

**Cattaraugus County, New York
Agricultural Development Plan**

*~Prepared for the~
Cattaraugus County Agricultural and Farmland Protection Board*

February, 2007

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INTRODUCTION

The Cattaraugus County Agricultural and Farmland Protection Board undertook an analysis of the County's agricultural industry as a component, and supplement, to the County's Agricultural and Farmland Protection Plan. In doing this, the Board acknowledges both the important economic role that agriculture plays in the County, as well as the vital role that farm profitability plays in maintaining the County's land resources. Recommendations from this study will be used to support and develop innovative agricultural programs that promote successful farm operations. The outcome of this analysis is encompassed in the following elements of the "Agricultural Development Plan."

The "Agricultural Development Plan" uses a study of empirical data, case studies, in-depth interviews with key industry players, and an analysis of industry trends to establish a 10-year strategic vision for Cattaraugus County agriculture including a series of short-term action items. Collectively, these action items will direct cooperative efforts between the private and public sectors targeting at improving the economic climate facing farmers and agribusinesses. This ambitious plan for the future of Cattaraugus County agriculture supports an expanding mission of the Agricultural and Farmland Protection Board:

To investigate methods to support, promote, develop and preserve the agricultural industry in Cattaraugus County.

To be successful in this endeavor, the study team identified two key focus areas in which to undertake 7 new initiatives or renew current efforts. These focus areas are:

Economic Development – The purpose of the five economic development recommendations is to create an environment where traditional and non-traditional agricultural operations thrive and benefit the larger community. Economic Development initiatives will focus on improving the structural conditions under which agriculture operates by directing public resources to enhance industry infrastructure, recruit and retain valuable input and output industries, integrate farming and non-farming communities through education and outreach, create agriculturally related jobs, improve wages and proprietor's income, enhance tax base, support supplier/vendor networks, and enhancing the quality of life.

Business Development – The three business development recommendations will provide Cattaraugus County farmers with access to world class operational support, training, and financing to maintain and nurture continued economic viability at the farm level. The ultimate goal of the business development recommendations is to increase on-farm profitability.

This document addresses each of these areas with respect to a Ten-Year Objective and a Five-Year Action Plan. The Ten-Year Objective sets the tone for the overall plan and

provides long-term guidance for implementation. The Five-Year Action Plan is the work plan, the current and immediate portion of the plan. These are presented together so that the reader can understand how the long-range goals will be implemented.

The following project background informs the reader of the processes and information used to develop this plan.

PROJECT BACKGROUND

Recommendations in this strategic plan are drawn from empirical and anecdotal evidence collected during the study period of September, 2005 through March 23, 2006. Interpretations of this data were utilized in preparing the Ten-Year Objective and Five-Year Action Plan and in developing evaluation benchmarks.

Also critical in this analysis is the inclusive definition of agriculture that should motivate future agricultural programs in Cattaraugus County.

DEFINITION OF AGRICULTURE

This study uses a broad definition of agriculture that includes all aspects of the cultivation and production of plant material and animal products; as well as the marketing, processing and distribution of these products; and other secondary on-farm activities, (e.g., agricultural tourism, forestry, and aquaculture.)

INFORMATION RESOURCES

Empirical Data Sources: A statistical analysis of the region was conducted using information from the United States Census of Agriculture, Bureau of Economic Analysis, Regional Economic Information System, and County Business Patterns. Information from these sources was adjusted for rural and urban bias and inflation. Trend analysis was conducted over the last twenty years as appropriate. In addition, the study utilizes the IMPLAN input-output model to characterize the indirect and induced impacts of agriculture on the broader economy.

The statistical analysis can be found in Appendix A and is broken down into the following categories:

- Section 1: Financial Summary
- Section 2: Characteristics and Structure
- Section 3: Secondary Industry Impact

Because the agricultural economy reaches beyond the County's borders, ACDS, LLC defined a regional market area from which to draw comparative data. This market area includes Allegany, Chautauqua, Erie, Livingston, and Wyoming Counties in New York and McKean, Potter, and Warren Counties in Pennsylvania. Collectively, these counties are used as a comparative benchmark.

Anecdotal Data Sources: Interviews were conducted with approximately 40 farmers, agricultural service professionals, public officials, and other interested parties throughout the region (Appendix B). Information was gathered on individual perceptions of the agricultural industry, potential for future growth, and the impact of public policy. This information was used to validate trends discovered in the empirical analysis as well as to discover underlying issues of importance to the industry.

Individual comments focused on seven broad issue areas. The seven issue areas are farm transition, land use, market access, finance, education and training, regulation, business development, and infrastructure. The viewpoints expressed ranged from pessimistic to optimistic. One commonality among the farmers interviewed was the desire to continue farming and pass the farm on to a next generation. Interview results are integrated into the recommendations of the overall “Agricultural and Farmland Protection Plan.” For more detail, refer to the following Appendices:

Appendix C: SWOT Analysis

Appendix D: Demographic Data and Market Profile

IMPLEMENTING THE PLAN

In order for a strategic plan to be effective over the long-term, it must be a dynamic, living document. To maintain its focus and vision, the Cattaraugus County Agricultural Development Plan should become an integral part of the Agricultural and Farmland Protection Board’s annual work plan and should be supported by county, state and local agencies. The Agricultural and Farmland Protection Board should work with the County Legislature; the Cattaraugus County Department of Economic Development, Planning, and Tourism; Cornell Cooperative Extension; the Soil and Water Conservation District; Cattaraugus County IDA; Cattaraugus County Business Development Corporation; and others to develop specific, measurable goals and to report progress toward those goals on an annual basis.

Furthermore, the Agricultural and Farmland Protection Board should undertake a periodic review of progress made toward fulfilling the long-term priorities set forth in this document and to update them as appropriate to current conditions. It is further recommended that the review process be open to the public as a means to receive up-to-date input.

MAJOR FINDINGS

Despite slow structural change that has both farm numbers and farmed acres declining, Cattaraugus County has maintained and, in some cases grown, a vibrant agricultural economy. This is supported by the fact that agriculture and agriculturally related industries account for nearly 3% of all private income and 5% of private employment in Cattaraugus County. These facts make agriculture the sixth largest employer in the County behind tourism, manufacturing, health care, administrative services, and retail industries. Beyond production agriculture, the County also has strong output in related manufacturing sectors such as wood product manufacturing and meat processing.

This section of the Cattaraugus County Agricultural Development Plan presents a snapshot of agricultural economic conditions and offers an industry self assessment in the form of a strengths, weaknesses, opportunities, and threats (SWOT) analysis.

ECONOMIC IMPACT

Agriculture in Cattaraugus County, New York, is a large and extensive industry consisting of 1,157 farm enterprises on over 200,000 acres of farmland. In 2002, the last year for which comprehensive data is available, Cattaraugus County's farm output totaled over \$58 million and employed nearly 1,500 people on the farm with another \$15.5 million in logging output. *(Note: Based on project interviews, the project team believes that federal statistics significantly under-report agricultural and forestry activity.)* Cattaraugus County's farm economy contributed an additional \$46 million in output and employed another 550 workers through its linkages to other industries.

A key feature in the agricultural economy is an increase in crop sales in Cattaraugus County that has been especially pronounced since 1997. This upward trend is led by production increases in the nursery and greenhouse industry as well as vegetables and fruit. However, the small number of producers in each sector makes confirmation of this assertion difficult. Beyond nursery and greenhouse and vegetable production, on-farm forestry activities have provided solid returns for several of the northern Appalachian hardwood species found in the County.

However, not all of Cattaraugus County's agriculture is as robust. Dairy farming, in particular, has been adversely impacted by rising costs and transitioning markets. Since 1997, 30 percent of all Cattaraugus County dairy farms went out of business accounting for more than half of all farms lost. Some of these dairy farms were consolidated into larger operations, while others came out of production or transitioned to development.

The net result to Cattaraugus County's economy is a general agricultural stasis with losses in livestock revenues offset by gains in crop production. The return to the farmer however, has seen a steady decline in both real and nominal terms with 2003's nominal net return to the farmers being 98 percent lower than it was in 1984. Higher expenses, particularly for hired labor, are a major contributor. A more complete highlight of local and regional agricultural economic conditions can be found on the next page.

Cattaraugus County: Agricultural Development Plan

Farm Highlights									
40-mile County Highlights Summary Data					Cattaraugus County Highlights Summary Data				
	2002	1997	Percent Change		2002	1997	Percent Change		
	Data	Units			Data	Units		Data	Units
Farms	7,722	Farms	-3.78%		1,157	Farms		1,188	Farms
Land in Farms	1,438,666	Acres	-0.14%		201,913	Acres		215,692	Acres
Average Farm Size	186	Acres	3.78%		175	Acres		182	Acres
Estimated Value of Land and Buildings	\$ 1,989,587	(\$1,000's)	21.91%		\$ 253,116	(\$1,000's)		\$ 211,541	(\$1,000's)
Total Cropland	878,175	Acres	-0.59%		108,279	Acres		115,879	Acres
Harvested Cropland	678,741	Acres	2.81%		77,030	Acres		79,042	Acres
Cropland Used for Pasture	98,070	Acres	-22.78%		16,313	Acres		21,884	Acres
Other Cropland	101,364	Acres	5.33%		14,936	Acres		14,953	Acres
Woodland	339,515	Acres	-1.35%		60,385	Acres		62,039	Acres
Pastured	43,719	Acres	3.24%		8,745	Acres		7,340	Acres
Other Woodland	295,796	Acres	-1.79%		51,640	Acres		54,669	Acres
Pastureland and Rangeland	99,396	Acres	5.67%		18,066	Acres		17,709	Acres
Pastureland	241,175	Acres	-8.44%		43,124	Acres		46,933	Acres
Total Farm Sales	\$ 603,957	(\$1,000's)	16.53%		\$ 58,352	(\$1,000's)		\$ 55,922	(\$1,000's)
Crops Including Nursery and Greenhouse	175,327	(\$1,000's)	34.07%		15,670	(\$1,000's)		11,030	(\$1,000's)
Livestock and Poultry	428,630	(\$1,000's)	10.61%		42,682	(\$1,000's)		44,892	(\$1,000's)
Direct to Consumer (Human Consumption)	5,608	(\$1,000's)	2.54%		478	(\$1,000's)		578	(\$1,000's)
Net Cash Income									
Positive Cashflow	43.50%	Percent of Farms			45.89%	Percent of Farms			
Negative Cashflow	55.97%	Percent of Farms			54.11%	Percent of Farms			
Principal Occupation									
Farming	4,457		12.55%		628			582	
Other	3,265		-19.68%		529			606	
Age of Operator									
Under 55	4,211		-8.73%		638			712	
55 and Over	3,472		1.79%		519			476	
Gender of Operator									
Male	6,749	Farms	-6.00%		1,034	Farms		1,073	Farms
Female	973	Farms	15.15%		123	Farms		115	Farms
Land Tenure									
Full Owner	5,352	Farms	0.28%		817	Farms		792	Farms
Full Owner	652,276	Acres	5.89%		102,760	Acres		107,668	Acres
Part Owner	2,079	Farms	-7.68%		308	Farms		344	Farms
Part Owner	703,695	Acres	-7.38%		93,585	Acres		101,352	Acres
Tenant	261	Farms	-35.71%		32	Farms		52	Farms
Tenant	42,892	Acres	-33.90%		5,568	Acres		6,672	Acres
Years on Present Farm									
9 or less	1,867		-0.64%		277			270	
10 or more	5,855		17.22%		880			695	

Source: US Census of Agriculture

Cattaraugus County: Agricultural Development Plan

Agribusiness Related Multipliers (2002)				
Industry Code	Sector Name	Output	Employment	Value-Added
1	Oilseed farming	1,248,416	1,062,325	1,329,140
2	Grain farming	1,220,894	1,043,808	1,311,917
3	Vegetable and melon farming	1,230,226	1,099,980	1,207,797
4	Tree nut farming	1,271,190	1,123,777	1,292,708
5	Fruit farming	1,265,675	1,077,195	1,275,135
6	Greenhouse and nursery production	1,300,079	1,041,384	1,224,981
10	All other crop farming	1,243,052	1,148,119	1,278,894
11	Cattle ranching and farming	1,722,462	1,498,713	4,216,758
12	Poultry and egg production	1,222,326	1,355,876	1,356,580
13	Animal production, except cattle and poultry	1,428,410	1,099,103	2,281,206
14	Logging	1,338,808	1,327,695	1,604,441
18	Agriculture and forestry support activities	1,568,375	1,061,201	1,593,058
19	Oil and gas extraction	1,284,225	1,063,196	1,309,961
24	Stone mining and quarrying	1,306,034	1,223,495	1,310,879
25	Sand, gravel, clay, and refractory mining	1,321,929	1,106,235	1,285,950
27	Drilling oil and gas wells	1,345,254	1,237,799	1,373,585
28	Support activities for oil and gas operations	1,406,521	1,062,258	1,333,573
30	Power generation and supply	1,272,373	2,278,072	1,220,203
36	New farm housing units and additions and alterations	1,497,818	1,731,678	2,124,022
42	Maintenance and repair of farm and nonfarm real estate	1,490,139	1,472,893	1,786,740
47	Other animal food manufacturing	1,268,910	1,951,983	2,860,328
60	Frozen food manufacturing	1,444,398	1,527,133	2,270,309
64	Cheese manufacturing	2,135,262	7,804,773	5,072,401
67	Animal, except poultry, slaughtering	2,196,493	7,773,705	5,659,401
73	Bread and bakery product, except frozen, manu	1,321,113	1,170,055	1,339,062
75	Mixes and dough made from purchased flour	1,258,637	1,380,435	1,430,517
101	Textile bag and canvas mills	1,327,234	1,094,913	1,622,587
109	Leather and hide tanning and finishing	1,688,576	2,065,404	2,394,451
111	Other leather product manufacturing	1,310,594	1,031,399	1,219,489
112	Sawmills	1,573,235	1,549,976	1,871,783
118	Cut stock, resawing lumber, and planing	1,798,747	2,153,413	2,758,353
120	Wood container and pallet manufacturing	1,691,202	1,215,489	1,755,385
123	Miscellaneous wood product manufacturing	1,596,944	1,460,529	1,782,835
126	Paperboard container manufacturing	1,281,391	1,255,091	1,582,076
135	All other converted paper product manufacturi	1,322,612	1,321,864	1,737,731
262	Sawmill and woodworking machinery	1,394,389	1,291,550	1,793,076
267	Food product machinery manufacturing	1,461,358	1,310,195	1,577,369
362	Wood kitchen cabinet and countertop manufactu	1,546,144	1,200,306	1,672,249
364	Nonupholstered wood household furniture manu	1,548,193	1,332,975	1,888,686
369	Custom architectural woodwork and millwork	1,488,701	1,727,120	2,630,480
370	Office furniture, except wood, manufacturing	1,384,318	1,424,779	1,725,180
371	Showcases, partitions, shelving, and lockers	1,400,322	1,187,106	1,528,653
397	Scenic and sightseeing transportation and sup	1,487,658	1,182,597	1,814,965
449	Veterinary services	1,418,494	1,114,365	1,616,656
456	Travel arrangement and reservation services	1,464,840	1,202,503	1,818,251
Source: Implan 2002				

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SWOT ANALYSIS

SWOT analysis is a tool used by strategic planners and marketers to assess the competitive environment of a region, industry, business, or product. It is a very simple technique that focuses on the Strengths, Weaknesses, Opportunities, and Threats (SWOT) facing Cattaraugus County agriculture.

For the purpose of this study, the strengths, weakness, opportunities, and threats were assessed for the agricultural industry overall to include production agriculture as well as agricultural support industries. The SWOT criteria identified are drawn directly from the study team's interviews with the agricultural industry and public officials. As such, this analysis should be considered an industry self-assessment.

SWOT ANALYSIS MATRIX	
INTERNAL FACTORS	
Strengths	Weaknesses
Stable Land Base	Tax Structure
Industry Structure	Farm Transition
Agricultural Infrastructure	Development Patterns
Market Access	Market Access
Economic Strength	Labor - Availability and Cost
Public Sector Support	Utilities
Agricultural Region	Land Competition
Location Factors	Land Fragmentation
Low Development Pressure	Transportation Infrastructure
Supportive Community	Risk Management
Diversifying Production Base	Soils
Tourism Linkages	Grain and Feed Marketing Facilities
Industry Cooperation and Integration	Farmland Consolidation
Transportation Infrastructure	Wood Lot Management
Natural and Physical Assets	Neighbor Relations
EXTERNAL FACTORS	
Opportunities	Threats
Regional Business Attraction, Retention, and Expansion	Regional Development Patterns
Industry Consolidation	Regional Competitiveness
Ethnic Market Development	Diminished Capital Investment in Agriculture
Labor Force Development	Market Concentration
Venture Development	Commodity Price Fluctuation
Recreation and Tourism Development	Cost of Doing Business
Regional Land-Use	International Market Access
Leadership Development	Farm Consolidation
Public Education	Extra-Regional Business Recruitment
Regional Economic Development Support	State and Local Fiscal Conditions
Regional Demographics	Federal and State Regulatory and Policy Structure
Alternative Energy Development	

The complete SWOT analysis can be found in Appendix C.

CASE STUDIES: AGRICULTURAL DEVELOPMENT PROGRAMS

The ACDS study team feels that a brief overview of selected public and private sector development initiatives proves as an instructive introduction to agricultural development. The study team interviewed and evaluated the best practices employed by selected agricultural viability projects throughout the United States. Summaries of these programs are provided below.

LOUDOUN COUNTY, VIRGINIA

Loudoun County has had an agricultural development program for 20 years. The Agricultural Development Program has operated under the guiding principles of several strategic plans. Policy work, agritourism programs, advice to farmers, publications and the development of a farmers market system are key program areas of the Agricultural Development Program. Production of marketing guides, listings of specialty producers, spring and fall farm tours and a website are the primary tools of the program and have proven very successful. Recent full color glossy publications include *Spring Farm Tour and Product Guide 2000*, *Loudoun Valleys Color Farm Tour* and *The Loudoun Wine Trail*. Their two newest programs are the farmland viability program and the Purchase of Development Rights Program. The Agriculture Development Program conducts 5 major events throughout the year attracting nearly 50,000 visitors to local farms. These events target non-agricultural citizens in an effort to educate and increase their awareness of the agricultural industry and to enhance on-farm and off-farm marketing.

ONEIDA COUNTY, NEW YORK

Oneida County has had an Agricultural Development Program for seven years. However, the current Agricultural Development Program Officer has been in place just a short time. The Agricultural Development Program is focused on increasing farm numbers, enhancing food processing and manufacturing, and improving markets for local products. The Agricultural Development Officer has actively pursued various market opportunities, such as H'Allal meat packing for the large Muslim market between New York City and Detroit in an effort to rekindling meat packing in the state. The Agricultural Development Officer also makes frequent recruiting trips to the Mid-Atlantic States to recruit farmers to the region.

CHELTENHAM FARMERS MARKET

The Cheltenham Farmers Market was constructed by the State of Maryland to serve as an export oriented tobacco warehouse. Due to the market's location, as well as structural changes in tobacco market, no tobacco was ever moved through Cheltenham. Instead, the market was handed over to local farmers, many of whom are Amish and Mennonite. This group of farmers operates the facility as a vegetable, hay, and horticulture auction. While the facility has never operated beyond financial break-even, it provides a vital linkage to nearby urban markets and serves as a network development system for local

farmers. This has been particularly true for the plain sect communities who have parlayed relationships made at the market into large, farm-based wholesale operations that directly supply produce and horticultural items directly to retailers in the Washington market area.

COULEE REGION ORGANIC PRODUCE POOL

As a marketing cooperative, CROPP is focused on producing a wide variety of high price point, value-added organic foods for distribution through wholesale channels nationwide. CROPP's sales are dominated by its full line of dairy products which account for 90% of sales activity. Eggs account for an additional 6% with the balancing 4% composed of meat, produce, and juice products. CROPP maintains its market leadership by constantly up-dating its product line of nearly 100 products to match changing consumer tastes and trends. CROPP's nearly 200 customers are dominated by retailers ranging from small buyer cooperatives to retail giants such as Wal-Mart. Nearly 85 percent of distribution goes through wholesalers while the remaining 15 percent goes directly to chain store warehouses like Wal-Mart and Publix.

CROPP farmers are organized by geography and commodity lines in highly dispersed production pools. As CROPP grows and expands it uses a market demand model to determine the best method to expand or add production pools. For instance, if market demand for organic dairy products sharply increases in the Southeastern United States, CROPP would conduct a market demand assessment to determine if it should develop a local dairy production pool in the Southeast or, for instance, try to serve that market by expanding its mid-Atlantic/Northeast pool. Members of CROPP production pools become full members of the cooperative and share in all cooperative decision-making.

Much of CROPP's success in attracting members to its production pools has been attributed to its grower payment model. This model is built on the philosophy that growers should be paid a stable, equitable, and sustainable pay price for pooled products. Compensation is based on the cost of production plus an estimated fair return. Under the current pricing scheme, CROPP's New York dairy members average approximately \$31.00 per hundredweight of milk including quality and component adjustments. Egg farmers are paid roughly \$1.30 per dozen, well in excess of the national average.

IOWA STATE AGRICULTURAL SUPPORT PROGRAMS

The State of Iowa has been actively supporting innovations in agriculture through the Iowa Agricultural Development Authority (IADA) and the Iowa Agricultural Finance Corporations (IAFC) since 1981. During the last two decades, Iowa has financed over \$200 million in agricultural and agriculturally related improvements using a combination of capital instruments. The stated reason Iowa has engaged in such a comprehensive approach is to "facilitate private investment capital in this under-served industry." The primary tools employed by the IADA and the IAFC are: 1.) the tecTERRA Food Capital Fund, 2.) the Value-Added Agricultural Products and Processes Financial Assistance Program, and 3.) the Aggie Bond Program.

INDUSTRY TRENDS

The following analysis is intended to provide a snapshot of Cattaraugus County's primary industry sub-sectors. Data used in completing this analysis comes from interviews as well as the National Agricultural Statistics Service.

DAIRY

The dairy industry is the largest component of New York's agricultural economy accounting for more than 53% of the State's agricultural output at \$1.95 billion. New York exports a significant share of its dairy production ranking it as the third largest exporter of dairy products in the United States. Western New York is a large contributor to these exports.

Cattaraugus County's dairy is a significant agricultural sector representing approximately 63% of the County's overall agricultural output, a proportion that has been slowly declining from nearly 70% since the late 1980's. Despite losing a significant proportion of its dairy operations between 1992 and 2002, Cattaraugus County has been able to maintain dairy income levels through the efficiency gains related to consolidation.

Dairy Data for Cattaraugus County, NY: 1992 to 2002				
Item	1992	1997	2002	1992 to 2002 % Change
Number of Dairy Farms	384	346	240	-38%
Number of Dairy Cows	22,261	20,157	16,705	-25%
Total Value of Dairy Products (\$1,000's)	\$40,774	\$37,834	\$36,486	-10%

Source: U.S. Census of Agriculture, 1992, 1997, and 2002.

In order to understand the potential impact of an economic development strategy on the local dairy industry, it is important to understand the trends that are impacting the industry at the national and local levels.

National

- Milk production per cow is up 18% over the last ten years.
- Dairy farms are becoming larger and more capital intensive. Farms with more than 500 cows represent 3% of dairy farms and 40% of national production.¹
- After long-term price depression, dairy prices have been strong for the last two years.
- Dairy production is shifting south and west in the United States, specifically to Idaho, California, and New Mexico.
- Dairy cooperatives are becoming larger and more concentrated.
- Dairy processing and distribution are becoming more concentrated under the market leadership of Dean Foods.

¹ <http://usda.mannlib.cornell.edu/reports/nassr/livestock/dairy-herd/specda02.txt>.

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- A new dairy support program (MILC) came into effect in 2002 and provides needed financial support for small dairies.
- Alternative dairy products such as goat, sheep, and soy analogs are growing in market share.

Local

- The dairy industry is rapidly consolidating with the sixteen largest farms accounting for 35% of the cattle inventory in 2002.
- Small dairy farms (fewer than 100 head) have declined at an annual rate of 4.9%.
- Small dairy farms are very concerned about market access and farm transition.
- The area does not fall under a Federal Market Order but is influenced by Market Orders 1 and 33.
- Cattaraugus County dairy farms are competitively served by milk handlers and other dairy service providers.
- Cattaraugus County dairy farms tend to be well integrated with other agricultural operations and exhibit high levels of inter-industry cooperation.
- Continued dairy consolidation amidst current growth pressure seems likely, both locally and regionally.
- The decline in dairy farms is accompanied by a decline in cow numbers.
- Fragmentation of the land base for dairy support activities is a limiting factor for growth of large operations.
- Land fragmentation creates pockets of competition for land throughout the County. In some areas vegetable and grain production edges out dairy support land.
- The dairy industry supports significant hay and forage production.

Cattaraugus County's dairy sector is supported by a regionally robust dairy industry anchored in neighboring Wyoming County. Because of this, dairy infrastructure remains competitive, though costs for inputs, services, and milk handling are generally on the rise. The geographic isolation of dairy operations and poor transportation infrastructure contribute to this condition. Structure of the sector, which tends to be bifurcated between small family based operations and large operations (more than 200 head), contributes to an overall sense that current dairy conditions are favorable. Scale efficient larger producers benefit from independently accessing any number of proximate Federal Market Orders in the Midwest and East Coast to balance production and income while small farmers generally seem to have very low debt and limited hired labor, which keeps costs low and operations nimble.

However, conditions across the industry are not all positive. Mid-sized producers in Cattaraugus County, despite good milk prices recently, are concerned about their future. With higher per unit operating costs, labor issues, and no evident next generation, this group of farmers feel that they are the most likely to transition out of agriculture in the foreseeable future. The later is also true of small farms (fewer than 100 head).

Given the above issues, the dairy industry is best supported through directed economic development efforts that capitalize on the regional strength of large producers with business development support for small and mid-sized producers.

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LIVESTOCK

Livestock is another important sector in New York agriculture contributing approximately \$2 billion in annual sales. A significant portion of this activity can be attributed to New York's large dairy industry that provides a supply of replacement heifers, bull calves, herd culls, and other livestock to local and regional markets. Cattaraugus County's livestock sector, exclusive of dairy products, produces nearly 11% of the County's annual agricultural output. This is in part due to the dominance of the dairy industry and its spin-off impact on the livestock industry.

The local industry, though small, is made up of several components. The first is dairy related livestock sales driven by the dairy replacement business. The second is the production of beef cattle (feeders, stockers, etc). The final, and smallest, sector is the growing number of small ruminants and alternative livestock producers (mostly Alpaca) who typically produce for personal consumption, freezer trade, or ethnic markets.

Livestock Production for Cattaraugus County, NY: 1992 to 2002				
tem	1992	1997	2002	1992 to 2002 % Change
Cattle and Calves				
Farms	622	663	401	-36%
Inventory Sold	18,870	19,389	11,388	-39%
Value of Sales (000)	\$6,153	\$6,460	\$4,832	-21%
Small Ruminants				
Farms	44	45	51	16%
Inventory Sold	720	1,236	1,183	64%
Value of Sales (000)	\$43	Withheld	Withheld	N/A
Hogs and Pigs				
Farms	59	86	60	-2%
Inventory Sold	1,590	2,003	1,380	-13%
Value of Sales (000)	\$141	\$194	Withheld	N/A

Source: U.S. Census of Agriculture, 1992, 1997, and 2002

As with other sectors, understanding key trends in the industry will help to define the role of the Agricultural and Farmland Protection Plan relative to the local industry.

National

- Consolidation and specialization within the dairy industry is supporting a growing business in dairy replacements.
- Beef producers are relying more heavily on science based quality assurance programs to generate enhanced profits.
- Grouped sales are becoming more important for sale operators.
- Small ruminants production is being revitalized by ethnic and specialty demand.
- Meat marketing and processing is dominated by large firms with high industry concentration within and across species.
- Meat marketing systems have moved away from carcass meat and toward boxed meats.

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- Producer cooperatives and small businesses around the country have been successful in developing niche oriented premium and certified meat products.
- Small meat packers and slaughter plants are declining nationwide.
- Food safety concerns dominate the meat industry and strongly influence the consumers' perception of the industry.
- Value-added and ready-to-eat meat products represent the fastest growing market segments.
- Young families, ethnic, and health conscious consumers are driving new product development.
- Slotting fees, the practice of charging food companies for shelf space in retail establishments, is becoming common for meat products.

Local

- Regional efforts to develop livestock cooperatives and slaughter plants are underway to increase marketing and kill potential. As well, these efforts are aimed to develop niche and ethnic specialties.
- Cattaraugus is still functionally served by regional livestock markets, slaughter facilities, and packing houses.
- Farm operations, typically new entrants, are increasing small ruminants herd in response to increased demand for goat and lamb products.
- Certification programs, including producer self-certification of grass fed, heritage breed, and natural meat products are becoming more prominent in the region especially among small producers.
- Infrastructure limitations in both input and output industries make competitive production of meat difficult.
- Interest in beef production is diminishing.
- Topography, soils, and climate are supportive of expanded meat production of large and small ruminants.

Based on interviews and project team experience, the opportunity to support the livestock industry will have the most significant and meaningful impact on the dairy industry and should therefore focus on improvements in local infrastructure such as attraction of a rendered to the area. Secondly, the County is well positioned to exploit ethnic Middle Eastern markets in the Midwest, Canada, and the eastern seaboard. New entrants into the livestock market are likely, but will likely be part-time ventures or new entrants to farming altogether. Because of this, it is most likely that small livestock producers will benefit from business development services such as market development, management training, and technical assistance services. As well, it will be important to introduce local producers to quality assurance programs for both small and large ruminants, in order to enhance returns.

FRUIT AND VEGETABLE PRODUCTION

The produce industry, for both fresh market and processed fruits and vegetables, consistently places New York in the top ten production areas in the nation (6th in 2002 for fresh vegetable production with \$503.1 million in output).

Cattaraugus County is not a significant contributor to New York's produce industry and accounts for an estimated \$1.7 million² in fruit and vegetable output in 2002. While fruit and vegetable production is not an anchor for the local agricultural economy, it is closely linked to the plain sect communities and, to a growing extent, the regional processing vegetable production base anchored regionally by Genesee, Orleans, Monroe, Wyoming, and Wayne Counties. The County's soils and micro climate are not as suitable to this type of production as are other counties such as Genesee and Livingston.

In order to understand the potential impact of changes in the produce industry sector on agriculture and therefore the Agricultural and Farmland Protection Plan, it is important to understand the trends that are impacting the industry at the national and local levels.

National

- Production of fruits and vegetables is becoming concentrated, either directly or through producer alliances, in the hands of large grower-shippers.
- Year-round fresh produce consumption is replacing consumption of canned and frozen produce items.
- International produce sourcing is growing in importance as a component of grower-shipper produce movements.
- Distribution and marketing tasks, such as inventory management, demand forecasting, category management, and productivity analysis are being forced down the distribution chain to the grower/shipper³ meaning scale efficiencies are more important at the grower level.
- Produce sales increasingly rely on Electronic Data Interchange (EDI) as a key component of vendor managed inventory services.
- Value-added fresh produce accounts for 25% of produce department sales. Cut fruits and vegetables will account for much of the growth.
- Value-added fresh produce is highly concentrated with the top five lettuce/salad processors maintaining a 91% market share.
- Direct buying is expected to account for up to 75% of all retail and foodservice produce purchases by decade's end.⁴ Much of this will occur under contract.
- Produce origin is becoming a more important issue in the retail sale of produce with nearly 90% of all consumers expressing an interest in country of origin labeling.⁵

² Vegetable production in 2002 is estimated at \$428,000, but is not disclosed by USDA.

³ "Supply Chain Management in the Produce Industry," produced by Produce Marketing Association. and Cornell University in 2001.

⁴ Ibid.

⁵ Fresh Trends 2002.

Local

- Vegetable production is small (less than 500 acres), but growing.
- Fruit and nut production, though small, is led by grape and berry production.
- Investment in this sector is limited to modest growth in grapes and other berries.
- Fruit production is also correlated to wine production.
- Fruit and vegetable production is direct market driven both on-farm and off-farm at regional metropolitan centers.
- Major vegetable crops are sweet corn, pumpkins, squash, and peas.
- Labor force, while adequate, remains a significant source of concern for produce operations.
- Soils will be a limiting factor for significant growth in vegetable production, though fruit, berry, and nut production may not be similarly limited.

Despite not having a large population base, Cattaraugus County has been able to capture on-farm direct marketing and agritourism opportunities related to its fruit and vegetable sector. Most notable are the small Amish roadside stands and operations like Pumpkinville. In addition, other local growers have been successful at marketing into larger regional markets like Buffalo and Rochester, utilizing producer only markets.

Given the disparity in the production base and grower interests, it will be difficult to offer economic development based responses to this sector. The most effective support approach will be based on a business development model whereby individual grower interests are addressed such as market access, product development, and labor force development.

GREENHOUSE AND NURSERY PRODUCTION

The nursery and greenhouse industry in New York is rising quickly through the ranks of the State's most important agricultural industry sectors. As of the 2002 Census of Agriculture, New York State was producing approximately \$344,320,000 in output, placing it among the nation's top ten nursery and greenhouse producers.

With sales of nearly \$9.7 million in 2002, Cattaraugus County can be described as having a small but vibrant industry. The major component of the County's industry is open production of nursery stock followed by floriculture and bedding plants, which collectively account for the majority of the production under glass. Most production is concentrated among a few growers making the overall success of the industry highly correlated to a few firms.

Key trends of note in the local greenhouse and nursery industry include the following:

- Outside of the largest players, nursery and greenhouse operations tend to be small and niche oriented.
- Coordination among the industry's divergent operations is poor. The nursery and greenhouse sector does not have a strong local voice.

- Overall, the local industry is not as well integrated with regional landscape architects, installers, and designers.
- The industry is dispersed throughout the County.
- The sector tends to be highly compatible with residential uses.
- Growth in this sector tends to follow high development pressure.
- The nursery and greenhouse industry does not have strong local service and supply networks, but instead relies on regional networks.
- This sector has high labor force requirements relative to the other agricultural sectors found in the County.

At its current sales and production levels, Nursery and Greenhouse production represents the second largest industry sector easily surpassing non-dairy livestock (e.g., beef cattle, meat goats, etc.). New entrants to this sector are likely to be relocations from the region and will be driven by the area's affordable labor and land. As well, it is likely that there will be new starts-ups and expansions from within the County. By virtue of its production characteristics, it is likely that this industry will have a more significant impact on agricultural land sales over the coming decade with a focus on acquiring high quality soils. If past development trends hold, much of the new production will be open field production, with modest growth in production under cover.

Because of its unique characteristics, the Nursery and Greenhouse industry is likely to benefit from economic development programming related to business retention and attraction. As well, it is a candidate for business development and finance programs since Nursery and Greenhouse operations often have heavily front loaded development expenses and long production horizons. Furthermore, this sector is also likely to benefit from workforce development such as job/life skill training, English as a second language programs, and affordable housing.

EQUINE

The equine industry remains one of the most poorly understood and poorly measured of New York State's agricultural industries. The primary contributing factor is the difficulty in defining an industry that straddles agriculture and recreation. However, it is largely understood that New York's equine industry is a critical driver of economic activity in the State as well as in Cattaraugus County. This assertion is supported by Cattaraugus County's proximity to the large horse concentration in Erie County.

The equine industry is an almost silent industry (in terms of measurable direct impact) as it is hard to classify. Its diversity is wide ranging and includes both working uses and recreational uses that range from the team horses used by the Amish and the breeding, boarding, and training of performance horses to recreational trail riding. As one would guess, these sectors tend to be highly divergent in their interests, trends, and patterns and they attract very different stakeholder groups. Because of this, the industry tends to be disaggregated and unorganized. Furthermore, developing a statistical picture of the industry is a serious challenge since USDA does not generally report equine statistics and New York State's year 2000 effort to profile the industry through a statewide survey

received poor results. The following are reported about Cattaraugus County's and Southwestern⁶ New York's equine industry in the 2000 New York State Equine Study:

- Nearly 40% of the 3,000 horse operations in the southwestern region classify themselves as non-commercial and non-farm operations. The next highest concentration of operations is self-classified as crop and livestock farms (38%) with commercial boarding and training at 10%.
- Cattaraugus County, with 3,500 equine, has the second highest horse inventory in the Western region and the fifteenth highest horse inventory in the State.
- The region's horse inventory is primarily light horse (75%) breeds with the next largest group being draft horses (14%).
- Nearly 48% of the inventory is kept for pleasure with 21% kept for "Other Uses" (e.g. team horses), 20% kept for breeding, 9% kept for competition or racing.
- Cattaraugus County has the thirtieth highest valued equine inventory in the State and the second highest in the region at aggregated \$10.64 million.
- Between 1998 and 2000, the horse inventory in the region grew by 4% while the County's inventory fell by 8%. Statewide inventory also fell by 8%.
- The value of equine inventory in the region and County fell by 10% and 30% between 1998 and 2000 respectively, indicating a change in the composition of stock and ownership.
- 87% of equine operations have been in business 6 years or longer indicating low replacement. 73% have been in business longer than 11 years.
- The "Preceding Use" of most equine operations in the Southwestern region was most often a crop or livestock farm (64%).

Despite strong fundamentals in equine value and on-farm investments, the horse industry is considered by many insiders to be stagnant or declining. Growth within sectors such as boarding and commercial horse operations is assumed to be coincidental with a reduction in backyard equine impoundments. This assertion is supported by the decline in horse numbers in the County and indeed is a statewide phenomenon. However, maintaining the equine industry is critical for the health of agriculture, if for no other reason than its strong linkages to agricultural support land (e.g., hay production ground) and agricultural infrastructure such as feed dealers, animal nutritionists, large animal vets, and tractor dealerships. Other important characteristics, though not easily quantified, are the equine industries' significant impact on tourism and recreational opportunities, positive quality of life attributes, and land-use/viewshed impacts. In 2004, Cattaraugus County published an Equine Initiative Study, and as a result is currently undergoing efforts to support and sustain its equine industry through tourism promotion, added trails, among others.

Supporting the horse industry through economic and business development programming in Cattaraugus County will prove challenging. Given the part-time and avocational nature of most operations and the divergent interests of the many constituencies within the equine industry, it is difficult to pinpoint specific opportunities for enhancement.

⁶ Southwestern New York, as defined by the 2000 New York Equine Study, includes Chautauqua, Cattaraugus, Allegany, and Stueben Counties.

Several common themes generated throughout the interview process did involve the need to expand trail access, as well as addressing a shortage of public event space. Though not specifically mentioned, services such as animal health training/mentoring, pasture management, business management for boarding operations, and nutrient management will be important to offer to this industry as many entrants are new to farm management and animal husbandry.

ECONOMIC DEVELOPMENT TOOLS

Local communities often benefit by providing structured economic development support to regionally important industries. Agriculture is no exception. In fact, public policy efforts to protect the farmland base, such as land use planning and purchase of development rights, are often more effective when combined with economic development programming.

Effective economic development tools generally concentrate on supporting the private interest of the industries (i.e. the profit-making potential of individual firms within an industry sector) while providing a clear public benefit such as employment creation, infrastructure improvement, wealth generation, and quality of life enhancement. In the case of agriculture, the greatest public benefit may be the stability of the working landscape and all of the secondary benefits that follow. Examples of economic development programming that can benefit the agricultural industry at the local level are summarized here:

STRATEGIC PLANNING

Many communities undergo an economic development processes very similar to, and often coinciding with, the comprehensive planning process. The intent is usually to develop a community vision and subsequent set of goals that will lead the community to a desired economic development outcome ten or more years in the future. Most often, these plans address the need to enhance the job base, improve quality of life, retain local youth, provide sufficient economic diversity to weather economic cycles, improve tax base, and develop an infrastructure base that will facilitate future growth. Plans can be broad based and visionary or detailed and industry-specific. No matter what the process, the plans must have clear public policy and industry support in order to be effective. Otherwise, these plans will go unimplemented. Economic development strategic plans often include many of the elements described in the balance of this section.

BUSINESS DEVELOPMENT

Business development programs focus on supporting the needs of small businesses, generally fewer than 500 employees, by addressing specific needs such as access to financing or technical and professional services. Nationwide, the U.S. Small Business Administration leads efforts to support small business development through its lending programs as well as technical and grant support. As well, most U.S. counties are supported by technical and professional counseling and mentoring services through a Small Business Development Center (SBDC) and the Service Corps of Retired Executives (SCORE). These services are generally offered through a local community college, economic development agency, or Chamber of Commerce. These agencies often add additional benefit to their services by providing access to a broad network of technical and professional specialists that enhance the base value of SBDC and SCORE.

In addition to the basic services noted above, some communities choose to provide more directed support to small businesses. Often these services are designed to fill a critical local gap in service provision or are designed to support the unique needs of targeted industry sectors. Examples of this type of enhanced business development programming include:

Business Incubators - Business incubators generally provide flexible real estate and business service solutions for selected small businesses. Business service solutions are generally targeted to the needs of high growth industry sectors and may include professional assistance from attorneys, accountants, and marketing specialists; technical assistance from product developers, laboratories, and engineers; as well as administrative assistance with secretarial duties, personnel, and bookkeeping. Business incubators are costly and technically challenging to implement, but when successful have a proven track record of accelerating small business growth and keeping those businesses in the community. Agribusiness incubators are employed for a variety of uses ranging from developing biotechnology products (e.g., Monsanto's incubator) to supporting value-added food products (e.g., Unlimited Future, Inc, in West Virginia).

Entrepreneurship Training and Support - Entrepreneurship training and support is very similar to business incubation in that it provides support services to start-up and early-stage companies that generally have a high need for specialized technical and professional services. However, these programs often support a wider array of business sectors ranging from agriculture to retail and high technology. These programs rarely offer real estate options or day-to-day business support and are therefore much less expensive to operate versus a business incubator. Agribusiness entrepreneurship training and support programs are becoming popular across the United States including Cornell University's NxLevel cohort program.

Small Business Support Networks - Small business support networks tend to be informal, peer-based systems where small businesses counsel one another. These systems are often sponsored, but not operated, by an agency or organization such as an economic development office or industry association and rely on participating businesses to direct their programming. Programming may include a speakers' series relative to topical industry issues, advisory boards, and brown bag lunches. Agribusiness roundtables are popular in many areas of the United States as a means to improve network development among farmers as well as upstream and downstream industries.

Small Business Finance - Small business finance programs generally target gaps in private sector funding such as limited access to equity capital within a region or specific industry sector. Most programs are oriented toward providing revolving credit and include provision of capital for early-stage businesses, farm ownership, interest rate buy-downs, loan guarantees, down payment loans, and operating capital. One of the greatest challenges in making finance programs work is

developing enough deal flow to cover the costs of operations. Agricultural finance programs such as Aggie Bonds are used nationally to improve farmer access to development capital and to enhance capital availability to new farmers.

PUBLIC RESEARCH AND DEVELOPMENT SUPPORT AND TECHNOLOGY TRANSFER

Some communities are driven by a culture that supports innovation and technology development. Many of these communities choose to provide financial resources through grants and direct funding of research at universities and colleges in order to stimulate the creation of platform technologies that may be commercial and thus generate new business activity within the economy. Nationally, support for research and development ranges from production agriculture to biotechnology.

Supporting research and development alone is not sufficient to glean benefit from research and development. A community must be in a position to understand the needs of industry, thereby developing technology that meets a market need, and have a system in place to transfer those technologies to industry. In response to this, communities with a technology or entrepreneurial culture often focus human and financial resources on matching technology needs and technology solutions through a Technology Transfer Office or some similarly focused entity. These offices function as a networking system, matchmaker, and in some cases equity partners in technology deals.

Communities, especially throughout the southeastern United States, have allocated research and development funding for alternative crop research as well as new uses/new sources research. The intention is to improve the competitive positioning of local farmers versus regional and even international competitors.

WORK FORCE ENHANCEMENT

Work force enhancement programs recognize that businesses and economies cannot function without a well-trained and available workforce. When companies, no matter the industry, seek to relocate or expand within a market place, work force conditions, both current and future, are among the first tier of criteria they examine. Because of this, communities often seek to address workforce development from a global, economy-wide, or firm level. At the economy level, communities use public financing through the school system, primarily through higher education, to reinforce the skills sets that are required by that community's industrial base. In transitional economies, this means that work force development issues are likely to focus on new job classifications rather than historic job classifications. Firm level work force development assistance is typically used to assist at-place and relocating employers with discrete training needs and is often supported through loans and grants.

Recent collaborations between agricultural industry associations and community colleges have led to the development of distance learning programs to educate field workers. For example, the Advanced Technology Center for Agriculture at Carroll Community

College in Maryland developed a CD-ROM based training program in English and Spanish to teach laborers field identification of plants.

BUSINESS CLUSTER DEVELOPMENT

The United States has seen a trend toward concentrated clustering of industries during the last several decades led by access to key infrastructure, workforce characteristics, concentrations of wealth, advances in information technology, and enhanced telecommunications capacity. Communities have responded by developing targeted strategies, many of which are highlighted in this section, to enhance lifecycle development (lifecycle development includes companies at all stages of development, from start-up to mature) of companies within a business cluster (a business cluster includes a primary industry sector as well as its input, output, support sectors). Because business cluster development is industry specific and generally forward looking, it requires that significant community resources be speculatively dedicated to targeted assets in-place as a precursor to industry development. In order for this type of development to be successful, the area must support, or have the capacity to support, at least the minimum needs of the target industry otherwise business cluster development will likely fail.

Agriculture is a business, especially as it relates to upstream and downstream industries and marketing, which is prone to clustering due to efficiencies of scale and the industry's propensity to spin-off new ventures. For example, Lancaster County Pennsylvania has been successful, through its Chamber of Commerce, in attracting a strong agribusiness cluster. This cluster continues to grow in strength despite high growth pressure in the area.

ECONOMIC DEVELOPMENT INCENTIVES

Many communities offer economic development incentives to attract or retain their industrial base. Incentives are often financially based and tied to a corporation's costs of relocation, real estate development, job creation, or expected tax impact. Incentives are best employed as part of a larger economic development strategy and must clearly be understood in the context of their fiscal impact to a community as well as their true impact on relocation decision making. Many incentive programs are put in place as a competitive response to programs in other jurisdictions and often do not match local needs and assets.

Economic development agencies in New York have been creative in using Payment in-Lieu of Taxes (PILOT) programs to facilitate capital investment in on-farm improvements in the dairy industry. Formerly, these programs were limited in use to non-agricultural businesses.

BUSINESS RECRUITMENT, RETENTION, EXPANSION, AND ATTRACTION (BREA) PLANNING

Once a community has decided its intended industrial mix, it is important to design a strategy to achieve this goal. A Business Retention, Expansion, and Attraction (BREA) plan is a key step in achieving this end. BREA planning requires that communities identify and understand its core asset base, and how this asset base can be leverage to generate future growth in a core group of industries. Because the plan is industry focused, it must address the discrete needs of each of its target industries to be successful. For instance, if a community has a strong tourism base due to its scenic vistas, that community would seek to protect its scenic vistas, an economic asset, as part of its strategy for attracting greater tourism investment. In addition, the BREA must develop a method of outreach to the targeted industries to deliver a message about why that community would be a relocation asset to the target industry.

Oneida County New York follows a policy of recruiting both farmers and agribusinesses from throughout the northeast as part of its overall strategy to strengthen the industry. Oneida focuses attraction on its key advantages including workforce availability, land affordability, and workforce quality.

STRATEGIC MARKETING

Strategic marketing is the means by which a community conveys its economic development mission to its various stakeholders, both internal and external. Depending on the messages and the audiences, these programs can utilize a wide variety of media and carry a diversity of messages. Despite this, all strategic marketing plans in economic development must have two key features. The first is means to reach the constituent base of the community with a message that keeps the broader community, and therefore policy makers, engaged in economic development. At a minimum, this message must convey the community benefit of the economic development and seek continued/sustained support. Second, the message must reach the intended industry markets in a meaningful way. In other words, a strategic marketing campaign such as a BREA must reach a market that has a willingness to respond to the message, or the message will be lost. Even if the public constituency has bought into an economic development campaign, it will be ineffective if the market does not respond. Similarly, an effort to recruit businesses can be very successful in term of deal flow, but will fail if the community is not willing to support that type of business or industry.

In Genesee County New York the Cooperative Extension Association follows a program of public sector outreach and education that keeps both the community at-large and the agricultural industry engaged in the future. The program is anchored by public school education, participation in radio talk shows, and policy education tours.

INFRASTRUCTURE DEVELOPMENT

A community cannot be effective in retaining or attracting industry if its basic infrastructure such as water and sewer cannot accommodate industry needs. Good economic development planning, therefore, makes sure that the current and future needs of industry are accounted for as communities plan infrastructure. This becomes doubly important when a community is engaged in a BREA or business cluster development activity that requires the development or enhancement of specific infrastructure such as redundant broadband access.

Infrastructure development generally applies to upstream and downstream agribusinesses and includes such examples as Sandpoint, Idaho expanding its sewer and water capacity to accommodate the development of a new dairy processing facility. Currently this is the only such facility in that region and serves as an important milk outlet for regional farmers.

REAL ESTATE DEVELOPMENT

In today's corporate environment, many relocation decisions are made and implemented with very short development cycles. Communities that have worked with the real estate development industry to pre-position built capacity and/or pad sites often have an advantage in attracting and retaining businesses. As with other economic development tools, the target industries must be clearly understood and a marketing strategy in-place for this tool to be effective. Otherwise, real estate investments may go un-recovered or moved at fire-sale rates.

The State of Georgia uses its system of statewide farmers markets, including the Atlanta State Farmers Market, to attract food industry to the region through the specialized development or real estate and infrastructure. Having pre-positioned real estate has allowed the State to close several major food companies that would have located in other parts of the Southeast.

REGULATORY AND POLICY GUIDANCE

As the regulatory environment at the local, state, and federal level becomes more complex, compliance becomes more costly across all sectors. Many communities have developed responses to this issue through their economic development offices as a means to streamline processes and improve efficiency in both the development process as well as on-going corporate operations. Tools such as one-stop licensing, regulatory ombudsmen, and specialized training of enforcement officers have proven both inexpensive and effective.

Some communities such as Saint Mary's County Maryland utilize economic development staff to act as regulatory ombudsmen on behalf of farmers. According to local farmers, this process can significantly shorten the development cycle and provides an important feedback loop to politicians regarding the agricultural impact of regulations.

RECOMMENDATIONS

The following recommendations should be considered a menu of options for agricultural development opportunities. The study team realizes that the County will not be able to implement all aspects of the recommendations, but expects that this list should spark a debate that helps to further classify, refine, and prioritize agricultural development initiatives.

As priorities are developed, key agencies should adopt them as part of their individual work plans, and the County should seek to integrate them into its general economic development planning as well as working with towns and municipalities to integrate appropriate elements into local plans. It is also noted that the commitment and support of the County along with the towns and industry is critical to the success of this plan as well as the land-use recommendations included in the “Agricultural and Farmland Protection Plan” component of the report.

Note: Each recommendation includes a priority ranking which is based on the frequency and urgency of issues identified during the study; cost considerations address funding issues, exclusive of personnel requirements, based on the study team’s experience; and responsibility which is based on the logical agency(s) to oversee implementation.

ECONOMIC DEVELOPMENT

Ten-Year Objective

Create an economic environment where traditional and non-traditional agricultural operations thrive using a full complement of economic and business development tools. Economic Development initiatives will focus on improving the structural conditions under which agriculture operates by directing public resources to enhance industry infrastructure, recruit and retain valuable input and output industries, integrate farming and non-farming communities through education and outreach, create agriculturally related jobs, improve wages and proprietor’s income, enhance tax base, support supplier/vendor networks, and enhancing the quality of life.

Five-Year Action Plan

RECOMMENDATION 1

Develop an Agribusiness Retention, Expansion, and Attraction Plan

Cattaraugus County has an industrial history that includes both production agriculture and manufacturing. Much of this activity was predicated on the area’s proximity to oil and gas production, access to inputs (agricultural and forest products) and transportation infrastructure. All of these factors are in play, at varying levels, throughout the County today and can be more fully utilized to enhance agriculture. However, there is no countywide plan that coordinates inter-agency and inter-municipal efforts to retain, attract, expand, and develop production and manufacturing clusters built around agriculture and forestry. Without such a program, it will be difficult to vie

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against regional competitors such as Bradford, Pennsylvania which has a business incubation and business attraction program directed specifically toward the forest products industry.

ACTIONS

- Develop a targeted marketing plan for agricultural and forestry related input and output industries that focuses on strategic advantages and needs of Cattaraugus County and, more discretely, its municipalities:
 - Existing core of transportation and logistics businesses,
 - Strong agricultural and forest products sectors,
 - Accessible infrastructure,
 - Available and qualified workforce, and
 - Supportive public sector.
- Develop a target marketing plan, similar to that employed by Oneida County, to attract new farmers to the area based on assets such as the County's extensive fallowed pasture lands or to attract an appropriately scaled manufacturing plant such as the Coulee Region Organic Produce Pool.
- Seek means to expand agricultural and forest products industry participation in tourism based industries following the example of Loudon County New York.
- Assess existing incentives, economic development programs, and real-estate suitability for sectors outlined for recruitment and development.
- Identify key marketing partners and conduct outreach with generators of agribusiness deal flow:
 - Site location consultants and real estate brokers,
 - Business park developers,
 - Empire State Development,
 - Department of Agriculture and Markets,
 - Cattaraugus County Department of Economic Development, Planning, and Tourism
 - Trade associations, and
 - Agricultural industry.
- Prepare marketing collateral and disseminate critical decision making information through direct mail, industry "ambassador" programs, brokers' tours, etc.
- Develop a pilot program for streamlining and/or fast-tracking agribusiness development projects with towns within the key transportation corridors or key environmental assets.
- Integrate the Agribusiness Retention, Expansion, and Attraction Plan (BREA) within broader economic development initiatives at the town, County, and State levels.
- Develop an outreach program to generate public support and understanding for forest products and agricultural industries.

IMPLEMENTATION RESPONSIBILITY: Agricultural and Farmland Protection Board (AFPB) with assistance from industry associations; Cornell Cooperative Extension; Empire State Development; Cattaraugus County Department of Economic

Development, Planning and Tourism; and the New York Department of Agriculture and Markets.

BUDGET CONSIDERATIONS: The County may consider allocating \$5,000 to facilitate the creation of a BREA component for agriculture within county economic development plans and to complete a target market study. Information from the study will be used to identify key prospects as well as an information packet to be distributed to site location firms, industry executives, economic development officials, commercial/industrial property owners, and real-estate brokers. Furthermore, the results of the target market study should be integrated into regional marketing efforts as well as the broader economic development strategy for the county.

ISSUE PRIORITY: The study team considers this recommendation to be of top priority for the Agricultural and Farmland Protection Board as it may help address the near universal issue of market access.

FUNDING RESOURCES: Funding for this recommendation will likely require direct county allocation through the AFPB. Matching grants from various federal and state programs may be available such as USDA's Federal State Market Improvement Program, the Economic Development Administration, the USDA Forest Service's Economic Assistance Program, and USDA Rural Development.

RECOMMENDATION 2

Support Regional Agricultural Leadership Development

The long-term success of agriculture within Cattaraugus County and the region are directly impacted by the quality of the industry's existing and emerging leadership. Specifically, the development of new leadership to set the vision for the future of agriculture is critical to the success of the industry over the long-term.

ACTIONS

- Encourage greater farmer participation in local, regional, and statewide leadership development programs such as Leadership Cattaraugus County.
- Encourage youth participation in agricultural organizations such as the Agricultural and Farmland Protection Board.
- Introduce board and leadership training to existing agricultural organizations and agencies.
- Enhance inter-industry communications through formal networking events between farmers and agribusinesses.
- Support participation in LEAD NY by identifying potential participants and through funding assistance.
- Work with Southern Tier West Regional Planning and Development Board to develop agriculture and forestry related leadership training as well as training for elected officials on temporal agriculture and forestry issues.

IMPLEMENTATION RESPONSIBILITY: Agricultural and Farmland Protection Board with assistance from industry associations, Cornell Cooperative Extension, Cattaraugus County Farm Bureau, town officials, and other agencies as necessary.

BUDGET CONSIDERATIONS: Action items within this recommendation will require a limited administrative budget and staff allocation. Provide funding assistance to LEAD candidates in the way of a modest, \$1,000 per year, stipend from the AFPB.

ISSUE PRIORITY: The study team feels that this is a top priority issue that should be implemented immediately.

FUNDING RESOURCES: County funding should be allocated to cover basic program costs.

RECOMMENDATION 3

Expand Education and Training Programs

As agriculture becomes a smaller element of both the County's land use and economy, it will become increasingly difficult to keep the interests of agriculture in the forefront of policy. Study team members found that keeping policy makers, agricultural industry leaders, and the general public informed and educated goes a long way toward developing better relations. In addition, the agricultural industry has common needs in workforce development, farm management, finance, and other issues that can be met through public training resources.

ACTIONS

- Conduct advanced training and outreach relative to economic development policy with a specific focus on agriculture, food, fiber, wood, and related products.
 - Develop a policy makers' tour, to include key agricultural industry leadership, of areas with recognized and long-standing and successful agricultural development programs.
 - Hold periodic discussion sessions with town and municipal officials as well as agricultural industry leaders to discuss industry needs.
 - Conduct an economic development training session inviting agricultural industry leaders and county and town policy makers. Regional training programs through Southern Tier West Regional Planning and Development Board should be explored.
- Work with educational institutions at the post-secondary and continuing education level to develop flexible training modules for use by agricultural operations:
 - Language training for managers and workers,
 - Advanced farm management,
 - Finance and development,
 - Agricultural land preservation,
 - Beginning farmer training, and
 - Other issue based training as necessary.
- Use Ag in the Classroom to integrate agricultural issues into primary and secondary schools' curricula and educational materials.
- Support the development of agricultural based continuing education training accredited for public school teachers.

IMPLEMENTATION RESPONSIBILITY: Action items under this recommendation require significant interagency cooperation with a range of potential task leaders. It is expected that overall leadership will be provided by the Agricultural and Farmland Protection Board and Cornell Cooperative Extension with assistance provided by agricultural industry associations; Cattaraugus County Department of Economic Development, Planning, and Tourism; the New York Department of Agriculture and Markets; BOCES; Teachers associations, as well as other agencies.

BUDGET CONSIDERATIONS: Much of the workload encompassed within this recommendation will require dedicated staff time with a limited annual program budget

of \$3,000 to \$5,000 to facilitate specific task/program development. On-going programs and events should be conducted on a cost recovery basis.

ISSUE PRIORITY: Elements of this task represent long-term on-going efforts that will become more necessary as farm conversion continues. Therefore, the study team feels that this is a high priority issue that should initiate within the first 24 months of plan adoption.

FUNDING RESOURCES: Funding for this recommendation will require modest, but long-term county support. Various private and public grant resources are available to support specific programs such as USDA's SARE program. The Foundation Center should be consulted for specific private funding options.

RECOMMENDATION 4

Develop a Regulatory and Policy Action Program

The need for a Regulatory and Policy Action Program is two-fold. First and foremost, if the Agricultural and Farmland Protection Plan is to be successfully employed across the County, it will require, at some level, adoption and implementation at County and sub-county levels. Secondly, there are situations that may involve the County and the AFPB acting as an industry advocate or a regulator with regard to protecting the interest of agriculture. This dichotomy is captured in this recommendation.

ACTIONS

- Seek to have the Agricultural Development Plan adopted by the towns
 - Work with towns to appropriately integrate elements of the plan into their respective capital programs, comprehensive plans, etc.
 - Encourage towns to integrated plans and capital improvements to achieve regionally desired outcomes or to ensure compatibility.
- Encourage local land-use policies that support production agriculture and forest industries as well as the maintenance of important support industries.
- Design programs to fit the needs of all agricultural constituencies.
- Develop a training program for tax assessors related to valuation of agricultural and forest land properties.
- Advocate changes to section 102 of the state tax code to bring forest land taxes in-line with agricultural land taxes.
 - Analyze full fiscal impact of full value assessments.
 - Work with tax assessors, land owners, and County Office of Real Property Services to clarify issues and solutions.
 - Develop policy guidance document for County and State officials.
- Develop an energy strategy that promotes expansion of farm and community-scale alternative energy projects.
 - Identify/Map key infrastructure such as high power distribution infrastructure, rail access, large municipal waste systems, and other relevant structures.
 - Create an outreach strategy to work with private businesses, towns, and municipalities that have a concentration of alternative energy assets that, where appropriate, encourages such development.
- Support expanded education and training programs (see Recommendation 3).
- Develop an on-going ombudsman function to support the regulatory, infrastructure, and program needs of individual farmers and industry clusters.
- Conduct periodic workshops with agricultural leadership, county staff and town/municipal officials to review and update policies making them more “farm friendly”.
- Work with the Department of Transportation and State Police on agricultural transportation issues.
- Conduct outreach with realtors to increase the understanding of Right-to-Farm protections and agricultural district responsibilities.

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- Work to ensure fair treatment of both farm owners and agricultural labor at the federal and state levels.
- Work with neighboring counties to expand regional planning for agriculture.

IMPLEMENTATION RESPONSIBILITY: Agricultural and Farmland Protection Board with assistance from industry associations; Cornell Cooperative Extension; Empire State Development; Cattaraugus County Department of Economic Development, Planning, and Tourism; the New York Department of Agriculture and Markets; and other agencies as necessary.

BUDGET CONSIDERATIONS: Action items within this recommendation will require a limited administrative budget for local travel as well as a staff allocation.

ISSUE PRIORITY: The study team feels that this is a high priority issue that should be implemented in the near term.

FUNDING RESOURCES: County funding should be allocated to cover basic program costs.

BUSINESS DEVELOPMENT

Ten-Year Objective

Cattaraugus County farmers will have access to world class operational support, training, and financing to maintain and nurture continued economic viability at the farm level including transitional support for the next farming generation.

RECOMMENDATION 5

Enhance Business Development Programs and More Fully Incorporate the Interests of the Agriculture and Forest Products Industry

Cattaraugus County has numerous economic and business development programs that have the capacity to support the needs of growing businesses. This recommendation proposes to expand these programs within a targeted business incubation format. As well, general business development programs should incorporate the particular needs of agriculture and related industries with an effort to improve integration with private service organizations.

ACTIONS

- Train business counselors to work with agribusiness and forest products businesses.
- Support integration of workforce development and finance programs with agricultural industry.
- Develop a feedback mechanism to incorporate agribusiness needs in County development programming.
- Support and expand Chamber of Commerce and other program activities that enhance business growth and understanding of agricultural industry needs.
- Implement, in cooperation with regional partners and Cornell University, the Nxlevel agricultural entrepreneurship or similar program.
- Develop a service corps of mentors and counselors with specific professional or technical expertise to provide direct service to agricultural entrepreneurs and to work with Cattaraugus County Business Development Corporation (CCBDC) programs.
- Facilitate the development of formal “masterminding” roundtables of farmers, agribusinesses, and other related industries that may benefit from periodic meetings to discuss business and management issues, market development, and other relevant topics.
- Conduct quarterly brown bag lunches for farmers that focus on networking and the topical discussion of important issues such as farm management, farm transition planning, marketing, timber management, real estate, policy/regulations, and other relevant topics.
- Work with farmers to improve non-farm income sources such as hunting leases (e.g. Montana Programs) and woodlot management.

IMPLEMENTATION RESPONSIBILITY: Partnership of Cattaraugus County Department of Economic Development, Planning, and Tourism; Cattaraugus County Business Development Corporation; Agricultural and Farmland Protection Board; Chamber of Commerce, Empire State Development, SUNY, St. Bonaventure, and others.

BUDGET CONSIDERATIONS: The AFPB may consider supporting, through match funding, a grant application with the CCBDC to expand business development programs and to conduct feasibility study. Follow-up funding will only be necessary if positive progress with CCBDC is made or if there is a positive market feasibility recommendation. Sufficient staffing must be allocated for concept development, grant writing, and project oversight.

ISSUE PRIORITY: Given the potential for business development programs to have a very quick return, the study team considers this recommendation to be of moderate to high priority.

FUNDING RESOURCES: Action items within this recommendation require a limited administrative budget of approximately \$5,000 and staff allocation.

RECOMMENDATION 6

Support Development of a Regionally Focused Forest Products and Agribusiness Enterprise Center and Incubator-Without-Walls.

The success of any industry is incumbent on the success of the businesses and entrepreneurs that control the assets, take the risks, and make the markets. Agriculture in Cattaraugus County is no exception and its long-term success will have as much to do with the savvy and skills of its agricultural entrepreneurs and farm managers as it does with market fundamentals. Enhancing the skills and business networks of these and future entrepreneurs has a significant positive impact on the future of agriculture in Cattaraugus County.

ACTIONS

- Develop a pilot program to package a professional and technical service network made up of private sector expertise and built on the model of a virtual business incubator or Incubator-Without-Walls.
- Support creation of a business enterprise center
 - Develop a scope of services and timeline for the completion of a feasibility analysis for a flex warehouse/manufacturing center:
 - Market feasibility,
 - Financial feasibility,
 - Management and organizational issues,
 - Site assessment,
 - Preliminary engineering, and
 - Business and marketing plan.
 - Seek funding support for feasibility analysis.
 - Conduct exploratory meetings with regional business developers and agribusiness entrepreneurs.
 - Integrate the enterprise center concept within the Agribusiness Retention, Expansion, and Attraction Plan.
- Identify targeted industry sectors for specialized support such as alternative energy.

IMPLEMENTATION RESPONSIBILITY: Agricultural and Farmland Protection Board with assistance from industry associations; private businesses; higher education institutions; Cornell Cooperative Extension; Empire State Development; Cattaraugus County Business Development Corporation; the New York Department of Agriculture and Markets; Southern Tier West, and other agencies as necessary.

BUDGET CONSIDERATIONS: Designing and implementing a well-qualified service network may take significantly more resources and is best integrated with Recommendation 1. Approximately \$25,000 should be allocated for the first program year followed by approximately \$10,000 to \$15,000 thereafter to operate and maintain the network.

It is likely that a direct allocation from the County will be necessary to initiate the agribusiness enterprise center. Funds from various programs may be available such as the U.S. Economic Development Administration, Appalachian Regional Commission; USDA Rural Business Enterprise Grant Program, Grow New York Enterprise Program, and the State's Food and Agriculture Industry Development Projects Program.

ISSUE PRIORITY: The study team feels that this is a high priority issue that should be implemented in the near term. Development of the service network, however, is likely to take a significant time commitment, and the AFPB may choose to delay its implementation until sufficient staff time can be devoted to this project.

FUNDING RESOURCES: County funding should be allocated to cover basic program costs. On-going programs, such as brown bag lunches, should be conducted on a cost recovery basis. Development of the pilot services network may be an attractive project for national or regional foundations.

RECOMMENDATION 7

Support Broadened Access to Capital for Agribusiness

Access to capital is a limiting factor for new farmers entering the market area. This proposal suggests innovative methods to improve such access.

ACTIONS

- Collaborate with statewide efforts to develop sources of “risk” and “patient” capital such as an agricultural angel capital network.
- Work with existing business finance programs to enhance agribusiness participation.
- Assist farmers with match requirements for agribusiness development, value-added, and innovation oriented grants.
- Examine the use of an affirmative agricultural use covenant⁷ (5, 10, or 20 year) to provide financial flexibility to farm owners and planning flexibility for towns and the County.
 - Pricing of covenants should be studied closely but may follow one of the following models:
 - Price may reflect property tax burden of holding the land.
 - Price may reflect a net present value of the purchase of development rights easement.
 - Covenants may be considered as part of the landowner match for purchase of development rights (PDR) programming.
 - Covenant may include a right of first refusal for purchase of the property for subsequent resale for an agricultural use.
- Develop a revolving loan program such as Carroll County, Maryland’s “Critical Farms” program that bridges the funding gap between farm purchase and enrollment in a PDR program by making a loan of up to 75% of the easement value.

IMPLEMENTATION RESPONSIBILITY: Agricultural and Farmland Protection Board with assistance from industry associations; Cattaraugus County Department of Economic Development, Planning, and Tourism; Cattaraugus County Business Development Corporation; New York Agridevelopment Corporation; town officials; and the New York Department of Agriculture and Markets.

BUDGET CONSIDERATIONS: Action items within this recommendation run a wide gamut of budget needs ranging from staff participation in regional planning efforts and network development to financing program development and operations.

If the AFPB is to proceed with the examination of an agricultural use covenant, it is recommended that an additional \$15,000 be sought for professional support services and matched by nearby Counties. Determining the level of capitalization for a bridge loan

⁷ Affirmative covenant would require that farmers place a temporary easement on their property with an affirmative agriculture production clause in exchange for a formula payment.

fund is best done in conjunction with planning the level and timing of funding for local, regional, and county purchase of development rights programs.

ISSUE PRIORITY: The study team feels that developing alternative finance programs is a high priority issue that should be implemented in the near term.

FUNDING RESOURCES: County funding should be allocated to cover basic program costs. Grant funding should be sought from the New York Department of Agriculture and Markets to further explore the development of a model term easement program. Funds for a bridge loan program may be available through various federal and foundation sources such as USDA Rural Development.

KEY FUNDING / GRANT MAKING ORGANIZATIONS

1. UNITED STATES DEPARTMENT OF AGRICULTURE
 - a. Small Business Innovative Research
 - b. Alternative Agriculture Research and Commercialization
 - c. Sustainable Agriculture Research and Education
 - d. Rural Development – Business and Industry Programs
 - e. Innovative Food and Farming Systems
 - f. Federal-State Market Improvement Program
 - g. Food Assistance and Nutrition Research Program
 - h. Rural Community Development Initiative
 - i. US Forest Service
 - j. USDA/DOE Alternative Energy Grant Programs
2. United States Department of the Treasury
 - a. Community Development Financial Institution Fund
 - b. Community Development Venture Capital Fund
3. Department of Housing and Urban Development
 - a. 504 Programs
 - b. Community Development Block Grant
4. Small Business Administration – Rural Business Investment Corporation Program
5. Appalachian Regional Commission
6. New York Department of Agriculture and Markets
 - a. Food and Agriculture Industry Development Grants
 - b. Grow New York
7. Empire State Economic Development
 - a. Work Force Training
 - b. Tax Incentives
 - c. Loan Discounts
 - d. Brownfield Redevelopment
8. Private Foundations
 - a. Kellog Foundation
 - b. Philip Morris
 - c. Others – See New York Grant Funder’s Manual
9. Other
 - a. NYSERDA
 - b. Public Utilities
 - c. ACE Net

CONCLUDING REMARKS

Agriculture in Cattaraugus County is in transition, but remains a key element of the local economy. Consolidation, weak commodity markets, changing consumer purchasing patterns, and a burdensome tax structure are major contributing factors. Cattaraugus County farmers must study the opportunities inherent in these changes and plan to capitalize on the offering. Such changes will not come without growing pains. However, once engaged, the industry will be in a better position to succeed in the long-term.

For political and industrial leaders, the charge is to monitor this change and foster the environment for success. The tools to be employed are limited only by intellect and imagination and begin with the implementation of and commitment to a strong economic development strategy.