

# **Key Potential Program Benefits**

## **Industry**

- Public relations – proactive effort + market awareness
- Identify grower education & outreach opportunities
- Regulatory incentives via collaboration with agencies
- Industry-level source for sustainably grown fruit

## **Grower**

- Operational cost reductions – improved practices
- Private incentives – insurance, lending
- Regulatory relief via program participation
- Favorable contracts for sustainably grown fruit

## **Industry & Grower Program Benefits**

---

### **Examples**

#### ***Insurance Premium Discounts***

California Association of Winegrape Growers worked with Pan American Underwriters and Unigard Insurance Co. to design the Wine Industry Property and Liability Insurance Package:

- Premium credit of 10% (above other discounts) for growers who have implemented a sustainable-winegrowing-practices program for at least one year.
- Vineyard Managers Errors and Omissions Coverage would be available as a sublimit, which for some members means not having to carry a separate E & O policy.
- Applicator's Liability Coverage would be included in the policy with limits up to \$300,000 to comply with DPR requirements, thereby eliminating the need for a separate policy.
- Also available to Lodi Rules Certified growers.

Conversations regarding premium discounts on Worker's Compensation Insurance have been initiated.

#### ***Risk Management***

Unilever offers first priority to their growers that participate in their sustainable programs:

- multiple year contracts
- delivery of excess product above contract
- delivery schedules.

#### ***Preferential Contracts/Purchasing***

- Michael-David Winery pays a premium of \$50/ton for Lodi Rules certified grapes – more than 10% at '07-'08 prices
- Zeal label (FreshSense) opening up new foreign & domestic markets for fruit
- National Grape Cooperative (Welch's) negotiated increased shelf space with Wal-Mart based on NY Sustainable Viticulture Workbook adoption
- Most Food Alliance clients don't brand their own product, but use the certification to access specific contract buyers who are using the certification for that purpose

#### ***Management Tool***

- Provides a method for analysis of costs – “if can’t measure it, can’t manage it”.
  - One grower, through data analysis, learned that different winegrape varieties required different applications (volume) of sulfur. The equipment required to calibrate applications was paid for in one year with the reductions in sulfur use. Also reduced “environmental footprint”
  - One vineyard operation saved \$125 per acre by reducing fertilizer use after assessing against sustainable practices program. This also reduces potential nitrate leaching and phosphorus runoff.

### ***Regulatory Incentives***

Early on the Central Coast Vineyard Team initiated discussions with the Central Coast Regional Water Quality Control Board regarding the Ag Waiver. The components of their Positive Points Program that gained the confidence of the water board were the collaborative nature, the continuing education component, the farm plan and the cooperative monitoring component and that through the Positive Points System tracking and practice modification were taking place. Through their efforts, participants in the Positive Points Program only had to do one set of paperwork up front which gave them their ag waiver for 5 years, based on their tracking system and documentation of continuing education. Currently the Vineyard Team is working with the water board to gain a waiver of monitoring fees for their certification program due to the fact that it provides an auditing component.

### ***Grants and Funding***

- The Sustainable Winegrowing Program “mapped” their criteria to the NRCS EQIP criteria such that the practices in the Program could be identified in the “scoring” of a grower for the EQIP program. Two benefits were identified – reduction in paperwork when applying for EQIP funds and grant priority.
- P G & E is working collaboratively, and providing financial support, for educational workshops and materials regarding energy efficiency components of the sustainability programs.
- California NRCS gives credit (priority) to growers that are certified. In San Joaquin County the local office specifically cites the Lodi Rules certification as eligible for NRCS IPM-designated EQIP funding.
  - Specifically, in San Joaquin County, after being certified by Lodi Rules, a grower applied a second time for cost share monies. The 20 additional points given for participation in that certification program resulted in his application attaining a higher tier. The benefit totaled approximately \$260,000 of cost share money for cover crops, installation of two irrigation systems, IPM practices and installation of hedgerows.
- Food Alliance certified growers are given priority in Oregon NRCS programs, specifically CSP.
- New York State Department of Agriculture and Markets' Agricultural Environmental Management Program endorsed the NY Sustainable Viticulture

Workbook as Tier 2 worksheets for vineyards. Soil and Water Conservation districts in each county can then help growers identify cost-sharing programs to finance conservation practices that reduce environmental impacts of agriculture.

### ***Other Benefits***

As a result of certification:

- longer term relationships
- differentiation of product initially
- vehicle to measure carbon footprint
- manage environmental risks
- manage regulatory risks
- improve community relations
  - NORPAC, a farmer cooperative with its own processing facility, used certification to demonstrate responsibility around all aspects of sustainability, but in particular public perception of their labor practices and environmental commitment.
- increase customer loyalty
- a method for communication to external organizations and stakeholders

As a result of participation in a self-assessment program:

- provides process for producer to question why they are doing what they are doing
- sends message that we own our sustainability – we are acting responsibly

### ***“Wish list” of benefits desired and/or pursued by existing programs:***

- “One stop” paperwork process for participating growers (eg. complete voluntary self-assessment profile of farm online, print out completed San Joaquin Air PCD CMP and Regional Water Board Waiver paperwork)
- Preferred ag loan rates for self-assessed or certified growers – reflecting risk reduction for best practices
- Coordinated discussions with multiple regulatory agencies via the sustainability framework and “crossovers” in resource areas, i.e., an individual farming practice can impact multiple natural resources