



Land Use & Housing Committee

February 25, 2010

SACOG Outreach to U.S. Department of Agriculture

Issue: The U.S. Department of Agriculture (USDA) recently held a series of listening sessions throughout California to develop strategies that are included in a report to the U.S. Secretary of Agriculture. SACOG provided testimony and was mentioned in the report for RUCS technical work underway.

Recommendation: None; this item is for information only.

Discussion: The USDA state office of Rural Development recently conducted town hall style forums in nearly every county in California. This was part of a national effort initiated by U.S. Agriculture Secretary Vilsack to engage communities in a conversation about the unique challenges and opportunities to increasing jobs and economic development in rural areas. At the Yolo-Solano session on January 26th, SACOG submitted written testimony (Attachment A) highlighting how the RUCS project correlates closely with the objectives of USDA's effort and offered some suggestions where USDA could help locally to achieve these objectives.

Subsequently, SACOG staff had an opportunity to meet with the state director of USDA Rural Development, Dr Glenda Humiston, to discuss both RUCS and Blueprint efforts in more depth. Dr. Humiston asked for a brief summary of the RUCS technical work (Attachment B) to be included in her report to Secretary Vilsack. Staff will continue working with USDA locally and nationally to advocate for programs and funding (many of which are mentioned in the attached testimony) that support RUCS and other efforts to improve rural economic viability and environmental sustainability.

Approved by:

Mike McKeever
Executive Director

MM:RS:DS:sb

Attachments

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Testimony to the USDA Jobs, Economic Development and Sustainable Communities Forum in Yolo County January 26, 2010



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The Sacramento Area Council of Governments is the Metropolitan Planning Organization for the six counties of El Dorado, Placer, Sacramento, Sutter, Yolo and Yuba. While home to 2.3 million people and the state's capital, 17 of our 28 jurisdictions are rural, and in these areas the main land use and economic activity is agriculture.

The Blueprint—Addressing Regional Growth

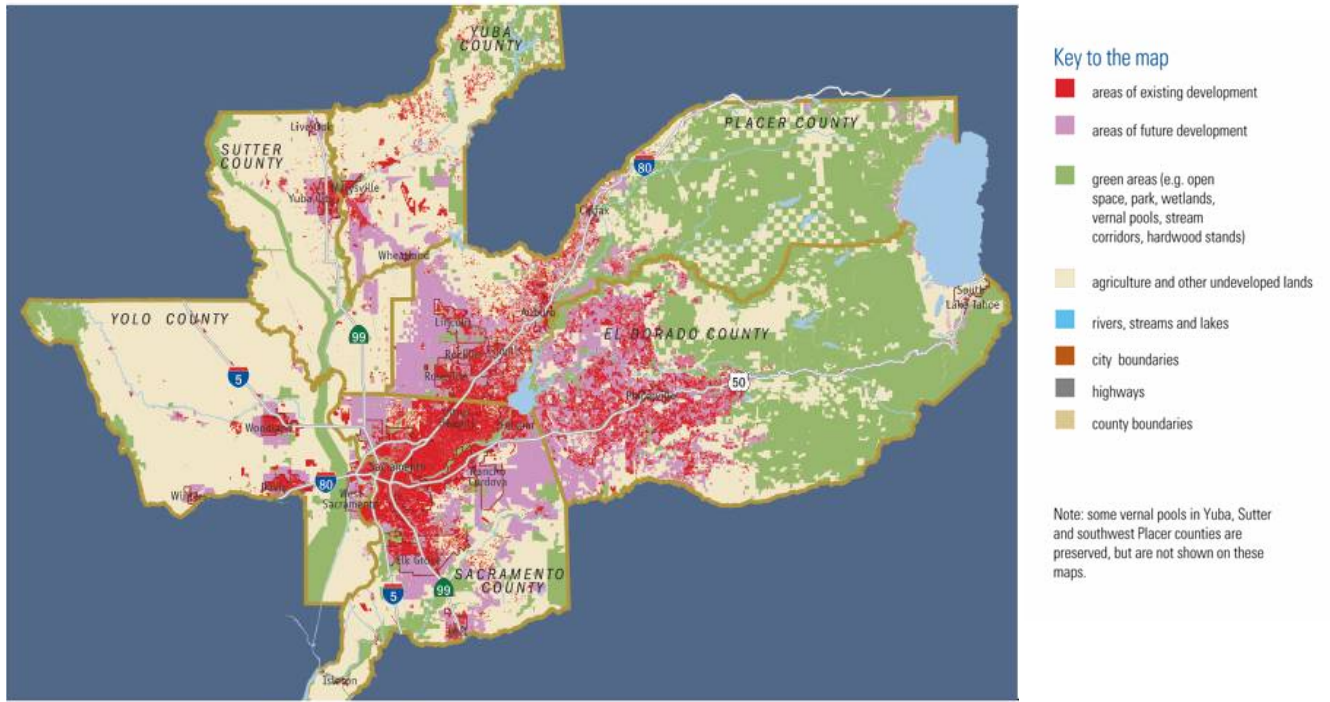
In 2002, given projections of a 58 percent increase in traffic congestion and another million residents expected to come into the region in the coming decades, regional leaders from government, business, real estate and other sectors came together to prevent a future of sprawling development and loss of farmland and open space. The Blueprint project was initiated to better understand how land use decisions affect how people travel.

Over two years, SACOG worked with its 28 local governments to coordinate a regional land use strategy that will result in a smaller growth footprint through 2050. Changing land use patterns will significantly reduce congestion and emissions when compared to the business-as-usual approach. While much of the changes in the built environment will be in more density and mixed-use development, the benefits to farmers and ranchers range from less pressure on rural roads to protecting natural resources by accommodating the same amount of forecasted growth to 2050 on 230,000 fewer acres of land. Most of this land is in some type of agricultural production and also provides environmental services including flood protection and habitat for a number of species.

At the same time, higher density, mixed use development emphasized in the Blueprint creates community spaces that are more favorable to outlets for locally grown food, such as farmers' markets, farm stands, and CSA box distribution. The Blueprint's smart growth principles and the growing interest in local agriculture are beginning to merge as seen in one recent development project where not only are building densities higher, but local scale agriculture is integrated throughout the site as an element of the project. Other developers have expressed interest in designing similar projects and the region has generally been trending toward higher density projects envisioned in the Blueprint.

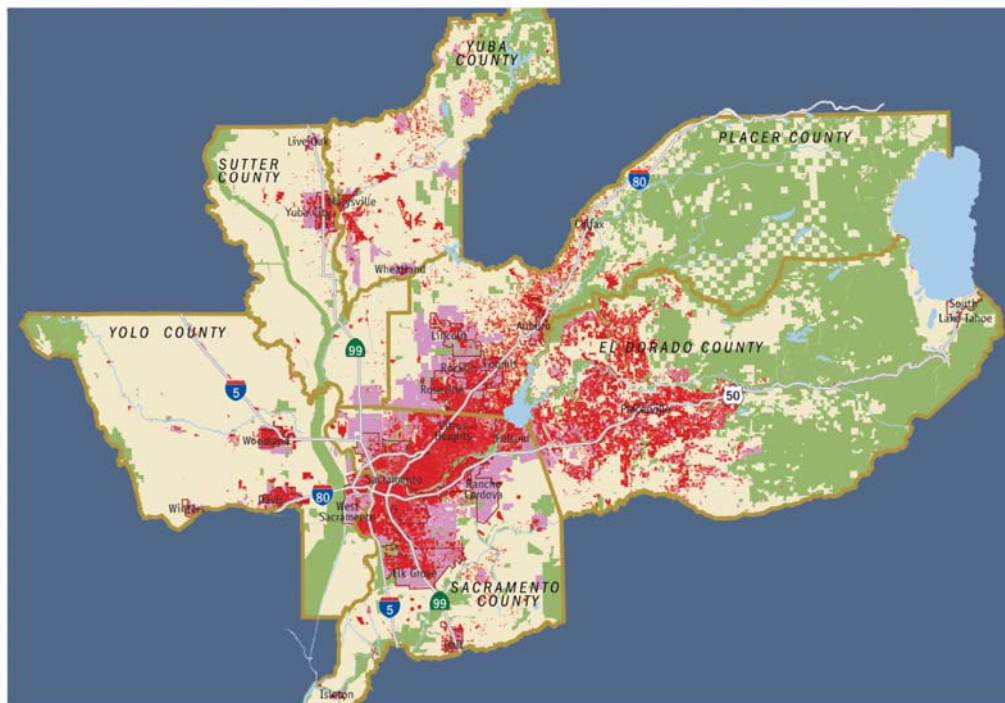
BASECASE

Development in 2050



BLUEPRINT

Development in 2050



Rural-Urban Connections Strategy

Since starting the Blueprint project in 2002, the Sacramento region has taken a new approach to addressing transportation, land use and air quality issues. Building on Blueprint, the Rural-Urban Connections Strategy (RUCS) looks at the region's growth and sustainability objectives from a rural perspective. In the same way that Blueprint is an economic development strategy for urban areas, this project has two key objectives: enhancing rural economic viability and protecting resource lands and the environmental services they provide.

SACOG initiated the Rural-Urban Connections Strategy (RUCS) project in early 2008. SACOG and its partners are developing strategies to achieve both economic and environmental objectives. The main outcome of the project will be a toolkit to assist local jurisdictions in addressing the diverse issues affecting rural economies and landscapes in the region.

To understand the unique challenges and opportunities in our rural areas, the RUCS project is organized into five topic areas:

- **Land use and conservation:** Policies and plans that shape rural areas
- **The infrastructure of agriculture:** Challenges to the production process
- **Economic opportunities:** New ways to grow revenue
- **Forest management:** Firing up economic and environmental value
- **Regulations:** Navigating federal and state environmental guidelines

The Sacramento Region's Agricultural Economy

Agriculture has been one of the few bright spots in our regional economy during this recession. According to county crop reports for the six-county region, the value of agricultural production from 2006 to 2008 has increased by approximately \$300 million or 22 percent. This \$1.65 billion agricultural output is part of California's approximately \$36.5 billion industry. Using the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) multipliers for California, crops grown in the SACOG region have a multiplier of roughly 2.0—for every \$1 change in agricultural output, there is a \$2 change in total economic output. This translates to approximately \$3.3 billion in economic output related to agriculture.

Estimating jobs related to agriculture is more difficult, but using the UC Cooperative Extension cost of production studies, SACOG estimates that there are about 6,300 permanent and seasonal full-time equivalent agricultural jobs in the region. Using BEA estimates, for every \$1 million in agricultural output in the region, there are approximately 22 related jobs for a total of roughly 28,000 jobs.¹ These figures are based on estimates for commodity agriculture. However, one of the characteristics of the agricultural economy in our region is the strong presence of family farms, some of which are less mechanized and therefore employ more people per acre. Two options for additional sector growth, value-added processing and agritourism, are also good sources of jobs. An El Dorado County study found that for every job in local agriculture with value-added processing and agritourism, there were seven jobs created in the county.

¹ BEA estimates are in 1999 dollars; therefore the 2008 crop value was adjusted down using the consumer price index for 2008 and 1999.

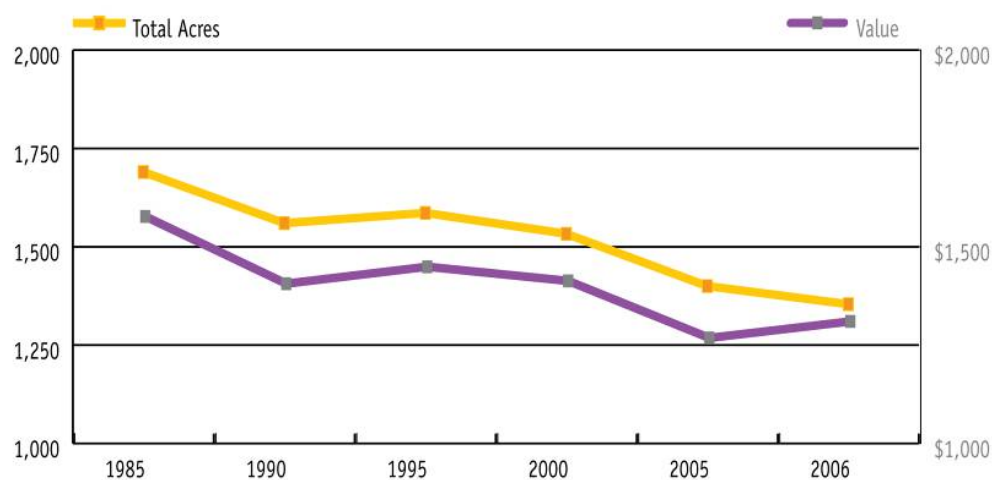
Despite this robust economic activity of late, agriculture has been on a downward trend in the region. From 1988 to 2005, the region lost roughly \$300 million in value, a number of processing facilities were shuttered, and many agriculture support and supply businesses folded. This loss tracks closely with the loss of approximately 300,000 acres of farmland during the same period. While other factors such as weather, international competition, and other market forces contribute to changes in agricultural, the amount of land in agriculture is still a critical determinant of production and value. SACOG is addressing land conversion through both the RUCS project and the Blueprint.

AGRICULTURAL COMMODITIES

Total acreage in thousands

Commodities

indexed to 2006 dollars



Rural Land Use Planning

Through the RUCS project, SACOG and its member jurisdictions and partners are continuing to explore land use planning strategies that protect and enhance rural economic viability and environmental sustainability. Looking at the rural policies and plans that affect agricultural shows that the region has a number of good practices in place that can be complimented with innovations identified during stakeholders workshops held during 2008. One of the key land use issues being addressed are policy boundaries that define edges or districts that protect agricultural lands, and what changes in agriculture may happen in these locations. The distinct differences between hard and soft edges are shown on the following page, taken from aerial images of two small cities in the Sacramento region.

In addition to ideas about managing these edges, stakeholders attending workshops also suggested looking at:

- rural housing zoning regulation that limit subdivision and protect resource land;
- buffers to minimized conflicts between agriculture and other uses;
- urban infill and redevelopment to reduce pressure to expand urban areas;
- land preservation using easements that allow agriculture and farm and ranch stewardship programs that support land conservation and habitat protection;

- partnerships including city-county land conservation agreements and collaborations between public and private entities that set conservation priorities; and
- economic development assistance, less restrictive zoning and tax relief for land owners that keep their land open.

A “soft” edge, where parcel size and zoning slowly transitions from urban to large-scale agriculture



A “hard” edge, where urban development is allowed to a city boundary, and immediately abuts agriculture



While many of these strategies are locally implemented, federal and state assistance in implementing these programs are critical. For example, a recent grant from the U.S. Department of Commerce, Economic Development Agency for an Agriculture Resource Center in Sutter County will maintain 68 jobs and create 160 additional jobs that assist with agricultural economic development and support services. Land preservation efforts can be bolstered by funding from the Farm and Ranch Land Protection Program (FRPP), while stewardship efforts can be assisted by programs like Environmental Quality Incentives Program (EQIP), Wildlife Habitat Incentive Program (WHIP), and the Conservation Stewardship Program (CSP), just to name a few. Expanding funding in these and other related programs will help local agriculture conservation plans succeed.

Small Communities

Small rural communities in the SACOG region were established as part of the agricultural fabric of the region, offering housing for farmers and foresters and commercial space for agriculture suppliers and processors. In the wake of these economies shrinking, rural communities are facing mounting infrastructure and service obligations with less revenue to cover costs. In many communities, the biggest infrastructure burden is replacing or upgrading wastewater treatment facilities to meet drinking water standards. These costs are disproportionately higher than urban communities, which are held to the same standard, but have a much larger ratepayer base. As a result, many small communities are embracing growth to pay for improvements and increase the number of ratepayers. This growth has tended to be housing, therefore these communities are generating more trips—which average 80 miles per round trip versus 30 miles for urban households—to urban areas for jobs and services, which impacts rural roads and creates greater vehicle emissions.

SACOG is addressing this challenge by helping these communities implement Blueprint principles of higher density and mixed use and offering a model that analyzes the infrastructure and services costs compared to revenue expected from various types of development. While this tool is helpful for planners and policy makers to shape the type of growth in their communities and identify other revenue to cover costs, increased assistance from the USDA Rural Development funding for wastewater treatment facilities and other infrastructure improvements will have a great impact on economic viability and how much these communities will have to grow in order to cover their ongoing costs. Additional assistance from Rural Development grants for broadband infrastructure and business development will help create a balance of jobs and housing in these small communities reducing the need to drive long distances for work and services and the resulting emissions and impact to rural roads.

Rural Transportation

Rural roads are almost exclusively the transportation infrastructure that farmers, ranchers, and foresters use to move equipment and product to market. They are also the means by which labor reaches job sites and emergency services providers respond to situations. As mentioned earlier, drivers avoiding urban congestion or traveling between rural communities and urban areas are increasingly impacting these roads. Rural traffic conflicts with agricultural operations are seen throughout the SACOG region and in some cases are affecting which fields are cultivated and what crops are grown. For more heavily traveled corridors, traditional maintenance schedules no longer keep up with the rate of road deterioration and accident rates have increased where rural roads already have a disproportionate amount of fatal accidents relative to urban roads.

Rural transportation funding sources are not keeping up with these growing needs. There is a growing fiscal crisis in the SACOG region for capital, operations and maintenance needs. Maintaining rural roads in a state of good repair is a particular challenge because rural areas in the SACOG region have a small percentage of the region's total population but must maintain a disproportionate amount of the region's right-of-way. Rural areas in the SACOG region account for only 10% of the population, but they contain 48% of the region's road miles (8,258 total road miles).

Through the RUCS Transportation Working Group, SACOG is currently working on short and long term strategies that will revolve around three core themes: the need for additional funding, the need for additional data, and the need for greater coordination of local transportation investments. The key initiatives of the working group to date:

- **Rural Goods Movement Network.** SACOG is working with county farm bureaus, farmers, and city and county transportation planners to identify priority important goods movement corridors serving farm-to-market travel in the region;
- **Agricultural Worker Transportation Program.** SACOG is working to implement a \$2.1m, but long-term funding is needed.. With \$2.1million in demonstration grant funding, SACOG will contract to provide transportation services. An estimated 72 percent of California agricultural workers do not have reliable transportation
- **County Safety Summaries and Technical Assistance.** SACOG has prepared county safety summaries that include unique data to provide a comparative advantage to member jurisdictions seeking funding through competitive state and federal funding programs. The analysis reveals significant rural safety needs in the SACOG region;

- **Rural Transportation Funding Guide.** SACOG created a rural funding handbook to guide grant applicants through the process of identifying, applying for, and receiving funding. The SACOG guide focuses on programs, such as the USDA Rural Development Community Facilities Program, and SACOG technical assistance opportunities.

Despite these initiatives, the rural transportation funding crisis is significant and federal support will be critical to address the needs identified. The reauthorization of the current federal transportation bill, SAFETEA-LU, presents an opportunity to address these needs. Potential USDA efforts that align with SACOG efforts include the following:

- **Increase the flexibility of federal funding programs so that transportation operations & maintenance can also be funded.** Funding silos is a significant issue in rural jurisdictions who have so few options available for maintenance and operations activities. Nearly all federal transportation funding opportunities are presently only for capital investments.
- **Encourage transportation funding distribution based on performance-based outcomes.** Current federal funds emphasize population-based formulas for distribution and disadvantage rural areas.
- **Expand the USDA Rural Development Community Facilities Program, or establish a new program with an emphasis on rural transportation facilities.**
- **Pursue federal agency partnerships between USDA and the United States Department of Transportation (DOT).** A potential focus could be on demonstration grants to support farm-to-market transportation investments. Recent federal initiatives launched in 2009, including a partnership between DOT and the Department of Housing and Urban Development (HUD), are an encouraging sign that federal agencies are collaborating to support important transportation investment needs.
- **Support improved accessibility for all users of rural roadways. The SACOG Board has broadened the concept of complete streets to also include complete corridors in the rural portions of the region.** Closing shoulder gaps on rural county roads and improving unsafe rural intersections are among the critical needs. Increased federal funding for rural transportation would allow for more capital projects to get funded and support the increased accessibility of rural roadways for all modes of travel.

Local Food System

Today, approximately two percent of total farm gate value is from direct local sales according to the Agriculture Census. This means that roughly 98 percent of our production by value leaves the region and 98 percent of the value of food consumed locally comes from outside the region. Not only does this system rely heavily on truck movement that impacts roadways and air quality, it also means that potential jobs in the food system are lost to other regions, states, and countries. Even modest increases in the amount of food that is supplied locally can have a meaningful impact on the region's economy.

SACOG has been examining a number of potential new markets for farmers and ranchers including opportunities taking shape in the local food system. While production agriculture will likely continue to be the predominant form of agriculture in the region, consumer demand for locally grown food is

increasing. Direct sales not only help producers realize more revenue by sidestepping the middleman, but they connect local consumers to local farmers and ranchers. Continued growth in these markets will be aided by innovations identified during stakeholder workshops including:

- Connecting farmers to available land and providing production and business training
- Increasing local aggregation, distribution, and processing capacity
- Promoting local and regional agritourism
- Expanding the number and type of food outlets and farm-to-institution programs
- Increasing consumer education and marketing

Supporting production and expanding markets are important efforts that bookend the local food system. Strategic investments in local value-added processing facilities will enable growers to use blemished product, diversify product offerings and extend product shelf life. Investments in local distribution systems will help reduce the need for farmers to truck their products to market and will increase the capacity to aggregate products. Local processing and distribution not only are the infrastructure needed to connect local farmers to local consumers, they also create local jobs. Furthermore, this infrastructure is necessary to generate the volume, consistency, and preparation of food for institutions such as schools, hospitals, and correctional facilities. USDA's Know Your Farmer, Know Your Food program is a very encouraging step toward focusing efforts on local food systems. Expansion of this program and related grants from the myriad programs under Rural Development, Agricultural Markets Service, Food and Nutrition Service, National Institute of Food and Agriculture, Farm Service Agency, Natural Resources Conservation Service, and Risk Management will help continue the momentum in building a local food system for this region.

Environmental Services Opportunities

There are a number of environmental services associated with agriculture that can be enhanced through the development of markets for these services or other incentives. At the landscape level, maintaining open land and good stewardship offer a number of environmental benefits for habitat, water resources, and other landscape functions. These conservation services in many respects are supplied for free by land owners; however, programs such as Conservation Reserve Program (CRP), Wetlands Reserve Program (WRP), Conservation Reserve Enhancement Program (CREP), Grassland Reserve Program (GRP), FRPP, EQIP, WHIP, and CSP recognize the value of these services and promote practices that enhance conservation. Payments that land owners receive from these programs not only protect land and improve its environmental function; they also improve farm operations and help maintain profitability.

Beyond landscape function, there are opportunities to address greenhouse gas (GHG) emissions and climate change. California's Global Warming Solutions Act, AB 32, requires GHG emissions to be reduced to 1990 levels by 2020. Agriculture has a role in this effort and federal programs can help achieve these emissions reductions targets. USDA programs that assist with engine replacement and emissions controls are critical to helping farmers and ranchers comply with AB 32. Carbon sequestration incentives not only offer a means to reduce GHG concentrations, but they also help farmers and ranchers enter the carbon trading market to sell credits as a new source of revenue. Manure management and anaerobic digester deployment programs reduce methane emissions and create renewable fuels for fleets and energy utilities. These programs have dual benefits: supplemental, stable income for farmers, and new renewable energy sources for energy utilities,

which help them meet the state's mandate to generate 33 percent of energy from renewable sources by 2020. Incentives for converting biomass to biogas are also opportunities to create new markets for agricultural operations. In addition to those mentioned above, programs such as Rural Development Renewable Energy Systems and Energy Efficiency Improvements and the USDA/DOE/EPA AgSTAR play an important role in moving agriculture and the state on a more sustainable path. Increasing funding available through these programs will speed the deployment of systems and practices that benefit the environment, create more revenue for agricultural operations, and move the country toward more energy independence and security.

Water

SACOG has been studying the role of water resources in achieving the RUCS project's economic and environmental objectives. Water may become the limiting factor in agriculture given trends in demand for urban and environmental purposes, particularly needs in the Sacramento-San Joaquin Delta. Add to that drought, the uncertainties of climate change, and falling water tables, and it becomes clear that agriculture needs to find ways to use water more efficiently to hedge against shortages and ensure that operations stay viable. Many farmers are turning to irrigation technologies to address their water supply concerns. Systems such as drip (surface and subsurface), micro spray, moisture sensing, and others are becoming more commonplace, but are also expensive to purchase and install. At the same time, irrigation and water districts are looking for programs to help deliver water more efficiently. In addition to program mentioned previously, the USDA's Agricultural Water Enhancement Program and the Bureau of Reclamation's grants for efficiency and system optimization are critical to helping farmers and districts implement conservation measures. As the region and state continue to face diminishing water supply and challenges to delivery, additional funding for water management systems will become a more important part of maintaining agricultural viability.

Technical Work

In addition to the infrastructure cost model mentioned above, SACOG is building a number of technical tools that would assist local governments and the agricultural sector in making decisions. One that has been developed is a regional crop map. In an effort to better understand the economic viability of agriculture, SACOG has assembled a detailed field-level map of crops grown throughout the region. This map greatly improves our understanding of the economic activity on the landscape. Identifying cropping patterns and de facto agriculture districts will help policy makers understand geographically where unique needs for one area or another may benefit from policy or zoning changes.

The maps are built on a wealth of data, including indicators of economic performance, environmental services, and demand for inputs such as water, labor, fuel, chemicals, and transportation. This detailed economic and environmental data can help policy makers, farmers, and agricultural businesses with decisions such as where to make road improvements, where to site farm worker housing, processing and distribution facilities and other new infrastructure.

Changes in the marketplace that affect cost and revenue can be modeled to help identify which crops have greater sensitivity to various changes and may merit special considerations. The crop data

and related modeling capacity can also be used to look at the local food system and connect levels of demand with acres of production needed to meet that demand, as well as the economics of shifting to this type of production. This data and modeling capacity is a valuable tool that planners and policy makers in this region can use to study and plan for agriculture and other rural activities.

The crop map and the infrastructure cost model are just two early examples of tools that would be helpful not only to individual farmers and small communities, but could easily be populated with local data in other regions or states interested in building this analysis capacity. The major barrier to expanding the tools SACOG can provide to small communities and farmers is funding for collecting data and refining the model.

