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## Small farm operators discuss challenges at conference

By KATIE THISDELL, The Daily Transcript

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Dennie Giles saw the 800 orange trees and 900 avocado trees as a bonus when he bought the 20-acre Paradise Valley Ranch in Valley Center.

Nearly a decade later, he knows farming certainly wasn't the easy route.

Water was expensive in 2006, Giles said, but the price has at least doubled since he and his wife, Gemma, bought the land with the goal of starting a dog-training business. Challenges continued as gas prices shot up, and finding labor proved difficult.

"I've had a whole roller-coaster ride in my farming experience," Giles said at a panel on the economics of small-farm survival at the 28th California Small Farm Conference in San Diego this week.

More than 600 people from the state and around the country convened at the San Diego Marriott Mission Valley for the conference, which connected farmers, ranchers and farmers market managers, as they addressed the ongoing drought, farm bill, specialty crops, changing laws and marketing.

San Diego County has 5,732 farms, more than any other county nationally, according to the 2013 county crop report. Of those, 68 percent are from 1 to 9 acres, and nearly 27 percent are operated by women. There are 379 certified organic producers in the state.

In 2013, the value of agriculture in the county totaled \$1.8 billion — up 6 percent from the previous year — and was farmed on 305,600 acres. San Diego ranks in the top five in California for nursery products, flowers, tomatoes, lemons, avocados, eggs, mushrooms and grapefruit.

"Farming in San Diego is not dying, it's not going away," said Casey Anderson, membership and program manager for the San Diego County Farm Bureau. "It's growing in value."

But one of the most pressing obstacles for farming relates to the worsening Southern California drought and the high cost of water, which doubled in six years and tripled over the past 11, Anderson said. Water cutbacks as much as 20 percent appear imminent for 2015 and would have a significant impact on farmers and their output, he said.

Some farmers are leaving the business, Anderson said, particularly small avocado farmers. Or they may remove plants or change crops toward varieties that are low-water tolerant. Wine grapes are growing in popularity, though the investment is about \$30,000 per acre to plant.

Others are turning to natural remedies to improve soil conditions through composting, which farmer Al Courchesne of Frog Hollow Farm in Brentwood said has changed the ecology of his orchard for the better, even saving what had looked to be a bleak apricot harvest last year.

Along with challenges come new, exciting opportunities, especially for technology, said A.G. Kawamura, former secretary of the California Department of Food and Agriculture. He's buoyed by increased urban activity.

"Whether you're large or small, whether you're organic or conventional, many of these challenges we face, we all face together," Kawamura said on Skype from Abu Dhabi, where he was speaking at the Global Forum for Innovations in Agriculture.

"This agricultural renaissance, if you will, comes at a time when many people are criticizing the food supply and criticizing agriculture," Kawamura said. "Agriculture is not the problem. As we move forward, agriculture has to be the solution. We see that all over the world, and all over our country exciting things are happening."

“Those folks that are looking at challenges, they are looking at problems — it might be environmental, it might be regulatory, it might be in terms of market challenges in terms of oversupply or access. We realize we can’t wait for government to step in and solve them for us. In fact, especially in California, we see a pile-on of more rules and more regulations that make it tougher to stay in business.”

The conference also included presentations from innovative and entrepreneurial farmers trying to find new avenues to success.

Take Jay Ruskey, who owns Good Land Organics in Goleta. He has partnered with Mark Gaskell, a farm adviser with the University of California Cooperative Extension, Santa Barbara and San Luis Obispo counties.

Ruskey has been growing coffee plants under avocado trees in coastal areas with farmers from Morro Bay to Oceanside, and has plans to market and brand a California-grown coffee that he says can rival Kona coffee.

Coffee beans are found inside bright red cherries, and must be processed, dried and fermented before they can be roasted. Good Land Organics has its own processing facility and plans to open more as more farmers come on board its growing program along the coast. Ruskey wants to see 100,000 coffee plants in the state in the next five to eight years.

“We’ve found our coffee to be very bright, in a kind of citric and acidic way, and as you see, the cherry has some fruity notes, and our coffee always finishes sweet, because we pay great attention to that cherry harvest,” said Lindsey McManus Mesta, sales and operations manager for Good Land Organics.

Coffee is one of the top three commodities traded worldwide.

“This market was kind of daunting to come in to — who are we going to sell to? Or who is going to pay more than \$7 a pound for coffee? Luckily, in the last 20 or 30 years there has been this segment of the market called specialty coffee, and it has exploded,” McManus Mesta said.

“The consumers are people who care about the fact that we cared about our coffee.”

Good Land Organics has sold its coffee for up to \$90 per pound.

### **Economics of small farms**

Giles, the citrus and avocado farmer in Valley Center, had never tasted an avocado before he bought land in 2006, but knew there was a whole culture around the fruit. Today, he’ll enthusiastically discuss the characteristics of his seven kinds of avocados with curious customers at the North Park and Little Italy farmers markets.

“We’re pretty solid with our avocado supply,” said Giles, who also grows tangerines, lemons, sweet limes and pomegranates.

But the couple didn’t have it easy when they started. The Giles’ lost their first crop after a freeze in 2007, and juggled retirement savings accounts to make finances work.

Other knowing farmers in the audience nodded their heads in understanding as Giles described his experience cutting down trees because of rising water prices, and dropping his organic certification because of the \$1,500 price tag.

Packing houses would not always give Giles the prices he wanted for his fruit, so he cut the middle man out, selling at farmers markets for a maximum return. Six markets a week — including two on Sundays — left him burnt out.

“There’s a point where I hit the wall. We were paying the bills and we were totally fine, but it’s a quality-of-life issue,” Giles said.

Giles, like many other farmers, now looks for other ways to supplement his farm income: His wife is a flight attendant, he sells pastured eggs and firewood, they rent out their house on airbnb.com, and they are starting to market their property as a party and wedding site.

“I just diversify where I can,” Giles said. “You have to as a farmer. You have no other options.”

Likewise, panelist Tim Connelly of **Connelly Gardens** in Ramona has found more revenue streams to make ends meet, including hosting a plant sale the first three weekends in April, and selling from a farm stand on the 7-acre property from spring to fall.

“When we first started, we had four children and a single construction wage,” said Connelly, who bought land at the peak of the market.

“If you’ve got the farming bug ... where the market is at doesn’t mean anything to you at all. I knew I wanted to do this for at least the next 15 or 20 years of my life,” Connelly said. “My 401(k) may not be what some people’s are, but I do now have two pieces of property that I’m responsible for. It is sustainable.”

Connelly grows 120 different items throughout the year, and now tries to look for market windows as they open and close. Early in his career, he found selling directly to chefs was fairly easy, but he wasn’t getting the prices he needed. Transportation costs were also high. His knowledge of the product led him to become a sales representative for a wholesaler.

Meanwhile, Stehly Farms Organics is one of the larger family-run farms in the county, with 300 acres in Valley Center. The farm has been in the Stehly family for 50 years and is now run by brothers Jerome and Noel Stehly. The operation has grown to include packing production and natural food stores.

Jerome Stehly said the company started with direct marketing; he would take his product to stores and ask buyers to taste their high-quality blackberries and strawberries, picked at peak ripeness for eating, not shipping.

Stehly emphasized the importance of knowing the farm’s budget, inputs and outputs. For instance, they grew raspberries for a while, and they were popular, but Stehly Farms was losing money.

“You have to be willing to pull the plug,” Stehly said. “It’s not giving up — it’s being a good businessperson.”

Telling a farm’s story and growing a brand takes time, Stehly said, but is invaluable for success. He said he hopes his three daughters will continue the family’s farm, though there will always be struggles.

“If you don’t change, you’ll die. We keep changing and morphing ourselves into something new,” Stehly said. For instance, they’ve added farm tours to their business and planted kid-friendly clementines.

Not all farmers see the future in small farming.

“If you’re willing to work your brains out, and grow food, and work for you and your wife, you might walk away with \$40,000 at end of the year or you might walk away with \$40,000 in debt,” Connelly said. Being called a subsistence farmer is an insult, but it’s also what Connelly wants to do.

## **Connecting with consumers**

While agritourism is a growing trend, many San Diegans first connect with local farmers at the 50 or so farmers markets in the county.

Managers of those markets also face changing regulations, particularly from Assembly Bill 1871, signed into law in September, which lays out what is allowed to be sold in a certified farmers market, what can be sold in an ancillary area and how vendors identify and label their products.

For example, it’s now unlawful to misrepresent an area of production, the producer or the method or manner of production, with a potential \$2,500 fine or six months in jail per violation.

Other new laws relate to food-safety requirements for vendors, allowing wine and cider tastings at markets, and legalizing the sale of produce and shell eggs from urban gardens.

Farmers also sell products directly to customers through CSAs, or community supported agriculture. In the traditional model, customers pay farmers an up-front sum at the start of the growing season, and in return, receive regular boxes of the bounty — or not, if it’s a bad growing season.

Assembly Bill 224, which became law in 2013, require CSAs to be registered, either with the California Department of Food and Agriculture or local Environmental Health agencies, and also requires every product in a CSA to be from a California farm.

The University of California Davis, is studying the state’s CSA operators, of which there are about 200, said doctoral candidate Libby Christensen.

The average weekly price is \$26 for a produce box, and farms see an average retention rate of 63 percent, though local farmers said turnover can be higher, ranging from a membership of 100 to 500 through the course of a year as consumers tire of kale and fennel.

Many CSA programs allow customers to sign up for short periods — even weekly — and allow for add-on products through Web-based systems.

“The trend in California is people want to choose what they want, and they don’t want what they don’t want,” said Robin Taylor, who owns Suzie’s Farm in Imperial Beach with his wife, Lucila De Alejandro.

“We’re trying to convince people that this is just a supplement, this is just a little sample, a taste of local, organic produce. They shouldn’t think of it as supplying their whole pantry.”

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