

High Sierra Beef Project Update

Background

The Sierra Nevada region is a critical part of California's range cattle industry. Both cow-calf operations and seasonal stocker operations are based in the area. In most Sierra Nevada counties, cattle and calves are among the top three agricultural commodities produced. In addition to this economic contribution, range livestock production provides important environmental values as well, including open space, wildlife habitat and viewsheds. Economic viability is a key factor in the decisions of individual ranchers to keep their land in range livestock production. Generally, livestock producers have very limited opportunities to market products directly to consumers, due to a variety of factors. From a processing perspective, existing food safety and inspection regulations, economies of scale, and capitalization requirements make the start-up of small processing facilities untenable. From a marketing perspective, efforts to market beef directly to consumers have faced difficulty in selling lower priced cuts – difficulties that are exacerbated by the perishable nature of fresh beef products.

The High Sierra Resource Conservation and Development Council (High Sierra RC&D) and the University of California Cooperative Extension (UCCE) have received funding to conduct a feasibility study and develop a business plan for developing high-end direct marketing opportunities for the region's beef cattle producers. Specifically, this project will assist local ranchers in marketing premium beef to consumers through area resorts, restaurants and retail outlets. This project seeks to address these factors by creating opportunities for direct marketing a value-added product, which will allow ranchers to retain a greater share of the consumer dollar.

High Sierra Beef has a vision!

More than 40 ranchers from throughout the High Sierra Beef (HSB) project area gathered at the historic Fruitvale School near Lincoln on January 17, 2003, to discuss their vision for HSB. We developed the following vision:

High Sierra Beef is a producer-controlled business that markets beef products of consistent quality in order to sustain family ranchers.

This was a great accomplishment. It's not a final product because how we view things will change as more information is gathered. Originally, we assumed we would follow the Yampa Valley Beef model. This was a 22 ranch beef cooperative in Colorado that purchased cull cows from producers and ground them into hamburger. The hamburger was then marketed to ski resorts, restaurants, and retail stores.

Once grant funds were received, we began working with Sierra College Small Business Development Center Consultant Doug Freeman. He asked a core question that changed our direction – "How do you know what market demand there is for hamburger?" After seeing the blank look on our faces, he went on to say that many of his clients fall into the trap of developing a product before finding a market. They have no concept of what the market wants, in what quantity, and at what price.

He had us take a step back from hamburger to begin doing market research to determine what the market wants. We have researched market studies and information on the Internet. We have also developed questionnaires that are being used by steering committee members to interview restaurants, grocers, specialty stores, and other outlets. The results from the Internet searches and the interviews have begun to develop a clearer picture of what the market wants. It may end up being hamburger from cull cows; it may be something different. For more information, see the article on marketing survey results below.

Now that our market research is nearly completed, the work will focus more in areas we are familiar with – what kind and size of animal, what animal care protocols will need to be developed, how do we get the animal shipped to be processed, what are our processing needs, what startup funding is necessary, what economic return is needed to enlist rancher participation, should we organize as a cooperative or limited liability corporation or something else?

Preliminary Results of Producer Survey

Based on a response rate of 27 percent (out of 466 surveys mailed), we have begun to tabulate the results of the HSB Producer Survey. On average, ranchers in the HSB project area have 30 years of ranching experience. The average age of ranchers in the project area reflects statewide trends, with 79.1 percent of the respondents being over 45 years of age (opposed to only 5.6 percent under the age of 35). Most producers (81.7 percent) are in the cow-calf business, while seedstock producers (24.6 percent), stocker operators (17.5 percent) and feedlots (4.8 percent) are also represented. Most producers use English breeds – 67 percent of the bulls owned by those who responded were Angus. Cows were predominately Angus and Hereford.

Total cattle numbers for survey respondents are summarized below:

<i>Class</i>	<i>Total</i>	<i>Average</i>
Bulls	663	7.1
Cows	11,327	106.9
Heifers	3,578	37.3
Steers	2,374	32.5

Seasonal supply of cattle does not appear to be a problem as shown in the following table, which reflects number of cattle sold per season by respondents:

<i>Class</i>	<i>Spring</i>	<i>Summer</i>	<i>Fall</i>	<i>Winter</i>
Cows	204	338	840	230
Heifers	706	1662	279	728
Steers	665	1755	909	739
Bulls	36	36	100	67

More than 40 percent of respondents have participated in quality assurance programs, and nearly 55 percent keep herd health records. Only 5.6 percent indicated that they feed antibiotics to their cattle, and just 10.3 percent use implants. These elements may become critical in marketing a niche product (see “Market Survey” article below).

Those who responded run cattle on 84,695 acres of owned land and 63,847 acres of leased land. Respondents include small, medium and large producers. Many are involved in conservation programs, as well (see the table below):

<i>Program</i>	<i>Number of Ranches</i>	<i>Acreage</i>
Williamson Act	54	50,955
Super Williamson Act	2	6,350
Environmental Quality Incentives Program	7	6,350
Wildlife Habitat Incentives Program	2	250
Conservation Easements	11	21,213

As these responses indicate, the conservation and stewardship contributions made by area ranchers may provide additional marketing opportunities.

Market Surveys Yielding Useful Information

During our Steering Committee meeting on March 6, we finalized the marketing questionnaire that committee members are using to interview restaurants, grocery stores, meat markets, and other outlets. To date, we've conducted 29 interviews and have begun tabulating the results.

Survey results seem to indicate that clientele purchasing products from surveyed establishments demand flavorful, consistent and tender beef that is safe to eat. If these needs are satisfied, the likelihood of a repeat purchase increases. Once these needs are met, additional marketing messages focusing on locally grown, hormone or antibiotic-free or nutritional benefits may have impact. Grass-fed beef does not appear to be in great demand among the establishments we surveyed, perhaps due to lack of knowledge and a perception that grass-fed beef is less consistent. However, developing a production protocol that can ensure a consistently high quality grass-fed product may result in a marketable niche product for the High Sierra region.

Most of the establishments surveyed purchase a range of beef products, from steaks and roasts to ground beef. Nearly all of the establishments expressed an interest in participating in product taste testing with HSB. The project team will be purchasing and processing one or more animals in the coming months to begin product development and taste testing.

The survey has revealed important information. Not only do we have a better understanding about the types of products that our regional market may demand; we also have established invaluable contacts with local restaurateurs and grocers who are interested in helping us succeed. Thank you to all of the Steering Committee members who conducted interviews!

Survey Participants

Bidwell Street Bistro Sacramento County	Grubstake Saloon Sierra County	Quincy Natural Foods Plumas County
Briar Patch Market Nevada County	John Ascuaga's Nugget Washoe County, Nevada	Sacramento Natural Food Cooperative Sacramento County
Corti Brothers Market Sacramento County	Klein's Quality Meat Plumas County	SPD Market Nevada County
Coyote Grill Plumas County	Latitudes Restaurant Placer County	Sweet Lorraines Plumas County
Earthsong Café Nevada County	Leonard's Market Plumas County	Taylor's Market Sacramento County
Everybody's Place Placer County	Longhorn Meats Placer County	The Owl Grill & Saloon Nevada County
Golden Eagle Market #2 Yuba County	Moon's Restaurant Plumas County	The Willo Nevada County
Golden West Saloon Sierra County	New Moon Café Nevada County	Tuff Stuff Jerky Company Yuba County
Graeagle Market Plumas County	Newcastle Produce Placer County	Wiggin's Trading Post Plumas County
Grizzly Grill Plumas County	Pasquale T's Placer County	

We still need your help! If you know an establishment that isn't on the above list, please use the questionnaire included in this mailing to conduct an interview! The more surveys we complete, the better the information will have regarding market feasibility. Contact Terry Jochim at (530) 274-9543 for more information.

Project Team Tours Processors

In April, the HSB Project Team and Steering Committee member Holly Foster toured Johansen's Meats in Orland (in Glenn County). Owner Chris Johansen provided an overview of the facility's processing operations and hazard analysis and critical control points (HACCP) plan. We also discussed opportunities for working together on product development and distribution. Johansen's currently processes beef for Western Ranchers Beef and Western Grasslands Beef, among others.

In May, Roger Ingram and Mark Keller of Ranch Marketing LLC toured Islamic Meat and Poultry in Stockton. Islamic Meat and Poultry serves Muslim consumers and uses Halal slaughtering techniques (which precludes stunning in the slaughter process). According to Islamic Meat and Poultry representative Gialel Sbeta, the Muslim market prefers lower end cuts such as chuck, shanks, ground beef, and rounds. Muslim consumers also prefer a lean product that is grass-fed.

Production Costs and Pricing Analysis

The next step in our feasibility study will be to evaluate production costs and analyze prices for particular products. We will be working with Mark Keller of Ranch Marketing LLC, who has worked with a number of niche market producers throughout the West. Mark will assist us in understanding the costs of production at each point in the production system, as well as the price opportunities for a variety of products.

The Alliance Model - Another Option?

Is a nonprofit alliance an option for High Sierra Beef? The HSB Project Team is researching the New England Livestock Alliance, an East Coast nonprofit that works with livestock producers to process and market meat products. The Alliance has created production protocols to assure that its members provide a consistently high quality product. For more information, visit the New England Livestock Alliance website at <http://www.nelivestockalliance.org/>. We will be seeking additional information on this option over the coming months. We are also working to coordinate workshops with the New England Livestock Alliance and the Jacob Alliance (a similar organization) later this summer – stay tuned!

In-Kind Contributions

The rancher members of the HSB Steering Committee have committed to providing more than \$32,000 worth of their time and expertise. In-kind contributions include time spent traveling to and participating in committee meetings, conducting interviews of retailers and restaurateurs, touring processing facilities and other activities. **The contributions of HSB Steering Committee members have made it possible for us to receive substantial grant funding – THANK YOU! Please let us know if you'd like to join the HSB Steering Committee!**

Grant Funding

The High Sierra Beef Project has received the following grants to fund our feasibility study and business plan:

California Department of Food and Agriculture Buy California Program	\$70,000
USDA Rural Development Value Added Grant Program	\$36,300
UC Center for Cooperatives	\$20,000
US Forest Service Economic Action Program	\$10,000

Steering Committee Members

Chuck Bacchi, Rancher
Lotus

Jenny Brown, Director
Yuba County Resource
Conservation District

Gary Cohen, Rancher
Placerville

Dave Correia, Rancher
Pleasant Grove

Bart Cremers, Livestock Manager
Wildlands, Inc.
Citrus Heights

Dr. Dave Daley
CSU Chico

Carol Edwards, Rancher
Loma Rica

Ed Ferreira, Rancher
Newcastle

Walter Fickewirth, Rancher
Lincoln

Holly Foster, Rancher
Oroville

Gretchen Fretter, Rancher
Placerville

Dr. Bill Frost
UCCE – El Dorado County

David Gallino, Rancher
Grass Valley

Jim Gates, Rancher
Nevada City

Holly George
UCCE – Sierra/Plumas

Lyndell Grey, Rancher
Lincoln

Penny Humphreys
Rescue

Harry & Kathy Johnston, Ranchers
Grass Valley

Dan & Janet Kattenhorn
Longhorn Meats
Newcastle

Bob Koshman, Rancher
Pleasant Grove

Gaytrell Lapp, Rancher
Newcastle

Rick Leonhardt, Rancher
Quincy

Dan Lombard, Editor
Placer Magazine
Lincoln

Michelle Macfarlane
Sierra College Agriculture
Department

Brownie Matheson, Rancher
Lockford

Jim McCormack, Rancher
Lincoln

Carlan Meyer, Director
El Dorado County Resource
Conservation District

Brook Murphy
Natural Resources Conservation
Service – Placerville

Glenn Nader
UCCE – Butte/Yuba/Sutter

Joanne Neft
Placer County Agricultural
Marketing Program

Tim Neilsen, Rancher
El Dorado

Cindy Noble, Rancher
Graeagle

Dr. Jim Oltjen
UC Davis

Kent Pascoe, Rancher
Sattley

Stacey Stirtz, Student
Roseville

Allen & Marian Stonesifer,
Ranchers
Lincoln

Bud Taglio, Rancher
Loomis

Anna Reynolds Trabucco, Rancher
Nevada City

Mike Ward, Rancher
Napa

John Waskiewicz, Director
Yuba County Resource
Conservation District

Matt Wolter, Rancher
Grass Valley

Todd York, Rancher
Loyalton

Project Team

Terry Jochim, Project Manager
10492 East Lime Kiln Road
Grass Valley, CA 95949
Phone: (530) 274-9543
Fax: (530) 274-9526
dustytrl@cattlemen.net

Roger Ingram
UC Cooperative Extension
11477 E Avenue
Auburn CA, 95603
Phone: (530) 889-7385
Fax: (530) 889-7397
rsingram@ucdavis.edu

Doug Freeman
Sierra College Small Business Development Center
560 Wall St., Ste. J
Auburn, CA 95603
Phone: (530) 885-5488
Fax: (530) 823-2831
dfreeman@sbdcsierra.org

Dan Macon
High Sierra RC&D Council
251 Auburn Ravine #105
Auburn, CA 95603
Phone: (530) 823-5687 ext. 115
Fax: (530) 823-5504
dan.macon@ca.usda.gov

High Sierra Beef Website

http://ceplacer.ucdavis.edu/Custom_Program550/