

Urban Farm Planning: What You Need to Know Before You Quit Your Job!



Photo: SPIN-Farming®

Andy Pressman

**MA Urban Farming Conference
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SUSTAINABLE AGRICULTURE



Foggy Hill

FARM





NCAT

NATIONAL CENTER FOR
APPROPRIATE TECHNOLOGY

**Helping People by championing small-scale,
local, and sustainable solutions to reduce
poverty, promote healthy communities, and
protect natural resources.**

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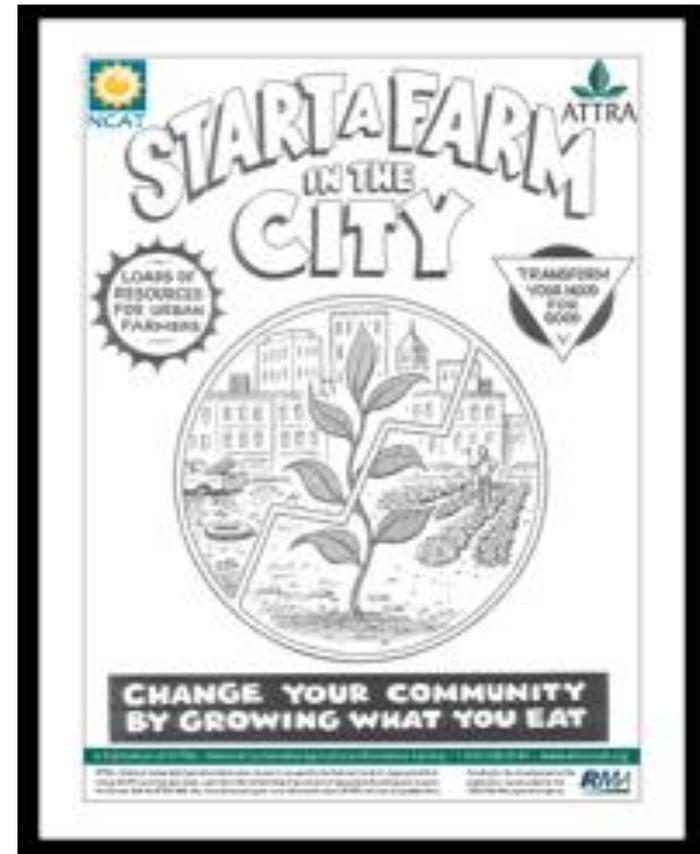


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ATTRA provides technical support on sustainable agriculture and farm energy.

- <http://www.attra.ncat.org>
- **Toll Free: 800-346-9140**
- > 400 Publications
- Workshops/Conferences



The State of Urban Farming in the U.S.

- Enhanced food security
- Reduce urban blight
- Green spaces
- Reduction food waste
- Increased property values
- Develop local and regional food systems



Photo: Brooklyn Grange



Photo: Riverpark Farm

Advantages of Urban Farming

- Small-scale intensive plantings (hand-scale, micromanage soil health and water);
- Climate
- Pest & disease pressure reduced;
- Access to Markets (reduced food miles, increase in markets, etc...).



Challenges of Urban Farming

- Competition with larger rural farms and cheap food @ supermarkets;
- Habitat preservation;
- Scaling up;
- Crop diversity (calories vs. high value);
- Economic efficiencies
- Sourcing materials



Controlled Environment Agriculture



Photo: City Roots Urban Farm

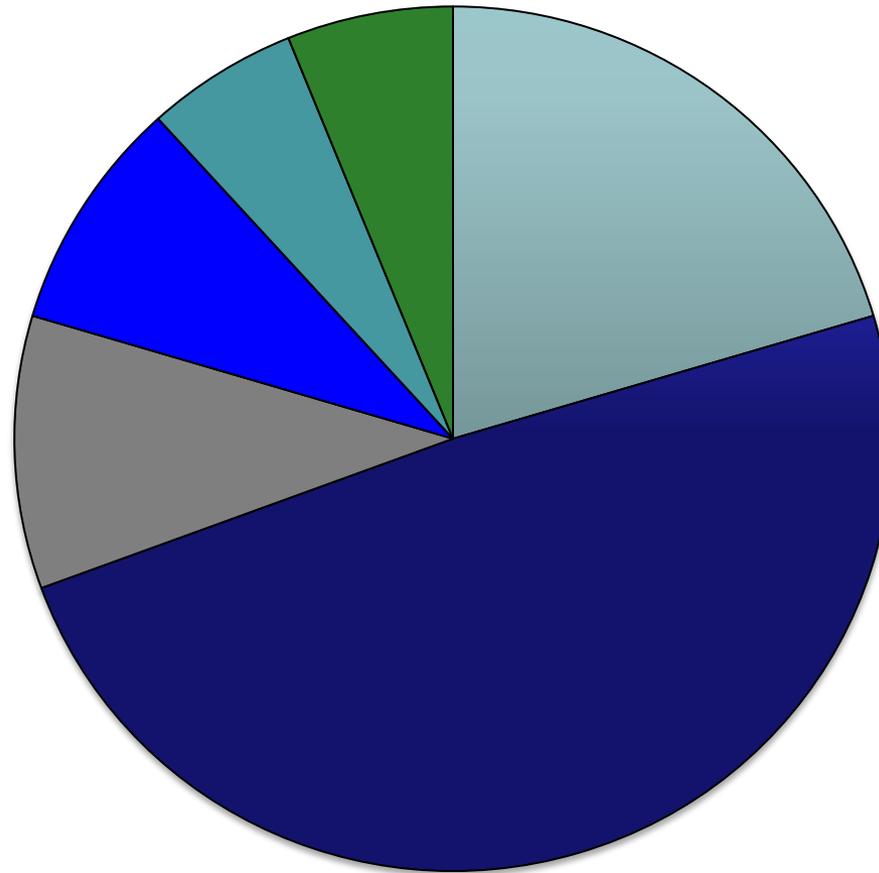
- Closed-looped = no pesticide or N runoff!
- Higher yields (10-20%);
- Capital intensive;
- Energy intensive.



Photo: WFAA



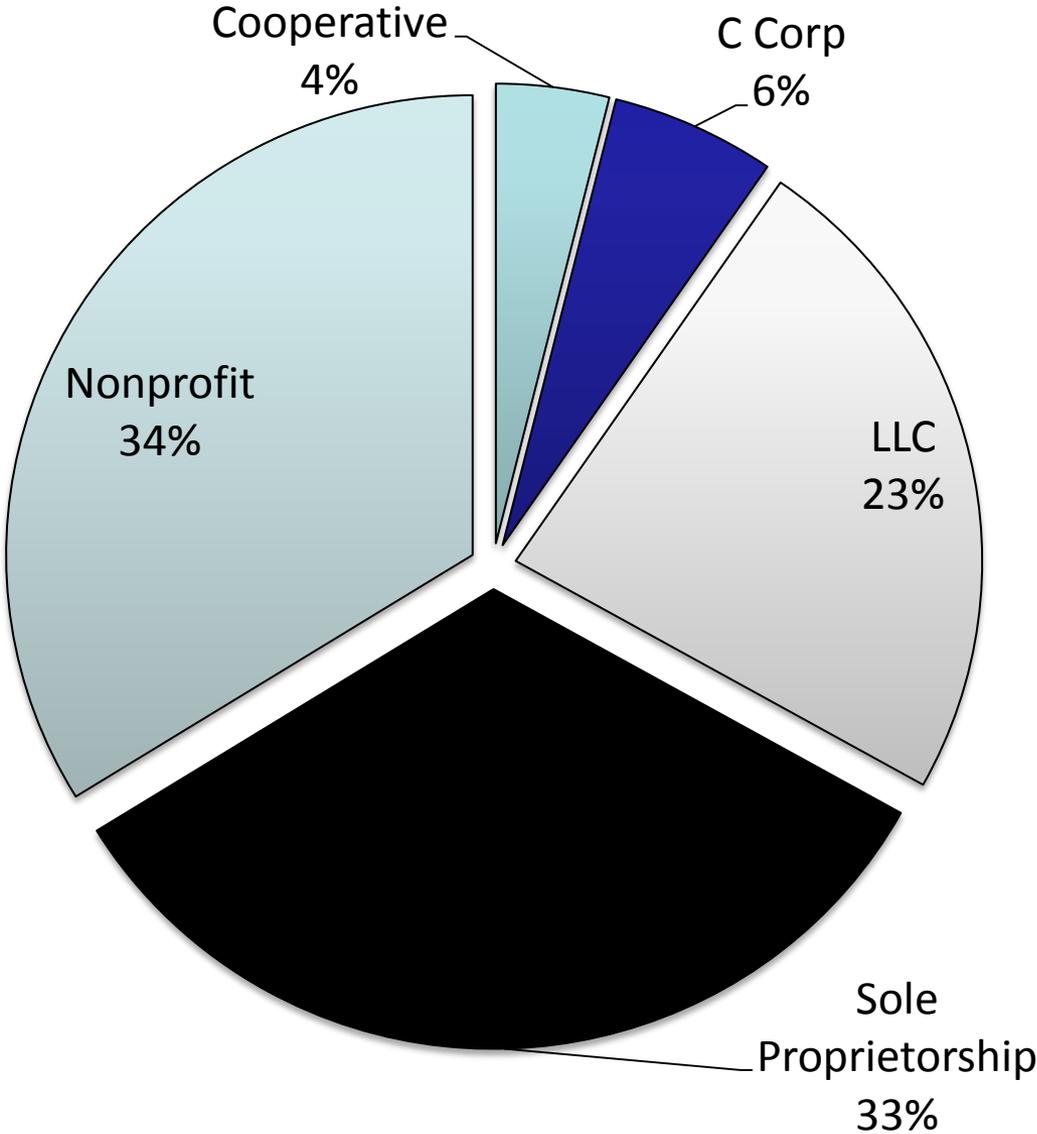
Urban and Peri-Urban Farms By Size, 2012



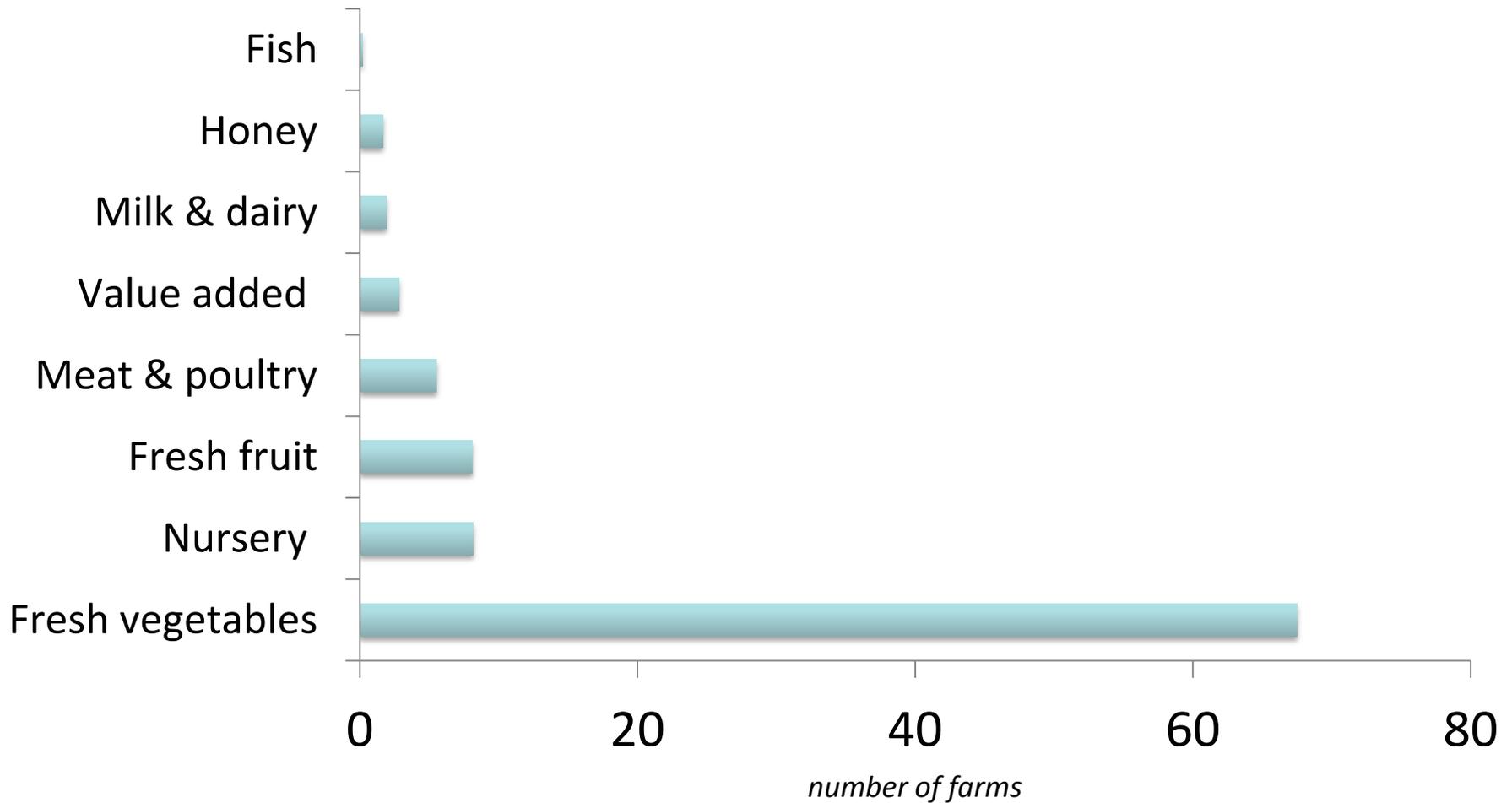
■ Less than 1 acre ■ 1 - 5 acres ■ 5.75 - 10 acres
■ 11 - 25 acres ■ 30 - 50 acres ■ GT 60 acres

Source: Nationwide Survey of Urban and Peri-urban Farms, 2012

Urban & Peri-Urban Farm Organization

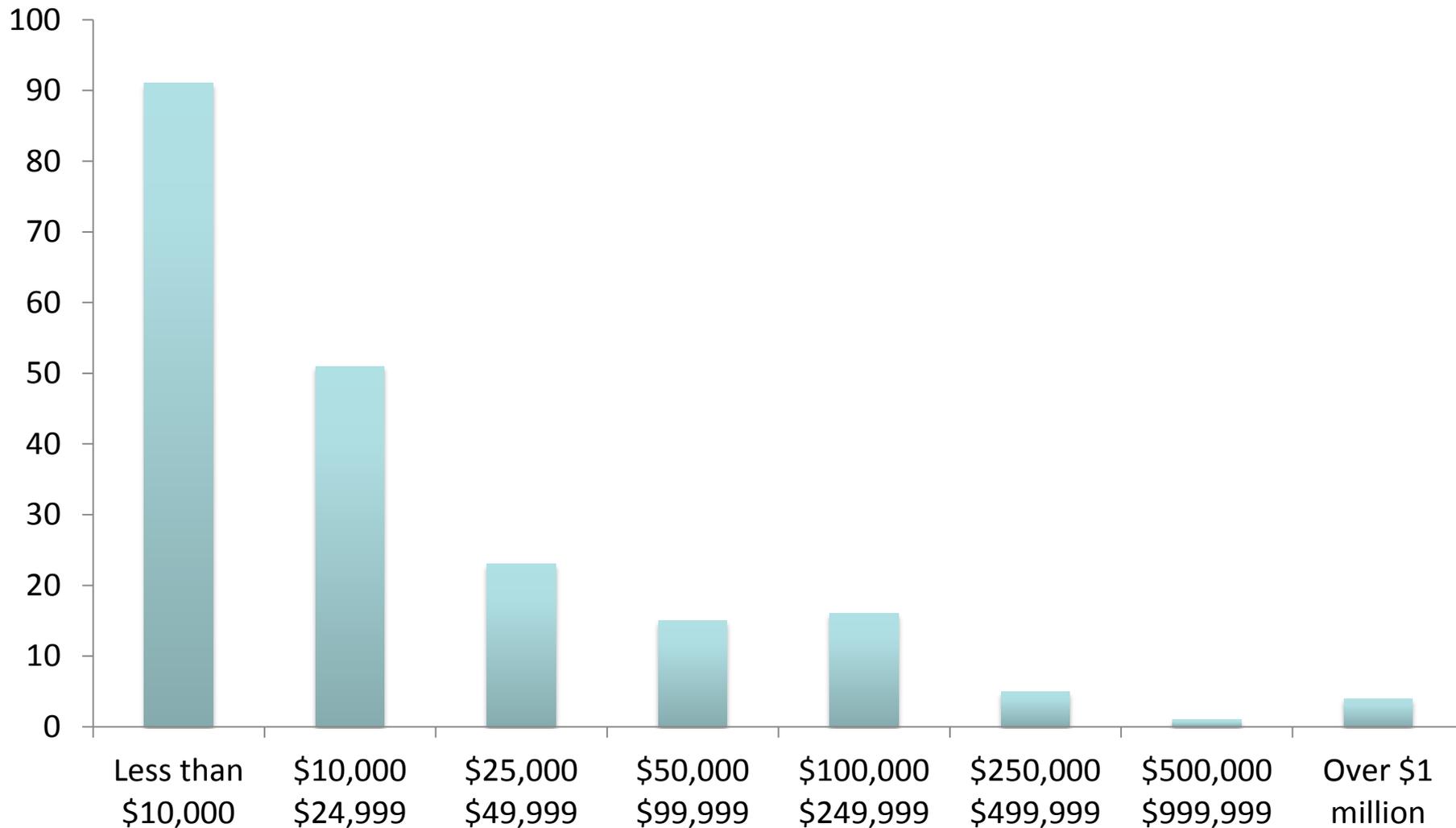


Products of Urban and Peri-Urban Farms, 2012



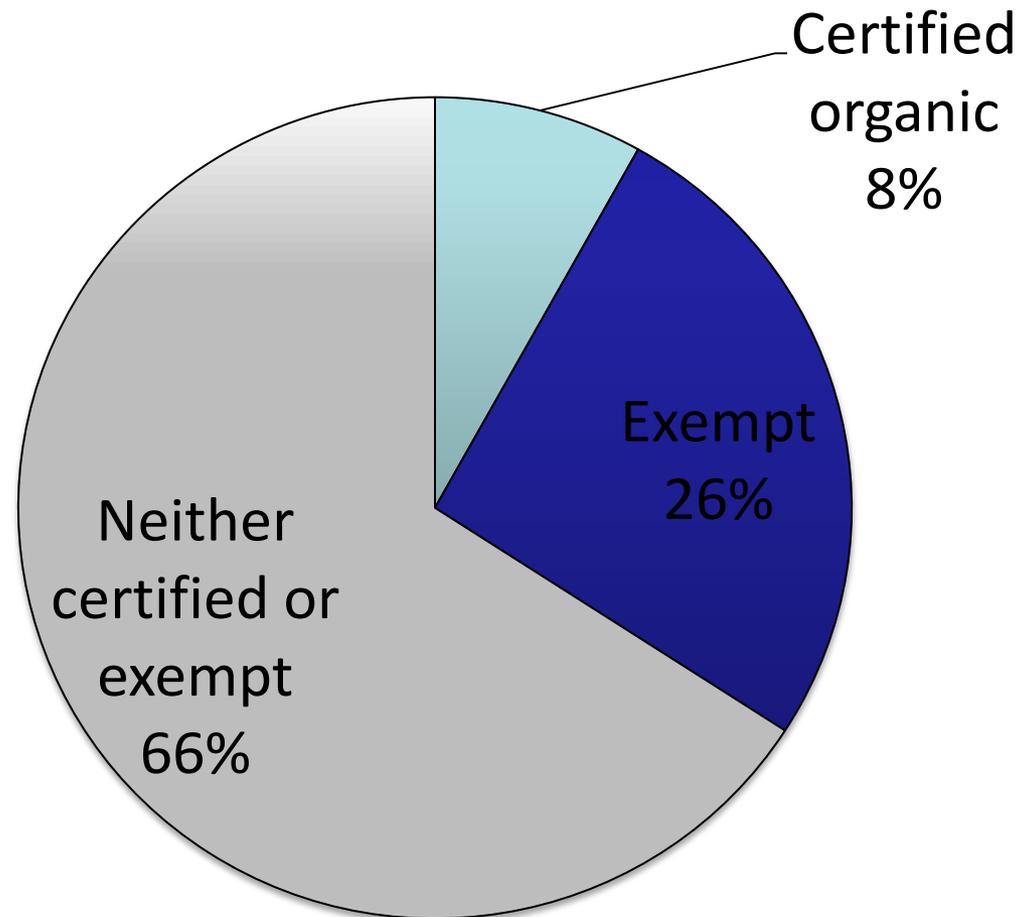
Source: Nationwide Survey of Urban and Peri-urban Farms, 2012

Number of Urban & Peri-Urban Farms By Sales, 2012



Source: Nationwide Survey of Urban and Peri-urban Farms, 2012

Organic Status of Urban and Peri-urban Farms, 2012



Source: Nationwide Survey of Urban and Peri-urban Farms, 2012

Source of Farmer Income

	Commercial	Nonprofit
	<i>Percent of farms</i>	
Farm sales*	62	51
Fundraising*	8	78
Off farm income*	73	34

* Differences are statistically significant

Ability To Earn Living From Farming

	Commercial	Nonprofit	Total
	<i>number of farms</i>		
Earned a living from farming	51	30	81
Did not earn living from farm	121	38	159

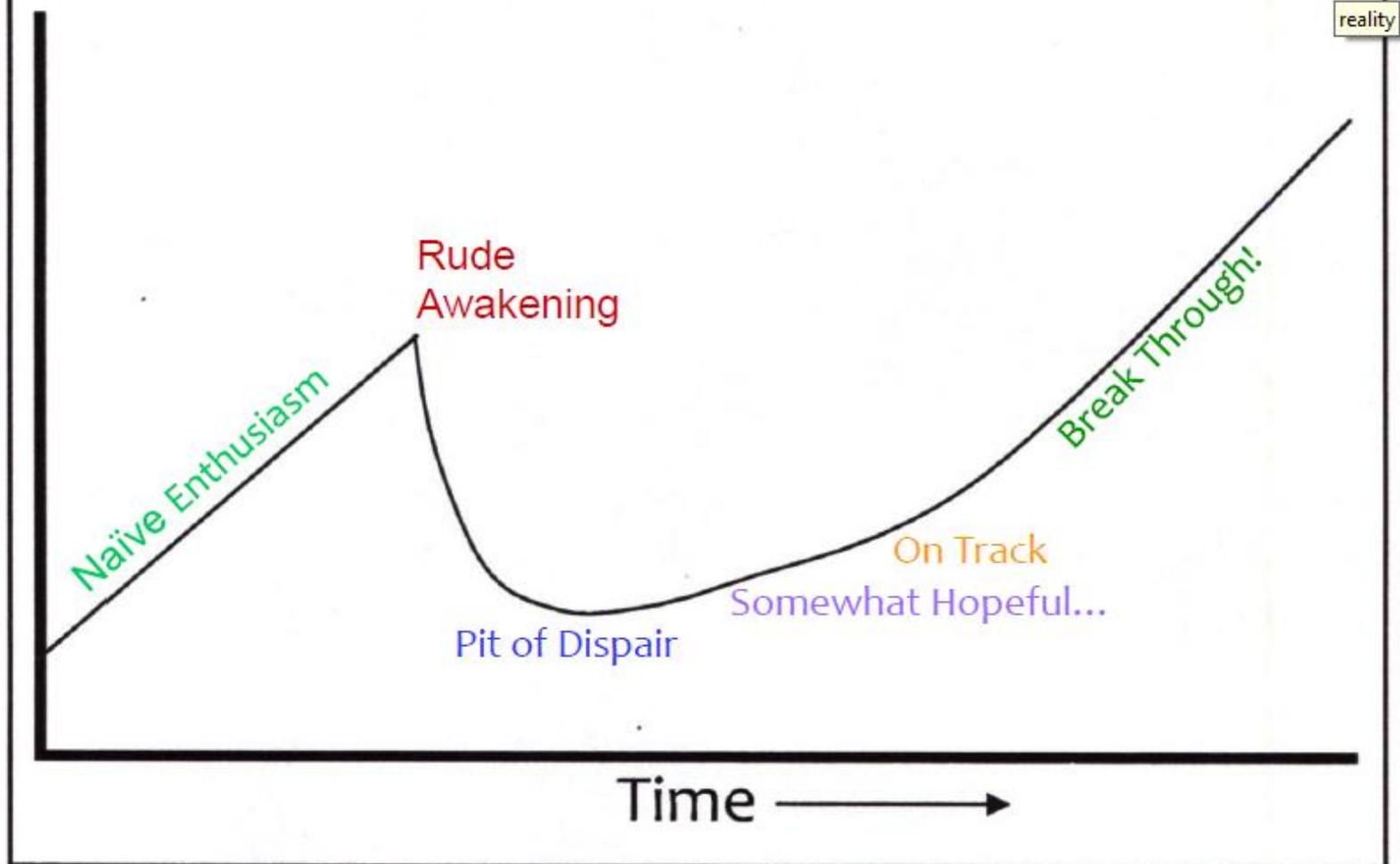
Pearson chi2 = 4.56, Pr = 0.033

Hobby vs. Business

As a business:

- What are the problems you want to address?
- For whom do the problems exist for?
- How will you target those whom are affected by the problems?
- Can you effectively solve the problem in an **economically**, environmentally, and socially sustainable way?
- How much will it cost and will the market pay that cost?

Reality Curve



The Business Plan

- Executive Summary
- Mission Statement
- Business Overview
- Marketing Plan
- Operations Plan
- Risk Management
- Financial Statements



Planning for Profit

- Profit = Income – Expenses
- In 2012, 54% of farms had negative operating profits.
- Avg. positive operating profit \$24,000 (larger, less diverse, subsidized, etc...).
- Does Profit = Farmer Salary?
- It pays to plan (Working Document)!
- Guide in decision making, decreasing risks, and monitors progress.
- Write it down (Mission/Objectives; Business Description; Marketing; Production; Financials).

R.F.D.



by Mike Marland

Whole Farm Planning

Consider the economic, environmental, and social impacts of decisions in the short and long term.

- Quality of Life: “I want, value, desire, love.....”;
- “Goals based on personal values are the best guide to making good decisions for your farm” - Ed Martsolf
- Forms of Production (no how to's);
 - Future Resource Base (people, landscape, your community).



ATTRA Resources:

Planning for Profit in Sustainable Farming

Evaluating a Farming Enterprise

Holistic Management

Examples

Quality of Life
We enjoy meaningful relationships with family and friends
We have strong healthy bodies
We are financially secure and provide for our family's needs
We value good communication

Forms of Production
Intentional, quality time with family and friends
A balanced, nutritious diet and a regular exercise program
A profitable farm enterprise
An open, safe, nonjudgmental environment

Future Resource Base

- The decision makers in our whole will be seen by our clients and customers as hardworking, honest, and ethical. Our neighbors will see us as a loving, supportive family and active members of our community.
- The land around us will be stable, healthy, and productive. Wildlife, trees and plants will be diverse and abundant. The rivers and lakes nearby will be clear and full of life.
- We will live in a diverse, thriving community with good schools, libraries and other services, and a stable economic base.

How Much Revenue Does Your Farm Need to Make?

- Say your net income goal is \$30,000.
- A common net income goal is 25% to 30% of your gross income.
- $\$30,000 / .25 = \$120,000$.
- Gross revenue would need to be \$120,000.
- Are your land and markets adequate?



Revenue Potential

Determine # marketing weeks + yearly targeted revenue = average weekly revenue.

Example

Targeting \$40,000/year, over 20 marketing weeks = average weekly revenue = \$2,000 per week.

Is that Realistic?



Expenses

Income – Profit = Expenses (HMI)

Identify expenses and determine which one's you can cut:

- Inescapable
- Wealth Generating
- Maintenance

(Farmer is paid out of expenses, not profit).

Don't Forget to Add a Contingency Line Item to Your Budget!

Evaluating a Farm Enterprise



- Personal Resources
- Experience
- Personality
- Farm-Site Characteristics
- Market Potential/
Demographics
- Infrastructure and
Information Support

A Matter of Scale

- As a beginning farmer, you can never be too small, but you can be too BIG!
- Gradual growth is generally less stressful than rapid growth.
- Planting's easy... what comes after is not so easy.



Finding the Right Scale

- Set goals & quality of life;
- Keep records and use them to make informed decisions;
- Don't be afraid to invest in your farm and make changes;
- Revisit goals, challenges, and strategies every year;
- Talk with others.....



“The challenge is to find a size that represents a good ‘fit’ for a grower’s management skills.”

- John Hendrickson

The True Cost of Farming

- Used to help make decisions about pricing, expansion, and new directions.
- Hard to know which crops/enterprises are most successful in money terms.
- Compare Markets.

Expense per bed	Cost per bed
¼ hr chisel	\$5
¼ hr final bed prep	\$7.00
seed costs	\$50.00
1 hour direct seeding	\$20.00
5 hours cultivating	\$50.00
Harvesting and washing	\$100.00
Boxes	\$50.00
Total in-field costs	\$282.00
Gross sales per bed	\$2200
Net Return/ bed	\$1982

Records

- Income – sorted by market
- Expenses
 - Crop by crop: how much time.....
- Machine costs – tractors and implements
- Labor rates – taxes, workers comp, non-assigned time, other benefits
- Land costs – rent or taxes
- Overhead costs – office, insurance, management, maintenance, depreciation, utilities, professional development, website and advertising, professional services (lawyer, accountant)



*Key to Success - create systems you will actually use!

Crop Comparison

Onions

- Onion sales – 300 lbs for sale \$2 = \$600
- Plugs – #500 = \$60
- Fertilizer - \$36
- Lime - \$16
- Fungicides - \$32 (purple blotch)
- Labor – 25 hr @ \$7.25 = \$181.25
- Biotela - \$50
- Onion bags - \$15
- Marketing/Delivery – 5 hours @ \$7.25 = \$36.25
- Variable costs - \$427.50
- **Profit Margin = \$600 - \$427.50 = \$172.50**

Garlic

- Garlic sales – 200 lbs * \$8 = \$1,600
- Garlic – 40 lbs * \$8 = \$320
- Fertilizer - \$40
- Lime - \$16
- Biotela - \$50
- Mulch – 25 bales * \$7/bale = \$175
- Labor – 16 hours * \$7.25 = \$116
- Marketing/Delivery – 2 hours * \$7.25 = \$14.50
- Variable costs = \$731
- **Profit Margin = \$1,600 - \$731 = \$869**

Conclusion

- Do something you love
- Plan for Profit
- Start small and grow gradually
- Develop a business plan
- Meet customer needs & provide quality
- Consider environmental, social, & economic aspects
- Plan to quite your day job as soon as possible, **BUT**
- Do not quite your job just yet!

Thanks!



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