

Technical Panel Meeting Notes

Santa Clara Valley Climate & Agriculture Protection Program
Wednesday, February 8, 2017 | 11am to 3pm
Santa Clara County Farm Bureau | Morgan Hill, California



Meeting Objectives

1. Introduce draft mapping and analyses, share lessons learned and a summary of key findings to-date
2. Hear and record reactions, identify high-priority areas for action and opportunities for improvement
3. Get ongoing TP member buy-in and enthusiasm for CAPP

Meeting Summary

After hearing introductions from TAC members and project staff, the group received Rob Eastwood's presentation on the initial findings from the GIS mapping and analysis process undertaken as part of the CAPP project. A link to this presentation is at the end of this report.

Tech Panel Input: Questions and Reactions

After hearing the presentation, TAC members were asked for their reactions to the data provided. Specifically, they were asked if the initial findings captured the dynamics in the county. What might have been missed and what should be highlighted as particularly important? Members responded with these comments and questions:

- Question: Do the presented **conversion trends** only look at the South Valley?
 - Answer: The focus is Coyote Valley south down to the border/valley floor/bordering rangelands. All stats generally focus here.
- Question: What is the **definition of conversion**?
 - Answer: If someone bought a 10-acre lot that was completely covered in row crop and used some of land to build a house, this would be counted as a conversion.
- Question: What if they were still farming on the lot?
 - There's a break point where the state goes out and maps where the house is built- there is a certain density that leads to the conversion on maps from agriculture to "other."
- Question: What are some of the **drivers of conversion**?
 - Williamson Act: Several parcels were registered it that shouldn't have been. County isn't renewing those properties, so this is a factor as well.
 - Economic cycles and conversions post-2008. Huge boom in late 90's with cities filling out was a factor. Spike in 2005/06 maybe a residual of that? Lag in development.
- Question: What **mapping info is being used** from the state? What about prime farmland areas that have been developed? Maps haven't caught up yet- 2-year lag.
 - Answer: We believe we are using the most current maps. We do not know the answer to what prime farmland areas have been converted.

INPUT BY CATEGORY/ISSUE AREA

Input focused primarily on the following dynamics/issues:

- **Small Parcel Viability:** It's important to preserve and aggregate larger parcels while also time utilizing smaller parcels to the extent possible. There are significant questions around the economic viability and regulatory environment of small parcel ag, but they are seen as adding to a growing demand for local food production.
- **Land Ownership:** Absentee ownership of local agricultural land has significant impacts on the utilization, production, and overall management of that land.
- **Urban/Rural Environments & Conversions:** Conversions are increasing, residents are building homes on larger lots, farmland continues to be lost, and city annexation practices play a significant role in the loss of ag land.
- **Ag & Economic Viability:** In order for agriculture to remain in SCC, we must ensure its economically viability, and support the development and inclusion of new farmers.

- **Regulatory Environment & Potential Initiatives:** Government regulation has a role in local ag viability. There are regulatory barriers to local production/sales, and new ordinances could encourage local purchasing.
- **Water & Natural Resources:** Local food production has a complex but co-beneficial relationship to water and natural resources that should garner ongoing attention.
- **Farm to Market:** Improved infrastructure, coordination, and access to farmers markets are needed.

RAW INPUT

SMALL PARCEL VIABILITY

Sentiment: It's important to preserve and aggregate larger parcels while at the same time utilizing smaller parcels for ag to the extent possible. There are significant questions around the economic viability and regulatory environment of small parcel ag, but they are seen as adding to a growing demand for local food production.

- **How does it work in overall sustainability model for ag for the region? Perhaps we should band areas together to make bigger parcels. These are the types of things for the group to consider - how does it work as a whole?**
- How is it viable for the area? Economics works against it being a viable source of ag. Most prolific at that level are Chinese growers - cut flower groups, greenhouses, growing vegetables on 2-5 acres with family and selling to the SF market. In practice, the conditions that farmworkers and families must endure on this scale do not constitute a lifestyle many would take on. Wages are low, workers live on-site in small quarters, etc.
- Big question about **viability of very small parcels**. The FSA is working on this now. Support idea of aggregating small parcels and what you can build on from there a solution. Coyote Valley, Morgan Hill, and Gilroy are very different and might not share common solutions.
- How will new **regulations impact being able to farm smaller parcels**? Are we wasting our time/effort on this as the state keeps regulating farms more and more?
- **Small Ag Parcels:** Don't mistake this conversation to say that the ag community is against small ag operations. We're not. All of us in ag need to pull on same rope because we've got an exponentially growing population and need to grow food for it. **We need all hands on deck**. Let's support the largest diversity of types of farms. But it's a challenge to do this in between homes and daycares and hospitals and school and traffic. **Need more aggregate land** in one place. We should focus on where land is available and in one spot. But I wanted to underscore that we're not against doing 2-acre boutique farm if it's feeding people.
- Sentiment that it's important to preserve and aggregate larger parcels while at the same time utilizing smaller parcels for ag to the extent possible would be beneficial.

LAND OWNERSHIP

Sentiment: Absentee ownership of local agricultural land has significant impacts on the utilization, production, and overall management of that land.

- Many neighbors are **absentee owners** - ½ to 19-acre lots. Absentee owners buy land as a long-term investment, thinking development will happen and make money one day. They are comfortable sitting and waiting.
- A large percentage of ag land is **farmed on a tenant basis** (several farmers chimed in with their own stats)
- Ownership of property often isn't local. Investors from outside the area buy property because Silicon Valley area looks like good investment - ownership from China and Singapore as examples.
- What's grown in Coyote Valley is more temporary in nature. This is due to farmers having **year-to-year leases**.
- Do we understand **owner operated vs. leased land** as it relates to land use patterns?
- **Speculative value** of land is with real estate and investment companies around the world. Land owners are not always a part of the ag community and bring a separate set of trade offs. By preserving this land for Ag, the "losers" aren't local farmers but investors? Could be characteristic of this area that sets it apart.
- Interesting speculation to see **land use prior** perhaps to the Outlet Malls - and periphery of Gilroy prior and post stop line. Also high-speed rail...

URBAN/RURAL ENVIRONMENTS & CONVERSIONS

Sentiment: Conversions are increasing, residents are purchasing and building homes on larger lots, farmland continues to be lost, and city annexation practices play a significant role in the loss of ag land.

- **Urban/Rural interaction:** Rural areas seeing more traffic, people want to escape to a more rural lifestyle, but don't realize everything that comes along with that. Moving equipment is difficult with increased traffic. South & North County have different issues.

- Morgan Hill: **Small parcels ownership is almost exclusively absentee owned.** Community might want farming, but the economic challenge is with these speculative owners. Branding won't help here- dollars speak.
- Rural Conversions presented an interesting number.
- **Cause and effect;** what's happened; will allow us to know how to proceed.
- The **desire for annexations has not diminished**, and by not allowing cities to expand, this demand doesn't go away. It pushes city residents towards ranchette lots, and this is perhaps why we see the increase in conversion.
- Increased residency within the city could have been absorbed within city limits via **greater density**.
- 2010-16 has seen only 10 acres for annexation from Coyote Valley to Gilroy. This successfully prevented large cities from expanding further. It's also why you see **larger homes on 5-10 acre parcels**.
- Farming in Morgan Hill isn't going to do what larger growers/processors are. **Regions are going to be different.**
- Annexing from Morgan Hill or Gilroy out - if cities annex farmland, are they going to keep that in farming? How do we deal with new people moving in who don't understand ag?
- **Replacing one kind of development with another still means loss of farmland.** San Jose annexations are different than South County: lots of island annexations there.

AG & ECONOMIC VIABILITY

Sentiment: In order for agriculture to remain in SCC, we must ensure its economic viability, and support the development and inclusion of new farmers.

- If ag is going to be viable, we need to create something to make it economically viable to farm. Instead we keep passing regulations down on farms (having to send notifications to schools when farmers will spray)
- **New Farmers.** The American Farmland Trust CEO recently held an open conversation across country - one of the issues was new farmers, and where to find them. New farmers are often thought of as having a fantasy about farming, with no clue or staying power in long run. AFT ran a program helping them (access to land biggest problem): out of 122 only 1 not still farming after the program. Education programs eventually have to further all of this. **Potential for incubator farms for new farmers.** [Coyote Valley Ag Feasibility Study](#)
- Is the **goal here to create larger viable production ag lands?** What does that mean to the city in terms of limits to **growth and sufficient business opportunities** and jobs and housing?
- Landowners who own farmland farm it as long as can, but then might want to **sell it for retirement.** We might be interrupt this cycle by asking the landowner to keep farming forever? Agriculture won't exist if not supported. Price for processing vs. fresh market is different, but either way you have to **produce** a lot of food to be **viable**.
- There's **no back up structure** - the farmer must produce the commodity. If you don't have a **support structure** and something happens, the farmer will fade away and whoever owns the property will find someone else who wants the property or make it something else like a ranchette.

REGULATORY ENVIRONMENT & POTENTIAL INITIATIVES

Sentiment: Government regulation has a role in local ag viability. There are regulatory barriers to local production/sales, and new ordinances could encourage local purchasing.

- How do we make ag more viable without providing massive subsidies?
- **Urban Ag:** Example of [Urban Agriculture Incentive Zone program in San Jose](#). Urban and small scale, but important in terms of education. **Awareness and education are needed** for North County. Might be a tool for this connection and eventually drawing people out to "real" ag in south county.
- **Schools and Regs:** School district in Morgan Hill wants to purchase land in SE quadrant. If trying to aggregate land there and continue farming, how does this impact it? Let's look at these **regulatory** questions more.
- Should the board of supervisors pass **ordinance that x % of local produce must be represented at local institutions?** Larger farms often already have food safety in check and are easily accepted by institutional buyers.
- Perhaps we need to get a **percentage of local food stands/markets** to adopt a certain percentage of what's produced in the county. County farmers should have some preference at county markets?
- We don't want any more regulation! The trend is to bring local produce in and advertise it as such. This will come but can't/shouldn't regulate it in.
- **Government regulation** not highlighted - this issue is right up there at the top with labor and water!

WATER & NATURAL RESOURCES

Sentiment: Local food production has a complex but co-beneficial relationship to water and natural resources.

- South County: We **own and maintain our own wells;** are a large **benefit to water**, why our rates are lower.

- The protection of water resources is our mission. We are not looking at ag lands as a problem. We're concerned about development, and working with the Open Space Authority on Coyote Valley.
- **What other benefits come from not developing lands?** Does protecting water mean protecting the stream - and creating a buffer throughout rural areas? Ideally you see green along streams - we'd love to see that, and it's still possible in Coyote Valley and parts of Morgan Hill and Gilroy. **We'd like to work to help do that by showing multiple values of open spaces.**
- DWR is **interested in programs on water use efficiency on farms, and water quality** considering pesticide applications. Interested in co-benefits ag lands can provide.
- All of this will impact a **need for water.**
- Additional **co-benefit to water** provided by ag is that we're giving the consumer their water back via the produce.

FARM TO MARKET

Sentiment: Improved infrastructure, coordination, and access to farmers markets is needed.

- **Shortcoming in some of the infrastructure.** At the Morgan Hill farmer's market most farmers are from the Central Valley and not local to Santa Clara County. Climate plays a role, but what to grow is also choice farmers make. Farmers will choose to produce crops that will work well for their specific situation. .
- **Market managers dictate** what they want and can make it difficult for the farmer to get into a market. There might be farmer's markets around, but if the farmer isn't growing what market manager wants, or someone else is already providing it at the given market, then the farmer may not have a way in to their local farmer's market.
- **Access to local farmer's markets:** I Farm right off of highway 24- and have approached Gilroy, Morgan Hill, and other markets. We grow a lot and have been treated rudely by market managers. There is actually a large chunk of time when we're producing what these managers want. Markets have lots of people providing range of products - we're viewed as a "big evil corporate farm corporation." I just want to be involved with community. We value being members of the community and want our reputation to reflect this. It's not about the money. It's about being a local producer and participating on a micro level in the community.

Tools for Ag Viability and Climate Protection

At this point the group heard a presentation from Aimee MacPhee from Cultivate, on strategies for ag viability. This information synthesized interviews conducted by project members with ag viability leaders around the state.

Tech Panel Reactions

Questions & Reactions: What tools make the most sense for Santa Clara County?

- **Marketing as a solution** rather than more regulation is great! Would like to see specifically where lands are and more depth into how terms are implemented?

QUICK POLL, WHICH TOOLS REALLY STICK OUT?

- **Conservation easement +1**
 - Given land values can this work?
 - Challenge in how to separate property right from development right. Land values here are much different than Solano or Yolo for example.
- **Ag tourism (wineries) +1**
- **Branding (awareness), market access +3**
- **General Plan w/Ag Element**
 - Means you can't ignore Ag when planning/dev.
 - Benefits of having open space, and ecosystem benefit?
 - Look at Morgan Hill and what they've done. Mitigation program?
 - Morgan Hill is voluntary by developers (not pure mitigation). Developers use mitigation as a tool in competing against other developers. Used to feed funds into program.
- **Ecosystem Services Markets**
 - Diversity of flora, fauna. What we do with butterflies in the region.
 - JM: Successful markets for ecosystem services? Any case studies for this? Only have 1; AB32 cap and trade program; now only market is regulatory for wetlands and species; [Open Space Authority Ecosystem study](#)
- **Infrastructure** (aggregation)

OTHER THOUGHTS ON AVAILABLE TOOLS

- Need a **diversity of tools** – needs might be different in each sub region
- **What time frame should we be thinking in terms of?**
 - Those speculating on value of land are willing to wait significant periods of time.
 - As a planner, 25 years. Look at Napa as an extreme example, decided in 1980's to invest and protect. Values there now 5x what neighboring counties have. Builds value over time.
- **Labor** isn't included/listed – should be
- **Political Realities/Constraints:** Inform county decision-makers to **improve General Plan**
 - **Decision Making** - it's important that farmers have a say via someone who can impact Board
 - If we want to change the GP, the make-up of the constituency of elected officials must change
 - **Board of Supervisors** we have now is more active on this issue from what we've heard. Awareness/education component is necessary for this before getting to policy tool.
 - Our Board wants the county to do a major policy shift in protection of unincorporated lands.
 - **Presenting a triple bottom line of conservation, ag viability, and climate mitigation** will be very attractive to the board. They want it to reflect what South County will want, though – must be vetted
 - **Educate** decision-makers; bringing a program (Santa Cruz) to introduce decision-makers to what we do (Food System Alliance) and how we do it, why we exist. Will be marketing soon and trying to get others to join in. Assembling it now. Ag Leadership program.
- **How do you change the way the system works from a zoning or planning policy perspective?**
 - As a grower on leased land, if the property is sold I don't have a say in it. The landowner (or trust) might need access to that asset value. Figuring out this piece is key.
 - Farmer's 401k is tied into land - it's generally sold for the highest value, we often lose farming on that land. How do we make sure compensation is happening without having to sell the farm?
 - Transfer of Development Rights (TDRs) and conservation easement programs are important.
- **Ag preservation programs to keep land in agriculture.** People growing on small parcel with house living on site: need to have infrastructure for these smaller parcels.
- What is land **ownership dynamic** for Capay Valley?
 - Not sure: 23 got together, bigger farming community around that. Yolo planning director said about 23 farmers were really the catalyst. Lots of long term family farmers though - more than SC County.
 - Yolo has had development pressure similarly.

There are a number of mental models for agricultural land:

1. The farmer as steward: multi-generational family farm, valued not just as a 401k. Passed down.
 2. The farmer's 401k is the farm. Farm the land and sell it to retire.
 3. Speculative land ownership. Land is land for monetary value.
- What tools do we have to work on these models? Three pronged: development rights and financial, branding, and capacity/investment.
 - We're going to have to come up with a package that includes each part and a different mental model that says farming is a public value that is a permanent part of SC County.

Closing Reflection from Tech Panel Members

- **Financial viability moving forward:** farmers are on razor thin margins, despite common assumptions that corporate farmers are wealthy. We are walking a tightrope without a safety net, and need a mechanism in place so we can farm and take care of our families.
- **Economic viability** is constantly in mind. How does this plan get to the heart of that? This is about the future.
- **The high cost of land seems to be prohibitive to beginning farmers** looking to get started and pushes them out of SC County. If we want to preserve farming how can we offer smaller lots to those interested in farming?
- We must be mindful of **succession** and who can get on land
- Farming is extremely tough, and many farmers are leaving California – new farmers must be able to replace us. The **regulatory burdens** aren't navigable at times, and there is little incentive to promote farming to students/youth. **You need to find the farmers to replace us.**

- We are trying to make the county more self reliant, local, sustainable. There may be opportunities in partnering with private sector corporations. The Water District’s mission now says Silicon Valley, not Santa Clara valley. How do we bridge North and South County?
- Would like to see collectively, or small groups, a **hybrid of models** presented today. None fit perfectly.
- Would be helpful to sit down with Amie and team about **which pieces of the tool kit would make sense**.
- How do you find **balance between what cities needs and what farmers need**? Unfair burden on farmer to maintain land in ag - shouldn’t all contribute toward having that benefit since it’s something the community wants to see, and draws value from?
- Would have liked to have heard information around the **co-benefit between agriculture and the environment** - from projects and agencies that want to support this work. There’s lots of potential in linking this to an economic benefit.
- **People want ag** - but don’t always have the information they need to support preservation efforts
- Today we talked about conversions resulting in housing development and wanting to stop them, but **housing is needed**. We do need to allow growth to occur and this is a big challenge. Whatever solutions we do come up with we should work to make them regional. Thought should extend southward when thinking about sharing models.

Next Steps

Project Timeline

- CAPP team will reach out to Technical Panelists in March/April
- May/June: First draft for review; 2nd in-person Tech Panel meeting
- Late Fall: Final draft complete; 3rd Tech Panel meeting (virtual meeting to review draft)
- December: Final document published

Participants

Project Team

County of Santa Clara	Santa Clara Valley Open Space Authority
Rob Eastwood, County Planning Manager Kirk Girard, County Planning Director Manira Sandhir, Principal Planner Charu Ahluwalia, Assistant Planner Joe Deviney, Agricultural Commissioner	Andrea Mackenzie, General Manager
Cultivate	Ag Innovations
Amie MacPhee	Joseph McIntyre, President & Principal Facilitator Rob King, Program Associate

Technical Panels

Agricultural Sector	Municipal Sector
John Telfer, Realtor, South County Farmland	Anthony Eulo, Program Administrator City of Morgan Hill
Julie Hutcheson, Santa Clara County Food Systems Alliance	Jared Hart, Long Range Planning of San Jose
Pete Aiello, Usegi Farms Owner/President	Rebecca Tolentino, Interim Planning Manager City of Gilroy
Bill Chiala, Chiala Farms	Brian Mendenhall, Project Manager, Santa Clara Valley Water District
Erin Gill, President, Santa Clara County Farm Bureau	
Janet Burback, Tilton Ranch, Santa Clara County Farm Bureau	
Aparna Gazula, UCANR Small Farms Advisor	

Important Links

- Presentation: [Southern Santa Clara County Farming Trends, http://bit.ly/2myDqlr](http://bit.ly/2myDqlr)
- Presentation: [Agricultural Programs & Case Studies, http://bit.ly/2mg2Ao1](http://bit.ly/2mg2Ao1)
- [Healthy Lands & Healthy Economies, Santa Clara Valley Open Space Authority, http://bit.ly/1O2MGCb](http://bit.ly/1O2MGCb)