

March 20, 2018

Dear CSA Members,

We are just short of 20 years in business as Taliaferro Farms. When I bought this farm, I had already had 27 years working in the agricultural industry. I've been with it with an unrivaled/persistent devotion. I like to think that this devotion showed up in the vegetables in your CSA shares.

I had the opportunity to be a presenter / speaker in the 2018 New England Vegetable and Fruit Conference. I was asked to speak to the struggle to "right size" my farm. Not to address the business side so much, but more the trials and tribulations of the day-to-day and year-to-year and how the economics of business forced decisions (refer to the PDF on our web site). Writing and reliving the story/history of the farm forced me to reflect on all the adventures we have had and new friends we've made. We have had a wonderful run. As a farmer I've had the fulfillment of all life's good things. The one thing missing, that would have been the icing on the cake, would have been better profits for our efforts. As we moved the farm forward from nothing more than a broken down apple orchard, any bit of profits were turned back into the farm.

Before I started this farm I dreamed and planned for farm ownership. Every action I took was with that in mind. I created several variations of business plans to compare and contrast. I must say that none of them showed any possible success. Not for lack of creativity or continuity, but because of lack of any capital on hand especially after the purchase of the farm. I looked the other way and convinced myself that with my resources and experience, I could overcome the lack of capital that was in my business plan. I would risk moving forward with borrowed monies to back up my plans. Many of you have heard some of this story before. We persevered, but at our own expense. Our financial success would move forward in ebbs and flows. The business did begin to build up a bit of steam only to be slammed to the ground by Hurricane Irene. I'm telling you all this because the farm is behind financially yet we need to move forward. This is not a plea for increased support (lord knows the CSA's support, financial, emotional, and spiritual has held this farm together).

The farm is going to have to go back a few steps before it can move forward again. Look at this as a restructuring to make things better. The good news in all of this is that we are about to close with an agricultural conservation easement on the farm with Wallkill Valley Land Trust. Although this might seem like old news because we have been working on this for some time, and it has been in the papers, we still have not closed. This easement agreement will ensure that this piece of land will always remain a farm. The monies we receive for protecting this land will help us secure a better financial structure for the farm. It may not always be the same type of farm, but it will be a farm.

My son Peter has shown interest all along with the farm and being a farmer. The last two years we have worked on grooming him to take more responsibility. This is the year for that move where he is more in the driver's seat. Peter has a different personality than me. As he puts his energies into moving forward, I hope we can all embrace this so that he has the freedom to grow managing and making the daily decisions. I'll be backing off on managing the farm to give Peter the room to grow. I'll be working on and off farm with my fellow farmers designing and installing irrigation systems for two reasons, keep out of Peter's way and bring in a few extra bucks to help make the necessary improvements to insure the farm's success. Also, at the age of 60 with over 45 years working hard in this business, I need to learn to back off so I might get a chance to enjoy all the things that I've worked so hard for. A million thanks for supporting these farming adventures to this point and we hope you will all stick with us as we continue this family farm journey. ***THANK-YOU!***

From all of us, Pete, Robin, Peter, Delaney, Ian, Mary-Kate and Mason

The struggle to right size my farm...

Sylvester (Pete) Taliaferro, *The New England Vegetable and Fruit Conference 2017*

We may not all have gotten the bug to farm early in life as a matter of fact, some generational farmers may have been forced (working on their parents farm) or maybe, stimulated, into being a farmer. I got it early working in the family garden.

Bio - My dad passed away when I was six. I took it on myself to grow some sort of family garden. It was no more than a few tomato plants, a couple of summer squash, some Swiss chard and radishes.

When I was old enough to work, I got a job on a local vegetable and fruit farm. A small family farm consisting of 12-14 acres of vegetables and 50+ acres of fruit, mostly apples with a few peaches and pears along with a fair sized patch of strawberries and blueberries. The grower marketed both wholesale and retail. I stayed here until I graduated high school and enrolled at the local community college.

I began to work part-time on a commercial production generational family farm whose sole crop was apples. At that time, they were farming about 400 acres of apples. At college I majored in engineering, but the bug to farm was much stronger than my ability to maintain my interest in academics. The story is long and emotionally complex so we won't go there. I dropped out of school and took a full time job with the orchard. This same orchard is still going strong today and is known as Crist Brothers Orchard.

I stayed with them for about 5 years until the bug for my own farm pushed me to move on. I put together a simple business plan and made a lease agreement with my uncle who owned what was left of his family's subsistence farm. I had 2 acres of u-pick strawberries and 3 acres of vegetables. The equipment available was an old Farmall C and a ford 8N with numerous turn of the century attachments.

I was there 2 seasons with some positive successes. I was coached by a business mentor that I was going to need a long term lease if my long term plans were to come to fruition. Although my uncle was thrilled that the land was being used, his brothers and sisters had no emotional attachment it was to be sold at a cost that was out of my range and my long-term lease request was turned down.

I actually went back to Crist Brothers (never burn a bridge in this business) for a season till I heard tell of a possible business opportunity with a local fruit grower, Eugene Coy of Coy Orchards. This was a farm of about 150 acres. The farm consisted of mostly apples, a few pears, and a few peaches. A solid viable farm. Gene Coy was looking for a general manager with maybe the possibility of a business deal down the line. The agreement was a five year plan. At the end of year 4, I wanted to know that I had my foot in the door with a chance of a future in this business. We worked 3 years with First Pioneer Farm Credit estate planners to put a plan in place. It never came to be, a week before we were to put the pen to paper for a deal, Gene backed out. I was a bit devastated but didn't burn any bridges. I lived on the farm in a small house with my family. **Oh yeah, I got married and have two boys at this point during this saga.** I stayed with Gene for another season while we bought a small lot and built a house.

During this season with Gene, I was actively looking for an opportunity. **By the way, through all this so far, I had dam little money and was continually living on the edge, but building tremendous experiences and resources in this business of farming.**

I was active in the local farm bureau, always interacting with the Cornell extension people, and accessing any agriculture technology that I could get my hands on. I volunteered to be on a grower panel that year at the NY Horticulture meeting. I ran into John Nye, owner of Trickle-Eez Irrigation Company from Michigan at the trade show. I had worked with him on irrigation projects while working for both Crist Brothers and Coy Orchards. He knew I had been jones-ing to have my own place and asked me about how I was making out. After a bit of a chat, he offered me a position to create a New York depot for Trickle- Eez. I would cover irrigation design, sales and installation in New York. I took his offer. I worked for Trickle- Eez for 5 years not only in New York, but all over the North and South American continents. What an experience to meet and work with so many farmers and different types of farming. While working for Trickle-Eez, in my spare time, I still searched for a farming opportunity and finally found one. After a search that took me in state and out of state, to big farms and small farms, we ended up in New Paltz NY our back yard. My wife and I purchased a prime piece of land, 32 acres in New Paltz. I was 37 years old. This purchase was only land. We were about to start a farm from scratch.

So, we have this 32 acre piece of land and some broken down apple trees and an old truck body. We also have great soils, plenty of water, and a great demographic. A simple but extremely flexible business plan was put in place. Start small, call on as many favors as possible, and grow till it gets uncomfortable.

Remember, just because we have 32 acres doesn't mean we need to farm it all and/or will it be enough land to farm. So let's talk what my experience was, to what and how we decided on size. The things that affected us will most likely effect you.

A) Philosophy: Your farming beliefs combined with your cultural practices. Are you thinking (organic, biodynamic, sustainable) or (conventional, commercial, industrial) or a combination of both.

B) Your skill set: How much experience do you have farming. How quickly can you learn? Do you have relationships with resources such as (cooperative extension, farm service agency (FSA), Natural Resource & Conservation Service (NRCS), Seasoned Farmer connections and relationships, know capable and reliable mechanics and electricians. **To have these resources and be able to manage them is extremely necessary as nobody can do everything but everything needs to be managed.**

C) Capital: Do you have capital at hand to invest freely or will you be piece mealing or a combination of both.

D) Your economic needs and goals: If you are young and single, your needs will be very different than if you're married (or have a partner) and have kids. A special note, you are still single if you have no children. Children put a whole new spin on everything.

E) Labor structure: Will you be volunteer based or an apprenticeship/intern structure. Will you need to use or want to use contract labor or the controversial undocumented workers? Or, will you be primarily mechanical. Or a combination of all or some.

F) I am going back to A: B,C, D, and E will all have an effect on your philosophy. Once you have nailed your philosophy down, you can begin to form a business plan.

Narrative: I would like to mention at this point some USDA statistics in regards to large and small farms:

A) A small farm according to the USDA is a farm that grows and sells between \$1000.00 and \$250,000 per year in agricultural products. In that same breath, the USDA census says that small family farms average 231 acres while a small/large family farm averages 1421 acres.

Small family farms make up 85% of the farms in America.

B) Large farms are defined as having a gross of more than \$500,000/year and acreage greater than 2086 acres

(I take issue with the 231 acre. I know personally many small farms that are nowhere near 231 acres. I do agree with the dollar figures, but not the acres. The amount of \$/square foot with intensive hands on inputs, can be amazing. If any of you are interested in these small/tiny operations, check out Curtis Stone or Jean Martin Fortier.)

*All of this information can be seen as **Farm Typology** on the USDA website.

Narrative: So we have 32 beautiful acres. We decided on a philosophy. It would be culmination of all my experiences with Organic farming principles as the lead philosophic principle. This Organic direction was inspired by one of my irrigation clients who was for many years a heartfelt mentor. We had very little money to spare so our operating revenues would be Resource Financing (calling in all favors) and a Community Supported Agriculture structure for operating cash on hand. We have our business plan together and we are about to start. What is our plan? Not to start. We bought the land in 1995 (**a year after my daughter was born, yes we now have three kids, my wife is a saint**). We start out not farming the land for almost three years. As I said earlier the land had some apple trees so I rented the farm to Coy Orchards (remember never burn a bridge). Coy Orchards hired me back temporarily and agreed to let us use the equipment to help us develop the farm. After working with Gene Coy for three years we were ready to cut the cord and start growing apples organically along with vegetable crops and some small fruits. We landed a strong farmers market in Westchester and a handful of good wholesale accounts which included the Culinary Institute of America. My wife gave me the go ahead to purchase our first new tractor.

So here we are 1999. We are at the bottom rung of any type of economy of scale for this business. My boys were eager to get involved but are too young; Ian 11 & Peter 12. We put an ad in the University of New Paltz paper. **Remember there was no active internet and social media at the time. Hiring had to be done old school.** We ended up with three very enthusiastic and capable students. At the time we had no real infrastructure on the farm. We rented some cooler space from a neighboring apple grower. We plugged away and managed to make ends meet. Between the farmers market and local whole sale accounts we had gross sales of \$47,000. We were able to speculate with some of this

money and put an electric panel up and drilled a well. These were outside our business plan but on our wish list. Keep in mind I'm still working part time to subsidize these off the path expenses.

Year 2000. We knew we needed to get the CSA model going for additional revenue but without infrastructure it wasn't possible. My friend Jack Baldwin (He is the fellow that inspired me to take a hard look at organic farming) and I met up for lunch and I was letting him know where I and the farm were at. He had had many successes financially and offered to integrate a personal lending plan into my business plan. I took him up on his offer and we purchased a 30x50 metal pole building and walk-in cooler at the end of the season. Our gross sales this year were \$64,000.

Year 2001. We began work in the early spring on the building. I got a contractor friend to help me put it up. Once up we brought electric and water to the building. The floor was $\frac{3}{4}$ crushed stone. We put the cooler alongside the outside of the barn. We hadn't advertised the CSA program in the fall of 2000 for fear of not having the infrastructure in place. We put flyers and posters throughout the community and ended up with 26 shares sold, nothing to be proud of but a start. As always I have marketing on my mind and over the winter I landed a spot at the White Plains Farmers Market. With all these things happening our labor situation was going to need a boost. We were going to need full time people. I tapped into the sources that my commercial farmer friends were using. We hired 2 experienced young Latino men. So now we have 2 full timers, a hand full (7) of part timers, my two sons when not in school and myself. Our gross sales in 2001 was \$102,000

Year 2002. The farm on the outside was looking a bit unorganized as per the speed we were moving forward. I was still pruning trees in the winters to subsidize cash flow. We sold our home in Clintondale and built a home on the farm. We are now living on the farm and we have one consolidated mortgage. We of course put the equity from the house sale into family needs and the farm. We picked up yet another farmers market in Rhinebeck NY. Our CSA share count is also up to 102 sold. Total accountable sales in 2002 \$167,000.

Year 2003. So as business plans change to move forward they can also be adjusted to move backwards. This year was a particularly rainy season. We ended up with a loss and I went back to work fulltime. We ended up downsizing so no permanent damage was done to what we had accomplished. We cut staff, put fields fallow etc. Gross sales this season \$103,000

Years 2004-2005-2006. I was very lucky to have been able to hire a general manager through this period who kept things together and then some. She was committed, knowledgeable and had great communication skills. She kept the farm on cruise control. We paid down small debts and began to look at moving forward again to that sustainable net profit position. Our sales most certainly went down but we held on to move forward. Average sales these years \$101,000

Narrative: So we are still trying to get to the sustainable point with the farm and the business. To me this is where our bills are paid and we are on course with our business plan. I have neglected to mention that my wife has played a significant part in all of this in all aspects especially financially. When we lived at Coy Orchards she started a Home Day Care business for children. This got expanded to a Group Home Day Care when we moved off the Coy property and built our first home. When we moved to New Paltz and on the farm she was lucky enough to have landed a job as a public school teacher. The benefits she receives, time off in the summer and salary have most

certainly given us a safety net to help us maintain, surviving with the ebbs and flows **while trying to make farming pay.**

All this time both hand and mechanical practices are used in a quest for the most efficient and thrifty way to get things done with the greatest yields. We are utilizing a team and job specific structure where people specialize for maximum efficiency. We make it clear that we are all in this together and still may need to jump on any task when needed.

Year 2007. So we are doing 4 farmers markets, wholesaling to local purveyors, restaurants & health food stores. We are maintaining a 120 share CSA and have integrated the distributions of the CSA with a farm stand concept. We are renting an additional 35 acres for growing and rotating crops. We are growing 28-30 different vegetable crops, raspberries, strawberries and 6 acres of apples for fresh and processing. Although the coffers are not overflowing at the end of the season we are showing net schedule F profits of \$5000-\$8000 with a \$225,000 gross.

Years 2008-2009-2010. These years were a reflection of 2007. It now looked like we were going to steadily crawl forward to a farm with sustainability & with a profit, a small profit but still a profit.

Year 2011. Being predominately a cash business we are using more and more of our own monies combined with CSA monies to operate and have refrained from working with banks. I knew at this point we needed to expand our infrastructure because we were bursting at the seams and efficiency was waning. I made plans to build a 5000bu cooler combined with a packing and dry storage space. We were approved for the funds through First Pioneer Farm Credit. My wife didn't share my enthusiasm. She suggested that we wait until the end of the season. It turned out to be good council. Along came Hurricane Irene on 8/28, Tropical Storm Lee on 9/5 and 5 inches of wet snow on 10/5. It ended up being devastating. We had to shut down the CSA program, and two of the farm markets. Lay off most of the help. We lost \$70,000 of our own money and all of the CSA investment. We had NAP crop insurance but in the end it only paid out about \$26,000. We have never really recovered.

Narrative: So we are still farming but have flat lined as far as growth. As a matter of fact we have down sized considerably. But at age 60 and have worked in the industry for 48 years it may be time to back off. I can say that those years of 2008-2010 we did meet our goals. Not at the professional level as I aspired and not as flashy, but we did meet our goal of sustainability both with the farms land and for the most part the business. We still have a mortgage but will soon be eliminating that with a PDR (Purchase Development Rights) putting the farm in a permanent agricultural easement and leaving a sliver of a farming legacy behind and a protected piece of land for future farmers to make use of.

Thanks and any questions?