region. Through market staff and producer leadership, the association has efforts in place to meet producer/buyer needs and has instituted pro-active measures of addressing issues affecting producers and marketing efforts on an on-going basis.

The Southeast Virginia market operator reports that there is some concern regarding future development of a grower base in Virginia's southeast region as long as row crops remain profitable. There is expected to be a continued attempt to transition growers from row crops to produce production, principally sweet corn, green beans and watermelons.

**VIRGINIA FARMERS MARKET SYSTEM
ANNUAL PLAN AND REPORT**

DECEMBER 1, 2005

ACREAGE AND CLIENTELE OVERVIEW

	2005 GOAL	2005 ACTUAL 12/01/05	2006 GOAL
Producers served	298	269	285
Total acres served	5,435	5,749	6,320
Brokers served	59	72	64
Buyers served	292	382	382

**VIRGINIA FARMERS MARKET SYSTEM
ANNUAL PLAN AND REPORT
December 1, 2005
CROP VOLUME AND VALUE**

	Grand Total	Total	Total	Grand Total
	Goal Units	Actual Units	Actual Value	Goal Units
	2005	2005	2005	2006
Apples	85,000	118,030	\$1,281,486	85,000
Asparagus	0	5,291	\$42,841	0
Beans	14,500	42,312	\$550,430	15,000
Blueberries	0	552	\$10,952	0
Broccoli	0	69,804	\$687,380	5,000
Bins	0	103	\$3,372	0
Cabbage	3,000	29,420	\$173,460	15,000
Crates	32,000	27,825	\$194,775	32,000
Cantaloupe	0	352	\$4,625	500
Bins	500	1,870	\$149,806	250
Singles	75,000	109,670	\$137,088	145,000
Cauliflower	0	0	\$0	0
Chili Peppers	0	895	\$9,343	0
Corn	0	194,881	\$1,413,108	0
Bins	200	82	\$7,955	100
Crates	29,000	13,740	\$121,710	28,000
Corn Stalk Bin	0	6	\$871	0
Cukes	33,000	152,645	\$1,339,964	19,000
Bins	0	30	\$4,645	0
Eggplant	100	20,507	\$173,767	100
Greens	0	7,557	\$55,876	2,500
Indian Corn	0	0	\$0	0
Jalapeno	0	5,326	\$55,045	0
Nectarines	2,500	1,219	\$18,270	2,000
Okra	0	112	\$1,644	0
Onions	0	8	\$550	0
Peaches	28,000	8,529	\$84,226	10,000
Pears	900	847	\$12,705	850
Peas	500	4	\$64	0
Peppers	33,000	126,524	\$1,173,873	35,500
Bins	0	0	\$0	0
Pickles	25	0	\$0	0
Potatoes	11,000	30,848	\$278,247	26,500
Pumpkins	0	0	\$0	0
Bins	100	0	\$0	100
Singles	35,000	38,180	\$57,270	40,000
Radish	0	1,208	\$9,744	0
Squash (hard)	3,000	6,555	\$66,001	5,000
Yellow Squash	900	132,813	\$971,606	3,400

- Continued -				
Straw	0	0	\$0	0
Strawberry	7,500	9,537	\$95,600	8,500
Sweet Potato	250	230	\$2,300	250
Tomato	701,000	862,148	\$8,118,342	857,000
Turnips	200	0	\$0	200
Watermelon	0	320	\$27,165	0
Bins	6,700	4,010	\$283,111	5,000
Singles	0	3,375	\$10,125	3,500
Zucchini	0	156,839	\$997,916	0
Miscellaneous	12,000	49,356	\$507,517	10,000
TOTAL	1,114,875	2,233,559	19,134,775	1,355,250
	Grand Total	Total	Total	Grand Total
	Goal Units	Actual Units	Actual Value	Goal Units
	2005	2005	2005	2006
Boxes	936,375	2,034,668	18,164,047	1,101,300
Bins	7,500	6,101	449,760	5,450
Crates	61,000	41,565	316,485	60,000
Singles	110,000	151,225	204,483	188,500
TOTAL	1,114,875	2,233,559	19,134,775	1,355,250

APPENDIX

**Virginia Farmers Market System
Virginia Department of Agriculture and Consumer Services
Organizational and Reporting Structure**

