



*VIRGINIA DEPARTMENT
OF AGRICULTURE AND
CONSUMER SERVICES*

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

2010 REPORT AND 2011 PLAN

January 2011

TABLE OF CONTENTS

	Page	
I.	Legislative Mandate	1
II.	Executive Summary	1
III.	Production Conditions and Market Factors	3
IV.	Success in Meeting Goals for the 2010 Year	4
V.	Market Goals for 2011	5
VI.	Producer Attitudes on Profitability and Outlook for the Future	7
VII.	2010 Acreage and Clientele Overview	8
VIII.	2010 Crop Volume/Value	9

APPENDIX

Farmers Market System Organizational Chart and Reporting Structure

I. LEGISLATIVE MANDATE

Section 3.2-3501(B) of the Code of Virginia requires the Commissioner to submit an annual report on or before February 1 summarizing the farmers market operators' reports and plans to the Chairmen of the House Committee on Agriculture, Chesapeake, and Natural Resources, the Senate Committee on Agriculture, Conservation and Natural Resources, the House Committee on Appropriations, and the Senate Committee on Finance.

The farmers market operators' plans shall describe the operators' goals for the coming year as to acreage served by each market, the types of crops sold at the market, and the number of brokers, buyers and producers that utilized the market. Their reports 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 2010 harvest year, volume (units sold) was up 5.7 percent while the value of produce handled was up 7.5 percent when compared to 2009. Statistically, the breakdown is as follows:

- 155 producers marketed product and/or used market services at the four markets (combined), compared with 116 producers in 2009
- The gross value of products marketed was \$39.9 million, representing 2.9 million product units; compared with \$37.1 million in 2009, representing 2.8 million product units.
- The markets served 6,448 acres of production in 2010, compared with 5,918 acres in 2009.
- The system served 36 brokers and 317 major retail stores and institutional buyers, compared to 33 brokers and 208 retail stores and institutional buyers in 2009.

Factors which had a positive effect upon production and marketing volumes for the past year as cited by the market operators in 2010 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.
- On average, produce prices were higher than in 2009, depending on the particular produce item and the time sold during the season.
- An 8.9 percent increase in acreage served by the markets helped offset the reduced yields resulting from the extremely hot and dry weather conditions experienced during much of the growing season.
- Production meetings and grower education sessions were held in all regions served by markets during the winter months to educate growers on market demand and the latest production recommendations and techniques.
- The “buy locally grown” movement resulted in increased produce production and marketing opportunities.
- The Southwest Virginia Farmers Market continued its transition from a market that was primarily serving wholesalers catering to individual stores, fruit stands and restaurants, to one that is increasingly packing and shipping to chain grocery stores and to companies that supply them. This has resulted in increased volumes of produce being produced and marketed in the region.
- In 2010, two forced air coolers and two 5-ton capacity ice machines were put into operation at the Southwest Virginia Farmers Market. This, coupled with the two hydro-coolers that were installed in 2009, proved to be beneficial in opening up sales avenues for the region’s sweet corn and broccoli crop and will aid further diversification in production and marketing.
- The marketing ability and presence of the Northern Neck Farmers Market continues to increase, which increased the demand for product from the region.
- The Eastern Shore of Virginia Farmers Market continued as an agricultural service center. The operator managed the farmers market as well as the Pacific Tomato Growers housing site and the Southeastern Potato Committee. Participation in the Southeastern Potato Committee allowed potato producers to export product to Canada. The market also provided 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 attempted to meet the needs of smaller-scale growers, whose numbers and acreage are declining, by leasing space to a year-round broker who buys locally from smaller scale growers.
- The Eastern Shore of Virginia Farmers Market also attempted to meet the needs of larger corporate growers, whose acreage is increasing, by leasing space to a large tomato packing operation.
- The Southeast Virginia Farmers Market established a weekly produce auction, which benefited small produce growers and was welcomed by local buyers. Approximately \$64,300 worth of produce was sold at the weekly auction by 39 growers.
- The working relationship between the Southeast Virginia Farmers Market (SVFM) and the Northern Neck of Virginia Farmers Market (NNVFM) whereby sweet corn, yellow squash and zucchini grown in southeast Virginia are packed and cooled at the SVFM and then shipped to the 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 2010 were:

- Record setting heat and drought conditions throughout the state during much of the growing season resulted in lower than expected yields for most 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.
- Eastern Shore has experienced a production shift by many growers from 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 5.7 percent greater number of total units sold through the system in 2010, as compared to the previous year. The total value of the units moving through the markets, at \$39.9 million, was up 7.5 percent as compared to 2009. Adverse weather conditions, especially extremely hot temperatures and dry weather during much of the growing season, affected all markets and caused yields to be less than average for some crops. The reduced yields were offset somewhat by a 9 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 2010 as compared with 2009, which contributed to the increased value of the product moving through the farmers market system. Increased production in other growing areas and market windows that overlapped more than normal made marketing difficult. This had a negative effect on prices received for a few produce crops, especially sweet corn, which was the third highest volume crop handled in the system.

The Northern Neck of Virginia Farmers Market was able to avoid lower prices in the overall market by having negotiated contracts early in the season, which allowed the production to move at better prices. Also, the consumer demand for "locally grown" products helped to increase product sales in nearby metropolitan areas.

The Southwest Virginia Farmers Market continued efforts to diversify their product base in 2010. The market has placed a major emphasis on broccoli and greens production. Broccoli production increased 30 percent to 59,572 boxes and greens production increased 35 percent to 68,650 boxes in 2010. In 2006, the market had no production of either. Broccoli and greens when combined with sweet corn, which has also expanded greatly in the last several years, now comprise 60 percent of the value of the product moving through the Southwest Virginia Farmers Market. The addition of hydro-coolers and forced-air coolers has aided the market in diversifying its product mix and expanding its sales volume. Past and continuing efforts to pack and ship to chain stores

and other operations that supply chain stores have proven successful and each year a larger percentage of the market's shipments are sold to such operations.

Agriculture on the Eastern Shore continues to be in a period of transition and major change. Acreage of traditional vegetable crops on the Eastern Shore continues to decline. In 2010 some previously commercially grown crops such as sweet corn and green peppers were not produced on the Eastern Shore. There were very few, if any, peas and very few fresh market snap beans. Most vegetables grown on the Eastern Shore are now being grown under contract. The largest commercial vegetable land utilization is in corporate tomato production. The decline in the traditional vegetable crops is being offset by increased acreage in corn, wheat, soybeans and, to a lesser extent, cotton.

The Southeast Virginia Farmers Market experienced increased movement of produce through the market due to newly formed relationships with retailers looking for locally grown produce. A working relationship between the Southeast 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

While the total acreage and number of growers served by the Farmers Market System increased, along with the value and volume of product marketed, adverse weather conditions prevented the markets as a group from meeting some of the stated goals for 2010. The number of units moving through the system fell short of meeting the projected goal by 9.9 percent, and the total number of acres served by the system was 4.8 percent less than the combined stated goal of the operators. The total number of producers served exceeded the goal by 23 percent and the total number of brokers and buyers served exceeded the goal by 37 percent.

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 and improvements in the packing and cooling of product. The market became USDA GAP (Good Agriculture Practices) Certified this past season, which will be a beneficial tool in marketing the region's produce to chain stores.

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 and expansion of broccoli and leafy greens proved to be successful. Continued expansion of these relatively new crops into the region is expected. This diversification gives the region's producers a better chance of increasing income, increasing the buyer base, spreading risk and lessening some of the price competition between individual growers.

The Northern Neck of Virginia Farmers Market operator continued to exhibit a commitment to education in 2010, by providing \$8,500 in scholarships to deserving

youth in agriculture. The operator also sponsored an educational trip for 27 members to attend the Southeast Fruit and Vegetable Conference in Savannah, Georgia and a tour of farms in southern Florida to evaluate production methods and gain valuable production knowledge.

The Northern Neck of Virginia Farmers Market operator reported that the market was generally well received by the major buyers and that its marketing ability and presence in the market continues to increase. An 85-ton ice plant was put into production in 2010 which will aid in the efficient packing and cooling of product.

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 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 oversees 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 and one bay to a year-round broker. This leaves two coolers available for spot lease.

The Southeast Virginia Farmers Market (SVFM) was successful in increasing the acreage of watermelon being handled at the market as well as the overall amount of produce, in spite of unfavorable weather conditions during the growing season. The continuation of the working relationship with the Northern Neck of Virginia Farmers Market (NNVFM), whereby the SVFM packed and cooled the crops and the sales were handled by the NNVFM, provided the means for the acreage of corn, yellow squash and zucchini to expand. The Department of Corrections, which continued 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 attend industry meetings seeking to enhance the production and marketing of local produce.

The Southeast Virginia Farmers Market was successful in establishing a weekly produce auction, which helped smaller produce growers. It was welcomed by local buyers and enjoyed by the community. Thirty-nine growers participated in the weekly auctions and sold \$64,300 worth of produce.

V. MARKET GOALS FOR 2011

The Southwest Virginia Farmers Market's goals for 2011 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 is 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 2011 include the following:

- Continue working with present tenants to help ensure their profitability by keeping their lease rates as low as possible.
- Participate with county extension agents in Accomac and Northampton counties in agricultural conferences and grower meetings.
- Continue to look for other avenues to bring income into the market to offset having to increase rental rates, 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 2011 include the following:

- Continue to forge increasingly good relationships with major chain store buyers.
- Sponsor an educational field trip for area growers to the Mid-Atlantic Vegetable Conference in Hershey, Pennsylvania.
- Support the education and development of youth involved in agriculture through a scholarship program.
- Increase sales revenue by 20 percent.
- Expand acreage and sales units handled by 10 percent.
- Add three new growers.

The Southeast Virginia Farmers Market has the following goals for 2011:

- Maintain or slightly increase the amount of watermelon acreage moving through the market.
- Continue to work with the Northern Neck of Virginia Farmers Market in the expansion of sweet corn, yellow squash and zucchini in the southeast region.
- Continue to expand the weekly produce auction sales.
- Continue to obtain knowledge on the production and marketing of sweet potatoes to determine feasibility for commercial production in the area.
- Continue lease arrangement with the Department of Corrections.
- Continue to attend industry production and marketing meetings to obtain knowledge and promote produce farming in the area.

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. After seeing success, the region's producers are more willing to try

new crops than in past years and they now better understand that they must adapt to change in order to survive. As chain store buyers are becoming much 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 share in the market.

The Eastern Shore of Virginia Farmers Market operator indicates that long-time producers are shifting between vegetables and grain production according to cost versus profitability analysis. Unfortunately, with young people not entering the farming profession, the future of fresh vegetable production on the Eastern Shore is questionable. The operator indicates that it will continue to provide services and encouragement to help the agricultural community in this time of change.

The Northern Neck of Virginia Farmers Market operator reports that there is some grower optimism, in spite of very challenging adverse weather during the past growing season and low prices for some produce items. The growers recognize that the problems they encountered in 2010 can be addressed and that the market did work for them in a tough year. The operator speculates that, with commodities futures up, some acreage that had been in produce in the southern states will shift to the commodity crops, thereby increasing prices. Growers also see the increasing potential for the "locally grown" market, as it will affect the demand for their produce.

The Southeast Virginia Farmers Market operator reports that the future of watermelons is bright in the area due to good prices and the anticipation of a better production season next year. Sweet corn had a difficult time in 2010 due to weather related reduced yields and low prices, but a rebound in prices and production are anticipated for 2011. Yellow squash and zucchini production have been steady for the past two years and should remain so for 2011. There is some interest in the production of collards, broccoli and sweet potatoes and hopefully there will be a place for these crops in the production and marketing mix of the area. The produce auction was helpful to area small growers in 2010 and the hope is that it will be of even more benefit in 2011.

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

DECEMBER 1, 2010

ACREAGE AND CLIENTELE OVERVIEW

	2010 GOAL	2010 ACTUAL 12/01/10	2011 GOAL
Producers served	126	155	163
Total acres served	6,775	6,448	7,490
Brokers served	38	36	36
Buyers served	220	317	330

**VIRGINIA FARMERS MARKET SYSTEM
ANNUAL PLAN AND REPORT
DECEMBER 1, 2010
CROP VOLUME AND VALUE**

	Grand Total Goal Units 2010	Total Actual Units 2010	Total Actual Value \$ 2010	Grand Total Goal Units 2011
Apples	62,200	91,865	\$1,268,394	61,000
Asparagus	955	785	\$27,475	900
Beans	24,355	12,035	\$234,962	24,300
Broccoli	660,850	510,310	\$6,377,724	775,900
Cabbage	0	8,461	\$41,510	15,000
Bags	44,500	43,400	\$260,400	44,000
Bins	0	20	\$2,100	0
Crates	4,000	6,715	\$53,720	7,000
Cantaloupe	0	185	\$1,829	0
Bins	1,740	1,105	\$96,836	3,740
Singles	30,000	32,500	\$32,500	30,000
Carrots (Bags)	41,500	42,000	\$378,000	42,000
Cauliflower	10,000	280	\$5,040	50,000
Bins	65	60	8,400	65
Celery	0	295	\$4,074	0
Chili Peppers	5,000	4,861	\$61,038	0
Collards	1,900	1,850	\$11,100	1,900
Corn	550,000	508,602	\$3,858,550	700,000
Bins	100	221	\$23,187	0
Crates	41,000	81,650	\$653,200	56,000
Cucumbers	80,915	91,011	\$882,599	125,915
Bins	100	4	\$750	0
Eggplant	20,750	6,559	\$74,758	25,750
Gourds	0	504	\$3,528	600
Greens	75,000	73,348	\$553,986	90,000
Jalapeno	10,000	3,323	\$55,792	20,000
Lettuce	0	347	\$3,192	0
Nectarines	200	416	\$6,245	200
Okra	100	575	7,826	2,000
Onions	0	284	\$4,868	5,000
Peaches	5,000	5,348	\$55,070	5,500
Pears	0	98	\$2,513	0
Peas	0	228	\$5,610	0
Peppers	90,700	79,975	\$982,303	110,800
Plums	0	224	\$4,281	0
Potatoes	4,000	3,713	\$45,947	4,000
Bags	165,000	168,193	1,177,351	168,000
Pumpkins				
Bins	355	444	\$45,577	1,200
Singles	50,000	62,840	\$125,680	75,000
Squash (hard)	4,000	7,162	\$98,641	15,000
Bins	100	142	\$25,023	0
Yellow Squash	180,750	182,493	\$1,462,527	225,700

	Grand Total Goal Units 2010	Total Actual Units 2010	Total Actual Value \$ 2010	Grand Total Goal Units 2011
Strawberries (Flats)	5,470	3,909	\$40,162	5,300
Sweet Potatoes	26,000	25,150	\$176,050	26,000
Tomatoes	795,095			790,700
Red		26,179	\$397,866	
Cherry		352	\$4,224	
Roma		4,451	\$67,509	
Grape		547,755	\$16,446,702	
Turnips	400	784	\$5,096	1,000
Watermelon	0	6,340	\$200,509	0
Bins	16,000	15,300	\$1,572,938	15,000
Singles	3,000	4,425	\$8,850	4,000
Zucchini	229,850	248,153	\$1,798,858	263,000
Miscellaneous	10,000	11,860	\$130,460	12,000
TOTAL	3,250,950	2,929,089	\$39,873,330	3,803,470
boxes	2,848,020	2,465,809	\$35,364,432	3,352,165
bins	18,460	17,296	\$1,774,811	20,005
bags	251,000	253,593	\$1,815,751	254,000
crates	45,000	88,365	\$706,920	63,000
flats	5,470	4,261	44,386	5,300
singles	83,000	99,765	\$167,030	109,000
TOTAL	3,250,950	2,929,089	\$39,873,330	3,803,470

APPENDIX

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

