Proposal to the Student Sustainability Committee

Requesting a

Loan to the Sustainable Student Farm

by

Bruce Branham

Professor

Department of Crop Sciences

Director, Sustainable Student Farm

**Introduction**

 The Sustainable Student Farm began in 2009 with a grant from the Student Sustainability Committee to begin producing locally grown vegetables for the University of Illinois community. Our main partnership is with University of Illinois Dining Services who have, to this point, purchased all the vegetables and fruit we can produce. We also began a farm stand on the Quad this fall and have had discussions with other food service vendors on campus such as Bevier Hall. In addition, we have explored the concept of starting a CSA (community supported agriculture) program for the campus community. The farm stand will primarily operate during the summer months to provide another source of income as well as better match demand with production. This diversification of the business plan is needed because the summer months are a time when the bulk of the campus student population is away and the demand from dining services is reduced.

 In 2009, Zachary Grant was hired as the student farm manager. Zack received his MS degree in Crop Sciences with research work on the use of high tunnels to extend the growing season for fresh market produce. He has been instrumental in getting the student farm off the ground (actually, in the ground is more appropriate).

 In 2009, we produced nearly 20,000 pounds of produce that generated approximately $25,000 in revenue. We also received funding from several sources to purchase three high tunnels, each one 30’ x 96’, to extend our production season into the cooler months of the year and better match production with demand. The high tunnels required assembly, which turned out to be a much bigger job than anticipated. From October of 2009 through early March of 2010, most of Zack’s time was spent on construction activities. This put Zack behind in many of the activities needed to prepare for the outdoor planting season of 2010. The exceptionally hot summer combined with the late start in the spring of 2010 led to a disappointing harvest for 2010. Overall production was down significantly when compared to 2009. Thus, my goal of having a self-supporting farm by 2011 has not been met.

**Request**

 In order to continue operating and growing in 2011, I’m requesting a $20,000 loan for 2011 from the Student Sustainability Committee. These funds, along with a grant of $30,000 from Dining Services will provide us with the operating funds for 2011. We have operated with an annual budget of $50,000 for our first two years, and this funding plus the Dining Services grant will permit us to stay at that level in 2011.

 Repayment Schedule

 I propose the following schedule for repayments.

 2012 - $2,000

 2013 - $2,000

 2014 - $4,000

 2015 - $4,000

 2016 - $4,000

 2017 - $4,000

**Business Plan**

 With the high tunnels coming fully into production beginning in the fall of 2010, the 2011 operating year will be the first one where the high tunnels will be producing throughout the entire year. The addition of the high tunnels to our revenue stream should permit us to achieve significantly higher total revenue than in our first two years of operation. Zack has estimated that high tunnels can produce $5-15 annually per square foot when producing all year. Since this pricing was based upon consumer pricing, i.e. not wholesale, even if we take a low value or $2.50 per square foot, our high tunnels, with 2880 ft2 under each tunnel, could produce $21,600 of extra revenue. Realistically, the square footage of producible ground would be reduced by a factor of about 15% to allow for walkways, etc. Again, even assuming that only 85% of the covered land produces food, that still yields an estimated revenue from the high tunnels of $18,360 per year. This is a very conservative estimate, and a figure that I expect will rise substantially as we begin to understand how to better utilize the high tunnel space. If we can begin to approach the $5 per square figure estimated by Zack Grant as part of his thesis research project, then the high tunnels will be supplying a significant portion of our minimum required operating budget of $50,000.

 While Dining Services has been a fantastic partner, we have accepted the pricing they have given us, which is generally based upon wholesale prices. My goal has been to keep prices at reasonable levels so that students, who have funded the farm, are not paying a second time for their food. However, we need to have some firm price guidelines for 2011 so we can better plan what to plant based upon profitability. We will negotiate a set of prices for the vegetables we produce that will provide us with some actionable information on which to plan our 2011 production schedule.

 In 2011 we will produce a narrower range of crops focusing more on tomatoes, peppers, herbs, and salad greens as these are generally the highest value crops. Until we grow to the size that will permit us to have additional, year-round staff, it is best to focus on a few crops and maximize their production than trying to grow an array of crops that ends up diluting our efforts and reducing production across the board. This was an issue in 2010.

 In 2011, we will focus on producing larger quantities of fewer crops, negotiate a fixed pricing policy, and fully integrate the high tunnels into our production system. We intend to continue our farm stand on the quad and offer it during most of the growing season. The potential CSA concept for expanding our revenue stream has been put on hold until additional resources are acquired to better manage such an endeavor.

 The attached spreadsheets serve to illustrate out estimated revenue generation scenario, as well as a scenario based on 75% of estimated production. As we discovered in 2010, our production scenarios don’t always work out, so it is reasonable to look at less than ideal results. These analyses are contingent upon University of Illinois Dining Services agreeing upon the prices we’ve set for production. The additional income from the farm stand is based on surplus summer produce and very small amounts of additional fresh market crops grown specifically for the farm stand (i.e. melons, eggplant, French green beans). The savings component has been removed from the 75% scenarios. In order to make the 75% scenario work, we will match production figures against our two previous operating years. If our production totals are not exceeding the 2009 totals, we will begin trimming the hours of our seasonal work force to balance our budget.