

## CALIFORNIA SUPPLY CHAIN UPDATE

> Since the beginning of the pandemic, the floral industry has been learning to cope with shortages and delays, no matter where the flowers were grown. But how does California — which supplies as much as three-quarters of flowers grown commercially in the United States — fit into that picture?

California flower farmers are thriving. “The majority of the farms I know of have been having one of their best years ever in 2021,” says Steve Dionne, executive director of CalFlowers, the California Association of Flower Growers & Shippers.

It’s not that California flower growers aren’t affected by most of the same factors that have disrupted the supply of

flowers from Colombia and Ecuador — including issues with labor, transportation, and climate change. But the California story comes with its own twists.

### Some Go Missing

One effect of the pandemic on South American flower farms has been the acceleration toward consolidation. Bigger farms have swallowed smaller ones without an overall reduction in cultivated acreage.

In California, by contrast, the pandemic encouraged a significant number of well-established growers to simply stop producing flowers. The reasons predate the pandemic. They include rising costs, rising land values (tempting

owners to sell), and a lack of successors for some family-owned businesses.

Among those who exited the business at the beginning of the pandemic were Ocean View, specializing in stock, and Skyline Flower Growers, known for snapdragons. As a result, according to Tim Dewey, VP for procurement at the New Jersey-based wholesale distributor DV Flora, there is a shortage of high-demand-line flowers that would traditionally have been purchased from California.

Thanks to a spate of hot weather, stock is now almost unavailable from California. “We’re importing stock from South America for the first time in 26 years,” says Joost Bongaerts of the California-based wholesaler and national shipper Florabundance.

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—Diana Roy



### It’s Getting Hotter

While the harvest from Colombia was delayed this year by cold weather, California flower farmers had to cope with record high temperatures and severe dryness. Both conditions are chronic in California, but likely to worsen in coming years.

Strict state regulations, the high cost of water (in places where farmers do not have wells), and a recurrent pattern of dryness alternating with deluge have California growers turning to sophisticated tools for water management, from soil sensors to reverse-osmosis purification of recycled water.

The prospects are daunting, nonetheless. One might think proteas would be the perfect crop for an era of climate change, but heat and drought are having a worrisome impact even at Resendiz Brothers in southern California, where proteas, pincushions and other field-grown flowers and foliage — most native to Australia or South Africa — sprawl over more than 100 acres of steep, naturally dry hills.

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## Workforce Woes

"Labor was an issue long before Covid," says Dionne. "It's the largest cost center on any flower farm." In California, where flower farmers are competing with the state's other agricultural interests, flower farm workers are paid more than minimum wage.

"We're having to pay our help more, which I don't mind, because we're able to get more for our product now," says Lou Neve of Neve Brothers, a grower of roses and other flowers in Sonoma County, California. "But we can't attract more people. I don't know what happened to all the agricultural workers. There's not enough to go around."

At Kendall Farms, a Southern California grower of waxflower, eucalyptus and other crops, the workforce was cut by 60 percent at the beginning of the pandemic. Today it's at 100 percent of what it was — but with current demand, the company could grow by another 20 percent if they could find workers, says Jason Kendall.

Some Southern California growers have moved their production to Baja California, in Mexico, to operate with a lower cost of labor. The crops they grow there can be trucked north to San Diego or Oxnard and then shipped across the United States.

## The Lure of Cannabis

California legalized recreational use of marijuana in 2016. Some flower growers converted their greenhouses to grow what was then a lucrative crop.

"There were a lot of investors looking for opportunity," says Dionne. "It was a kind of gold rush." The conversions certainly had an effect on flower supply — an effect that is being felt more acutely today, when the market is tight.

Today, cannabis prices are down. "Growers tell me, now is not a good time to get into cannabis cultivation in California," says Bongaerts. In addition



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to lower prices, fees and taxes cut into profits. It's possible, Bongaerts says, that in the next year or two growers and investors will turn from cannabis back to flowers, where the prices have been rising.

## Strength in Diversity

While florists might know California best for just a dozen or more flowers, including tulips, lilies, snapdragons, gerberas, proteas, and waxflower, the actual range of varieties numbers in the hundreds and is constantly expanding.

That's because the state's climate and geography are so diverse and support a wide range of products from the chilly north of the state to the sunbaked south. And when South American imports entered the market, many California growers turned to an adventurous variety of higher-end, specialty crops ranging from fancy tulips and fruiting or flowering branches to exotic proteas.

That is both a strength and at times, a marketing challenge, since many of the lesser-known flowers — chocolate cosmos, for example — are seasonal or produced in relatively small quantities. That makes the pathway from farm to florist more difficult.

At the same time, as growers and buyers search for ways to circumvent the industry's supply-chain challenges, a trend to buy direct from the farm has taken a portion of California's flowers out of the traditional circulation.

The good news is that when a specific flower is not available, California has something else to offer, equally novel and trendy. "There are not as many flowers of certain types to fill the demand," says Bongaerts. "But there's no shortage of flowers." 🌸

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