



*VIRGINIA DEPARTMENT
OF AGRICULTURE AND
CONSUMER SERVICES*

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

2009 REPORT AND 2010 PLAN

January 2010

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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 (§ 3.2-3501), which became effective July 1, 2000, requires the Commissioner of Agriculture and Consumer Services to submit a report on or before February 1 of each year summarizing the market operators' reports and plans for each year for the markets operating pursuant to a contract between the Commissioner and the market operators 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 the Eastern Shore Marketing Cooperative, Inc.
- The Northern Neck of Virginia Farmers Market, Oak Grove, is operated by the Northern Neck Vegetable Growers Association.
- The Southeast Virginia Farmers Market, Courtland, is operated by Farmers Market, L.L.C.

For the 2009 harvest year, volume (units sold) was up 2.6 percent while the value of produce handled was up 24.8 percent when compared to 2008. Statistically the breakdown is as follows:

- 116 producers marketed product and/or used market services at the four markets (combined), compared to 95 producers in 2008
- Gross value of products marketed was \$37.1 million, representing 2.8 million product units; compared to \$29.7 million in 2008, representing 2.7 million product units.

- The markets served 5,918 acres of production in 2009, compared to 5,443 acres in 2008.
- The system served 33 brokers and 208 major retail stores and institutional buyers, compared to 42 brokers and 226 retail stores and institutional buyers in 2008.

Factors which had a positive effect upon production and marketing volumes for the past year as cited by the market operators in 2009 were:

- Virginia producers continue to diversify their vegetable production, both in terms of product mix, varieties, and volume, thereby better serving customer demand while also spreading production risk.
- Vegetable prices, on average, were higher. The higher prices resulted in part from adverse weather conditions and smaller crops in competing production areas.
- An 8.7 percent increase in acreage served by the markets more than offset any reduced yields resulting from adverse weather conditions in certain parts of Virginia.
- Production meetings and grower educational sessions were held in regions served by all markets during winter months to educate growers on market demand, production recommendations and techniques.
- The Southwest Virginia Farmers Market continues its transition from a market that was primarily serving wholesalers catering to individual stores/fruit stands, restaurants, and other wholesalers to one that is increasingly packing and shipping to chain grocery stores and to companies that supply them.
- Two hydro-cooling units were installed and operational at the Southwest Virginia Farmers Market in 2009. The hydro-cooling capability proved to be instrumental in opening sales avenues for the region's sweet corn crop, with sales volume three times greater than in 2008. Corn was the markets second largest crop in terms of sales value in 2009.
- The addition of two major retail chains as customers and the increasing popularity of "buy regional" programs in nearby metropolitan areas aided the Northern Neck of Virginia Farmers Market in moving increased product at good prices.
- The Eastern Shore of Virginia Farmers Market continued as an agricultural service center. The cooperative operator manages the farmers market as well as the Pacific Tomato Growers housing site and the Southeastern Potato Committee, which manages the USDA Marketing Order that allows potato producers to export product to Canada. The market also provides scale services for the vegetable and grain trucks leaving the Shore and dry storage, whenever possible, for boxes etc. for vegetable producers.
- The Eastern Shore of Virginia Farmers Market is attempting to meet the needs of both the small grower, whose numbers and acreage are declining, and the larger corporate grower, whose acreage is increasing, by leasing space to a large tomato operation and also to a year round broker who buys locally from smaller scale growers.
- Lower commodity crop prices allowed for more opportunity to promote the production of vegetable crops in Southeast Virginia, as growers were looking for other sources of income in the poor economy.
- The development of a working relationship between the Southeastern Virginia Farmers Market (SVFM) and Northern Neck of Virginia Farmers Market (NNVFM), whereby sweet corn, yellow squash, and zucchini grown in southeast Virginia would

be handled and cooled at the SVFM and then shipped to NNVFM to be sold, led to increased production of these crops.

Negative factors affecting production and marketing volumes for the past year as cited by the market operators in 2009 were:

- Adverse weather conditions, especially the excessive moisture experienced at times during the growing season, resulted in lower than average yields for many crops.
- Wholesale product buyers continued to decline in number, as a result of consolidations and closures.
- The condition of the economy in some of the market regions is worse than the national economy.
- Due to a lack of local labor, vegetable growers in most regions are dependent on migrant labor. The availability and high cost of migrant labor, as well as the migrant housing requirements continue to be issues of concern.
- The relatively high value of land on the Eastern Shore for residential construction continued to make it difficult to acquire farmland for purely agricultural use. The higher prices for land have also driven up the rental rates of acreage for farming to record levels.
- Eastern Shore has experienced a production shift by many growers from traditional vegetables to an increased acreage of corn, soybeans, wheat, and to a lesser extent cotton, resulting in declining vegetable acreage being planted on the Shore.

III. PRODUCTION CONDITIONS AND MARKET FACTORS

Markets in Virginia's shipping point market system had a 2.6 percent greater number of total units sold through the system in 2009 as compared to the previous year. The total value of the units moving through the markets, at \$37.1 million, was up 24.8 percent as compared to 2008. Adverse weather conditions, especially excessive moisture experienced at times during the growing season, caused yields to be less than average for some crops. The reduced yields were offset somewhat with an 8.7 percent increase in acreage served by the markets.

Prices received for produce during the year were mixed, depending on the particular produce item and the time sold during the season. However, prices overall were higher in 2009 as compared to 2008, which contributed greatly to the increased value of the product moving through the farmers market system. The increased prices were due in part to weather problems and reduced supplies available in competing production areas.

The Northern Neck of Virginia Farmers Market expanded their customer base significantly with the addition of two major grocery store chains. Also, the increasing demand of consumers for "local" product has increased product sales into nearby metropolitan areas.

The Southwest Virginia Farmers Market continued efforts to diversify their product base in 2009. The addition to the market's tenant base in 2008 of a major greens supplier has resulted in the region's greens production increasing from 0 in 2006 to 51,000 boxes in 2009. The market has placed major emphasis on broccoli production, which is a crop similar to cabbage, the region's traditional major vegetable crop. However,

unlike cabbage, consumer demand for broccoli continues to increase. Broccoli production in the region increased from 0 boxes in 2006 to 46,000 boxes in 2009. The volume of sweet corn moving through the market tripled in 2009, due in large part to the market installing two hydro-coolers which provided the capability to provide hydro-cooled product. These three crops comprised 56 percent of the value of product moving through the Southwest Virginia Farmers Market in 2009. Past and continuing efforts to pack and ship to chain stores and other operations that supply such businesses have proven successful and each year a larger percentage of the markets' shipments go this route.

Agriculture on the Eastern Shore continues to be in a period of transition and major change. Market management reports seeing very few small acreage growers and that farms ranging from 10 to 15 acres have virtually disappeared. There is a continuing decline in the acreage of traditional vegetable crops on the Eastern Shore with 2009 having seen no production of some previously commercially grown crops such as sweet corn, green peppers, and peas. The decline in the traditional vegetable crops is being offset by increased acreage in corn, wheat, soybeans, and to a lesser extent cotton. The largest commercial vegetable land utilization now is in tomato production.

Lower commodity prices allowed for more opportunity to introduce the production of vegetables in southeast Virginia, as some growers were looking for other sources of income. Watermelon sales increased by 50 percent at the Southeastern Virginia Farmers Market. A working relationship between Southeastern Virginia Farmers Market and the Northern Neck of Virginia Farmers Market relative to handling, cooling and sales of product enabled increased acreage of sweet corn, yellow squash, and zucchini to be produced in southeastern Virginia.

IV. SUCCESS IN MEETING GOALS FOR THIS YEAR

The stated goals of most market system operators were met for 2009. The number of units moving through the system exceeded the goal by 9 percent. The total number of acres served by the system was 6 percent greater than the combined stated goal of the operators and the total number of producers served exceeded the goal by 14 percent. The only exception in meeting the stated combined goals was in the total number of brokers and buyers served, which was 4 percent short of meeting the goal.

The Southwest Virginia Farmers Market was successful in continuing to increase the amount of product it moved into chain store channels. This was due in large part to the increasing diversification of the vegetable product base available from the area. Improvements in the packing and cooling of product also aided the market in moving product and achieving this goal. Historically, the market has relied heavily on wholesalers, which catered to individual stores/fruit stands, restaurants, and other wholesalers, as its primary marketing outlet. The market share going to wholesalers has declined dramatically, while the share going directly to chain stores has increased.

The retail portion of the Southwest Virginia Farmers Market continued to prosper in 2009. Thanks to funding received from several grants, the market was able to make needed improvements in the entrance and parking areas for the retail section, which will

make the area safer and more easily accessible. The market operator is working with a private investor to develop a small mall on property adjacent to the retail area. This is expected to further increase the traffic in the retail area of the market. The availability of the Senior Farmers Market Nutrition Program (SFMNP), whereby certified producers selling on the market can accept SFMNP checks from participating senior citizens, has also increased retail sales.

The Southwest Virginia Farmers Market's goal and corresponding effort to diversify the region's production into a wider array of crops continued to show progress. The continuation of the broccoli and leafy greens projects proved to be successful and continued expansion of these relatively new crops to the region is expected. It is felt that this diversification gives the regions producers a better chance of increasing income, increasing the buyer base, spreading risk, and lessening some of the price competition between individual growers.

The Southwest Virginia Farmers Market obtained funding from The Virginia Tobacco Indemnification and Community Revitalization Commission for the purchase of two forced air coolers and additional handling equipment, which are expected to be operational for the 2010 season. The installation of this equipment, in addition to the hydro-coolers installed in 2009, will aid the market in helping to diversify and expand the region's vegetable production and marketing.

The Northern Neck of Virginia Farmers Market operator continued to exemplify their commitment to education. In 2009, the scholarship fund for area youth to study agriculture was increased to \$8,500. This is a firm commitment to the future of agriculture and the viability of the industry by investing in the next generation of agriculturalists. They also invested in producer education by hosting their annual production meeting (55 attendees), co-sponsoring and attending other area meetings, and coordinating an educational trip to California (38 attendees) to see firsthand the production methods employed on the west coast. The Association was successful in securing a United States Department of Agriculture (USDA) grant for specialty crop enhancement for \$8000 to offset costs for producer education in 2010.

Four members of the Northern Neck Vegetable Growers Association and sales staff represented the Association and the Virginia vegetable industry at the annual Produce Marketing Association's Conference and Trade Show in Anaheim, California in October 2009. Members assisted the Virginia Department of Agriculture and Consumer Services (VDACS) with staffing the Virginia Grown exhibit, promoting the region and the state's produce.

The Eastern Shore of Virginia Farmers Market operator, with a goal of working with its current tenants to ensure that they remain profitable, has made a conscious effort to keep lease rates as low as possible. In order to maintain the low level rental rates, the Eastern Shore Marketing Cooperative Inc. has taken on outside contracts for additional income. The contracts include management of the Pacific Tomato Growers housing site and the management of the Southeastern Potato Committee, which manages the USDA Potato Marketing Order #953 that allows potato producers to export to Canada. The operator leases four bays and two coolers to a tomato operation, one bay to a year-

round broker who buys locally and non-locally, which leaves two coolers available for spot lease.

The Southeast Virginia Farmers Market (SEFM) was successful in increasing the number of watermelon producers and acreage being handled at the market. Also the acreage of sweet corn, yellow squash, and zucchini was increased by virtue of a working relationship with the Northern Neck of Virginia Farmers Market (NNVFM), whereby the SEFM handled and cooled the crops and the sales were handled by NNVFM. The Department of Corrections (DOC), which continues to lease space at the market, handles their own production and shipping from the facility as well as serving as a buyer of some production from area growers. The Southeast Virginia Farmers Market operator continued to evaluate the suitability of other produce crops, especially sweet potatoes and butterbeans, for production by area producers.

An attempt to establish a produce auction at the Southeast Virginia Farmers Market for the benefit of small local producers was unsuccessful in 2009. However, discussions with a new auctioneer have produced positive feedback and plans are underway for the produce auction to begin in 2010.

V. MARKET GOALS FOR 2010

The Southwest Virginia Farmers Market's goals for 2010 include the following:

- Continue transitioning sales for the region's produce into chain stores or wherever the best, most stable prices are available.
- Continue to develop as much product diversity as possible.
- Enhance producer awareness and education through regional extension meetings, small-scale grower meetings, and one-on-one discussions.
- Continue efforts to assure that proper cooling, packing, and handling equipment are available for achieving the goals of the market.
- Properly address food safety issues.

The Eastern Shore of Virginia Farmer's Market operator's goals for 2010 include the following:

- Continue working with present tenants to ensure profitability by keeping lease rates as low as possible.
- Participate with county extension agents in Accomac and Northampton counties in agricultural conferences and grower meetings.
- Continue to take on outside contracts such as the management of the Southeastern Potato Marketing Order and the seasonal housing project.
- Continue to look for ways to serve any and all facets of the agricultural community on the Eastern Shore.

The Northern Neck of Virginia Farmers Market operator's goals for 2010 include the following:

- Educate vegetable growers in Eastern Virginia on profitable techniques and strategies for managing their farm businesses.
- Educate growers on managing risks involved in the production of vegetable and fruit crops.
- Support the education and development of youths involved in agriculture through a scholarship program and through local fairs.
- Gather information and educate local growers on labor supply and management issues. Collaborate with other local agencies and groups on how to insure a stable, competent, and contented workforce that supports a viable industry.
- Support and encourage the filling of extension agent positions that fulfill needed educational roles for the vegetable industry.
- Increase the benefits to members involved in the Northern Neck Vegetable Growers Association.
- Promote Northern Neck and Virginia grown produce both regionally and nationally.
- Develop appropriate policies and procedures for operation of the Northern Neck of Virginia Farmers Market that insure efficient and fair grower treatment.
- Investigate and solicit support for the continued improvement and maintenance of facilities at the Northern Neck of Virginia Farmers' Market.

The Southeast Virginia Farmers Market has the following goals for 2010:

- Obtain a moderate increase in the amount of watermelon acreage produced and the number of watermelon producers.
- Continue to work with the Northern Neck of Virginia Farmers Market in the expansion of sweet corn, yellow squash, zucchini and other crops in the southeast region.
- Work with an auctioneer to provide a produce auction at the market for the benefit of small producers and work with area growers and retailers to make the auction a success.
- Continue to obtain knowledge on the production and marketing of butterbeans and sweet potatoes to determine feasibility for commercial production in the area.
- Seek resolution of the cooler moisture issues in order that the market can accommodate peanut storage.
- Continue lease arrangement with the Department of Corrections.
- Continue to attend production and marketing meetings to obtain knowledge and promote produce production in the area.
- Maintain and operate the facility in a way that will be respected by the community.

VI. PRODUCER ATTITUDES ON PROFITABILITY AND OUTLOOK FOR THE FUTURE

The Southwest Virginia Farmers Market reports that most producers continue to be cautiously optimistic about the future of vegetable and fruit production in the region. The producers better understand the need for product diversification and changing their marketing strategy as a means of increasing their potential for profitability and survival in the business. After seeing success, the region's producers are more willing to try new crops than in past years. As the chain store buyers appear to be more willing to

buy local products that are properly cooled and packed, market management feels that the timing is excellent for the market's growers to diversify and gain entrance into these markets.

The Eastern Shore of Virginia Farmers Market operator indicates that the explosion of the real estate market on the Eastern Shore in recent years and the resulting higher prices for land have made it virtually impossible to acquire farmland for purely agricultural use. Corresponding increases in farm land rental rates have occurred. The increase in land values will prohibit younger producers from entering into vegetable production. Long time producers are diversifying between vegetables and grain according to cost versus profitability. The future outlook for Eastern Shore vegetable production is uncertain considering the lack of involvement by younger growers. The operator indicates they will continue to provide all the services and encouragement possible to help the agricultural community in this time of change.

The Northern Neck of Virginia Farmers Market operator reports that the general opinion of the producers at this point is good to very good regarding the market, the market staff, and the industry. This optimism is to be expected in light of the record year experienced by many growers in the area. However, this optimism could be tempered if there is a hard winter and input costs start escalating in the near future. Food safety and traceability issues are not going away and the costs of complying with pending federal legislation could cause problems for small producers. On the other hand, the "buy local" movement may save the day and provide the pressure and impetus to cause expansion in this area. Product volume moving through the market is likely to increase as marketing services are provided to other regions in the state.

The Southeast Virginia Farmers Market operator reports that area growers are very optimistic, as a result of good prices, average production, and a steady market in 2009 for watermelons, sweet corn and squash. Conversations with local farmers about trying other types of produce have been well received. The operator feels that with continued effort and support, the market should have positive impact on the local struggling economy and help insure a profitable future for area producers.

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

DECEMBER 1, 2009

ACREAGE AND CLIENTELE OVERVIEW

	2009 GOAL	2009 ACTUAL 12/01/09	2010 GOAL
Producers served	102	116	126
Total acres served	5,600	5,918	6,775
Brokers served	45	33	38
Buyers served	206	208	220

**VIRGINIA FARMERS MARKET SYSTEM
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DECEMBER 1, 2009
CROP VOLUME AND VALUE**

	Grand Total Goal Units 2009	Total Actual Units 2009	Total Actual Value \$ 2009	Grand Total Goal Units 2010
Apples	85,000	59,335	\$777,721	62,200
Asparagus	600	954	\$33,390	955
Beans	13,800	12,897	\$228,273	24,355
Blueberries	0	0	\$0	0
Broccoli	400,840	473,231	\$5,882,626	660,850
Bins	0	60	\$7,466	100
Cabbage	2,500	388	\$2,194	0
Bags	42,000	44,000	\$220,000	44,500
Crates	4,000	4,620	\$36,960	4,000
Cantaloupe				
Bins	1,540	1,171	\$103,067	1,740
Singles	30,000	28,500	\$28,500	30,000
Carrots				
Bags	42,000	41,000	369,000	41,500
Cauliflower	0	4,096	\$53,102	10,000
Bins	60	64	8,960	65
Chili Peppers	7,000	5,081	\$64,277	5,000
Collards	1,800	1,880	\$9,400	1,900
Corn	300,000	474,507	\$5,618,564	550,000
Bins	0	2	\$210	100
Crates	11,680	59,179	\$710,148	41,000
Corn Stalk Bin	0	45	\$7,503	100
Cucumbers	100,900	71,548	\$882,569	80,915
Bins	0	63	\$12,208	100
Eggplant	10,000	17,853	\$170,248	20,750
Greens	81,000	61,708	\$445,425	75,000
Indian Corn	0	0	\$0	0
Jalapeno	11,000	9,485	\$126,087	10,000
Lettuce	100	330	\$4,441	0
Nectarines	200	0	\$0	200
Okra	100	23	\$337	100
Onions	100	88	\$627	0
Peaches	8,000	2,671	\$28,438	5,000
Pears	0	0	\$0	0
Peas	0	26	\$571	0
Peppers	73,100	81,211	\$892,948	90,700
Bins	0	0	\$0	0
Pickles	0	0	\$0	0
Potatoes	5,000	2,820	\$33,890	4,000
Bags	168,000	164,000	1,148,000	165,000
Pumpkins	0	0	\$0	0
Bins	350	302	\$27,820	355
Singles	50,000	48,200	\$72,300	50,000

Radish	0	0	\$0	0
Squash (hard)	5,000	3,917	\$56,272	4,000
Bins	0	294	\$53,396	400
Yellow Squash	102,670	173,647	\$1,453,122	180,750
Straw	0	72	\$444	100
Strawberries	5,670	4,374	\$49,616	5,470
Sweet Potatoes	2,600	25,255	\$152,370	26,500
Tomatoes	795,090	632,511	\$14,111,738	795,095
Turnips	200	283	\$3,396	400
Watermelon	0	1,120	\$27,413	0
Bins	9,700	14,469	\$1,325,167	16,000
Singles	5,000	2,680	\$7,370	3,000
Zucchini	165,000	228,563	\$1,715,528	229,850
Miscellaneous	10,000	11,605	\$116,050	10,000
TOTAL	2,551,700	2,771,412	\$37,094,352	3,252,050
	Grand Total	Total	Total	Grand Total
	Goal Units	Actual Units	Actual Value	Goal Units
	2009	2009	2009	2010
boxes	2,187,370	2,362,763	\$32,956,277	2,854,190
bins	11,650	16,470	\$1,545,797	18,860
bags	252,000	249,000	\$1,737,000	251,000
crates	15,680	63,799	\$747,108	45,000
singles	85,000	79,380	\$108,170	83,000
TOTAL	2,551,700	2,771,412	\$37,094,352	3,252,050

APPENDIX

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

