GROWERTALKS

GT in Brief

10/1/2024

Why Sun Valley Closed its Doors

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California-based cut flower grower Sun Valley Floral Farms recently shook up the cut flower world with the news of its pending closing. We knew something drastic was happening back in May when news came out that Sun Valley had issued layoff notices to their Arcata and Oxnard workforces under the federal WARN (worker adjustment and retraining notification) Act.

Now CEO and President Lane DeVries, who's been with the company since 1984, wrote a letter to customers and the industry in general citing the causes of the tough decision he and the company leaders had to make.

After its start in 1948, Sun Valley grew rapidly, expanding to three locations—Arcata, Willow Creek and Oxnard, California—and more than 400 employees to keep up with the demand for their flowers, especially bulb crops like year-round tulips (made possible thanks to a partnership with a New Zealand grower).

However, setbacks began piling up with the Great Recession. Cited Lane:

■ "In 2008, we lost 75% of our workforce in Arcata due to an immigration action by the government. The ensuing domino effect on operations lasted for nearly 18 months and left the company with a huge financial hole and lasting scars."

■ "In 2019, FTD/Proflowers, one of Sun Valley's largest customers at the time, filed for bankruptcy right after Mother's Day and several million dollars were never paid."

■ "The pandemic in the spring of 2020 left us with millions of flowers blooming in the greenhouses."

■ "At the same time, business conditions in California have made operating a greenhouse flower company very challenging. The rising cost due to a series of rapid minimum wage increases and the phased-out elimination of the agricultural overtime exemption has seriously raised the company's unit cost in recent years."

■ "Insurance expenses have quadrupled in the last five years. Natural gas costs have gone up dramatically and electricity expenses have nearly tripled in the last 10 years."

Lane concluded, "These cumulative factors had a dramatic impact on our competitive position in the marketplace. In many cases our customers were unwilling to accept price increases needed to offset the cost increases.

"These conditions have put the company deeper into debt, and with the current interest rates, it has deteriorated the financial state of the company. As owners, we reached the point of having difficulty seeing a viable way out on our own accord.

“In the last 12 months the company has searched for a suitable investor or a buyer for the entire business. While there were some leads, no buyer for the entire company materialized. This left us at the point of closing the doors …”

Lastly, in a small bright spot, they managed to transfer the leases on their Willow Creek farm to Continental Floral Greens where they produce ilex, rosehips, cotinus, snowberries and viburnum. And Continental will be growing some core Sun Valley flowering crops, such as Butterfly ranunculus and possibly iris. As for Lane, he says he’ll take on an advisory/consulting role with Continental.

Sun Valley’s story isn’t dissimilar to that of another West Coast nursery, Skagit Horticulture, which closed earlier this spring. They cited “current economic issues including market pressures, production cost, energy cost, freight cost and the business climate in the State of Washington” as all contributing to the decision. **GT**