



**Committed to the future of
rural communities**



Advancing Opportunities for Rural Economic Development

February 3, 2012

Dr. Glenda Humiston, State Director, California RD



Committed to the future of rural communities



- **Funding for**

- Business & Cooperative Development
- Community Facilities & Rural Utilities
- Water, Sewer & Solid Waste Systems
- Single and Multi-Family Housing

- **Loans, Guaranteed Loans, Grants**

- **Technical Assistance**

FY 2010: \$1,324,415,527

FY 2011: \$ 993,023,255

Forums Produce Recommendations

Jobs, Economic Development and Sustainable Communities

Strategizing Policy Needs and Program Delivery for Rural California



Submitted by Dr. Glenda Humiston
State Director, USDA Rural Development
February 9, 2010



Committed to the future of rural communities.



January 2010 – 43 Forums

- Over 1,000 Californians Participated
- Consistent Recommendations Offered Throughout All of California
- Strong Partnerships Emerged

January 2011 – 58 Forums

- Almost 2,000 Californians Attended
- Gave Update on Activities and Shared New Economic Development Strategy
- Strong Support Received
- Many Requests for Collaboration

CHALLENGES

- Lack of Investments in the Rural Sector
- Credit Availability and Access is Limited
- Complex & Conflicting Regulations
- Workforce Training and Education
- Infrastructure Deficiencies



PACKAGE

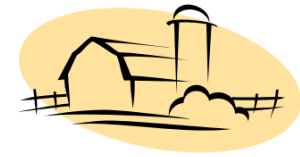


DISTRIBUTE



OPPORTUNITIES

- Demand for Local / Healthy Food
- Provide New Energy Sources
- Efficiencies Through Regional Clusters
- Potential for Jobs in Value Chains



STORAGE



PROCESS



CUT/WRAP





ENVIRONMENTAL SCAN

AGRICULTURE VALUE CHAIN

California

JUNE 2011



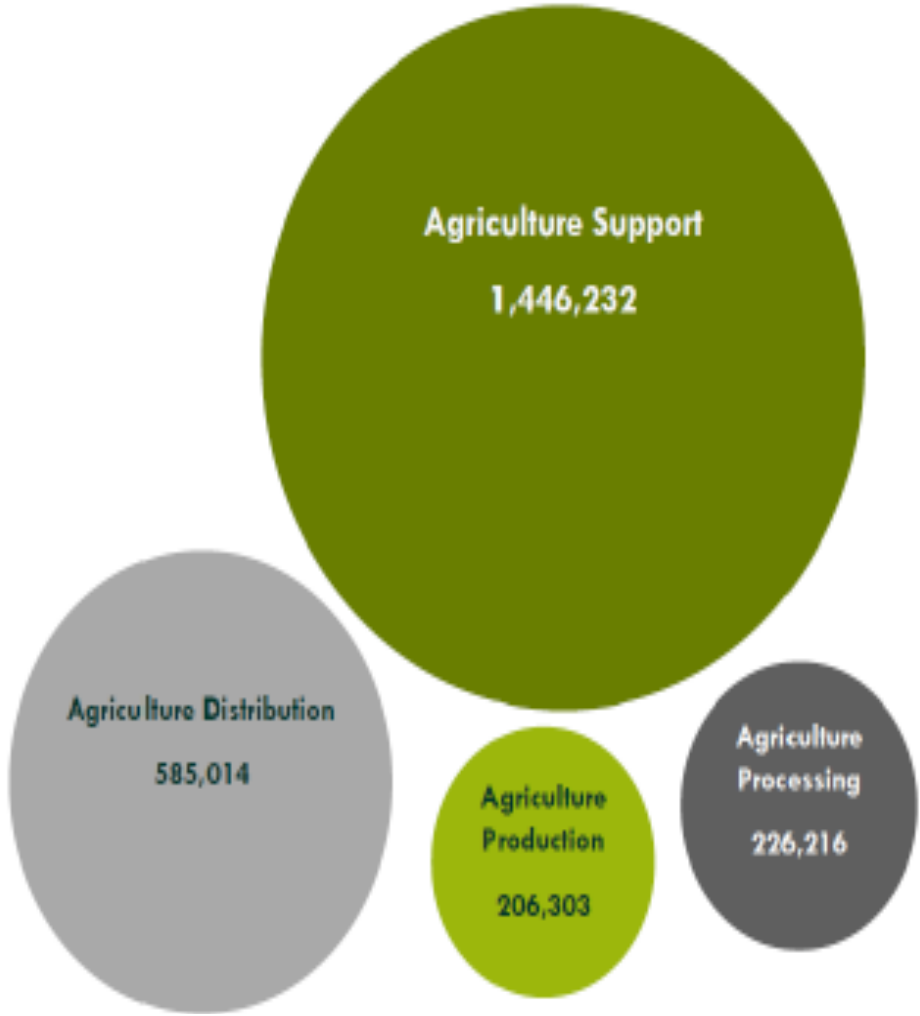
CENTER OF EXCELLENCE

Housed at Modesto Junior College
 435 College Avenue
 Modesto, Ca 95350
 (209) 575-6908
 marquetm@mjcedu

www.coecc.net



Figure 3: 2011 California Agriculture Employers by Sector



⁵ Source: EMSI Complete Data



Projection: Agriculture Value Chain Occupation by Sector

| SECTOR | 2011 JOBS | 5-YEAR NEW JOBS | AVG. HOURLY WAGE |
|--------------|------------------|-----------------|------------------|
| Support | 1,446,232 | 183,018 | \$24.59 |
| Production | 206,303 | -36,364 | \$23.34 |
| Processing | 226,216 | 5,173 | \$23.49 |
| Distribution | 585,014 | 29,913 | \$24.04 |
| TOTAL | 2,463,765 | 181,740 | \$23.87 |

SOURCE: CA Center of Excellence, "Agriculture Value Chain Scan", June 2011



Biomass Value Chain Opportunities

Forest Products →

Value-Added Wood →

JOBS

Woody Biomass

- Reduce Fire → Cost of Fires, Insurance, etc.
- Produce Water → Ecosystem Credits
- Wildlife Habitat → Tourism

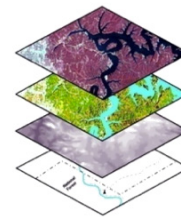
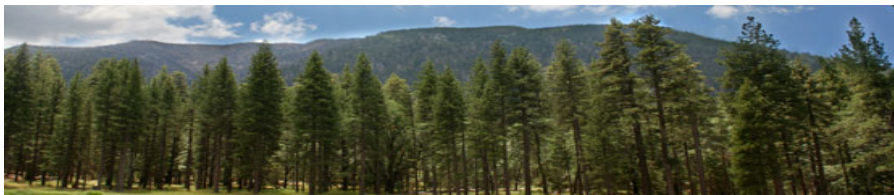
Agricultural Waste

Municipal Waste

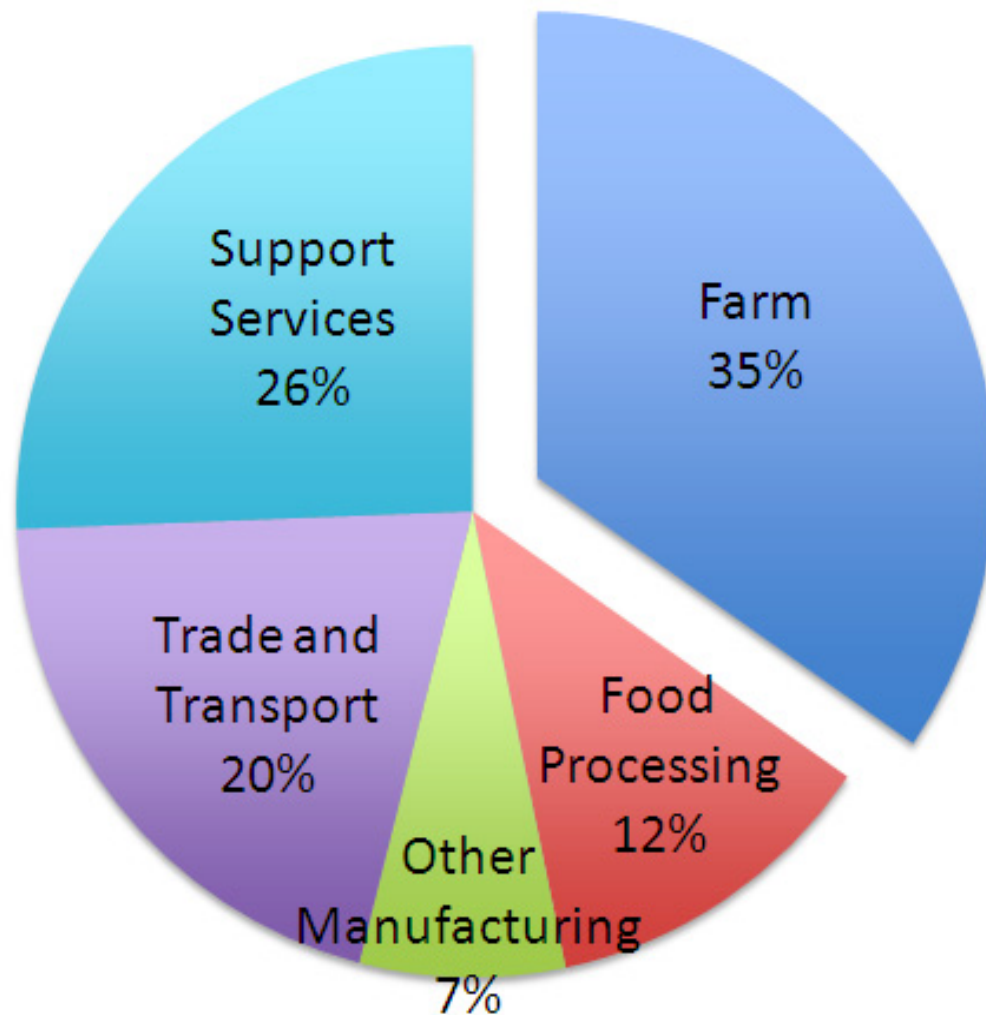
BIOMASS PRODUCTS

- OSB →
- Pellets →
- Heat →
- Electricity →
- Compost →
- Biofuels →
- BioChar →
- Polymers →
- Biochemicals →

- Trucking
- Manufacturing
- Distribution
- Storage
- Repair
- Distribution
- Management
- E-Commerce
- Support
- Research

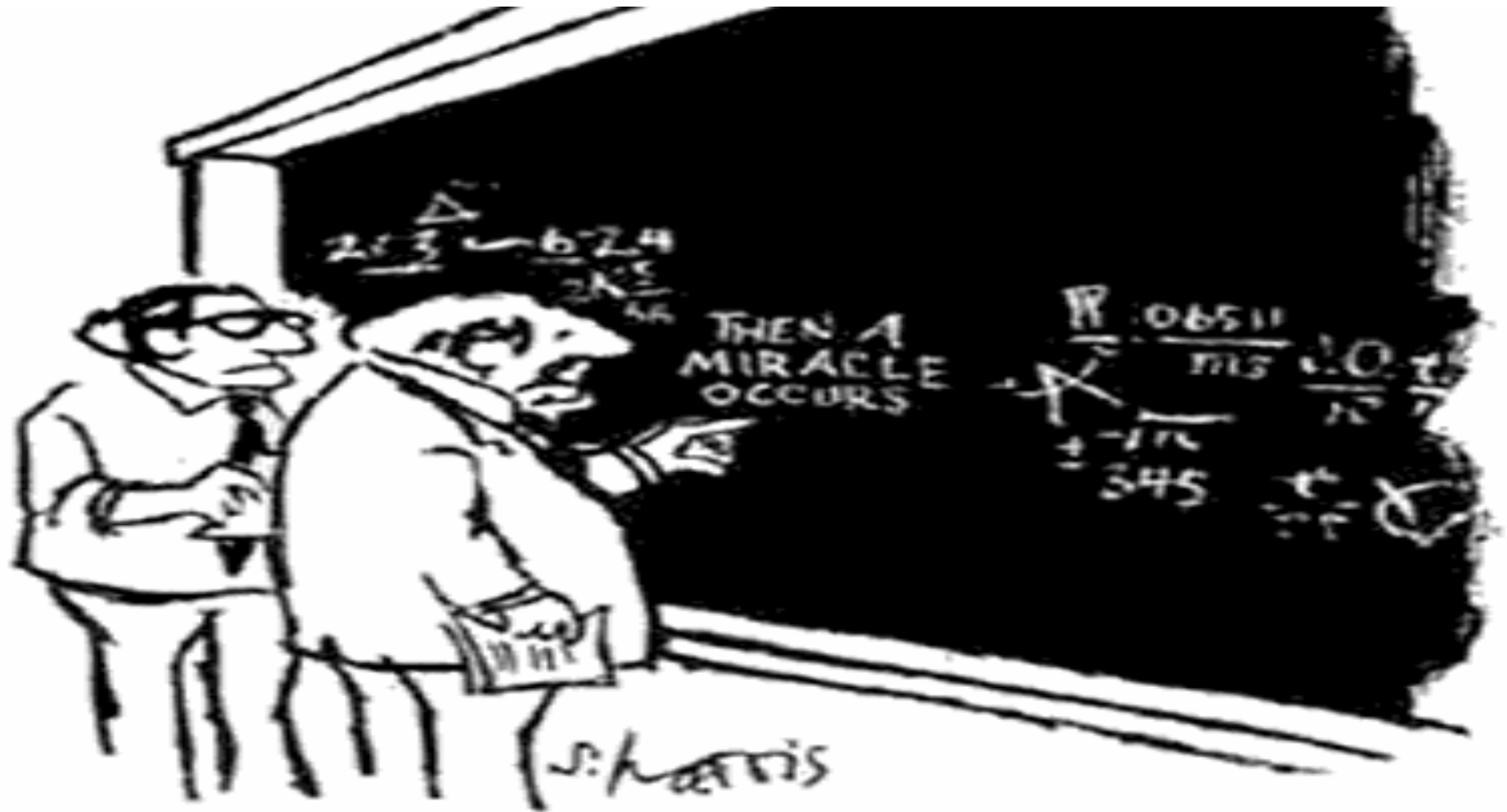


An Urban – Rural Partnership

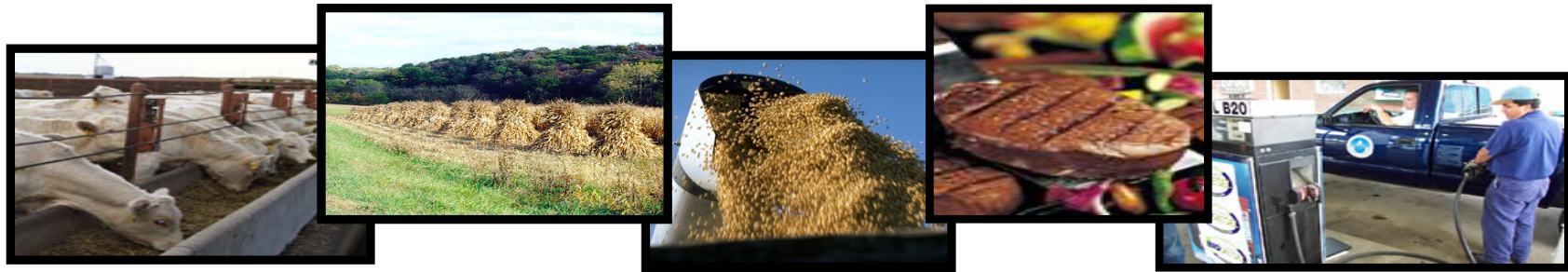


At least 65% of Value Chain Jobs & Economic Activity will be off the Farm – in our cities and rural communities.

How Do We Get There??



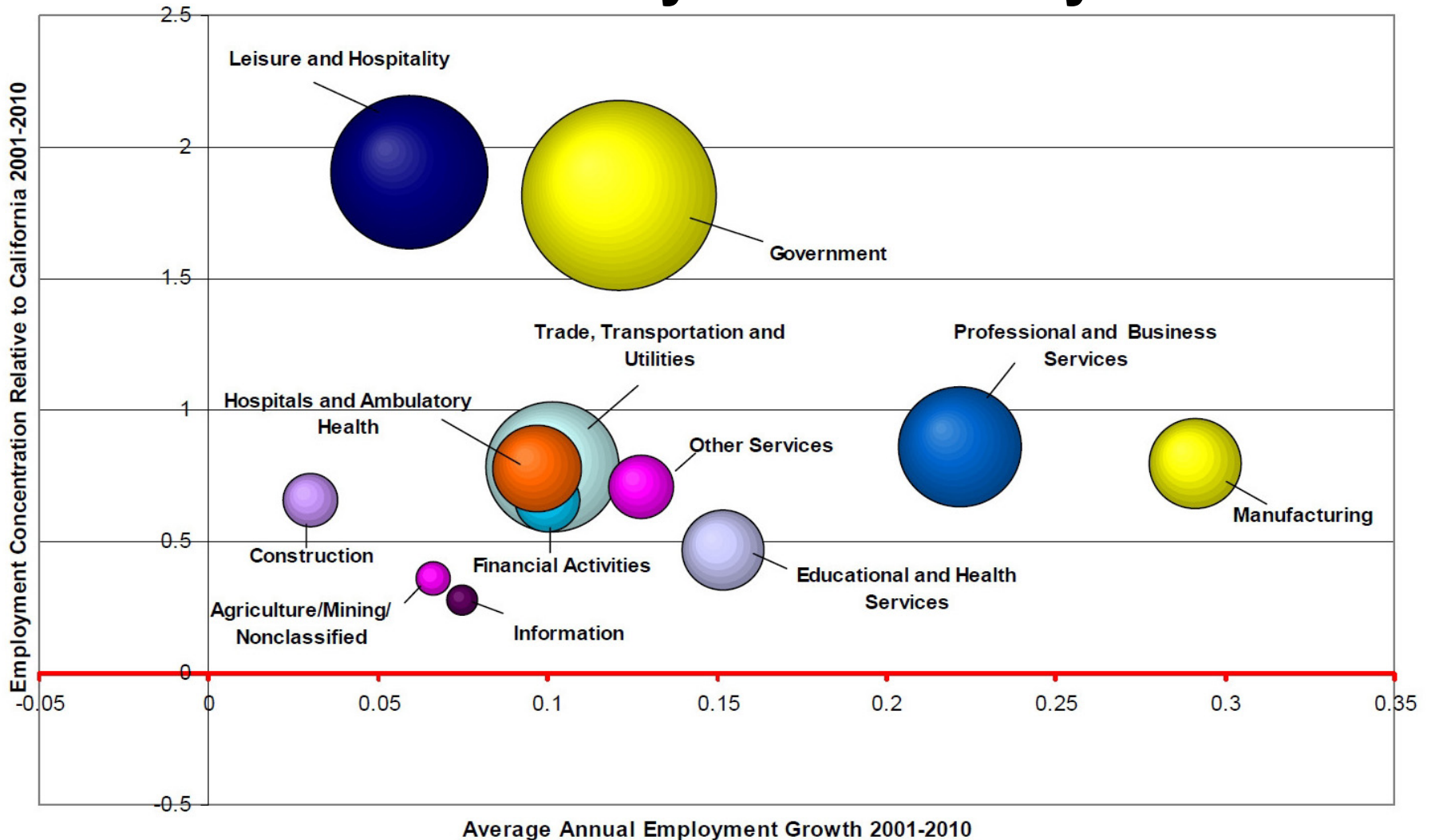
"I THINK YOU SHOULD BE MORE EXPLICIT
HERE IN STEP TWO."



Industry clusters of opportunity:

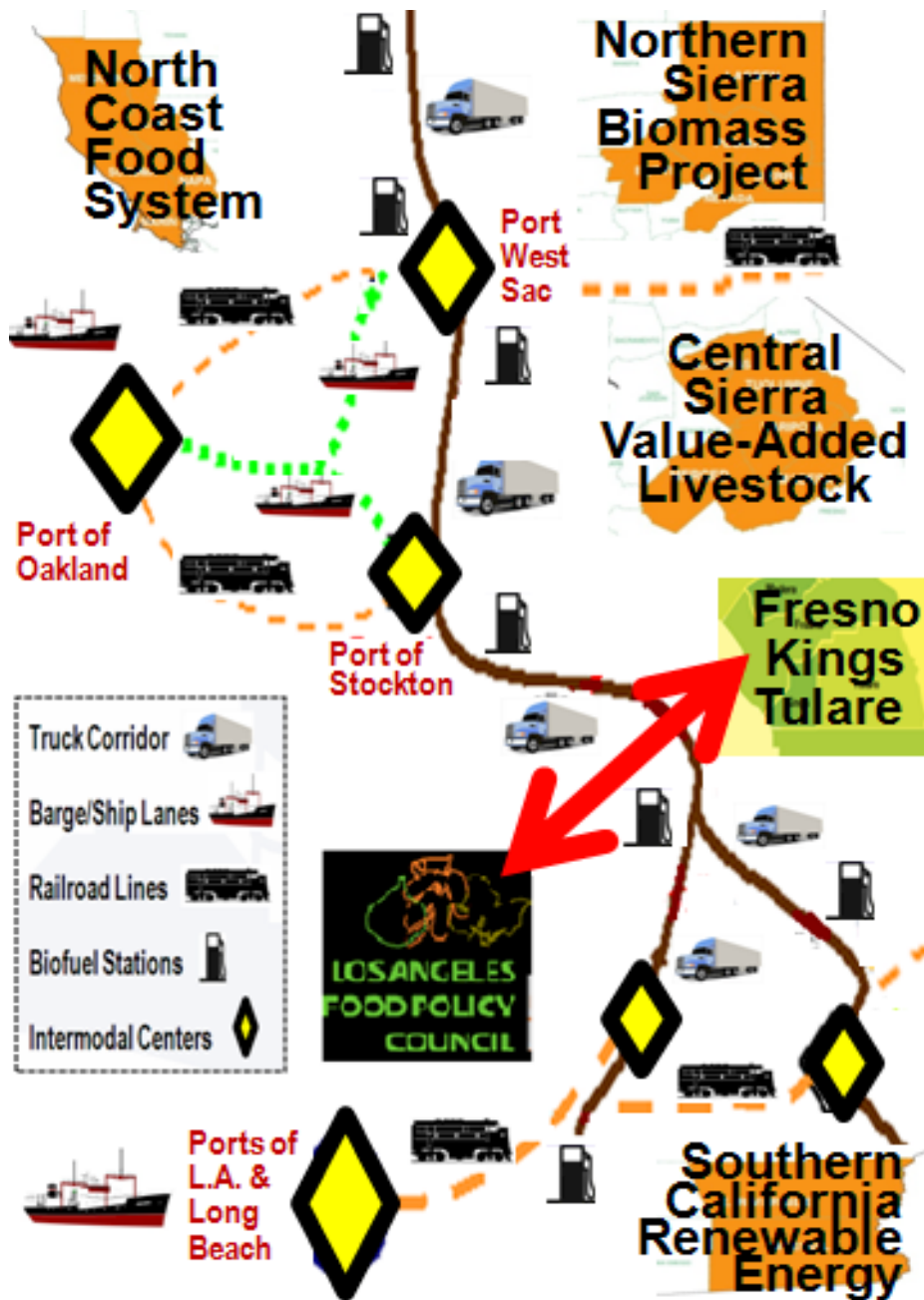
similar, related, or complementary businesses linked by core products or services. These businesses are economically interdependent and may have common supply chains, labor needs, technologies, and markets.

Eastern Sierra Industry Cluster Study 2001-2010



Source: EDD/LMID Quarterly Census of Employment and Wages (QCEW)

A project of the Desert Mountain Resource Conservation and Development Council



- Regional Collaboration on Needed Infrastructure
- Strategies that Promote Investment in Rural Areas
- New Financial Tools
- Relationship Capital Among Diverse Stakeholders
- Empower Local Leaders and Institutions to Improve Policy
- Economies of Scale
 - Utilize Cooperatives
 - Connect Local Food Access With Transportation for Export

Collaboration Stretches Finite Resources Regional Exploits Economies of Scale

BROOKINGS-ROCKEFELLER
Project on State and Metropolitan Innovation

Job Creation on a Budget: How Regional Industry Clusters Can Add Jobs, Bolster Entrepreneurship, and Spark Innovation

Mark Muro and Nathan Fliri

Summary

The best way to create more jobs in a state is to grow them at home, rather than poach them from elsewhere. Some 95 percent of all job gains in a year in an average state come from the expansion of existing businesses or the birth of new establishments. However, the usual recipe of tax credits, R&D, training programs, and physical infrastructure is not sufficient, by itself, to spur such "organic" job creation. States also need to cultivate their industry clusters—geographic concentrations of interconnected firms and supporting organizations. Properly designed, cluster strategies are a low-cost way to stimulate innovation, new-firm start-ups, and job creation by helping to link and align the many factors that influence firm and regional growth. Additionally, thinking in terms of clusters gives governors a way to articulate a positive vision of economic prosperity, engage broad groups of stakeholders in driving recovery, boost the export intensity of the economy, and bring focus and discipline to myriad state investments and policies.

Specifically, states should:

- Develop and use data and rigorous analysis to identify industry clusters, target policy, and track performance
- Establish a modest grants program to address discrete gaps in cluster performance
- Reorient existing economic development programs, policies, and initiatives to support clusters

I. Introduction

States across the country need to swiftly and cheaply reignite innovation, entrepreneurship, and job creation in their metropolitan and rural areas in order to get back on the road to prosperity. Supporting regional industry or innovation clusters—geographic concentrations of interconnected firms and supporting organizations—stands out as one low-cost means of achieving that goal.

Clusters matter because these geographic concentrations of companies, suppliers, coordinating entities, and institutions like universities or community colleges—whether in "cleantech" in metro Denver or around the convergence of batteries and automotive technology in Michigan—unleash powerful synergies and efficiencies among member firms that have the power to markedly boost the performance of the state economy.² Cluster strategies provide a direct route to economic renewal because they build on existing assets to promote growth in regions by enhancing the interactions by which firms complete transactions, share ideas, start new enterprises, and create jobs. In this fashion,

BROOKINGS-ROCKEFELLER | PROJECT ON STATE AND METROPOLITAN INNOVATION | January 2011

"Properly designed, cluster strategies are a low-cost way to stimulate innovation, new-firm start-ups, and job creation."

Roughly 2% of annual state job gains can be attributed to business relocations while most comes from:

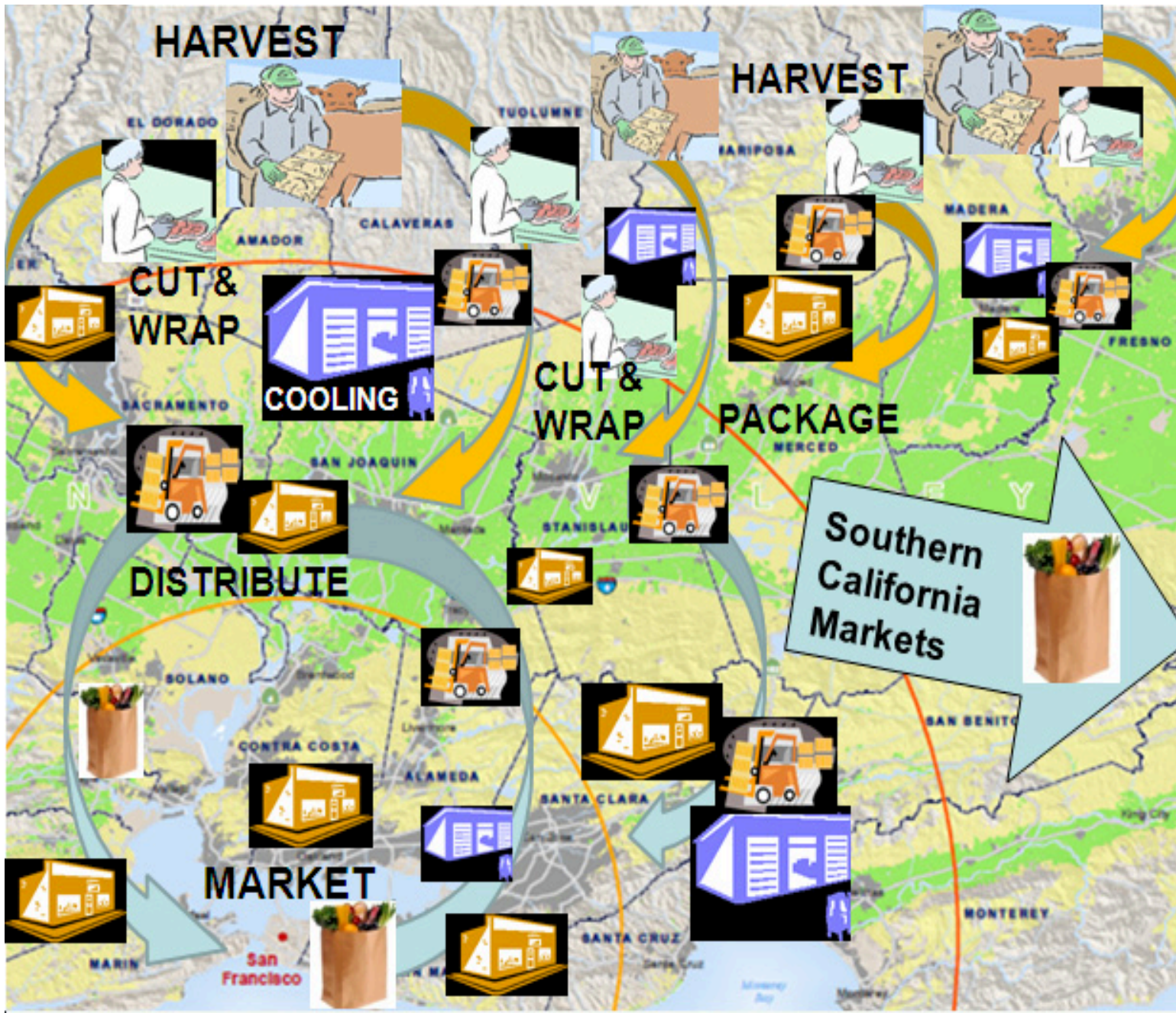
- expansion of existing businesses – 42%
- creation of new establishments – 56%

Jed Kolko, "Business Relocation and Homegrown Jobs," Public Policy Institute of California, September 2010

Policy Supports Regional Food Systems



Now Policy Needs to Evolve into...



- JOBS!**
- HUSBANDRY
 - HARVEST
 - PROCESS
 - COOLING
 - CUT & WRAP
 - PACKAGE
 - STORAGE
 - TRANSPORT
 - MANAGE
 - DISTRIBUTE
 - MARKET
 - WHOLESALE
 - RETAIL
 - TOURISM
 - SERVICE
 - SUPPORT
 - RESEARCH

“Economic Gardening” nurtures the local economy rather than “hunting” for big business relocations.

- Help Existing Businesses Thrive & Grow
- Create Opportunities for Entrepreneurs
- Provide Value-Chain Infrastructure
- Improve Quality-of-Life Factors in Rural Communities and Regionally



Numerous studies have shown a multiplier rate more than 3x: ...every dollar spent at the local store contributes three times the jobs to the local economy, three times the boost to income, three times the tax benefits...

Annotated list of studies available at: www.LivingEconomies.org

MY CUSTOMER IS MY COMMUNITY

THINK LOCAL
Buy local
BE LOCAL

Think Local
First!

Our one-of-a-kind businesses are an integral part of our distinctive character.

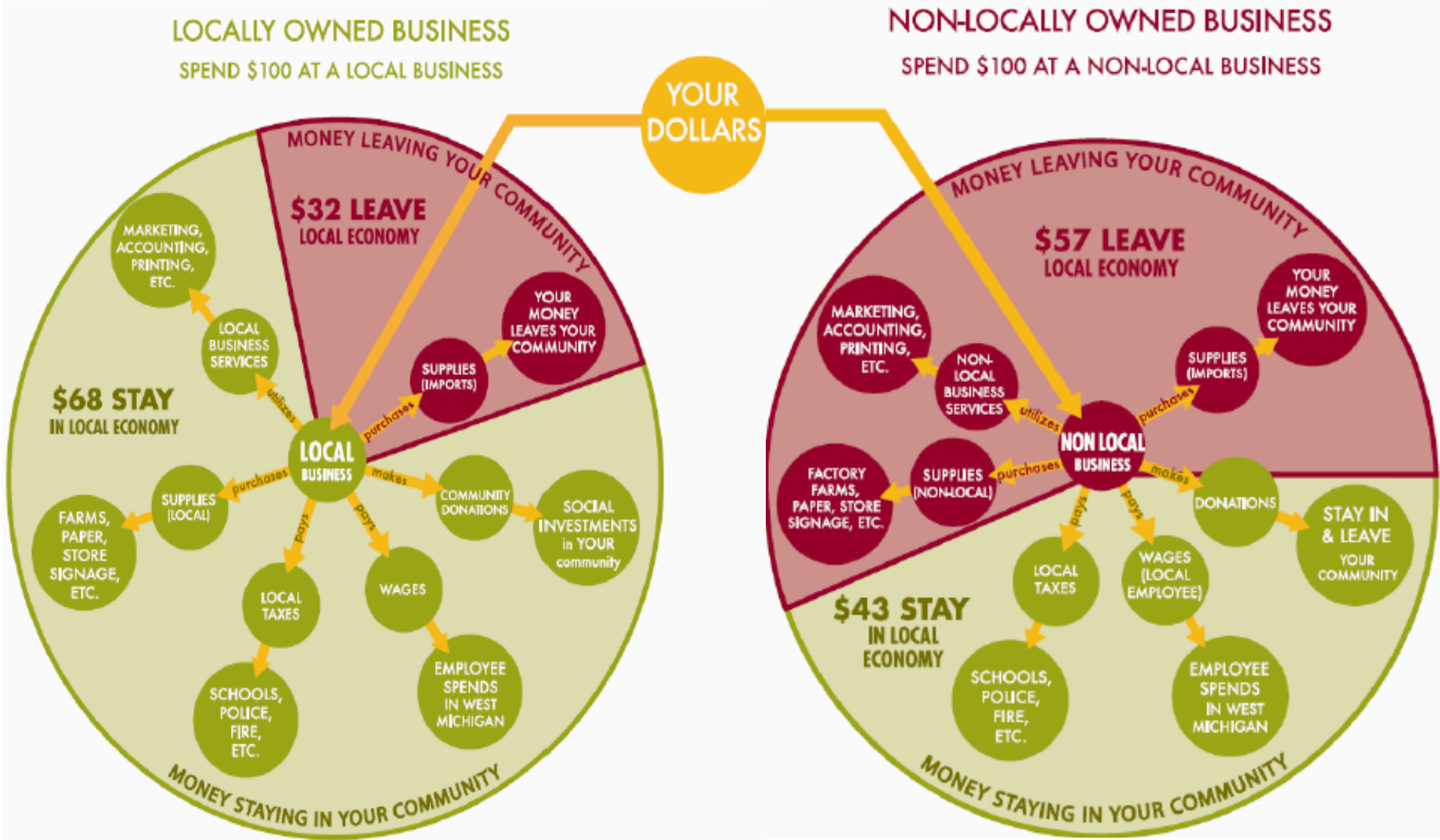
WE DEPEND ON EACH OTHER

www.ThinkLocal.org

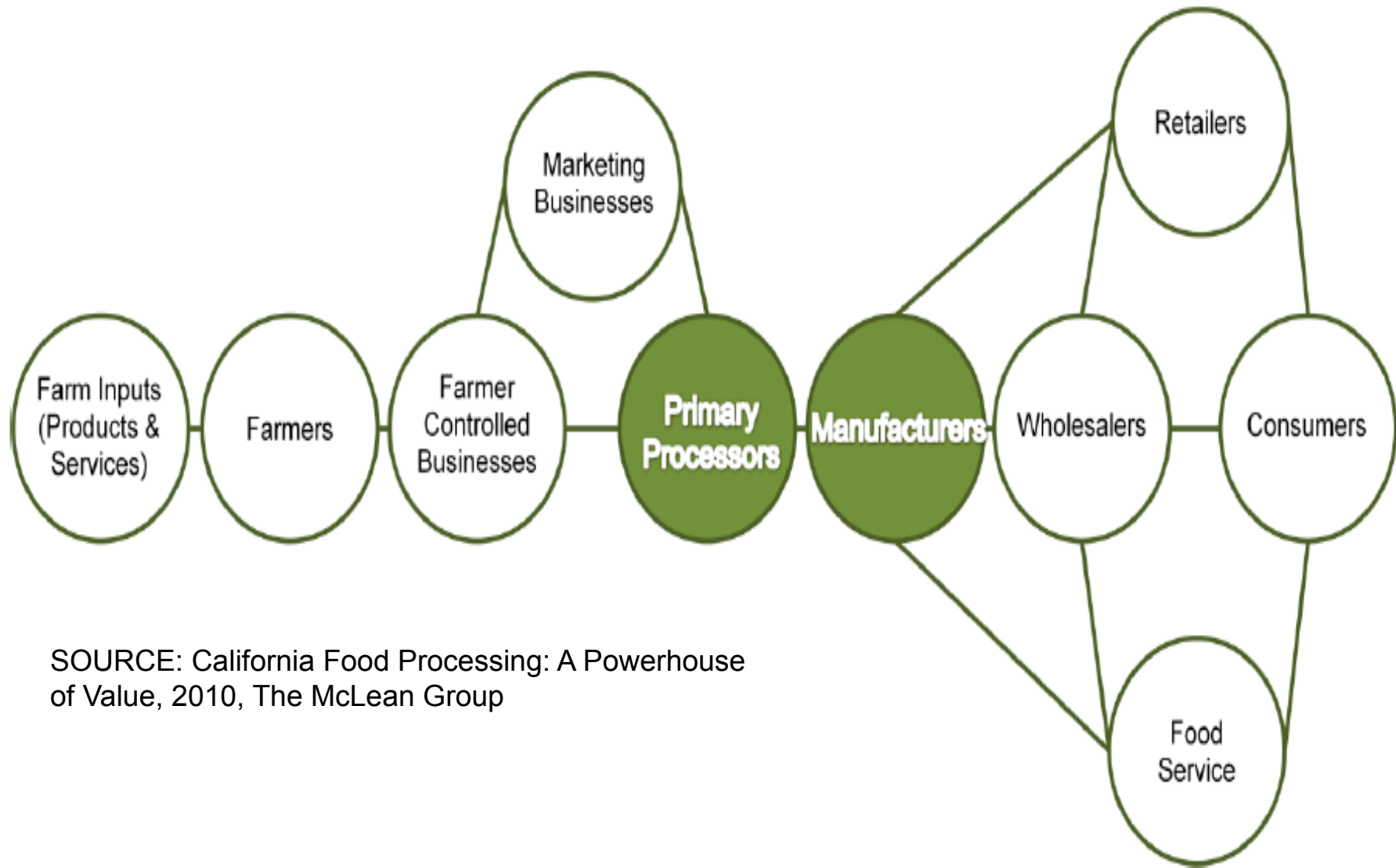
"I love going to a production at the Ellen Theater and then coming back to the store to see the real selling my ice cream. Most of the money we spend on ingredients is put directly to the farmers. We started buying Mike's Jack for trails, organic, shade grown coffee when she was still roasting in her garage—now that's 100% localness across the country!"

See Sabotta, owner, Mallard Ice Cream, and Teddy Scherting, owner, Mike's Ice coffee.

Power of the Multiplier Effect

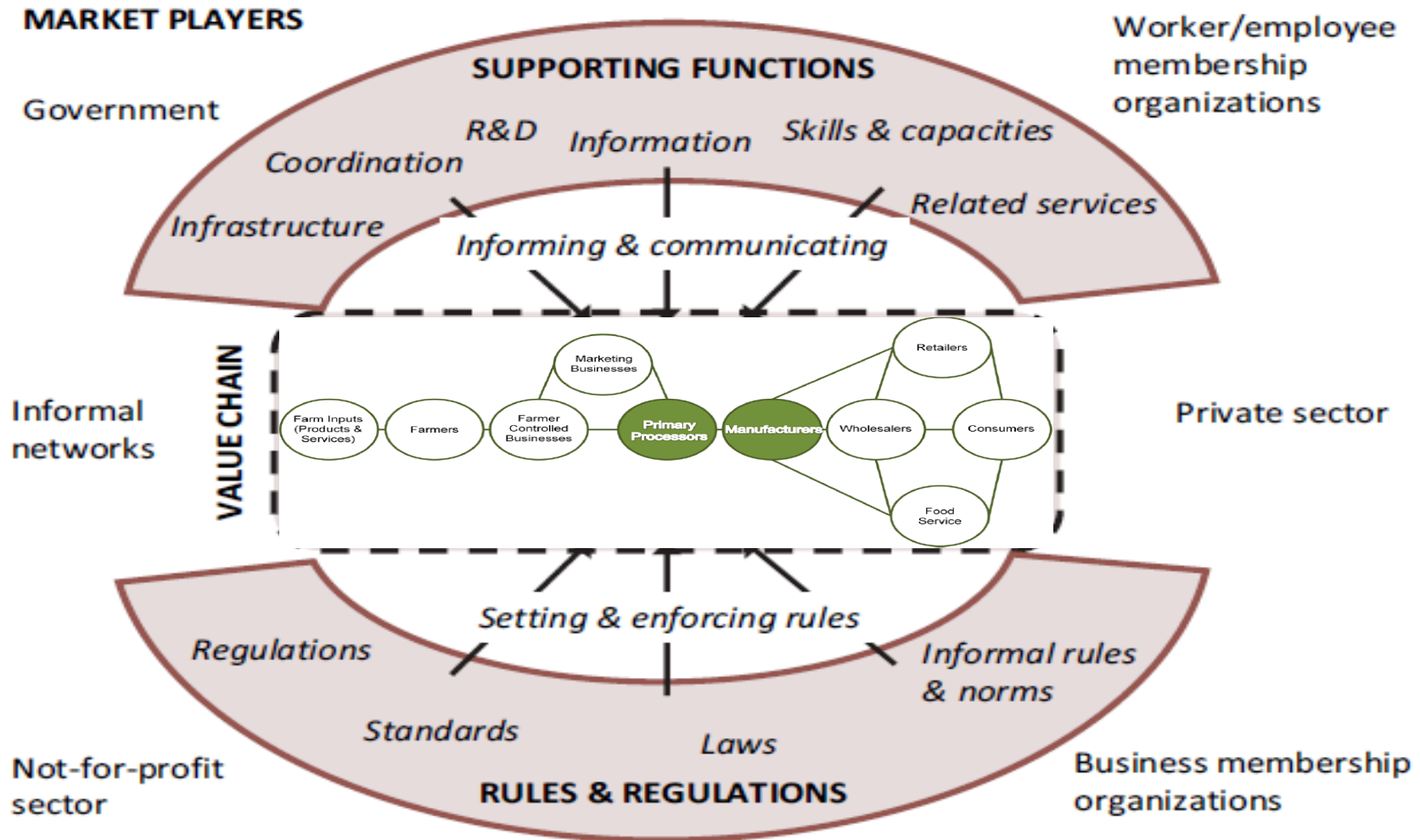


The Value Chain Has Many Steps



SOURCE: California Food Processing: A Powerhouse of Value, 2010, The McLean Group

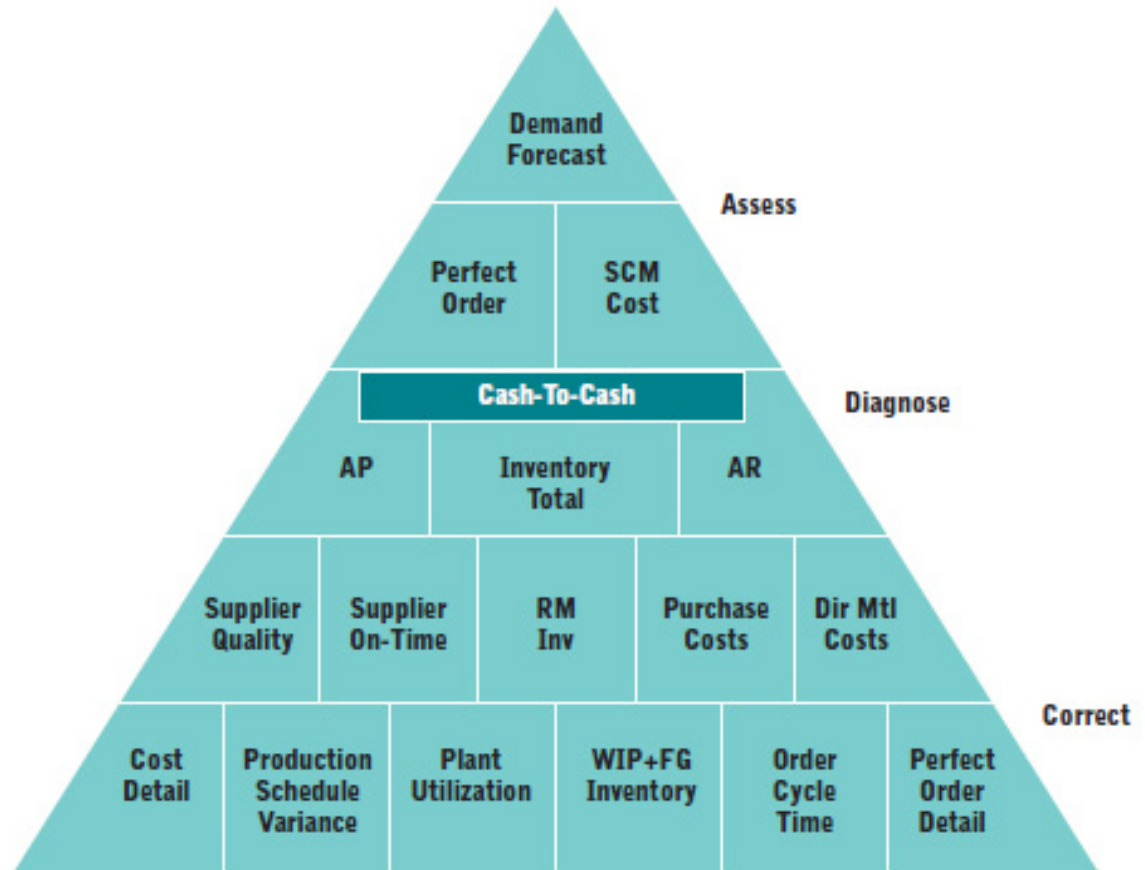
Regional Food Systems Are Complex



SOURCE: DFID/SDC 2008: The M4P Operational Guide; available at: www.m4pnetwork.org

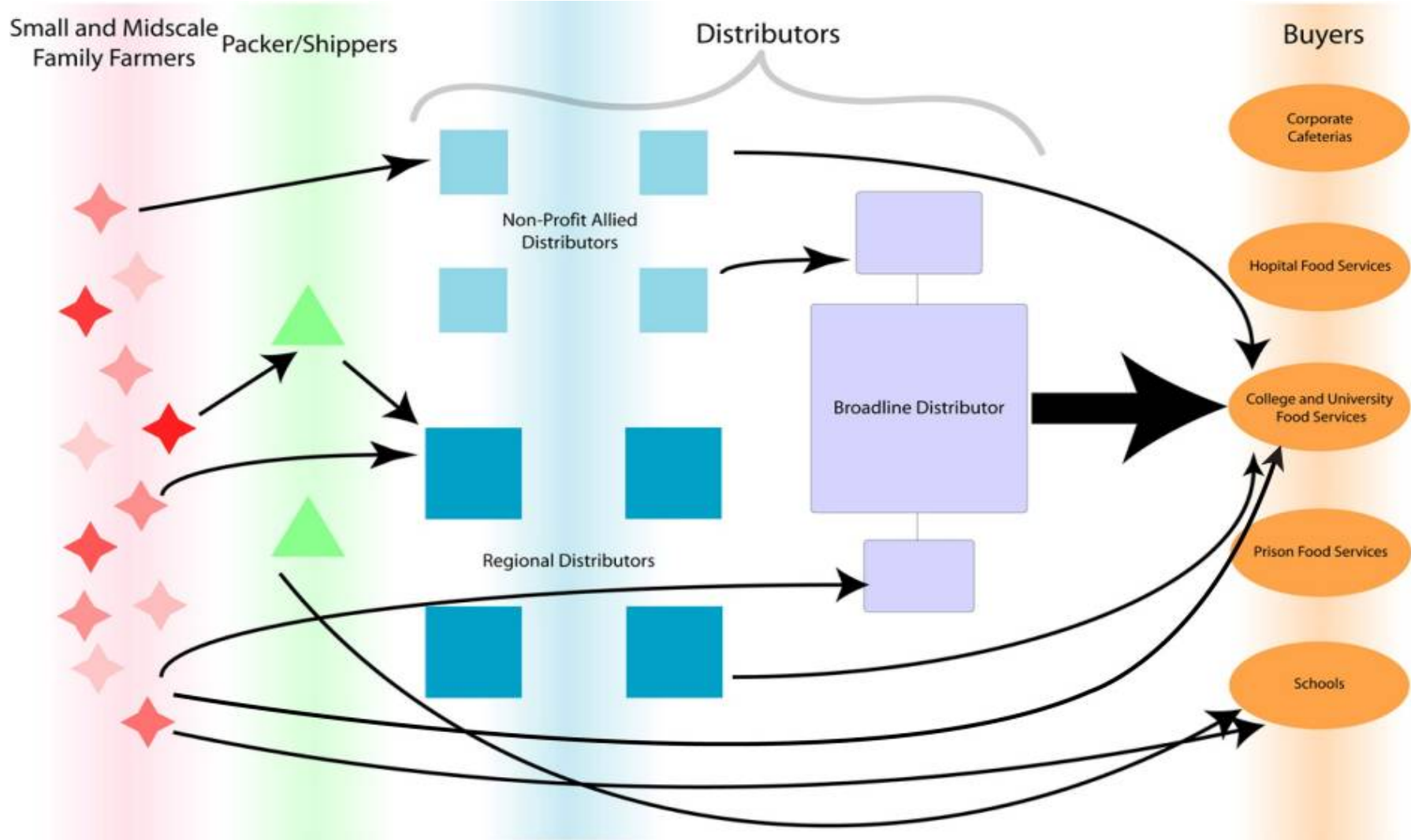
- Supply management - Manufacturing, logistics, and sourcing.
- Demand management - Marketing, sales, and service.
- Product management - R&D, engineering, and product development.

Every Aspect of Supply Chain Management Requires Information & Communication Technologies!



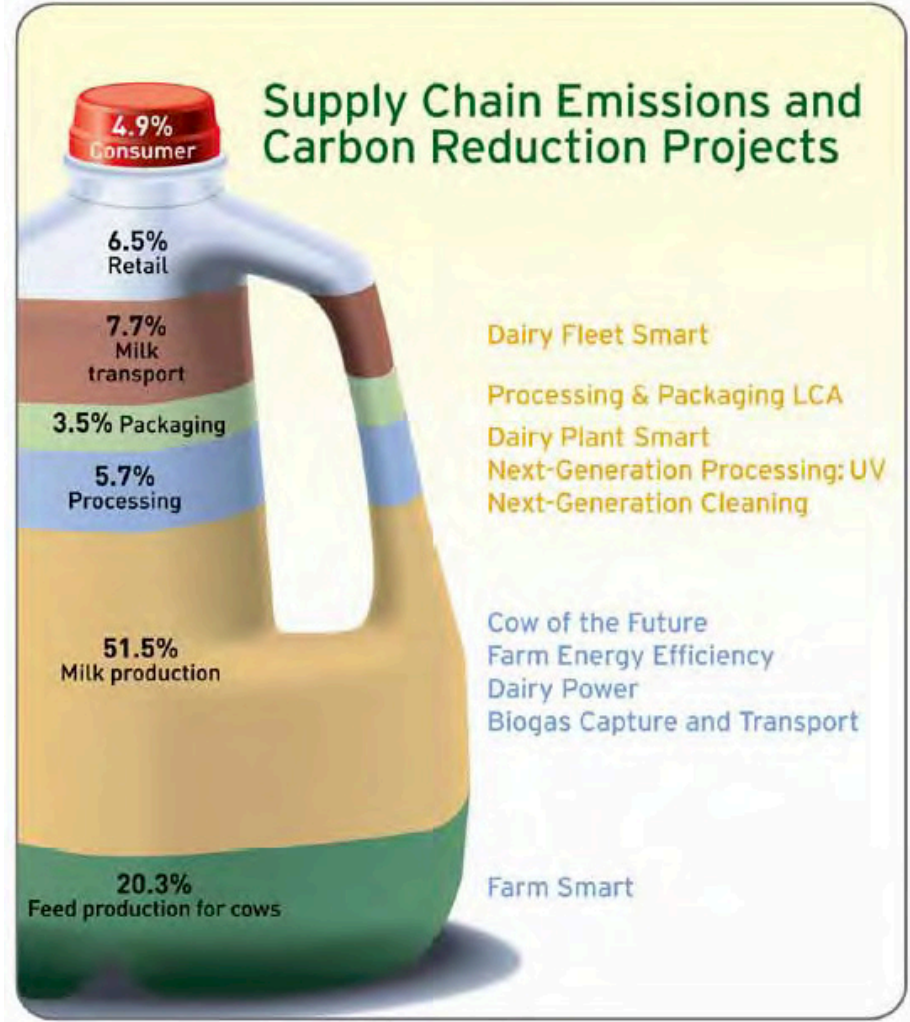
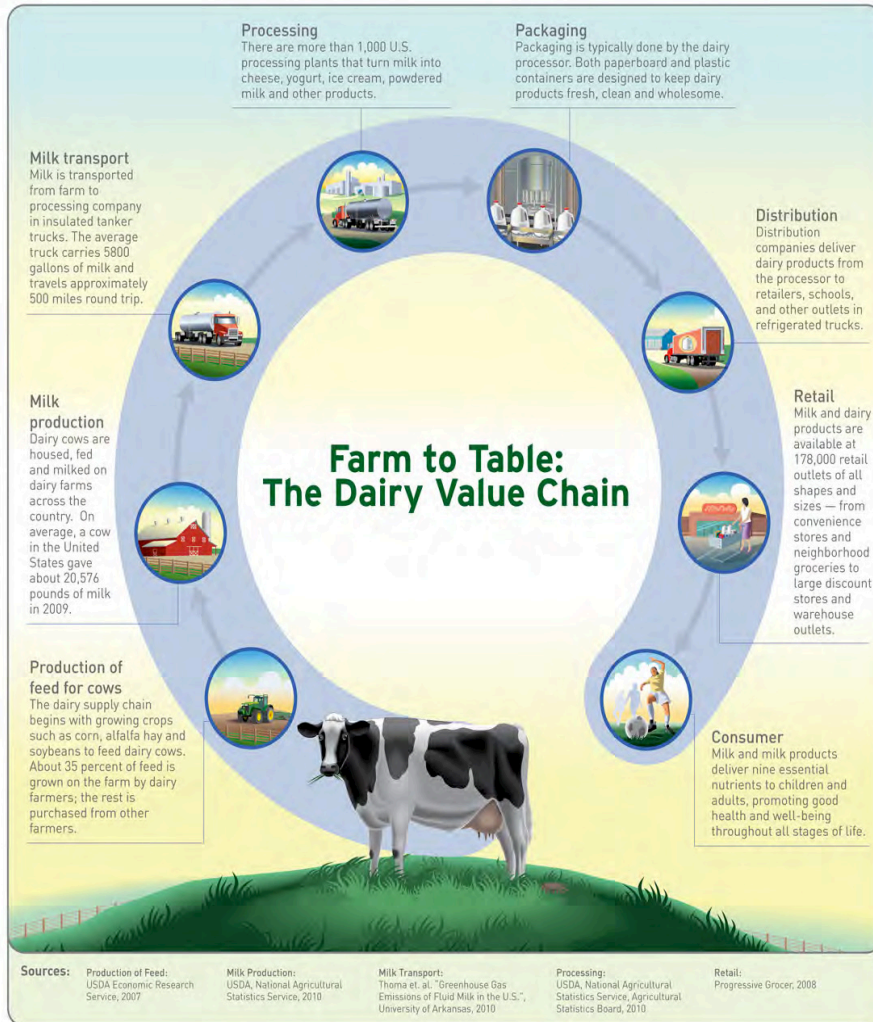
SOURCE: "Top 25 Supply Chains: Leadership in Action", Hofman, 10/11

Produce Distribution Models

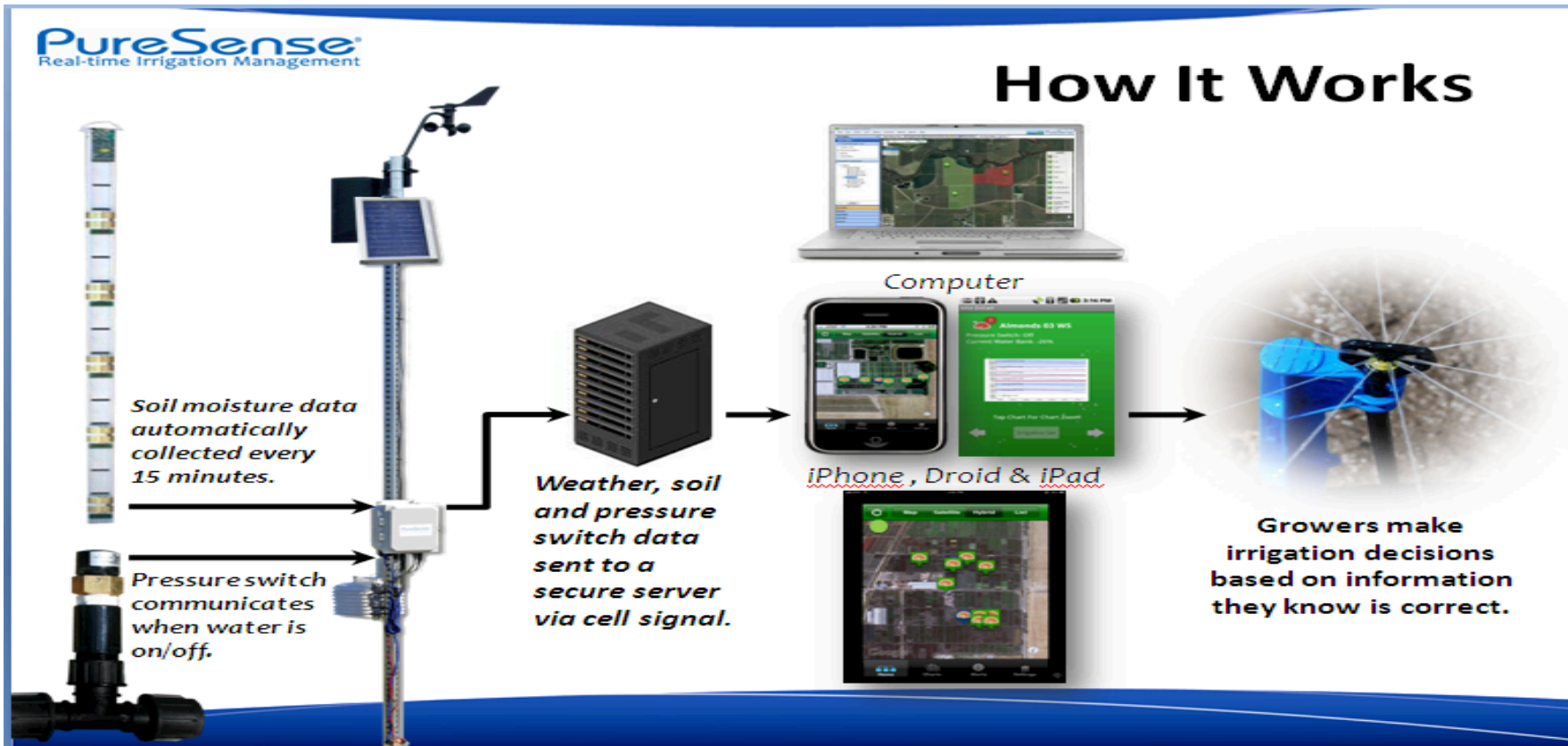


SOURCE: Feenstra, G., P. Allen, S. Hardesty, J. Ohmart, and J. Perez., "Using a supply chain analysis to assess the sustainability of farm-to-institution programs." *Journal of Agriculture, Food Systems, and Community Development*, Vol 1(4).

Other Ways to Use the Value Chain



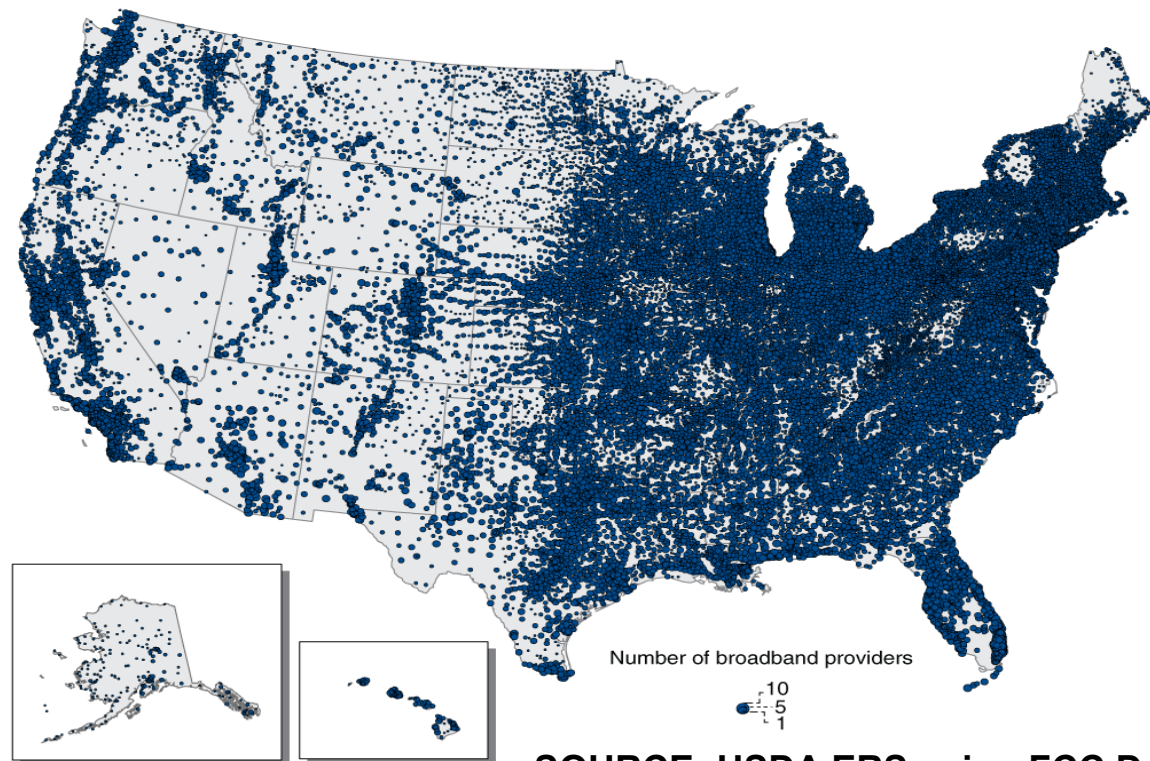
SOURCE: B Thoma et. al, 'Greenhouse Gas Emissions of Fluid Milk in the U.S.', Based on 2007-2008 data. A Project of the Innovation Center for U.S. Dairy



- Average Water Use Decreased by 10%
- Average Production Increased by 10%
- Water Savings is 5 Times Greater Per Dollar Invested Than Changing From Flood to Drip Irrigation

An estimated 55 % of U.S. adults had broadband access at home in 2008, yet only 41 % of adults in rural households had broadband access.

**Number
of High
Speed
Providers
by Zip
Code**



SOURCE: USDA ERS using FCC Data

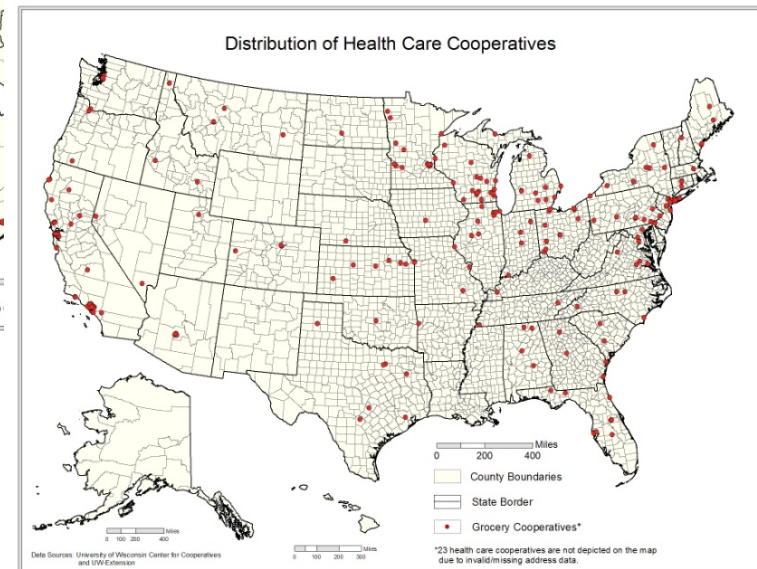
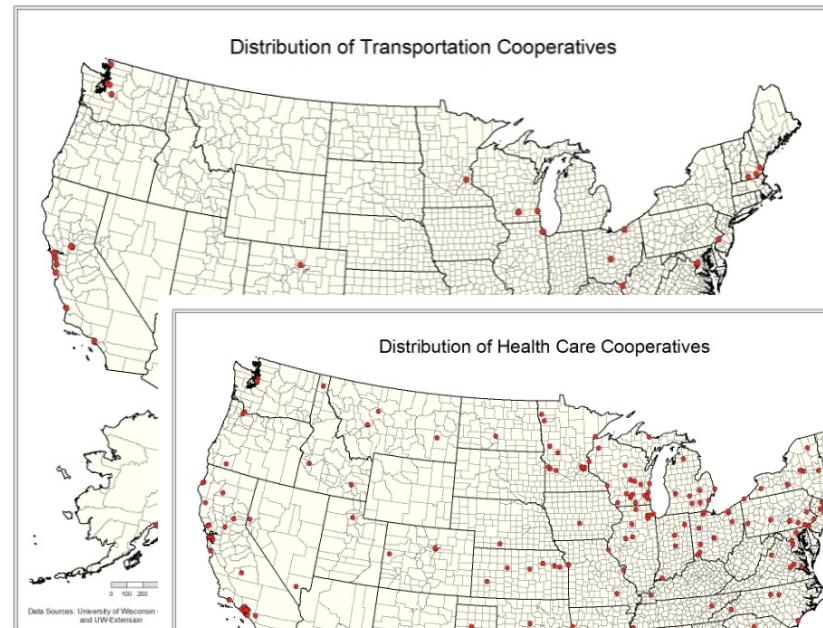
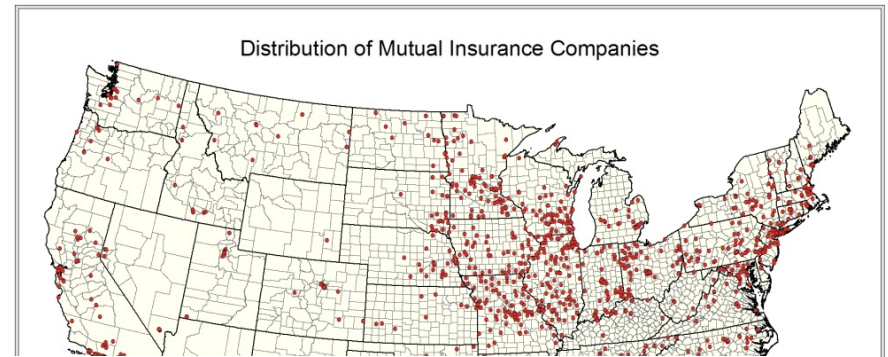
Purchasing cooperatives include:

- Ace Hardware,
- The Bike Cooperative,
- Unified Grocers
- and many more.

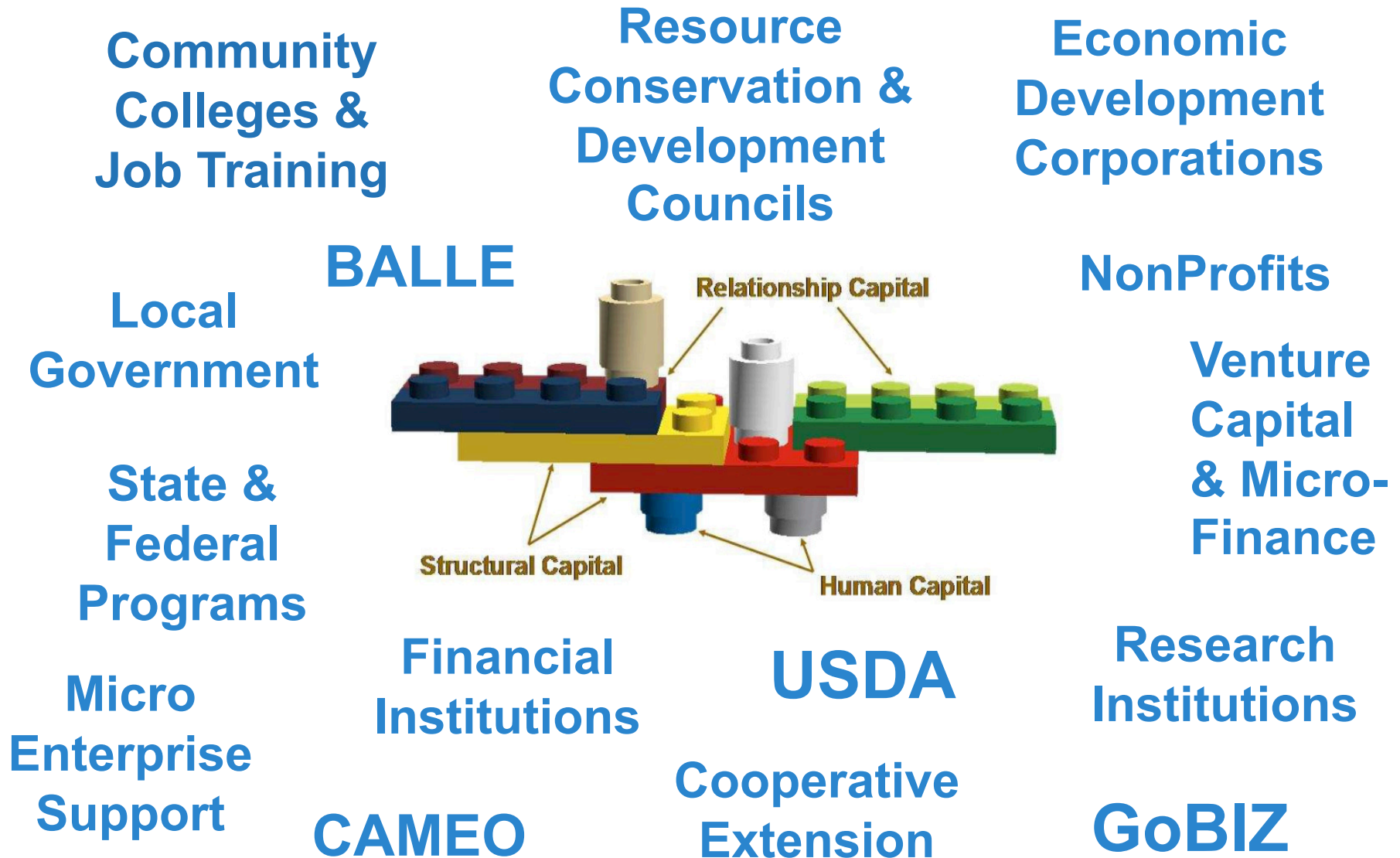


Worker cooperatives include:

- small bicycle & book stores,
- a fair-trade coffee roaster,
- a taxi company,
- an engineering firm,
- ...and an adult theatre.



Diverse Collaboration Reduces Duplication



Public – Private Partnerships



Agricultural Innovation Technology Program

- Collaborate on Research and Development
- Quickly Move New Technology into Commercialization



A Partner for Rural Communities



BALLE brings together independent business leaders, economic development professionals, government officials, social innovators, and community leaders to build local living economies.

NATIONAL EXPORT INITIATIVE

NEE

NATIONAL EXPORT INITIATIVE

www.export.gov



- **Increase funding for export promotion and support activities.**
- **Advocate more effectively for U.S. products.**
- **Fight barriers that prevent fair access to foreign markets.**
- **Create an Export Promotion Cabinet reporting directly to the President consisting of top leaders from USDA, Commerce, State, Export-Import Bank, U.S. Trade Representative, SBA, etc.**

“Every additional billion dollars of agricultural export sales helps to generate 8,400 jobs at home...

...it not only improves the bottom line for farmers and ranchers, but also puts people to work

...USDA's trade promotion programs return \$31 for every dollar we invest.”

Secretary Vilsack on the 2012 Farm Bill, October 24, 2012

Marketing Programs are Needed



Dr. Glenda Humiston

February 3, 2012

Partners for Smart Growth



native coffee traders



Native Coffee Traders helps the economic development of the indigenous peoples of North and South America.

native  coffee
organically grown

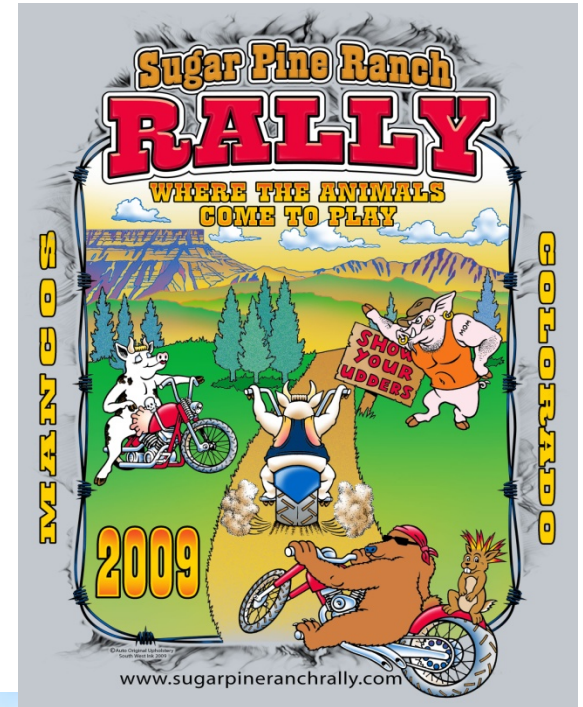


ancient trails

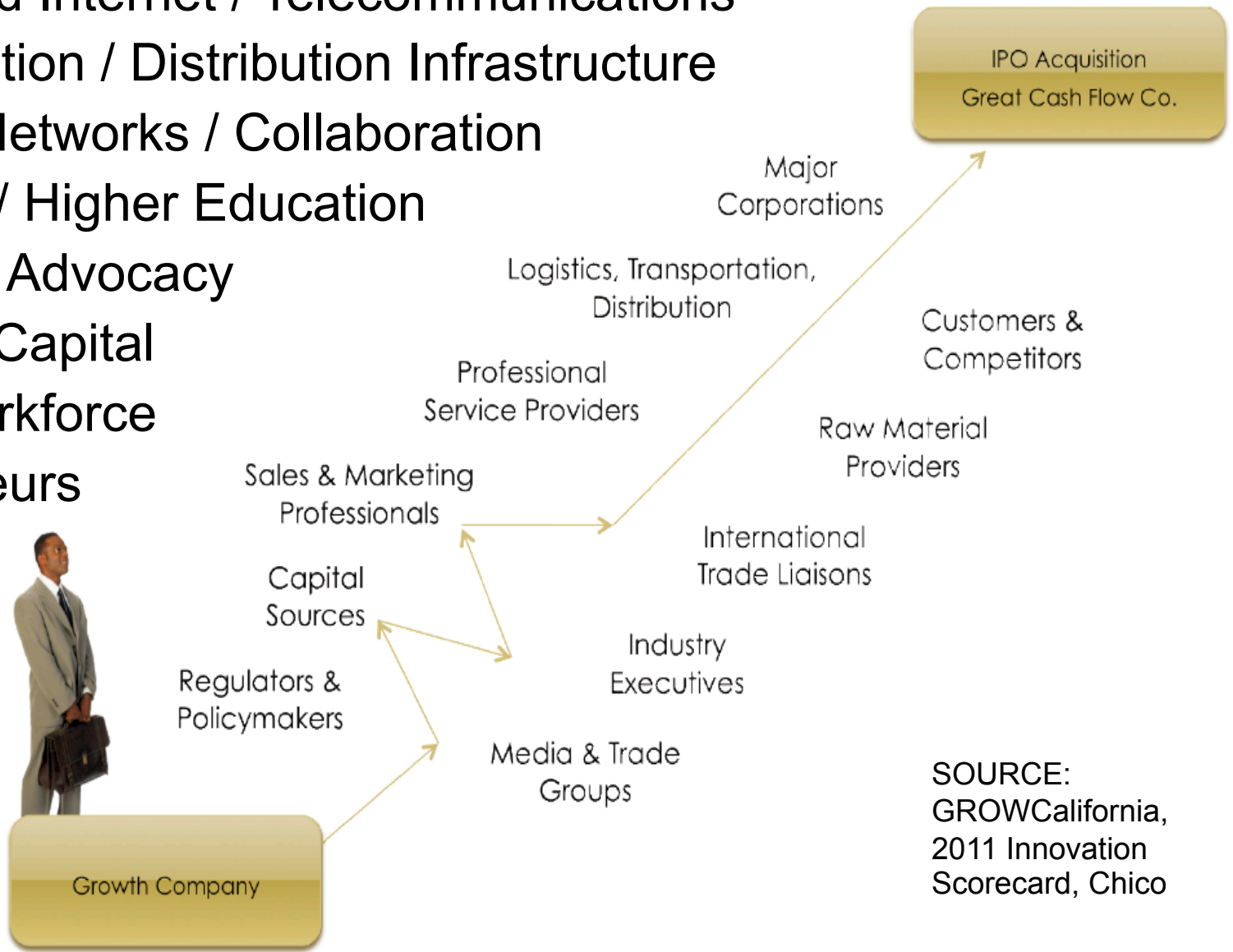
“Our organically grown beans are produced in South and Central America and roasted on sovereign Native American Indian territory to formulate the most aromatic, healthy, delicious cup of coffee you have ever had.”



Agro-Tourism: A Motorcycle Rally on the Cattle Ranch to augment income!



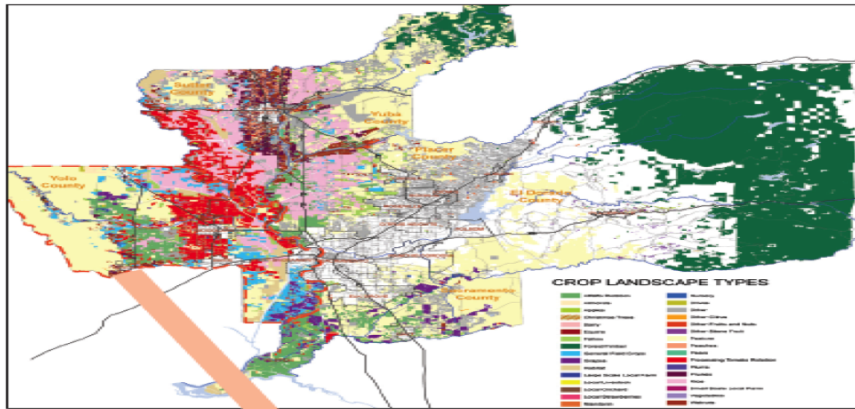
High Speed Internet / Telecommunications
 Transportation / Distribution Infrastructure
 Regional Networks / Collaboration
 University / Higher Education
 Strategy & Advocacy
 Access to Capital
 Skilled Workforce
 Entrepreneurs



SOURCE:
 GROWCalifornia,
 2011 Innovation
 Scorecard, Chico

Rural-Urban Connections Strategy

Sacramento Area Council of Governments • www.sacog.org/RUCS



Yolo County Crop Analysis

- Farm gate: \$1.6 Billion
- Agriculture Industry is \$3.3 Billion (multiplier = 2X)
- Supports 21,000 jobs
- Working for more jobs
 - Local markets
 - International markets

PLACE³S

VIEW AGRICULTURE STATISTICS

CURRENT SCENARIO: TEST SCENARIO

SHOW TRUCK TRIP DENSITY ON MAP | SHOW WATER USAGE DENSITY ON MAP | SHOW LABOR ETC DENSITY ON MAP

| CROP TYPE NAME | OR ACRES | OR LB | UNIT | US\$/AC | OR \$/AC | RETURNS | % RETURN | WATER ACRES / FEET | LABOR ETC | TRUCK TRIPS |
|-------------------------|----------|-------------|------|--------------|---------------|---------------|----------|--------------------|-----------|-------------|
| 01. ALMONDS | 13,842 | 30,671,929 | TRIP | \$82,264,816 | \$43,118,431 | \$19,104,993 | 44% | 24,078 | 158.8 | 534 |
| 02. APPLES | 231 | 2,083 | TRIP | \$4,207,398 | \$4,211,528 | \$95,983 | 2% | 894 | 48.9 | 8 |
| 03. AVOCADOS | 841 | 23,381 | TRIP | \$1,013,747 | \$286,968 | \$345,158 | 33% | 3,236 | 5.3 | 218 |
| 04. CORN | 8,854 | 51,836 | TRIP | \$6,413,332 | \$7,816,708 | \$-1,202,484 | -18% | 26,628 | 45.9 | 1,484 |
| 05. GRAPES | 14,887 | 94,295 | TRIP | \$52,648,474 | \$64,418,187 | \$-10,771,712 | -17% | 10,058 | 645.5 | 2,485 |
| 07. HERRSERY | 1,736 | 0 | TRIP | \$0 | \$0 | \$0 | 0% | 0 | 0.0 | 8 |
| 08. CUCUMBS | 1,135 | 4,598 | TRIP | \$3,013,821 | \$3,885,368 | \$111,523 | 4% | 3,291 | 18.5 | 8 |
| 09. OTHER CITRUS | 131 | 72,269 | TRIP | \$768,950 | \$845,374 | \$-176,214 | -19% | 320 | 1.7 | 52 |
| 10. OTHER FRUITS & NUTS | 876 | 1,998,224 | TRIP | \$2,254,874 | \$1,824,908 | \$329,188 | 17% | 2,434 | 5.7 | 87 |
| 12. PEACHES | 249,972 | 38,301 | TRIP | \$1,304,828 | \$1,620,628 | \$-4,285,894 | -29% | 0 | 0.8 | 8 |
| 13. PEACHES | 71 | 1,285 | TRIP | \$564,794 | \$310,358 | \$44,435 | 13% | 346 | 4.8 | 45 |
| 14. PEARS | 356 | 7,116 | TRIP | \$2,958,337 | \$1,862,103 | \$996,634 | 34% | 899 | 6.4 | 1.6 |
| 16. PEACHES | 3,850 | 6,681 | TRIP | \$1,264,176 | \$11,043,267 | \$3,811,268 | 31% | 8,301 | 44.3 | 265 |
| 16. PISTACHIOS | 26,152 | 1,406,481 | TRIP | \$82,657,887 | \$98,254,764 | \$-1,076,881 | -1% | 181,794 | 518.1 | 52,704 |
| 17. RICE | 26,872 | 2,075,845 | TRIP | \$52,644,886 | \$46,604,078 | \$5,722,118 | 12% | 128,252 | 82.3 | 5,180 |
| 18. RAFFILOWERS | 13,287 | 367,335 | TRIP | \$4,348,599 | \$3,833,508 | \$305,088 | 32% | 0 | 32.0 | 505 |
| 19. RAFFILOWERS | 14,874 | 16,281,190 | TRIP | \$9,148,825 | \$8,852,053 | \$706,042 | 2% | 33,178 | 32.0 | 8 |
| 21. STRAWBERRIES | 7,811 | 0 | TRIP | \$0 | \$0 | \$0 | 0% | 0 | 0.0 | 8 |
| 22. WALNUTS | 12,480 | 25,718,345 | TRIP | \$41,621,280 | \$26,573,227 | \$8,489,073 | 17% | 44,928 | 104.8 | 1,249 |
| 23. WHEAT | 13,834 | 176,881 | TRIP | \$1,226,183 | \$122,533,531 | \$4,551,433 | 13% | 21,432 | 87.5 | 4,483 |
| TOTALS | 52,613 | 105,241,133 | TRIP | \$14,826,795 | \$12,722,223 | \$2,104,572 | 10% | 55,525 | 73.8 | 6,419 |

