



# Technical Panel 2 Meeting Notes: Municipal Sector

Santa Clara Valley Climate & Agriculture Protection Program  
Monday, June 19th, 2017 | 9am-12pm  
Morgan Hill City Hall | 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. Municipal Tech Panel specific goals:
  - a. Get input on how to make this framework successful in cooperation with local jurisdictions.
  - b. Identify potential policy and political barriers and opportunities.
  - c. Explore potential next steps in engaging municipalities.

## Links

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

## Welcome

- Rob Eastwood welcomed the group and let them know the key objective today was to get the municipal perspective on how the CAPP plan is coming together.
- He noted, there's already a sign of success here: the County, Open Space Authority, and Morgan Hill partnered and added the Chiala Family property for an easement acquisition grant. This is sort of a pilot for what might be a regional effort.
  - It proves we can get in a room together and work towards common goal.

## What we have learned/key findings

(Rob Eastwood and Jake Smith)

Rob and Jake presented slides 6-10 in the [CAPP Action Plan Outline](#). Members of the technical panel asked clarifying and programmatic questions and made comments including:

- Did you discover instances of Silicon Valley corporate kitchens contracting for local produce?
  - There are some instances of this. Will be covered in the elements.
- Density of development and how that relates to ag land.
  - It would be helpful to state approximate **acreage of lands considered for municipal development**, so that we know what's at risk here.
  - This map represents a case where all policies and build out potential are realized.
- Did you think about where the **tipping points** are? If we're losing 8k acres, it's actually more because of associated infrastructure, etc.
  - Not sure how to quantify that? We'll see if we can put some rough numbers to that.
- What is the impact for **greenhouse gas reduction** of losing this acreage?
  - This is something we need to provide more data on in the final plan.
- This does not look at large scale **transportation infrastructure programs/expansion**.
  - We will need to look at this. An Environmental Impact Review for this will be out around the time we launch this.
- Are we expecting **regulation on new growth** here? This could apply to converted land to help mitigate some of negative impacts, such as on groundwater storage/runoff?
  - Our focus has been more on prevention. A bit out of context for this project.
  - **Water resources as co-benefit** is rising as a major benefit for this project.
- Can we **quantify the economic loss** of the loss of ag land? (Effects on economy, jobs, water, etc.)
  - We would have to characterize it as "If we did nothing, what exactly would this mean economically?"

- **For investors it looks like these parcels are ideal for purchase-** they can wait and it's just a matter of time before the land use changes and the parcel is more valuable.
- In Morgan Hill is it safe to assume that **converted land would be used for housing?** In other places could land be used for **industrial purposes** that would **add jobs**?
- What are comments from [LAFCO](#) around this project? At some point this needs to happen.
  - They are being briefed in the background. Haven't reached out to them explicitly to get their perspectives on the work.
  - More important for us to get on same page as counties and cities.
- What is the particular role for LAFCO, ideally?
  - If the four jurisdictions come to an agreement I would like to see them say "Good for you, we're behind it". There's some risk they wouldn't say this, though.

## Introducing the Draft Framework for Creating and Sustaining a Vibrant Agricultural Economy in South Santa Clara Valley

(Andrea Mackenzie)

Andrea Mackenzie presented slides 11 to 13 in the [CAPP Action Plan Outline](#). Her presentation highlighted:

- The three parts of the framework: Goals, Tools, and Ag Core.
- At heart of why state is interested: more conversion = more greenhouse gas emission and that makes it difficult for State and counties to achieve climate change goals.
- Some say ag is dead in SCV, but no other place with same climate and soils. This is why we added regional branding and marketing here. South County can't connect w North County. Public awareness of farming industry is needed here.
- High priority for state of CA. This is a prerequisite for a grant from the state- where we want to go with this. CAPP provides foundation for policy agenda.

### Panel feedback

- Could we develop **product labels tiered by how local** they are?
  - In terms of marketing and building brand- many familiar with IPM: Begin with organic, and then increase use of pesticides. Similarly, maybe set up a tiered system of rating products beginning with local?
  - Local to you, local to somebody and expands out from there.
  - *There's always someplace else you can go to get the food you want. At the same time, we have a shrinking footprint of agricultural land globally. Some of places we get food have nowhere near same standards for labor/human condition, pesticide use, water stewardship, etc. This means **not supporting agriculture doesn't lead to long term viability for the quality of living in SCV.***
    - *This is a food security issue.*
- **Highlighting co-benefits** gives the CAPP program an extra push.
  - The program goals might consider highlighting these?
  - Great point- making it more explicit would be helpful.
- Talk to farmers about SCV region and you'll hear that the **climate is unique, the soil is great, and we have a water well managed water district.**

## Establishing the Agricultural Core

(Rob Eastwood and Jake Smith)

Rob and Jake presented slides 14 to 17 in the [CAPP Action Plan Outline](#). In their presentation, they emphasized:

- The Ag Core is intended to designate an area that helps to focus conservation efforts and priorities
- There are options to add "Ag Enterprise Districts/Areas" within the Core to focus on distinctive local ag opportunities with their own custom tools if needed.
- The data behind the Ag Core map is FMNP combined with soil characteristics database. The FMNP State level map didn't consider land that had fallen inactive. It also includes the county's GIS database on pesticide use- this shows what sort of crops, mixture of crops, harvesting schedule, and change over time. We combined these data sets to look at, within an area: how the land was used last 30 years, what soil characteristics, and what crops have been grown. Combined with high resolution development information- this is open source, comprehensive info. From this we began teasing out opportunity areas.
- We can relate this map data to **co-benefits**, such as groundwater aquifers, trails, scenic roads, historic ecology (wetlands), riparian corridors, etc.

- Also similar levels in **development**: type, density, and relating **GHG avoided if areas not converted**.
- This is a starting point- it's broad. **We're trying to identify a resource and where it hasn't been fragmented, and put resources in ag preservation in those areas.**

### Panel feedback

What's the **viability of these smaller parcels**?

- If you've got a small 5 acre, CSA kind of farm it's generally less of a problem for neighbors than larger operation- is this true?
  - It depends on the specific scenarios- can't generalize this.
  - **Integrate a study coming out of the food system alliance with this study.**
    - There is an effort by the food system alliance to provide tools to promote ag and their assessment is on same timeline as ours- we could integrate with our study and incorporate lessons?
  - Specialty crops are viable at this smaller scale.
  - If we keep going at the rate we're going 5-10 acre parcels will be left in the dust. Yolo county food distribution network has made **2 acre farms viable with direct sales.**
  - An **aggregation center** would be great for the area.
- The real value of an ag core is focusing people's vision on one area. We don't want to dilute this, and need to focus on areas that we really need to save. We can't do everything. Not to minimize urban agriculture - they'll benefit from program - but we need to **focus on prime farmland.**
  - As one farmer said, it should be highway robbery to develop prime farmland.

## Mechanisms to Protect the Agricultural Core

Rob Eastwood

In this section Rob presented slides 18 to 30 of the [CAPP Action Plan Outline](#). This section covers the tools to support long-term ag viability and GHG reductions in the Ag Core.

- Rob asked: What tools can move the needle on preserving ag? Our list was narrowed down from ~50 tools after discussion with experts.
- Four key elements emerged: Land use ordinances and policy, regional agricultural easement program and voluntary incentives, agriculture economic development strategy, and regional branding and awareness strategy.

The discussion of each element is captured below.

### Panel feedback on element one: land use ordinances and policy

- Farmers are for preserving farmland, but also keep land as "401K". **Will they be angry you're eating into their 401k?** Have we talked about balancing this?
  - If we downzone property it will devalue the property today and that's a heavy lift.
  - If farmers keep doing this it's not a sustainable model.
  - Giving them another option to get investment out of the land. Separate property and development right (and look at co-benefit incentives). But yes, we need to give them another option besides selling land to get some cash. **A good plan will include options for farmers to maintain the value of their land.**
  - **Absentee landowners** in foreign countries comes up a lot, too.
    - It's expensive to farm on **leased land** in the area. Lease rates are very high (10-14k/acre).
- *This historic conundrum is shifting over time: look at the **Farm Bureau** policy on ag land and land preservation: it has had a shift towards the concept that "we're committed to keeping CA in ag". This means many are willing to consider other options to maintain **ag viability**.*
- This may be the tallest order of the program. **Speculative value** is already in lands here. **Difference in use for farming vs development is around 70k/acre.** The market is paying for it as though it's going to be converted. In the case of an easement, it says we need to strip that value off the land. If we were successful in using rules to preserve 8k acres this would be more than half a billion dollars in value. This money in someone's actual or perceived bank account right now. The fourth element is having **public interest** rise up at that point and **express what value that land means for society.**
  - Also, what are we leaving on the table in terms of jobs, and the **economic value** created by the ag industry? It's what they made the case for in Yolo. Have to keep this economic value in the conversation.
  - We have investors that are in no hurry and are in it for the **long term investment.**
- Would like a better understanding of how **farming infrastructure** is factored into this plan. Different types of ag use.
  - Can we **liberalize true uses for ag** (ag worker housing, packing, etc.)? Distinguishing that from non-ag use.

- Did something like this with wineries- liberalizing events and receptions. Has helped out.
- If you had an **ag distribution center** on boundary with urban area- could cause conflict?
  - Joint planning opportunity around buffers- habitat corridors, etc.

#### Panel feedback on element two: regional agricultural easement program and voluntary incentives

- ACE: Land Trust Partners ask if this is **centralized or decentralized**?
  - Not there yet. Want to look at this and build on strengths of those building on this already.
- FSZ: next level of Williamson Act. 66% below property tax of Williamson Act, for 20 years.
- TAC: Plan has to acknowledge where we want growth/development to happen, and where we want to grow food. **Needs to be consistent regionally.** These are “balance sheet solutions” - can help reduce the cost needed to purchase easement properties. There’s not enough money to go buy asset value on all of the land.
  - In North Coyote Valley how few acres would we have to **allow to develop** that isn’t slated for development that would **fund protection of ag land**?
  - **Describe this in a way that resonates with city planners (units v ag credit).**
- Why should farmers bear the brunt of preserving ag? How about a fee or subsidy that we all have to pay into? A county wide ballot measure?
  - Like what OSA gets for open space.
  - Sonoma county is the best example of this.
  - **Voters** in the county have shown to be progressive- in addition to tapping development, would voters be willing to tax themselves to preserve ag?

#### Panel feedback on elements three and four: ag economic development and regional branding

- **Corporate investment**
  - Can we get big corporate companies in urban areas to come down to rural areas and invest?
  - Making this **urban:rural connection** is the bigger picture.
- Rob: we have already started on the branding work with a consultant.

#### General Feedback from the Municipal Tech Panel

- **San Jose:** In brief, this doesn’t seem to have major inconsistencies with **San Jose general plan**. **Coyote Valley** is politically controversial. **Mid Coyote Valley** sees no development over the lifetime of the general plan, and there’s a push to preserve it longer. **Farmland would be good use**, so I think this would align from our standpoint.
  - *What about tools?*
    - We take a strong stance toward **promoting infill development**. We advocate for **urban growth boundary**. If we’re talking about a change in the general plan to support ag and not sprawl, we could support that.
  - *What about Ag credits? Could we see even higher density with a density transfer?*
    - It depends on where. We have **defined growth areas** outside of urban growth areas and business areas, and we want to keep neighborhoods in tact, so it would need to be within these defined boundaries.
    - Other concern: the SJ general plan is a jobs first plan. TDR’s if adding housing capacity not sure how much- if adding additional housing would it be compromising our job growth in any way?
    - **Would be good to know the volume of TAC’s that would come out of this, and what capacity exists to absorb this transfer.**
  - When **north Coyote Valley** was set aside, the hope was high for a tech campus opportunity. Fast forward 13 years and Google is negotiating with the city around Diridon. Salesforce says they’re not going to do low rise development- this makes the Coyote Valley plan archaic. Do you think it could reopen the north Coyote Valley plan?
    - Not on our plates any time soon. North Coyote Valley is not an area we’re actively seeking to promote- the focus is on downtown and north San Jose as employment centers. Just did 4 year review of the General Plan- told to keep jobs in North CV there. We don’t see political will to address this. **Mid CV is more open..**
    - City of San Jose has imbalance of jobs:housing. Takes affordable housing very seriously. Don’t see TAC program as politically viable if it’s put as preserving south county by promoting housing in SJ. **We’re looking more at incentivizing jobs in SJ.**
    - **Food works report: jobs growth in food.**
      - Sweet spot could be **ag oriented economic development.**

- **Water district:** this is well rounded. Would be supportive. What does this mean for water: it all means we'll need more water. Here we're not speaking about more ag, but saving what we have; so it **might be better than more development**. Don't see why we'd be opposed.
  - *Could you support?*
    - Yes. **BOD and chair are supportive of ag**, with consideration for water. **In favor of infill**, means not spreading out into areas where you're concerned with flooding, habitat, etc.
  - Water district could have an **open space credit** where you don't charge agriculture use the municipal rate for water. This could be something that lands that show up as the highest likelihood to provide ecosystem service would get lower rate in exchange for?
    - We could raise the issue- an open space credit idea is always in flux. Having a **stronger case for where it's applicable** makes a lot of sense. At this point I'd say the district would be supportive.
    - **Co-benefits** are really where we come into play.
  - As far as supply and cost: water is more affordable to farmers than in cities. One thing to keep in mind: there's still **water district cost in actively managing groundwater**.
  - *Is any portion of southern part of county under SGMA?*
    - Yes, the whole thing. Two more southern basins are being added this month.
    - **SGMA drives co-benefit analysis**. *It's the coordination of land use and groundwater planning - hard to get to where they want to go without managing these.*
      - We're now evaluating the **capture of stormwater**- working with farmers to create retention basins.
  - There's also an opportunity to improve **rangeland** management: Increased species diversity, amount of water, and quality.
- **Morgan Hill:** Very excited in terms of vitalizing ag economy. **Residents want ag to continue to be here** and we're actively wanting to preserve that. Cost wise, it's not easy. There are a **large number of 10 acre or smaller lots** currently under ag cultivation.
  - **Ag core** concept is great, but to Amie's point- can we agree on what that will be? That will be a much larger discussion. What we've got here is fine.
  - **Climate is a bit downplayed- not as explicit as should be given where this originated**. This would be an important concept to highlight if we're trying to get other jurisdictions to buy in **regionally** to realize benefits of ag in terms of climate and **GHG reduction**.
  - *How about the criteria for Ag Core properties: good soil, water access, outside of core developed area (urban service areas).*
    - **Urban growth areas** might be easier discussion. This urban service area vs urban growth needs negotiation.
    - **There are also large contiguous tracts (over 40 acres) with active operations.**
- **Gilroy:** where do we focus **initial efforts**? Strategically, do we have to capture smaller parcels first, before they start peeling away? In Gilroy, **existing large parcels are outside of urban growth boundary where they aren't of higher risk**. **Overall gilroy supportive of ag preservation and has program in place. I'd recommend prioritization by risk.**
  - How does our existing [agricultural mitigation program](#) fit? Do the two plans work together?
    - *JOSEPH: It's important that the plan talk about what you've already been doing.*
  - We're also concerned with not limiting our **future job growth**. A hard boundary might lead to fear that it would limit job/economic growth. **This would be key component in getting on board here.**
    - *We're exploring specific tools for specific areas. This is a useful point for this consideration of tools.*

## What do you all see as next steps?

- Gilroy: presentation to council would be a step. They're not aware of the work being done here, so far. Staff need to sit down together so we can share and learn from one another. We'll be the messenger for this information. **Great opportunity currently as we're reviewing our general plan now.**
  - *Present to staff then together go in and talk to the council.*
- SJ: Come back and update through the same group (CSA; community and economic dev). Our general plan was just updated, but it seems like the group is already on the right track.
  - *Could we make this an agenda item for subcommittee?*
    - Yes- this could work, too.
- *The future value is a key: the net present value of a permanent stream of income from property held in ag use vs the net present value from industrial use value which may or may not have a permanent value. The ability to grow food is a necessity and a permanent need.*



- Morgan Hill: create a work plan, and **implementation schedule**.
  - **When should we talk about details on the map? Specifically, for the ag program, who does what with what funding source?** These would be productive questions to answer.
  - Project staff and county staff need to sit down and work on this.
- LAFCO issue: counties are trying to shrink wrap cities while cities are saying we need room for urban growth. **How much urban growth do you need, and when?** <We're stuck in the past here: if you look at plan dev area framework of bay area 2025 and metro planning areas in ca for sustainable growth: you have to prove you have capacity to handle more than you did in the past and do detailed infilling analyses, and if it bears fruit will go ahead. What assumptions are we using?>?
  - Something that could move forward: hothouse work already done in <general plan>? and vacant land and what point you'd reach build up capacity and need to grow into resource areas.

## Closing Thoughts and Next Steps (Rob)

What is coming next—final report incorporating your feedback

Last meeting of Tech Panels

Community engagement

## Participants

<b>Municipal meeting at Morgan Hill City Hall</b>	
<b>Name</b>	<b>Department and Description</b>
Anthony Eulo	Program Administrator City of Morgan Hill
Kimberly Vacca	San Jose Planning
Rebecca Tolentino	Interim Planning Manager City of Gilroy
Brian Mendenhall	Project Manager, Santa Clara Valley Water District
Samantha Greene	Assistant Water Resources Specialist, Santa Clara Valley Water District
John Baty	Interim Principal Planner, City of Morgan Hill
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
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Joseph McIntyre	Ag Innovations
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