

STAFF REPORT



MEETING DATE:	October 10, 2017
SUBJECT:	Accept Agricultural Cluster Assessment Study for Shasta and Butte Counties
AGENDA ITEM:	10
STAFF CONTACT:	Daniel Wayne, Senior Transportation Planner

SUMMARY:

The Agricultural Cluster Assessment Study for Shasta and Butte Counties (formally the Far-Northern California Consolidated Goods and Freight Hub Study) is provided by attachment and summarized below. Pending acceptance by the board of directors, the final report will be distributed to industry stakeholders. Opportunities for joint public-private sector implementation activities will also be explored.

STAFF RECOMMENDATION:

It is recommended that the board of directors accept the final report for the Far-Northern California Consolidated Goods and Freight Hub Study (renamed Agriculture Cluster Assessment Study).

DISCUSSION

Background – SRTA received a Caltrans Strategic Partnerships grant to explore the feasibility and benefits of a centrally-located food hub. In addition to providing a physical location for the aggregation and distribution of food commodities, a food hub may house industry services such as food processing, packaging, safety inspections, marketing, and brokering. The goal of a food hub is to increase agricultural productivity and profitability by reducing the number of miles traveled between production and wholesale delivery. Project partners include Growing Local (a consortium of North State agriculture industry stakeholders) and Superior California Economic Development.

In response to initial analysis and stakeholder input, the study veered away from the concept of a centralized freight hub and toward the development of agriculture 'clusters'. Clustering is a way for small companies to enjoy some economies of scale typically reserved for large-scale businesses that often dominate the supply chain and edge out smaller businesses. Clustering may help smaller businesses scale-up their operations to a level that is able to sustain a bricks-and-mortar food hub, as originally envisioned.

Study Findings – The project team focused on agriculture clusters located in the counties of Shasta and Butte, that have a competitive edge in the marketplace, and would likely benefit from the shared delivery of food products to high-volume buyers in larger markets (e.g. Sacramento and Southern California). The final report – entitled Agricultural Cluster Assessment Study for Shasta and Butte Counties – is provided by attachment. Highlights are as follows:

- Stone fruits (i.e. pit fruits such as peaches), wild rice, and organic vegetables were identified as prospective clusters. Other clusters considered, but not selected for further evaluation, included: dairy/creamery; oriental vegetables; and nursery crops.
- By the numbers, wild rice shows the greatest potential as a cluster. It is well-established in the North State, as nearly half of all wild rice in the world is sourced from the counties of Shasta and Modoc. There are a limited number of competitors in the market place and growers would greatly benefit from additional buyers, local processing options, and reduced transportation costs.
- Although there is currently very little organic vegetable production in the region (most recent data indicates only 41 acres dedicated to certified organic vegetables in the counties of Shasta and Butte), there is a significant unmet need in the marketplace. Local efforts are underway to increase production to meet this niche, but consistently expanding market.
- The long-term viability of an agriculture cluster lies in how well it meets the economic needs of growers, distributors, buyers, and other participants. The most successful models strong private industry leadership supported by public, non-profit, and philanthropic partners. Once one or more clusters have been established and production has increased, the concept of a food hub may be reevaluated.

Next steps – Freight mobility initiatives developed and carried out in partnership with the private sector are an important part of a well-balanced Regional Transportation Plan. Staff will continue to engage private industry and the economic development community on joint strategies that support agriculture cluster development and in identifying and resolving other transportation-related obstacles to economic development in general. Specifically, staff will:

- Circulate the final, board-approved report to industry stakeholders and offer presentations;
- Encourage the private sector to organize an industry association representing the interest of producers, buyers, and transporters in order to facilitate communications, coordination, and partnerships with the public sector; and
- Invite industry stakeholders to participate on a standing or ad-hoc regional freight advisory committee, hosted by SRTA.

Potential public-private partnerships arising from these consultations will be presented to the board of directors for consideration as part of the agency's overall work program. Transportation infrastructure needs may also be considered as part of the Regional Transportation Plan process.

ALTERNATIVES:

The board of directors may defer acceptance of the final report to request additional information.

OTHER AGENCY INVOLVEMENT:

Growing Local (a regional agriculture industry advocacy group) and Superior California Economic Development are project partners. *///The Technical Advisory Committee (TAC) concurs with the staff recommendation///.*

FINANCING:

The project was made possible by a \$125,000 Caltrans Strategic Partnerships grant, which paid for consultant expenses (\$110,000) and a portion of SRTA staff time (\$15,000) for project management and grant administration. Local match in the amount of \$31,250 was met through in-kind contributions from project partners as well as SRTA staff time not covered by the grant.

Daniel S. Little, AICP, Executive Director

Attachments: Agricultural Cluster Assessment, Shasta and Butte Counties, Final Report
///Attachment not available for TAC//