



Technical Panel 2 Meeting Notes: Agricultural Sector

Santa Clara Valley Climate & Agriculture Protection Program

Monday, June 19th, 2017 | 1pm-4pm

Santa Clara County Farm Bureau | Morgan Hill, CA

Meeting Objectives

1. Introduce proposed framework for creating and sustaining a vibrant agricultural economy in south Santa Clara valley.
2. Receive tech panel feedback on the draft goals and strategies, tools, and agricultural core area.
3. Agriculture Tech panel specific goals:
 - a. Receive input on how the framework is likely to be received in the ag community.
 - b. Receive an assessment of how the proposed ag core and tools will impact ag economic viability.
 - c. Explore the needs of specific subregions within the core.

Links

- [Presentation: CAPP Action Plan Outline](#)
- [CAPP Elements Handout](#)
- [Detailed Descriptions of Elements in Handout](#)

Welcome

Rob Eastwood welcomed the tech panel back and presented slides 1 to 5 of the [CAPP Action Plan Outline](#) to reorient the group. He noted the main goal for today was to get candid feedback from the technical panel on the CAPP program. Due to technical difficulties with the presentation equipment, members of the technical panel grouped around laptops to view the presentation.

What we have learned/key findings

Rob Eastwood and Jake Smith presented slides 6 through 10 of the [CAPP Action Plan Outline](#).

Panel feedback

- CAPP Team: Is there a sense of a tipping point? What happens if we lose 8k acres?
 - o Trends already show shrinking ag land at an alarming rate. If we lost 1/3 of total acreage, those lucky enough to grab some land could still operate, especially if larger areas were left untouched. Especially Coyote Valley. If there's still 16k acres left in a worst-case scenario, those would still be farmed and those of us operating would still find a way to make it viable to continue operating. It would certainly put a dent in things, though. Production would shrink. It would be troublesome.
- With urbanization extending to Watsonville, Gilroy, etc., transportation infrastructure isn't there. We end up with more traffic and higher traffic speeds on local roads. This is difficult with slow moving equipment. This becomes part of our operational program too—how much risk—operational cost/legal cost of operating slow moving vehicles. There's not a lot of signage and commuters are in a hurry and view these vehicles as an impediment. We're talking employee/growers/commuters lives as they make these decisions on the road. It raises stress levels. It's harder on the roadways too- talk to Santa Clara roads and airports.

Establishing the Agricultural Core

Rob and Jake presented slides 14 to 17 of the [CAPP Action Plan Outline](#). They noted that the core was identified by four criteria: best soils, groundwater supply, outside of developed areas and urban use areas, and are contiguous. CAPP will ask the jurisdiction to use these if you all agree. *Does this core make sense?*

Panel feedback on Ag Core

- Water and the ability to have an ag well is important. A more nuanced approach to water access may be needed.
 - o In the Coyote Valley, the problem is water—there is a county ordinance on not drilling new wells. If it's not being farmed now, there's a reason why it's not, and regulations are getting tighter. You might have water with regular well, but not enough for an Ag well specifically. If you're on the county pipeline, a drought means they will off your use.
- This is macro, not site-level mapping so some of this nuance isn't there.

- I would add more resources to this core. How would loss of farmland impact labor availability? With decreasing agricultural land, would a labor crew even stop here before going to another region?
 - Good point: a lot of times we've had issues with contract labor coming and looking at the field in the morning and going somewhere else.
- For small farmers with smaller parcels, making the investment to have a successful operation will be a challenge
- I think you're in the right ballpark, but on the other side of coin there are capital expenses for irrigation wells, equipment, etc. This means a small farmer will never get out of starting gate. How do you make sure if someone decides to invest in this that they're successful? Subsidize them, or put it in a manner that they can't fail. This doesn't work well with a budgetary process.
- With smaller parcels, the grower has to move equipment from spot to spot. If people don't let you move it- it's an issue... you end up trying to do it at night.
- Labor/immigration is against you, too.
- Overall, we're In the right area in addressing what's possible, though.
- *CAPP Team: Just think about if money, resources weren't an issue; where in the county would you put an ag core? In this plan we would put it within these four criteria.*
 - Level San Jose and return it to farming. From practical standpoint, though, from my operation the last point on this slide is a very good one. There is a certain amount of fixed cost for an operation regardless of parcel size. That's important because we get more of a return on investment if larger parcels are available. Coyote Valley and southeast Gilroy is where I'd focus. We farm 300 acres in CV and we're lucky we have some ag wells that have been there. A lot of valley doesn't have that. Sometimes some farmers can rely on rain, but not for what I grow.
 - Yes, on basics this is right. Comfortable with baseline.
 - 30k foot level, looks good. But when we get more nuanced, there may be some problems (ie: infrastructure).
- *CAPP Team: Is there a cutoff for returns on an operation- how big would it need to be? Is it crop specific?*
 - It depends on what you're doing. Not all operations are the same and don't transpose evenly across a scheme. Until you do it, you don't know if it will work out for some of it. 5 acres, 2.5 acres: some of these growers can make it work.
 - I'm not sure what people want the ag community to look like in south county. You need community to support you. That's going to have to drive what the community wants to do.
- *There is a challenge in niche vs global scale agriculture. Those in between in scale is where it becomes dicey; does that match your experience? Say the 5-50 acre zone?*
 - It depends on market. Direct sale can make smaller parcels work. Spade and plow for example, looking at 40-acre purchase.
 - Success based on the size of a parcel depends because to be efficient and survive, you can't have a 6-foot disc and be efficient. You need larger tools- move up every time. I do 300 acres- I need to be able to get in and out easily. If there's a fence and it's one acre I won't do it.
 - The exception to this is hand labor on small acreage.
- *CAPP Team: How much clearance do you need for equipment?*
 - 40 ft. of headland.
- *CAPP Team: What do you need for a chemical application in terms of a buffer?*
 - Different depending on what you're using. Some are pretty wide.
 - 100-300 ft. for fumigants.
 - We have several fields that are entirely buffered. We get it done- nights/weekend and by communicating with neighbors. This is why contiguous tracts of land are important. With neighbors who are farming it's generally no problem if their place is the buffer. With a neighbor who doesn't care or understand agriculture, it's an issue.
- *Are these 4 principles a good starting place?*
 - Yes - general agreement.
- *CAPP Team: It sounds like the size of the parcel (contiguous) trumps almost everything else.*
 - Cost of land is increasing and affordability per acre is crop specific
 - Rent is in the range of \$500-600 acre/year. Has doubled in the last 5 years or so.
 - I've heard In the thousands?
 - Yes, and for fast crops you might be able to afford that. Peppers are one crop per year, so we can't afford that.

Mechanisms to Protect the Agricultural Core

Amie MacPhee shared slides 17 to 23 of the [CAPP Action Plan Outline](#).

Panel feedback

- If we had all ten of these (the bulleted points on slide 17) we'd be happy.

- On the planning side you've got regulations, zoning, market rate value. How does that fit into this program? These are things that aren't popular in private property ownership.
- *Andrea/Amy: One thing that links the tools together: marry smaller footprint for a home on ag parcel with ability to put remaining land into "Super Williamson Act", combined with a neighbor that stacks across parcels. Building a contiguous zone piece by piece.*
- General verbal/visible positive reaction to the idea of an ag ombudsperson, specifically from farmers in the room.

Michael Meehan, branding contactor was invited to make some general comments on his ag branding work to date in the County. He shared:

- *We're coming up with pathway for a branding campaign to work: creating narrative, identity.*
- *Also on the investment side: we see a positive feedback loop between training programs and an agricultural identity and seek to create cohesion there. For example, you drive into town and see signage highlighting agriculture in the region.*
- *We're also working through more direct B2B marketing- facilitating institutional purchasing. Universities and tech are desperate to get local food into their cafeterias.*

Feedback from the Municipal Tech Panel

We're working towards keeping land in ag, preventing conversions, building on legacy, and crafting a unified framework. The core concept here is that there's a core space of ag land that deserves our special attention: the ag core. The four elements discussed will be used to make good on these goals. Does it make sense? Can it win support of you and people you know in ag?

- Doesn't make total sense; fatal flaws. Try to tie first one (land use ordinances) with second (voluntary easements). You're proposing to beat farmers up with regulations and then pay them for that. Not smart strategically—we need to think about how they work together. If it's not done correctly, lots of people won't participate. This is exactly what's been wrong in this county. You can't come heavy handed on element number one (Land Ordinances and Policy), and then come in and be successful with number two (Regional Ag Conservation Easement Program & Voluntary Financial Incentives).
- Lots of good tools, but can't come in too heavy handed with regulation.
- General plan is land use regulation.
- If you need to lower the value of property, that's a no go. Just wrong to come out of the shoot saying that's how we're going to solve this.
- Financial incentives (number 2) need to go way up and reinforce that.
 - Beyond educating North County about ag, they also need to chip in financially. They want to hold it for their benefit.
- North County could chip in enough dollars to make it whole, in addition to other grants.
- What about streamlining worker housing? This would be helpful.
- Ethically I have a problem with lowering the value of land.
 - We need to be careful how/what we say coming out with these tools - "Lower value".
- I would feel more optimistic with the branding campaign.
- Big thing: there has to be market based approach to bring people into this voluntarily rather than being coerced through "beans".
- I read it differently when I read lowering land value. My thought was more around let's take away speculative value that was driving things. I understand how that would send certain segments off not wanting to touch this. Making sure we're emphasizing carrots vs sticks will help.
- When are we going to do broader outreach and start those conversations in the public? I hear people ask, "Where's this program going, I haven't heard anything and I want to know more". Would be helpful with more public outreach ahead of time to vet conversations to identify triggers and have time for public buy in. I wouldn't want to see county put forward a plan with huge kick back from not hearing enough. Public meetings should be held a little sooner (we know how HCP process went).
- Class 1 and 2 soils only? Class 3 can be viable. Are we pushing class 3 soils out here and sticking to 1 and 2?
 - CAPP Team: This was just a summary of a case study. It's open to discussion. Class 3 is a large portion in county so would be no brainer to include it.
- Right side, awesome (Ag Economic Development Strategy & Regional Branding and Awareness), left side hot potato (or grenade) (Land use ordinances, policies, and agricultural easements with voluntary incentives). Fact of the matter is ag land isn't worth very much, it's cheap. We farm because we love it. Two on left will be touchy because we're in a type of job that requires walking on tightrope without safety net. Last year was worst year ever for us, first loss in almost 40 years. It put us on the canvas from just one bad year. All we've done to build over 39 years and one bad year and now we're struggling and may be for a while. There's no security in this business. Already heavily over regulated. The column on the far left speaks to that more. If you're seriously talking about incentivizing landowners/farmer who own the land about committing to putting things in easements, it's got to be a much (exponentially) bigger number than what ag lands are worth.
- CAPP Team: **Gap numbers- 70k-140k as a worthwhile top end.** In conversations on our end no one is talking about 20k.

- That's good- would make more intriguing. Even at that, if not right now, a few short years from now if that land were **eligible for development** it would still have trouble competing at that price.
- CAPP Team: You mention eligible for development (which is a General Plan function). What if we don't extend those rights to make it eligible for development. How do you create a program that keeps ag viable? We're trying to find out where the line is. Otherwise your allies don't know how to help. What matters: value in land vs keeping it in ag?
 - I have 2600 acres on the north side. We will stay there unless we're regulated out by the state and federal regulations. In the 60's we green belted, we have an easement for PG&E, pipeline. We're the largest landowner without a land conservation easement on it. For range land it's awesome- would love to see it preserved. We have the value of our land down as far as we can get it - from my side looking in I can't ever have a high value on my land. Otherwise, I would sell at high rate to get out of here. On the other hand, I'm valued down to protect myself. I'm not here for the money- I'm here because I enjoy what I'm doing. Cattle and hay don't make money. When landowning parents die, their kids don't want to pay an inheritance tax- it's tough. The next generation doesn't want to farm. What happens to the ranch? It all depends on regulations to move forward. It's a constant battle. This is for rangeland and hay. Row crops might be different. We all have the problem of small parcels and traffic. We are a thorn in their side.
 - To summarize: it's our 401k. In a lot of cases it's all we have as our safety net if things go horribly wrong. Unfortunately, the state of things is that we're on a runaway train towards that station with no brakes. If we try to farm and can't the only way we can put food on our family's table is to sell land. I tried to team with a developer to purchase land we were leasing- it was scheduled for development so the value was way up. Eventually when it is developed i'll have enough security for my kids, and maybe theirs. That's okay because I intend to farm that land as long as I can. But in order to continue farming we need a little piece of mind in the long term. If someone came to me and offered 140k for 100 acres I might retire today, though.
 - Great comments here. Valid points with the previous statement. I'm a tenant farmer. I lease year to year. Not a long time. No room to put improvements in case I have to vacate. Most who own the property I'm on are looking for the future gain. One piece of land I was on was owned by a trust, and 11 of the 13 members of the trust wanted to sell. It took 4 years to sell and they got 60k/acre to sell. That was divided into 10 acre parcels. These transactions happen when a lot of properties are owned by investors. It's difficult to bring people in on less than 10 acres because it requires high capital and yields low ROI. It's urban edge farming and this is where we need to figure out where/how this works. Growing and growing is not working for everyone.
 - This issue keep coming up for me: the county has been accused through the SE quadrant process that they're to blame for the situation by allowing rural residential ranchettes to happen. I understand not infringing on rights to do this- but what does the county do to remove a problem they're admitting they have if you can't incentivize enough? We're still back to square one then, if you don't package it up so we can minimize impact of those.
 - It's a matter of degrees- I don't think we should do away with all regulations.
 - Don't blame county for this- the problem was created long before anyone here was alive.
 - *CAPP Team: We're trying to encourage ag- not take something away. We're saying, if you stay in ag there's a goody bag here for you to take advantage of. Let's look at transferring units so you can cash out. We may have missed the mark on language/conveyance here.*
 - We all want to save agriculture in the county. We need to make it so that developing land doesn't have a high value- that the farming of land has the high value. In this county farming is the high value. We need to convince the county that ag land holds the highest value.
 - We need it to be more important than developed properties, ag is the most important thing in SC Valley.
- Do you all understand who owns what land?
 - Tough- local LLC might own and it's a foreign company. There are holding companies and attorneys. Lots of land appears to be owned by folks that aren't local landowners.
- I like what Rob said about how GHG funds can come back for ag easements and conservation. We see save the air days all the time- how can that transfer into trying to preserve agricultural land? Look at the changing use of vehicles- a Prius is taxed differently. How can something like that happen more locally in terms of preserving ag land?
- *CAPP Team: Would the agricultural economic development, and the regional branding, education, and awareness strategies help growers?*
 - Yes, for the most part. Regulations are not just local, but also federal. Food safety for example. It's stringent for wholesale. The Farm Bureau does some farmer advocacy- need more for different farm demographics we will have. Food safety will be the biggest one. For Chinese growers it will be difficult to comply. There's not the same network for food safety as for pesticides.
- Is there an economic analysis of wildlife corridors? This could be a way to trigger open space acceptance with ag as a part of it?
 - CAPP Team: This is a developing concept. We want people to know these lands and their services aren't free. There would be a cost to replacing them if we lost them. Work to raise the value and visibility to the public -- in some places we're almost at point of no return. Coyote Valley report recently came out- if we put a price tag on these

things local decision makers will think about ag viability, wildlife, water. Right now nobody in the county is thinking that way.

What does the Tech Panel want to see next?

What are the things you would like to see back from the project proponents as they try to bring this into place? We are hearing: More details, less emphasis on regulatory hammers, more voluntary, look at how to partner on regulations, and that there's more nuance in different land use patterns and preferences even amongst three farmers in room.

- How would the population react to a tax amongst all property owners in county? We need to figure out what the dollar value of open space is and go to the public and see if they believe that too. A county-wide ballot would include both property owners and non-owners- it's easy for non-owners to say "Sure, go ahead". I think we're in consensus to say yeah, we see value, and what we do has value for quality of life. But does this resonate with someone who works at XYZ tech company?
- On another scale, all of the development (especially in Morgan Mill), is up to 3 stories and soon/now 4. Where is the view tax? Everyone gets the benefit of view besides the farmer/rancher. I'm regulated to do what I need to do. I don't have parcels. There's already things on my property that mean I couldn't take advantage of TAC's. It all comes down to Ag land has to be of higher value than potential development lands.
- I would rather see the next version of this sooner rather than later. I don't disagree about bringing the North County into the larger picture. Ag land has to be viewed as highest and best use. I don't want to put the complete onus on one group, so we need to make sure ag fees make a statement. What's the message you're sending via mitigation fees about that ag land?
- Left side (land use ordinances and policies and regional ag conservation easements and voluntary financial incentives) is where battles will be fought. We're going to have to respect two very opposing mindsets here.
- Landowner/tenant relationship: almost all landowners are descendants of farmers. Some family members survive and want to see it farmed, but if they can sell it they will.
 - Kids sitting back waiting for mom/dad to bite it and then swoop in.
- Right side of page (ag economic development, regional branding, education, and awareness strategy): less hot button; all appear to be on board here. As an industry we can use help with getting our story out there. These are two important categories not to be taken lightly, and we're willing to participate. Will have fewer roadblocks on this piece- focus here.
- Not sure where we're at in terms of a full rotation of this project- but the big thing is how do you bridge this historic movement of properties from an ag base into new use? Until you can come up with a financial mechanism to change course, it will be difficult to get people to buy into these programs. I want to see it succeed, but I'm not seeing how this mechanism is developing yet. It might sound fine in this room, but what about when land owners weigh in, whether absentee or otherwise?

Closing Thoughts

Rob closed the meeting by letting the Panel know that next steps include

- final report incorporating your feedback
- A last meeting of Tech Panels to look at the final report
- Community engagement
 - *We will be working to find property owners, and work in community. We'll talk to cities. Then we'll come back with a more detailed plan, and action plan, of how it rolls out in the fall. Our goal is to be before our board and OSA before October.*

Participants

| Agricultural meeting at Farm Bureau | |
|--------------------------------------------|----------------------------------------------------------------------|
| Name | Department and Description |
| John Telfer (Morgan Hill) | Realtor, South County farmland (Southeast Quadrant) |
| Julie Hutcheson (FSA) | Santa Clara County Food Systems Alliance |
| Pete Aiello | Usegi Farms Owner/President |
| Erin Gill | Grass Farm Business Owner; President, Santa Clara County Farm Bureau |
| Janet Burbach | Owner/operator - Tilton Ranch ; VP Santa Clara County Farm Bureau |
| Aparna Gazula | UCNAR - Small Farms Advisor |
| Michael Meehan | Acre Policy |
| Andrea Mackenzie | Open Space Authority |
| Matt Freeman | Open Space Authority |
| Jake | Open Space Authority |
| Joe Deviney | Agricultural Commissioner, Santa Clara County |
| Rob Eastwood | Santa Clara County Planning |
| Kirk Girard | Santa Clara County Planning |
| Manira Sandhir | Santa Clara County Planning |
| Charu Ahluwalia | Santa Clara County Planning, Associate Planner |
| Amie Macphee | Cultivate |
| Joseph McIntyre | Ag Innovations |
| Rob King | Ag Innovations |