

Meeting of Northwest Elected Officials



Northwest Agriculture Summit



April 28, 2006

Report prepared by
Mary Heinrich, Ag Prospects
June 2006

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Introduction

Snohomish County contracted with Ag Prospects to review the state of agriculture in five counties of northwestern Washington:

- Snohomish
- Whatcom
- Skagit
- Island
- San Juan

Following the review, Ag Prospects facilitated a one-day summit meeting of the elected officials and select staff from the five counties.

Considerations taken into account for the report were public perception, economic conditions, land base, and demographics, along with a range of descriptions of what makes up the activity, or industry, of agriculture.

A list of questions was prepared to facilitate dialogue between the five county elected officials about the regional agricultural industry. Used to interview elected officials, key county staff, and selected agricultural representatives from each county in advance of the meeting, the responses formed the basis of discussion for the summit meeting.

Comparing research and analysis results with the answers to these questions provided the following insights:

- The perception of elected officials regarding the condition of this important regional industry
- Diversity of opinions about the industry and its current perceived and actual condition

On April 28, 2006, in Mount Vernon, Washington, elected officials and county staff met to discuss the potential for developing a shared regional agenda for agriculture.

(continued)

Most other natural resource issues are dealt with on watershed or eco-regional basis both programmatically and financially. Agriculture will benefit from taking the same approach. It is important to educate both the public and policymakers about the significance of the region's agricultural soils and climates, through highlighting their exemplary quality and contribution to the environmental, regional heritage and character; this will establish a stronger constituency for program development and funding.

The participants of the summit strongly agreed that this is a timely and important topic to examine collaboratively. No one county has the resources to assure that regional agriculture remains viable into the future.

Regional Trends

In addition to its importance as a vital regional industry, agriculture is an integral part of the visual and environmental character, and quality of life of the Northwestern Washington region. Retention of agriculture, at a significant scale, has been a goal of many policies and approaches to land use planning for decades. These policies have had varying success throughout the region and within counties. This is consistent with trends across the United States.

No county in this region has been able to stabilize or reduce the loss of farmland.¹ The lifestyle of the region continues to attract new residents. Today's families want larger homes and lots. Commercial services have spread beyond downtown areas while increased environmental regulation have all slowly eroded agriculture's land base. Some counties have been able to minimize fragmentation of commercial agricultural lands, but no county has been immune from non-agricultural development within designated agricultural areas.

The region's farms are typically smaller than the state average; for example, the average size Washington farm is 426 acres while in Island County it is 43 acres, in Snohomish County it is 44 acres and in Skagit County it is 131 acres. This makes conversion of working farms to life-style or hobby farms much more likely.

There has also been a significant decrease in the number of businesses that support agriculture in Northwest Washington. Rather than referring to these as "infrastructure," which implies a passive function, it may be preferable to look upon the equipment dealers, processors, distributors, and the like, as an agricultural business cluster – much the way Japan's electronics industry has promoted clusters supporting their industry. Retention of the existing support businesses and creation of opportunities for new ones is an important aspect of long-term retention of a sustainable agricultural sector.

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¹ *Both Skagit and Whatcom Counties show an increase of land in farms between 1997 and 2002 due to a change in the definition of agriculture used for the Census of Agriculture.*

In the communities in the Northwestern Washington agricultural region, the essential agricultural and rural infrastructure is at risk. Agricultural infrastructure is the roadway and transportation network, drainage network, water supplies, electrical grid, and other large-scale public or semi-public services that provide the necessary physical support to the industry. As non-agricultural development creeps into rural areas, roadways change from rural to suburban, stormwater runoff increases in volume and velocity, water quality decreases and incidents of vandalism and nuisance complaints increase.

The region is seeing a shift in the types of farming operations. Commodity operations, like dairies, are under significant pressure from national pricing policies and increasing environmental regulation. Many of these farms are either selling off their herds or increasing in animal density to make up for shrinking profit margins.

As food processors have left the region, farmers have been forced to change rotational crops, as well; for instance, for potato rotation, peas were a preferred crop that helped the soil recover nutrients. However, when pea processing closed down, farmers were forced to try other crops or switch to hay for grazing.

There is also an increase in life-style farming. Often this includes an organic approach or niche products on smaller acreage. These farms are more compatible with non-farm residential development and may help to provide areas where a transition from suburban style development to rural agricultural uses. They also contribute to keeping regional agricultural service businesses open.

The horse industry also makes a significant contribution to the regional agricultural economy through use of products and services of other farmers and businesses.

Regional real estate trends have a significant impact on agricultural land prices. Northwestern Washington is one of the few areas of the United States that is projected to avoid decreases in real estate values in the developing recession. This trend and projected increases in regional population will put pressure on farmers to convert their lands and will prevent many from acquiring additional land.

Another of the risks of continuing land price increases is that new farmers cannot afford to invest in both land (at speculative prices) and the equipment and on-farm infrastructure needed to be successful and profitable. This limits the next generation, in many cases, to children of current farmers.

Not all of the regional trends are negative. Localities are stepping up to address the increasing pressures on farmers and agriculture. Programs for land conservation are being developed and implemented, and farmers are taking advantage of federal programs that supplement their incomes through term payments for environmental services.

There are a number of economic development efforts to benefit agriculture taking form throughout the region. Localities and organizations are hosting seminars and trainings on value-added ventures, niche markets and agri-tourism.

This effort is an example of how the region is heightening its awareness of the challenges facing agriculture. The responses to the telephone questionnaire and the enthusiastic discussions at the summit indicate that the five counties are committed to tackle this issue.

Conclusions

There was strong agreement by all, both from the questionnaire respondents and meeting participants, that this topic is timely and important for the region to examine in more depth and to develop approaches to retain and strengthen the regional agricultural industry. At this time, there is some commonality in the approaches that the five counties are taking to address the challenges of retaining viable farms and agricultural businesses. The counties apply agricultural zoning and land protection strategies but little economic development is focused on this industry.

Public and policymaker education was a recurring topic during the discussions. It was noted that this important resource industry does not receive the level of public funding that habitat and recreational programs garner. Raising the general awareness of the importance of this region's agricultural resources and its role in environmental quality may help to increase public support.

It is important to hear directly from farmers and agricultural industry about what they need from government. The agenda for the next meeting includes a panel discussion aimed at beginning this discussion. It was also suggested that this group spend a day with representatives of both the forestry and fisheries industries to discuss common challenges and conflicts.

More interaction with both state and federal policymakers was stressed. But the region is not prepared to ask these bodies for anything specific at this time. There was agreement that development of a regional agricultural legislative agenda is an important step to take.

Recommendations

It is important for this group to continue to have a common dialogue leading to development of annual legislative agendas, as well as other long-term regional goals.

More work on developing goals needs to be done. This work would be consistent with the roles of the county Agricultural Advisory Boards and Committees and could be accomplished by them working together. We might consider this an "Issue Analysis" which could be transmitted to local government officials for adoption and further program development. These goals could be formally adopted as policy by each of the five counties and implemented through appropriate actions. It should be clearly understood that implementation will require new funding in many circumstances.

Economic development programs can be adapted to include agriculture as a priority industry with its own programs and goals. This may require the addition of a dedicated economic development employee in each county. There may be a place for a regional economic development effort, as well.

This process should not ignore or eclipse current efforts in the region. There are a number of economic development initiatives in the embryonic stages that can be incorporated into the goals and strategies developed through this process. There should be an effort to avoid competition between counties and entities, as well. There is a trend for new federal funding to be targeted at collaborative regional efforts, so this must conform to that model to be successful.

It must also be an agenda that complements the agricultural goals of the rest of the state. Each region of the state has unique and varied issues related to climate, transportation access, etc. but there are also issues which cut across those differences. The agenda developed in this region must respect the other needs and not seek to undercut their issues or funding.

Next Steps

- 1** Next meeting to include Agricultural Advisory Committees and will be hosted and coordinated by Skagit County.

Agenda for next meeting, tentatively planned for June 2006:

- Washington Office of Farmland Preservation
- Regional Resource Center
- Panel Discussion of business and marketing needs of farmers

- 2** Legislative proposal target is September 2006

- 3** Invite and/or brief State Representative Kelli Linville and Congressman Rick Larsen

Appendix A - Invitation



Snohomish County

February 15, 2006

Name
Address
City State Zip

Dear XXXXX:

As you may recall, I wrote a few weeks back to invite you to a North Puget Sound Region Agriculture Summit. Unfortunately, after the invitations were mailed, we heard that the date selected would no longer work for a number of participants. In response, the meeting has been rescheduled for Friday, April 28 at the Best Western Cotton Tree Inn, 2300 Market Street in Mount Vernon. We are planning on meeting between 9 a.m. and 3:30 p.m., and we will be happy to host lunch for the attendees.

Again, my expectation is that we will use this time to have an initial discussion about the importance of the regional agriculture industry and the value of developing shared policies and initiatives. This is an approach that has strong potential for our region. All of our farmers face the same challenges involving regulations, encroaching growth, the purchase of agricultural lands for uses other than farming, weather, soils, distribution to markets and the agricultural economy for small farms.

Farmers throughout the north Puget Sound region would like nothing more than to see their county elected officials work together from a policy, regulatory and economic standpoint to determine what we must do – independently and together – for the long-term vitality of agriculture. By meeting to share our experiences with agricultural

(continued)

Page 2

issues, we can have a greater impact on farming policy in each of our jurisdictions as well as at the state level. In addition, the experiences we share will aid in the sustainability and economic viability of agriculture in northwest Washington.

I had the opportunity recently to meet with a number of farmers in Whatcom County. My Agriculture Coordinator, John Roney, tells me that farmers across the region appreciate the prospects of elected officials working together to preserve and enhance agriculture. They strongly feel that this sort of cohesive approach will provide farmers with a chance to continue their operations many decades into the future.

Snohomish County has contracted with Mary Heinrich, of Ag Prospects, to facilitate our meeting. Ms. Heinrich will be contacting you in the next month to obtain your input on development of an agenda that will be useful to us all.

If you have any questions about the North Puget Sound Region Agriculture Summit, please do not hesitate to contact my Agriculture Coordinator, John Roney, at 425.388.7112. Thank you again for your interest in preserving and enhancing agriculture in our region by making it a more profitable and sustainable industry in the future. I look forward to meeting with you in Mount Vernon on April 28.

Sincerely,

Aaron Reardon
Snohomish County Executive

Appendix B - Agenda

North Puget Sound Region Agriculture Summit
Friday, April 28, 2006
Best Western Cotton Tree Inn
Mount Vernon, Washington

Agenda

- 9:00 Registration, Coffee and Networking
- 9:30 Welcome and Background, Aaron Reardon
Thanks and Outcomes, Ken Dahlstedt
- 9:45 Introductions (Attendees), Mary Heinrich
Outline Day
- 10:00 Trends in Regional Agriculture
Trends in Funding
- 10:30 Survey Results and Discussion
- 12:00 Lunch and Networking
- 1:00 Case Studies
 - 1. State Level Initiative – Virginia Agricultural Vitality Program
 - 2. Federal Level Initiative – Delmarva Conservation Corridor
Demonstration Project
- 1:40 Exercise in Issue Development
Office of Farmland Preservation, Allison Deets
Other Issues
- 3:00 Wrap-Up and Next Steps

Questions: What shall you call this group?
How will you proceed as a group?

Appendix C - San Juan Comments

Agricultural Resources Committee of San Juan County

28 April 2006

To the Conveners and Attendees of the
North Puget Sound Agricultural Summit:

Both I and our Vice Chairman, Todd Goldsmith, are extremely sorry that we can't be with you today. When the date for this meeting was changed to April 28, it conflicted with long-planned obligations that could not be rearranged.

Peter Corning, a member of our committee, is present on behalf of the Agricultural Resources Committee of San Juan County, and he attends the meeting with the spirit of enthusiasm we feel as a whole for the agricultural future of our area even in the face of enormous challenges.

We recently completed a survey of those involved in agriculture in our county and found that among all of the issues of concern, the preservation of farmland and the cost of acquiring land rose above the others. We are sure that land preservation will be among the important topics that you address today. We will be most interested in the issues you identify as primary to the survival of agriculture in our region.

I am assured by John Rooney that today's meeting is only the first of several planned. We are looking forward to joining fully in the North Puget Sound Agricultural agenda and to advancing its goals. Please count on us to be active and focused supporters of the initiatives you identify today.

Sincerely,

Susan Robins
Chair

Appendix D - Presentation Slides

Slide 1

Characterize Ag:

- Hobby and life-style farms
- Component of county's culture
- #1 industry
- Struggling
- In danger
- Under siege
- Changing

Slide 2

Where is it going?

- Depends on regulatory framework
- Eroding
- Evolving, but won't disappear
- Family farms will be a thing of the past
- Direct marketing
- Changing

Slide 3

Strengths:

- Climate and soils
- Proximity to markets
- Strong traditions
- Critical to culture and heritage
- Commitment to farming

Slide 4

Weaknesses:

- Economic viability
- Public uneducated about benefits
- Transition – no clear idea of what is next
- Clinging to the past
- Losing sectors
- Highest minimum wage in US
- Erosion of processing capacity

Slide 5

Opportunities:

- Organic farming
- Direct Marketing
- Agri-tourism
- Regional branding
- Vertical integration
- Niche products

Slide 6

Threats:

- Urbanization and land conversion
- Increasing environmental regulation
- Anti- Growth Management Initiative
- Competitiveness
- Current state policy on habitat and wet-lands mitigation
- GMA

Slide 7

Tools:

- Ag Zoning
- Tax Relief
- Purchase of Development Rights
- Transfer of Development Rights
- Ag Production Overlay
- Ag Advisory Board
- Urban Growth Areas
- Conservation District Programs
- Economic Development
- Agriculture Action Plan
- Public Outreach

Slide 8

Changes and New Tools:

- Increased federal funding
- State funding for ag land protection
- Business planning assistance
- Succession and transition planning help
- Large scale public education efforts
- Performance measures and benchmarks
- Publicly supported Farmers Markets

Slide 9

More Tools:

- Support from regional corporate leaders
- Comprehensive Irrigation Management Plan
- Regional cooperation
- Better communication with all levels of government – cities, counties, state, feds

Slide 10

Thoughts:

- "Agriculture is at one of the most tenuous times in our history (next 5 years)."
- "What's good for farmers is good for farming."
- "It's exciting to have the opportunity to work together regionally."
- "Get out of the way!"
- "There are many points of mutual interest between counties. Areas such as tribal issues, critical areas regulations, in-stream flow rules, greater control for local jurisdictions over permitting, ditch maintenance, and funding for land preservation (fundraising from federal and state governments.)"

Appendix E - Three Case Studies

Case Study 1: Delmarva Farmland
Conservation Strategy

Case Study 2: Virginia Agricultural Vitality
Program

Case Study 3: Virginia Rural Lands Program

Experience

Delmarva Farmland Conservation Strategy

The Delmarva Peninsula is comprised of 14 counties from the states of Delaware, Maryland and Virginia. As a barrier island, its soils and coastal microclimate allow farmers to cultivate a variety of crops. The poultry industry forms the basis of the current regional agricultural economy. The peninsula is the largest contiguous agricultural region on the Eastern Seaboard but faces increasing growth pressures from the Washington, D.C. and the Hampton Roads regions.

Agricultural Industry Profiles were prepared for each of the 14 counties, documenting the fiscal and economic contributions of the food system to the local and regional economy. Studies of the cost of community services were completed in 3 counties; these studies document the taxes and fees paid by land use and the local services supplied to each land use type. A pilot "Impact of Growth on Agriculture Study" was completed in two counties to project the erosion and fragmentation of the farm landscape through the impacts of continued unmanaged growth.

A regional conference, Farming the Delmarva, was held to release and discuss these studies and trends with regional stakeholders and policymakers. The program also included an analysis of the Delmarva's food and fiber system by the U.S.D.A. Economic Research Service; an assessment of the Maryland Agricultural Land Protection Program after over 25 years; and a presentation by Congressman Wayne Gilchrest (R-MD) describing the Delmarva Conservation Corridor Project, which passed as part of the 2002 Farm Bill to provide priority funding for agricultural and natural resource protection implementation in the region.

As a result of these efforts, localities of the Delmarva are working together on agricultural economic development proposals, fund-raising and regional preservation strategies.

References:

- Mr. Ron Etgen, Executive Director, Eastern Shore Land Conservancy, P.O. Box 169, Queenstown, MD 21658; (410)827-9756; email: retgen@eslc.org.

Case Study 2

Experience

Virginia Agricultural Vitality Program

Working in partnership with the Virginia Farm Bureau Federation, the Virginia Chapter of the Sierra Club, the Virginia Agribusiness Council, the Virginia Association of Soil and Water Conservation Districts and other public interest organizations, Mary Heinrich developed recommendations for the establishment of the Virginia Agricultural Vitality Program – a three-pronged approach to assuring a viable future for Virginia’s first industry.

The program establishes guidelines for local purchase of development rights programs and a recommended process of state funding for qualified localities; created a statewide FarmLink database, website and farm transition assistance; and agricultural economic incentives.

- 2000 - Budget amendments establish the Ag Vitality Program
- 2001 - Legislation creates the Office of Farmland Preservation and the Farmland Task Force
 - Budget amendments fund the Office of Farmland Preservation
- 2003 - Legislation designates Important Agricultural Soils
Legislation introduced to create Agricultural Enterprise Zones
- 2004 - Legislation creates Agriculture License plate to fund FarmLink program
 - Legislation re-introduced on Agricultural Enterprise Zones
 - Legislation introduced to fund qualified localities with a portion of the state Recordation Tax
- 2005 - Legislation creates the Agricultural Enterprise Act of 2005

References:

- Ms. Martha Moore, Director of Government Relations, Virginia Farm Bureau Federation, Post Office Box 227552, Richmond, Virginia 23261; (804)290-1000; email: mmoor@vafb.com.
- Senator Emmett W. Hanger, Jr., P.O. Box 2, Mount Solon, Virginia 22843-0002; (540)885-6898; administrative assistant, Holly Herman.
- Delegate Christopher B. Saxman, P.O. Box 2517, Staunton, Virginia 24401; (540) 886-8284; email: Del_Saxman@house.state.va.us.

Case Study 3

Experience Virginia Rural Lands Program

The Virginia Rural Lands Program was initiated to foster a comprehensive approach to farmland preservation, agricultural viability and rural land use planning in the Commonwealth of Virginia through outreach, education and technical support.

Over 150 educational seminars were sponsored in four years throughout Virginia including presentations to groups like:

- Virginia Association of Counties
- Virginia Association of County Attorneys
- Virginia Association of Soil and Water Conservation Districts
- Virginia Conservation Network

Specific technical advice and support was provided to over 30 counties addressing rural viability issues. Services included review of comprehensive plan updates, review of rural zoning ordinances, development of purchase of development rights programs and review of draft ordinances.

As a result of this work, adoption of farmland preservation programs and funding of a statewide program are legislative goals of a variety of organizations and communities.

References:

- Ms. Rachel Morris, Rural Economic Development Manager, Isle of Wight County, Virginia. (757) 357-6126.
- Mr. Greg Evans, Past President, Virginia Association of Soil and Water Conservation Districts. (703) 644-2900.
- Mr. Thomas O'Halloran, Chairman, Culpeper Agricultural Advisory Commission, (540)937-3021.

Appendix F - Questionnaire

County Questionnaire

1. Characterize agriculture in your county. In the region.
2. Where is agriculture going in your county? 50 years?
In the region? 50 years?
3. What are the top three strengths of the regions' agriculture?
4. What are the top three weaknesses of the regions' agriculture?
5. What are the top three opportunities for agriculture in Northwestern Washington?
6. What are the top three challenges (threats) to the long-term viability of agriculture in your county? In the region?
7. What tools does your county employ to boost the long-term viability of agriculture?
8. How effective have those tools been?
9. What changes would you make to these tools to increase their effectiveness?
10. Are there additional tools you would like to see employed?
11. Does your county have an Agricultural Advisory Board?
12. Do you find its work/role effective?
13. Should these bodies work together regionally?
14. Are there points of mutual interest and opportunity for collaboration between counties on policy issues?
15. What is the potential for a combined effort on agricultural issues at the state and federal legislative levels?
16. Is it a priority to have agricultural coordinators working in concert to cover issues and develop projects?
17. Do we think the agricultural coordinators should be the hub for all agricultural policy, economic development and other initiatives in the county? In the region?
18. Is there an opportunity for collaboration on economic development with the potential for other counties to integrate in the future?
19. Are there areas of expertise and strength that each county can offer the others in order to accomplish mutual goals?

Appendix G - County Responses

Question 1: Characterize agriculture in your county

Island

- Hobby farms
- Life-style farms
- Commercial agriculture on downswing
- Transforming to a 2nd source of income
- Small-scale but important to character of county
- One of leading hybrid cabbage seed producers in the world

Snohomish

- Diversified ag economy
- One of highest horse ownership rates in US
- Diminishing
- Struggling
- Fear continuing impacts of GNA and Critical Areas
- Important industry
- Struggling
- Uncertain, but with opportunities
- Under siege
- In a state of change
- Shifting from commodities to nursery and small niche farming
- Changing and decreasing

Skagit

- Well-established
- Strong part of economy and culture
- Best soils on earth
- Succeeds because of soils and climate and day length
- In danger
- Diverse blend of crops and livestock
- #1 industry
- Defines personality of the county
- Diverse
- #1 in world for spinach seed

Whatcom

- Big component of county's culture
- Extremely important
- Highly valued
- Dying
- Dairy and livestock largest sector
- Hobby farms
- Emerging berry sector

San Juan

- No response

Question 2: Characterize agriculture in the region

Island

- Larger scale operations
- Far greater acreage in commercial agriculture
- Big vegetable seed producing region

Snohomish

- Beautiful rural lands
- Lack of young farmers
- Lack of public awareness of benefits of agriculture
- Diminishing
- Changing

Skagit

- Vibrant and on-going
- In danger
- High risk of diminished financial viability
- Less diverse
- Our county is the envy of other counties

Whatcom

- Not sure
- Highly valued but not as much as in our county
- Region different than county

Question 3. Where is agriculture going in your county/the region/in 50 years?

Island

- If GMA issues continue to rely on agricultural lands for solutions, it will be gone in 50 years
- Depends on regulatory framework
To hell unless some drastic measures are taken

Snohomish

- We will have stabilized the land base
- We will be exporting crops and developing new products – power, etc.
- Conserving open space now the bottom line is economics of farming
- Don't know
- Smaller parcels with specialty crops and direct marketing
- Stagnant
- Family farms are becoming a thing of the past
- Lack of innovation
- Toward immediate market opportunities – direct marketing
- Supporting the quality of life in the region
- Changing
- Because of GMA, there is a chance to avoid fate of King County

Skagit

- Active rather than dying
- Strong ethic to maintain agriculture
- Eroding
- If another generation steps up to farm, the tide gates remain and the zoning remains strong – it will be here
- 50-60% of acres will remain
- Truck farming
- Out of business unless directly addressed
- Same number of acres as today with farmers farming and rotating crops
- Hope the region can cooperate on long-range planning
- Still here

Whatcom

- Evolving but it won't disappear
- Will change from agri-industry to diversification and smaller parcels
- Who knows?
- Organic
- Availability of water is key
- With increasing costs and pressures, retaining economic stability will be a challenge
- Commodity farms are getting bigger
- Animal operations are getting more concentrated
- Affordability is an issue

Question 4. What are the top three strengths of the region's agriculture?

Island

- People are committed to farming
- Preservation of open space in an economically viable way
- Supply own food
- Represents a lifestyle critical to our culture
- Climate
- Proximity to metropolitan markets
- History

Snohomish

Farmers

- Soils
- Weather
- Greater government awareness that its needs to do better
- The industry is more unified on issues now
Everyone wants farming to succeed
- Location relative to markets
- Good soils and adequate land base
- Public support
- Historically productive
- Network is still viable
- The land
- Climate and soils
- Commitment to farming
- Innovation
- Access to markets
- Local products appealing to global market

Skagit

- Enough is happening to sustain itself
- Infrastructure is still here
- It is the culture that defines the area
- Best soils, climate and geography
- Great infrastructure

- Government supports farming
- Farmers are committed and capable
- Strong commitment of farmers
- Strong zoning
- Current government is committed
- Land
- Farmers
- Willingness of county government to try and retain agriculture
- Best soils in world
- Near large metropolitan market
- The people are committed
- Farmers are committed
- Agricultural organizations and county's commitment are strong
- Location

Whatcom

- Tradition
- Entrenched in county
- Less of a drain on services than other commercial land uses
- Can be more sensitive to the environment than other businesses
- Good soils
- Climate
- Soils and climate conditions
- Farmers are more highly educated than average – more efficient and productive
- Diversity of crops can grow
- People are good at production
- Strong traditions
- Family operations
- Groundwater is plentiful
- A lot of land not in flood plain

Question 5: What are the top three weaknesses?

Island

- Is it economically feasible to continue?
- Economic viability
- Keeping agriculture on the “right” side of environmental laws
- Region has a rapidly expanding population causing land values to increase above farm value
- Not as inventive as required
- Public uneducated about agriculture
- Environmental issues and activists are threats

Snohomish

- Lack of regional approach
- Weak national pricing policies for dairy
- Lack of a grassroots understanding of the value of farmlands to the health of region
- Lack of marketing for local products
- Regulatory issues
- Labor
- Taxes
- Development pressure
- Farmers are old
- Profitability
- Clinging to the past
- Transition – no clear idea of what is next
- Lack of acknowledgement there is a problem
- Ability to use a network to change
- Reliance on large processors
- Lack of infrastructure – large and small
- Slow to come together
- Economics of agriculture
- Pressure of higher land values/growth

Skagit

- Economics
- Transition issues
- Growth conflicts
- Land values driven up by GMA
- Transition from commodity to value-added is not happening fast enough
- Highest minimum wage in US – not competitive
- Lack of commitment of landowners to keep land in production
- Erosion of processing capacity and other suppliers
- Lack of family members to transition to
- High cost of labor
- Pressure to develop
- Regulation
- Land prices
- Transition to next generation
- Encroachment from cities
- Urbanization and land conversion
- Losing sectors

Whatcom

- In a box as agri-industry
- Not much attention to diversity and new ideas
- Intentional polarization over issues of land use placing agriculture and development in adversarial roles
- Urbanization
- Mid-West competition
- Water rights
- Global competition
- Increasing land values – growth
- Lack of diversity
- No marketing expertise
- So specialized that facilities are less flexible

Question 6. Top three opportunities

Island

- Organic farming
- Direct marketing
- Proximity to markets
- Grandfather agriculture like other land uses under GMA
- More tools to utilize to save land
- Niche markets
- Educating the public

Snohomish

- Organic production
- Agri-tourism
- Regional product processing centers
- Buy local marketing
- Changing the regulatory and permitting process
- Agri-tourism
- TDR
- Niche crops and organics
- Direct marketing
- Regional branding
- Bio-diesel
- Aquaculture
- Organics
- Agri-tourism
- Shorten the marketing chain
- Metropolitan markets
- Direct marketing to consumers, restaurants
- We can grow anything
- Access to global and regional markets
- Diversity and adaptability

Skagit

- Commodity marketing out of region
- Vertical integration
- Value added
- Organics
- Niche products
- Specialty seed crops
- Untapped fresh market
- Organic direct marketing
- Marketing
- Transition
- Local/Region identity
- High value crops
- Resolve Critical Areas questions regarding prime farmland
- Land base is still there
- We grow food for people
- Processors and contractors reinvested in area

Whatcom

- Farmers markets
- Education about better nutrition
- Branding
- Organics
- Location
- Widespread community support
- Partnering with WSU
- Less irrigation needed here
- Local markets
- British Columbia

Question 7. Top three threats/challenges

Island

- Environmental concerns
- Transportation
- Marketing
- Economic fears
- Environmental regulation
- Land conversion
- Urbanization
- Economic viability
- Environmental regulation
- WEAN

Snohomish

- Land conversion and economic pressure for conversion
- Lack of public awareness
- Lack of a concerted effort at the state and federal level to promote agriculture in Western Washington
- Growth – land competition
- Environmental regulatory structure
- Lack of certainty – when is enough enough
- Development pressure
- Profitability
- Aging farmers
- Growth
- Lack of vision
- Inflexibility
- Land competition
- Lack of effective outreach about agriculture
- Conversion of ag land
- Regulation increasing
- Lack of industry innovation
- Uncontrolled growth into rural areas
- Land values
- Climate

Skagit

- Growth
- Conversion – to habitat, housing, schools, commercial
- Losing pesticide registrations
- Environmental regulation
- High labor costs
- Lack of cost-effective guest worker program
- Development pressure
- No help from the federal government – import more and more from other places
- Age of farmers – transition issues
- Costs rising – land, fuel, equipment
- Population growth
- Regulation
- Anti growth management initiative
- Current state policy – mitigation banks, etc.
- State business laws add costs and reduce competitiveness

Whatcom

- Globalization and international treaties
- Effects of global warming
- Disinformation
- Market forces
- Urban conversion
- Economic viability
- Global competition
- Growth and increasing land values
- Lack of alternative crops
- Water limitations
- Gentrification of the agricultural zone

Question 8. Tools

Island

- Growth Management Act – farm management plans are a greater burden
- Working on marketing and value-added
- Regulatory process favorable
- Government is agriculture-friendly
- New position for agriculture

Snohomish

- Agriculture Action Plan
- Agriculture Board
- Economic Development Action Team
- Growth Management Resource Lands
- Transfer of Development Rights
- Purchase of Development Rights
- Grant writing services for farmers and agricultural efforts
- Recruitment of new industry
- Regulatory reform and direct permitting assistance to farmers
- Focus on Farming website
- Quarterly Focus on Farming newsletter
- Economic strategy for agriculture
- Ag liaison
- Promotion of local products
- Provision of a forum
- Public cheerleading

Skagit

- GMA
- Farmland Legacy
- Urban Growth Areas
- Conservation District Programs
- 40-acre zoning
- Agricultural Advisory Board
- WSU Research Station
- Employee in Economic Development for marketing
- Strong effort to retain water rights
- Strong effort to retain drainage infrastructure
- Strong ties to farm organizations

Whatcom

- PDR
- TDR
- Tax relief
- County scrutinizes request for land conversion
- Ag Production Overlay
- 40-acre lots
- Require cluster
- Ag Advisory Committee
- Work well with ag groups

Question 9. Effectiveness of tools

Island

- GMA is the death knell for agriculture
- 4 on scale of 1 to 10
- Effective

Snohomish

- Relatively new but proving valuable
- Starting to see benefits
- Agricultural community is more engaged
- Moderate
- Not very
- Quite effective

Skagit

- Effective
- Somewhat
- GMA still allows development - 40 acre lots
- Regulation makes some areas more off limits than others
- Very

Whatcom

- Don't know
- Jury is out on TDR and PDR
- Loopholes in ag-open space designation
- Could be more effective

Question 10. Changes and new tools

Island

- Set backs are too stringent
- Farmers are good stewards, standards to stringent

Snohomish

- Establish a long-term business model strategy
- Get support of regional corporate leaders based on quality of life provided by agriculture
- More funding
- Better communication with state agencies
- Establish regional marketing identity
- More direct participation in developing infrastructure like farmers markets
- Flexibility for allowable compatible uses that increase income
- Partnership with all levels of government – cities, counties, state, and federal
- Performance measures/benchmarks

Skagit

- Money
- Political will
- TDR

- Compensation for services/rights
- Moratorium on building in ag zone
- More money for Legacy Program
- Comprehensive Irrigation Management Plan
- Drainage fish agreement
- Large scale public education efforts
- Additional funding
- Publicly supported farmers market with processing facilities for smaller farmers
- More funding for Conservation Futures
- Financing – local banks replaced by national where cash output is basis for loans
- Succession and transition planning services
- Business planning assistance

Whatcom

- Better public education
- State and federal funding
- Agriculture mitigation – no net loss
- State PDR Program and funding
- Define what “conversion” is – requirements for mitigation and preservation – habitat, wetland mitigation

Appendix H - Meeting Handouts

**Handout 1: Overview of Purchase of
Development Rights**

Handout 2: Office of Farmland Preservation

**Handout 3: Office of Farmland Preservation—
Timeline**



SKAGIT COUNTY
FARMLAND LEGACY
PROGRAM
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Phone (360) 336-9965
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*"Honoring our
past, sustaining
our future, where
Skagit farms are
the pride of the
community."*

Overview of Purchase of Development Rights

How does Purchase of Development Rights work?

"In America, a landowner essentially owns a bundle of rights that go with the land. These rights include water rights, air rights, the right to sell the land, the right to pass it along to heirs, the right to use the land, and the right to develop it. Any of these rights can be separated off from the bundle and sold, donated, or otherwise encumbered."¹

In a Purchase of Development Rights (PDR) program, a landowner **voluntarily** sells the development rights to a qualified entity (such as a local government) and receives compensation in return for the placement of certain restrictions on his land. After selling the development rights, the farmer retains ownership of the land, and can farm it, sell it, pass it on to heirs, and fulfill all other retained rights.

The landowner is usually paid the difference between speculative value and farm value for the development rights. For instance, if the speculative value of the property is \$500,000, and the farm value is \$325,000, the farmer will be paid \$175,000 – the value of the development potential on that property. Typical factors in the valuation of the development rights include, but are not limited to, proximity to urban infrastructure, viability of the agricultural sector (and subject property) in the region or locality, and soil quality or productive capacity.

To insure the value for the buyer of those development rights (usually a government agency), an easement is placed on the property. This easement runs with the land,

¹ Daniels, Tom. *The Purchase of Development Rights, Agricultural Preservation, and Other Land Use Policy Tools – The Pennsylvania Experience.* (SUNY-Albany)

protecting the property from residential development and for agricultural production. Public access is not allowed, though the easement holder has the right to “monitor” the property annually to make sure that it is in compliance with the contract signed by the easement grantor. This visit also serves as an opportunity to build a relationship with the landowner and learn about the farming operation.

What are the benefits to a landowner?

First and foremost, the farmer, by selling his development rights, gets that equity “up out of the dirt.” For a farmer committed to agriculture and the future of agriculture, selling development rights is a sensible business decision: he can reinvest the money in his business, fund his retirement account, and/or equitably arrange his estate by leaving his farm to one heir and the money from the development right sale to his other heirs.

The farmer also leaves a lasting legacy to his community. His neighbors can breathe easier knowing potential legal liabilities and right-to-farm complaints are reduced when the likelihood of non-ag rural residents is eliminated. With enough protected lands, the community is guaranteed a stable industry that will continue contributing to the health of the local economy. Regionally, the land base is stabilized for future generations of farmers, and processors and other agricultural support industries can safely invest and grow, knowing the farmers are likely to be there.

Some things to consider:

- Farmland preservation should exist as a component of a coordinated and comprehensive approach to conservation on both the County and State levels.
- Resources should be allocated to farmland preservation programs to adequately staff, effectively administer, and continually assess and improve program elements to adapt to industry trends and landowner needs.
- Local participation in a PDR program is vital to insure best use of available funds.
- Farmland preservation in and of itself is not enough to secure the agricultural industry. A comprehensive approach to farmland preservation and farm profitability is key to the future of the industry.

About the proposed Office of Farmland Preservation

The purpose of the proposed Office of Farmland Preservation is multi-fold:

1. Develop guidelines for “model” local PDR programs and agricultural easements
2. Develop grant process for development of PDR programs and for purchase of development rights on agricultural lands
3. Provide technical support to communities as they develop PDR programs
4. Provide financial support, through planning grants, to communities developing PDR programs
5. Provide on-going technical assistance to communities as PDR programs are developed and launched
6. Provide oversight and management of grants
7. Staff and support a “Washington Farmland Preservation Task Force”

The Office of Farmland Preservation should be coordinated with other initiatives that find their primary audience and constituency in the natural resource industry sector. The Office of Farmland Preservation should therefore be established within the Washington State Conservation Commission, which works with local Conservation Districts and administers grant programs related to irrigation, dairy management, and farm planning, among others.



WASHINGTON ASSOCIATION OF CONSERVATION DISTRICTS
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Office of Farmland Preservation

Background

In 2002, the Washington State Legislature passed legislation amending RCW 89.08 to establish an agricultural conservation easement program and account in the Washington Conservation Commission. Unfortunately, this agricultural conservation easement program was never funded.

In November 2005, the Washington Association of Conservation Districts passed two resolutions related to farmland preservation at its annual convention: one to encourage the fulfillment of the legislation passed in 2002, and one to recommend the establishment of an Office of Farmland Preservation to fulfill that legislation.

Purpose

The purpose of the proposed Office of Farmland Preservation is multi-fold:

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2. Develop guidelines for "model" local PDR programs and agricultural easements
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(continued)

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Benefits of farmland preservation to the landowner and community

First and foremost, the farmer, by selling his development rights, gets that equity “up out of the dirt.” For a farmer committed to agriculture and the future of agriculture, selling development rights is a sensible business decision: he can reinvest the money in his business, fund his retirement account, and/or equitably arrange his estate by leaving his farm to one heir and the money from the development right sale to his other heirs.

The farmer also leaves a lasting legacy to his community. His neighbors can breathe easier knowing potential legal liabilities and right-to-farm complaints are reduced when the likelihood of non-ag rural residents is eliminated. With enough protected lands, the community is guaranteed a stable industry that will continue contributing to the health of the local economy. Regionally, the land base is stabilized for future generations of farmers, and processors and other agricultural support industries can safely invest and grow, knowing the farmers are likely to be there for years to come.

Office of Farmland Preservation Timeline (Draft)

2006

- Talk up concept of Office of Farmland Preservation during session
- Submit placeholder bill near end of session
- Gather primary patrons and sponsors through the rest of 2006
- Develop preliminary budget for 2007-2008 biennium, get input from OFM
- Find caucus staff to help draft bill language (Bob Lee, John Charba)
- Prepare bills for introduction in both houses

2007-2008

- Legislature establishes and funds (initial work of) Office of Farmland Preservation
- National search for manager/administrator for Office of Farmland Preservation work
- Convene Washington Farmland Preservation Task Force
- Washington Farmland Preservation Task Force develops guidelines for model local Purchase of Development Rights (PDR) program
- Washington Farmland Preservation Task Force develops guidelines for fund disbursement (for both PDRs and local program planning)
- Washington State Conservation Commission approves Washington Farmland Preservation Task Force recommendations re: model program and fund disbursements
- Staff develops a request for proposals from counties for block grants to plan PDR programs
- Staff identifies, based on RFP responses, counties interested in PDR planning grants
- Commence granting to counties for planning (also provide technical support from Office of Farmland Preservation administrator)

2009

- Continue grants and technical support for PDR planning
- Fulfill legislative intent of RCW 89.08.530 and 89.08.540 by funding agricultural conservation easements program and account (must identify, through task force and interest demonstrated by counties, the need for resources)
- Continue or reconstitute Washington Farmland Preservation Task Force to make recommendations to Washington State Conservation Commission re: disbursement of funds to local PDR programs
- Begin disbursing block grants to local PDR programs

Appendix I - Meeting Notes

Economic Development

- Long term viability at issue
- Washington put up significant capital to retain Boeing but puts very little into agriculture
- Processing capabilities weakening
- Need to identify vegetable and fruit growers
- Opportunities
 - Organics
 - Direct Marketing
 - Agri-tourism
 - Regional Branding
 - Vertical Integration
 - Niche Products
 - "Buy Local" campaigns
- Training new farmers

Funding Trends

- State has no stable source of funding for significant farmland preservation efforts, all at local level
- Federal programs moving to collaborative and regional approaches
- Under agricultural banner, wetlands and habitat get more funding than farmland preservation or agricultural investment

Explore Marine Resources Commission Structure as model for regional agricultural body

- Strong land-sea connection
- Farms and agricultural lands serve as filter for runoff from suburban and urban pollution sources

Education public on the benefits of agriculture

- Soil benefits of rotational farming techniques
- Watershed benefits

Research marketing capacity of farmers

- What support and services are needed?

Educate policymakers on the economics of local agriculture

- Regional strengths include climate and soils, proximity to significant markets and ports, strong regional tradition

Infrastructure

- Farmers Markets
- Processing capabilities
 - Commercial kitchens
- Cooperatives
- Brokerage services

Capital

- Grant funding
- Investment

