



ISSUE DISCUSSION PAPER

Economics

The three-part purpose of this Issue Discussion Paper is to provide an overview of economic development, describe issues and opportunities in Sutter County’s longstanding agricultural employment base, and identify industries with the greatest potential for future job growth in the County. Taken together, these issues and opportunities are intended to inform the community’s discussion of land use alternatives and policy options considered as part of the Sutter County General Plan Update.

CONTENTS

- 1 Introduction 1
- 2 Economic Development Fundamentals 3
- 3 Maintaining the Agricultural Economy 7
 - Introduction 7
 - Background Information 7
 - Key Issues in the Food & Agricultural Industry 8
 - Farmland Preservation 10
 - Managing Conflicts at the Edge 13
 - Regulating Ranchettes 14
 - Supporting Agricultural Entrepreneurship 17
 - Encouraging the Growth of Food Processing .. 19
 - Geographically Based Agricultural Zoning 21
 - Funding Agricultural Land Conservation..... 22
- 4 Planning for the Future: Prospect Sectors 29
 - Agri-Tourism 29
 - Wood Products Manufacturing 30
 - Defense Technology Transfer 30
 - Warehouse Distribution 31
 - Growing Regional Interdependence 32
- 5 Sources 33
- 6 Appendices 35

1 INTRODUCTION

Overview and Purpose

Sutter County has initiated a comprehensive update of its General Plan to evaluate current conditions in the community, reaffirm a vision for the County's future, and outline a systematic set of actions by which to achieve that vision. As part of this process, County residents have defined Sutter County's key assets; those things that make Sutter County a desirable place to live, and its major issues; those things that threaten the ability of the County to sustain those assets.

It is evident from the above effort that County residents place a high value on Sutter County's agricultural heritage, its quality farmlands, and the rural lifestyle that is tied to agriculture. While agricultural uses still occupy a majority of the County's lands and agricultural production values have continued to increase, on average over 5 percent of Sutter County's Important Farmlands are lost every year to other uses.¹ The conversion of farmlands, potential conflicts between agricultural and other uses, as well as local and global economic and market considerations, all factor into the ability to sustain the long-term agricultural economy.



This presents several challenges and opportunities that will impact the County's choices for its future.



Sutter County has indicated a desire to explore opportunities to diversify its economic base and provide better jobs to County residents, lessening their need to commute each day to jobs in Sacramento, Placer, or Butte Counties. Sutter County's recent population growth has provided the foundation for improving some types of employment such as jobs found in service commercial and hotel development, but major new additions to the County's largely agricultural employment base have not yet materialized. Moreover, heavy residential growth in recent years without similar levels of investment in office or industrial growth has increased the share of residents who commute outside the County. These issues also impact the County's choices for its future.

This Issue Discussion Paper identifies and evaluates economic related issues and strategies, specifically the agricultural economy and other opportunities for future employment growth. The intent is to facilitate the community's understanding of these issues in order to address future opportunities through the General Plan Update.

¹ Farmland Mapping and Monitoring Program, CA Department of Resource Conservation, 2007

Report Organization

After this introduction, the Issue Discussion Paper is organized into the following chapters:

Chapter 2, Economic Development Fundamentals, contains an overview of economic development, how professionals in the field define their work, and which tools and strategies they use to accomplish their objectives.

Chapter 3, Maintaining the Agricultural Economy, describes in detail the major issues and opportunities facing the County's economic base in agriculture and related industries. As the County's most important industry cluster, the agricultural economy is explored in greater depth, with information on food processing, agri-tourism, and a variety of land use policy tools that have the potential to protect agricultural operations and the farm sector's associated income and jobs.

Chapter 4, Planning for the Future Prospect Sectors, summarizes information provided by economic development leadership from the Yuba-Sutter Region on the question of which industries have the potential to increase employment in the future. Designed as an overview of survey results, the chapter describes five clusters for which employment growth could positively influence County income, employment, or local entrepreneurship. More work and economic development planning would be required to test the feasibility of these targeted sectors given today's market conditions, or to propose land use policies supporting economic development strategies to attract new companies in these five clusters to the Yuba-Sutter Region.

Appendix, includes a summary of the County's agricultural zone districts along with copies of the Sutter County Agricultural Operations Disclosure provisions; the Ranchette Zoning District; and, the Food Processing, Agricultural, and Recreational Combining District .

2 ECONOMIC DEVELOPMENT FUNDAMENTALS

Economic development at the community level seeks to create and sustain wealth, typically by creating new jobs, maintaining existing jobs, and improving the community's standard of living. Economic development organizations contribute to these goals by identifying critical resources and assets in the community, evaluating these assets' potential to advance employment objectives, and defining new and better ways to apply resources.

Economic development organizations have many functions and draw on many areas of expertise in a community. The organizations often include small business assistance centers, workforce development agencies, chambers of commerce, and the public entities that manage major employment generators such as redevelopment areas, enterprise zones, and airports.

The strategies chosen by economic development organizations fall into the following four categories and are known as the four pillars of economic development:

- Business Retention & Expansion
- Business Attraction
- Support for Entrepreneurship
- Promotion of Regional Capacity and Image

As a means of illustrating economic development's role in a community, this section explains each of these economic development component strategies in more detail.

■ BUSINESS RETENTION & EXPANSION

This economic development strategy focuses on the retention and expansion of existing businesses in the community. Programs are designed to help current businesses develop markets and expand their presence not only within the community, but also regionally and globally.

Retention and expansion techniques are necessary because businesses can relocate to other areas, taking jobs elsewhere and leaving a void in the community and local economy. Economic development professionals know that it is easier to keep local companies in an area and support their growth than to attract new firms from outside the area.

While each business has unique circumstances that vary from location to location, the following reasons are the most common ones cited by economic development professionals for businesses leaving an area:

- Site limitations or quality of regional communication infrastructure;
- Lack of trained labor pool, diversity of workforce, or labor pool depth;
- Regional attractiveness for workers, proximity to quality communities, culture and recreation;
- Transportation infrastructure, or accessibility to customers, suppliers and distributors;

- Lack of public services or safe environments to conduct business;
- Regulatory restrictions or the manageability of regulatory burden;
- Cost of doing business and regional industry profitably; and
- Ability to compete globally or have an industry competitive advantage compared to other regions.

Many communities fund retention and expansion programs because job growth from existing businesses usually far exceeds job growth from industry attraction. Retention and expansion programs embrace the following objectives:

- Demonstrate community support for local business
- Provide support for local entrepreneurs and managers
- Increase the competitiveness of local establishments
- Increase awareness of contributions made by local firms
- Provide businesses with the necessary public infrastructure

The point of these programs is that a strong employment base is the best strategy for improving a community's chances of growth from the outside. Economic development professionals often state that the best ambassadors to companies considering moving into a community are companies that are already thriving in the community.

■ BUSINESS ATTRACTION

Companies consider numerous factors, both monetary and non-monetary, when deciding where to move their operations. The most common factors in the decision include reductions in operating costs, better access to skilled labor, risk diversification, and the potential for a presence in a particular time zone or market.

To implement this economic development strategy, some communities use financial incentives such as tax breaks to attract businesses, while others provide detailed and accurate data about the community with comparisons to competitor jurisdictions or regions.

According to a recent survey of corporate decision makers in a noted economic development publication, the following criteria are the most important in selecting a new site:

- 1) Availability of skilled labor
- 2) Labor costs
- 3) Mobility for employees and goods (road network access and capacity)
- 4) Energy availability and costs
- 5) Telecommunications services availability and costs
- 6) Tax incentives
- 7) Occupancy or real estate construction costs
- 8) State and local incentives other than tax incentives
- 9) Proximity to major markets
- 10) Availability of land

A community can look strategically at how to improve its infrastructure, business climate, educational and workforce development programs, and quality of life to make itself more

attractive to companies. Because business investment decisions are highly influenced by the perception of community trends, economic development experts assign less weight to a community's past reputation or negative history. In the site selection process, a community is judged more for where it is going than for what it is today.

■ **SUPPORT FOR ENTREPRENEURSHIP**

The success of startups and small businesses is a primary factor in the growth of any local economy. In many rural regions, more than 80% of jobs are in small companies. Continuous small business and entrepreneurial development can provide the foundation for a more adaptable, high growth local job base.

Economic development organizations often encourage entrepreneurship by:

- Organizing help for business start-ups;
- Providing access to financing;
- Facilitating a social network that includes businesses;
- Working to prioritize public infrastructure needed by businesses;
- Recognizing business achievement;
- Strengthening the community's human capital and its development; and
- Teaching entrepreneurship in K-12 schools.

Professionals in the field of economic development advocate supporting homegrown businesses as these small firms provide the majority of new jobs and are the seeds for new clusters and industries.

■ **PROMOTION OF REGIONAL CAPACITY AND IMAGE**

This strategy focuses on regional coordination of economic development. Economies are regionally interconnected as industry clusters form independent of political boundaries. Neighboring jurisdictions can work together to promote joint economic development.

Economic development efforts supporting this strategy are listed below:

- Plan and implement a regional marketing program;
- Conduct a program of joint image enhancement that helps expand growing industries;
- Produce regional investigations into competitive clusters, major policy challenges and fast-growing-cluster opportunities in the region;
- Collaboratively improve workforce development and education offerings; and
- Develop regional plans for strengthening important industry clusters and improving the business environment for innovation.

Aligning regional development investment strategies can help communities focus on current and future needs of the local economy's most promising clusters.



3 MAINTAINING THE AGRICULTURAL ECONOMY

Introduction

The purpose of this section is to provide an overview of the issues and opportunities facing the County's economic base in agriculture and related industries.

Sutter County has several intrinsic advantages that position it well for sustained agricultural activity into the future. These include an abundant supply of water, a moderate Mediterranean climate favorable to many types of crops, availability of transportation infrastructure connecting producers to the ocean and other ports, proximity to centers of research and development at the nearby cities of Davis and Biggs, and relatively flat lands. It is especially suited to the growing of several varieties of rice as well as tree fruits and nuts. Sutter County's long history of agriculture has resulted in a concentration of agriculture and food processing expertise.

In spite of these advantages, success in agriculture depends on more than having enough farmland, water and a favorable climate. It also depends on such factors as market intelligence, access to start-up and expansion capital, a pool of qualified workers, a supportive regulatory climate and the flexibility to change production and marketing practices to quickly respond to changing market demands. Supporting the health and vitality of the food and agriculture industry in Sutter County, despite its proximity to the fast-growing Sacramento region, will require an integrated approach of mutually supportive and complementary strategies that go well beyond zoning and conservation easements.

Background Information

- In 2006, food and agricultural production made up over 20 percent of the total economic output of all industries in Sutter County. While the total output for all industries was \$4.7 billion, food and agriculture output was \$973 million.
- Eighty-eight percent (343,772 acres) of Sutter County is devoted to agriculture. Of this area, 48 percent is classified as Prime Farmland and another 31 percent is classified as Farmland of Statewide Importance. As of 2007, there were about 64,302 acres in Williamson Act contracts in Sutter County.
- On average, Sutter County loses about 1,000 acres of agricultural land each year through conversion to other uses². However, while the amount of agricultural land has decreased, the productivity has increased by over 25 percent.
- Agricultural production varies widely from year to year depending upon weather, market and other conditions. Total annual production was as low as \$264 million in 1999 and as high as \$358 million in 2006.
- Sutter County is ideally suited to the cultivation of rice given its flat topography and its abundant supply of water. Rice makes up 30 percent of

² Farmland Mapping and Monitoring Program, CA Department of Resource Conservation, 2007

Sutter County's total agricultural production value. In 2006, the value of rice production exceeded \$106 million. Sutter County rice, as with most of the Sacramento Valley medium grain rice, is exported to Asia. Exports of rice are expected to rise slowly with the growth in global population.

- The second-highest value crop is dried plums, generating nearly \$68 million in 2006. Production of dried plums has declined in the last couple of years due to unfavorable weather in the spring, resulting in reduction of blooms.
- Over the last 14 years, the greatest improvement in production values have been in English walnuts, almonds, sunflower seeds, rice seed and apiary products. The greatest declines in production value have been in vegetable crops and wheat. The price of almonds has increased about 31 percent since 1992 and as a result the number of acres devoted to almonds has also increased. The value of almond production increased by 140 percent since 1992.
- Farm employment has remained fairly stable, taking into account both on-farm and agricultural services employment. According to IMPLAN³ agriculture employment was about 5,268 in 2006. Of this, the number of employment insurance covered farm workers (non-proprietors) was about 3,608.
- There are about 12 food processing establishments in Sutter County. Of these, three are commercial bakeries and the others process fruits, meats, nuts and grain. Due to greater efficiencies in food processing, covered employment has dropped from 700 in 1992 to 570 in 2006. According to IMPLAN, in the same year, there were 873 people engaged in the production of food manufacturing.

Key Issues in the Food & Agriculture Industry

Agriculture is part of Sutter County's core identity. The citizens of Sutter County value the rural lifestyle that comes with agriculture and preserving this lifestyle is a high priority. The most effective means of maintaining this rural lifestyle is to create a business climate that supports the continued economic competitiveness of food and agriculture businesses. The issues identified below focus on supporting the continuing economic vitality of the food and agriculture industry in Sutter County.

Food and agriculture is a dynamic and constantly evolving industry that is impacted as much by global pressures as by local trends. How can Sutter County support entrepreneurial activity in this industry so that it not only can weather global economic and market trends, but also capitalize on the opportunities they create and continue to contribute to the county's economy?

³ Minnesota Implan Group (MIG) are developers of the IMPLAN economic impact and modeling system. Annual employment and income data is available at the state and county level, based on the Bureau of Labor Statistics Covered Employment and Wages (CEW) series formerly known as ES202. This data is provided at the full SIC or NAICS code level of detail. The non-disclosed elements have been adjusted through a procedure developed by MIG, Inc. All data elements in this series are disclosed. SIC based data is available for years 1988 to 2000. NAICS based data is available from 2001 and later. The most recent data is for 2006.

American agriculture and food processing is evolving from an industry driven by the mass marketing of large quantities of un-differentiated commodities to an industry of target marketing of specialized products. In an environment of pushing larger quantities of product through the world marketplace, price is the main, if not the only differentiator between a raisin produced in California or one produced in Turkey or a grapefruit grown in California or one grown in Florida. In such an environment, economies of scale and increased productivity through increasing volumes while decreasing input costs are the keys to success.

On the other hand, in a world where production is in response to market segmentation with a focus on product differentiation and not on price, quantity is less important. In such an environment, small production quantities can be profitable.

As developing nations build up their capacity to export to the rest of the world, customers of U.S. products will have an increasing number of sources to choose from and will typically go for the least expensive. The U.S. can not compete with inexpensive mass marketed products from Asia, South America, Eastern Europe and, increasingly, Africa.

On the other hand, within affluent nations, including Japan, Europe and North America, the demand for differentiated products is increasing. This can be seen in the growing variety of olive oils, wines, cheeses, flavorings, breads, candies, and frozen meals.

The opportunity for American food and agriculture businesses is to either 1) compete in the global market place by applying technological innovations to the cultivation and processing of agricultural products to drastically reduce input costs and increase productivity while at the same time improving quality; or, 2) compete in a smaller market by applying innovations to marketing of specialized products for identified market segments.

For Sutter County, there are six key issues related to supporting food and agriculture's continuing contribution to the County's economic vitality and quality of life. These are:

- Farmland Preservation
- Managing Conflicts at the Edge
- Regulating Ranchettes
- Supporting Agricultural Entrepreneurship
- Encouraging the Growth of Food Processing
- Geographically Based Agriculture Zoning
- Funding Agricultural Land Preservation

■ **FARMLAND PRESERVATION**

Background

Increasing urbanization around Yuba City and in southern Sutter County may affect the future viability of agriculture. While ensuring that there is an adequate supply of farmland for current and future farm operations is not the only requirement for a healthy food and agriculture industry, there are things that the County can do to manage growth and its impacts on the supply of agricultural land.

For over thirty years, local and regional governments have been experimenting with different approaches to maintaining an adequate supply of agricultural land. In the early 1970s, as baby-boomers entered the housing market, their parents were entering their retirement years. The two phenomena, combined with the desire for suburban lifestyles that was cultivated in the post-war 1950s, created an overwhelming demand for large tracts of land at the edges of existing urban areas. Alarmed by the rapid conversion of farm, ranch and timber lands to urban uses, policy-makers turned to a variety of interventions to stem the loss. Over the years, the range of strategies has increased, helped in part by the use of information technology, including geographic information systems.

Strategies

Financial Incentives

Williamson Act and Farm Security Zones. The California Legislature passed the Williamson Act (The California Land Conservation Act) in 1965 as an incentive to encourage land owners to keep agricultural land in production. So far, a little over 16 million of the state's 29 million acres of farm and ranch land are currently protected under the Williamson Act.⁴ As of December 31, 2007, Sutter County had 64,302 acres protected as agricultural land in Williamson Act.

Under the Williamson Act, private landowners contract with counties and cities to voluntarily restrict land to agricultural and open-space uses. The incentive is a property tax assessment rate consistent with their actual use (agriculture) rather than the land's potential market value. This is especially worthwhile to owners of land that is close to existing urban development. Agricultural landowners could save 20 to 75 percent in property tax liability each year depending upon the location of their parcels.

To be eligible for this incentive, a property owner's parcel(s) must be located within the boundaries of a locally-designated agricultural preserve. An agricultural preserve must be at least 100 acres. Property owners with less than 100 acres may combine with neighbors to form a preserve as long as the properties are contiguous. The minimum term of a Williamson Act contract is 10 years, but local jurisdictions may require a longer term up to 20 years. Contracts renew automatically each year unless the land owner files a notice of non-renewal. A contract may be cancelled at any time, but there are penalties for doing so. The local jurisdiction could assess a cancellation fee of 12.5 percent of the current fair market value of the land for which the contract is to be cancelled.

Farm security zone contracts differ from traditional 10-year Williamson Act contracts in that landowners receive an additional 35 percent reduction in their property tax.⁵ In return, the land owners are subject to stricter provisions, such as a 20-year contract period, state approval of cancellations and a penalty set at 25 percent of the land's fair market value. Only land designated on the Department of Conservation's Important Farmland Series Maps as prime farmland, farmland of statewide significance, unique farmland or farmland of local importance is eligible. Usually, a city is prohibited from annexing contracted lands. Sutter County has not yet made use of this option for preserving farm land.

⁴ California Department of Conservation, Division of Land Resource Protection, Questions & Answers Fact Sheet, 2007. www.conservation.ca.gov/dlrp/lca

⁵ Farmland Protection Action Guide, Institute for Local Self Government, 2002

Growth Management Strategies

Transfer of Development Rights. Transferable development rights, or credits, allow landowners to transfer the opportunity to develop property from one parcel to another.⁶ For purposes of agricultural land preservation, the sending area is an agriculturally zoned parcel or group of parcels and the receiving area is a developable parcel. Often, the owner of both the sending parcel and the receiving parcel are the same. Usually, the owner of the receiving parcel is allowed to develop that parcel at increased density. This type of program is usually a means of implementing infill or compact development policies because it provides an incentive for a landowner to build within existing urbanized areas. In the case of Sutter County, it would most likely require working in partnership with Yuba City and Live Oak or establishing receiving areas in unincorporated areas.

Technically, Sutter County does not have a provision for transferring development rights from one property owner to another. However, through open space and conservation easements, Sutter County has regularly allowed a transfer of development rights from one parcel to another owned by the same person to allow a homesite to be created on an agricultural parcel so as to maintain required General Plan densities. So far, open space agreements for 12,226 acres have been approved by the Board of Supervisors and recorded as part of these development agreements.

Conservation Easements. Conservation easements are established by legal agreements between landowners and conservation organizations, in which the landowner voluntarily places a permanent deed restriction on a property to ensure that the land remains in agriculture.⁷ In exchange, the landowner receives something of value—cash, tax advantages or other more qualitative benefits. Once the opportunity to develop has been sold, the land is permanently restricted to agricultural use, even if ownership of the land changes. The landowner retains title to the property. The primary advantage of a conservation easement is its certainty; changes in zoning or the general plan do not affect the binding restrictions of the contract. Not all easements are permanent, however. Some can be for a specific term, such as 20, 30 or 40 years. Conservation easements can potentially allow for agricultural and resource conservation on the same property, providing additional incentives for preservation. Purchasers of easements are usually land trusts or a conservancy. Most land trusts are local though there are a few that operate statewide, which include American Farmland Trust; The Nature Conservancy; and California Rangeland Trust.

Sutter County has facilitated four conservation easements with Ducks Unlimited. In addition, the Middle Mountain Foundation, a local foundation, is interested in preserving the Sutter Buttes and agricultural lands within the County.

Agricultural Land Mitigation Requirements and Fees. Agricultural land mitigation requirements and/or fees are established by local governments to require mitigation as a condition of approval to develop a parcel of agricultural land. As with conservation easements, there is a sending area and a receiving area. In the case of agricultural land mitigation, the sending area is the area to be developed and the receiving area is the area to be preserved. This type of program is useful in creating green belts around

⁶ Farmland Protection Action Guide, Institute for Local Self Government, 2002

⁷ Farmland Protection Action Guide, Institute for Local Self Government, 2002

growing communities to contain growth within urbanized areas and to prevent the increase in cost of agricultural land. In many cases, mitigation can occur through purchase and dedication of a similar amount of agricultural land that the owner/developer intends to develop, or through payment of a mitigation fee equivalent to the cost of that land. The “fee” to be established must meet the requirements of Government Code 66000 et seq. (AB1600) and requires that a nexus study be prepared that proves the relationship between the value of the fee and the purpose of the fee.

There are several jurisdictions in California that have used this approach to mitigating the development of agricultural land. These include the counties of Yolo and Monterey and the cities of Brentwood, Tracy, Gilroy, and Davis.

At this time, Sutter County has not considered use of the Agricultural Land Mitigation Fee, primarily because the loss of agricultural land to other has not been considered significant.

Clustered Development. Clustered development allows homes to be clustered in one area of a parcel to be sub-divided. For instance, in an agricultural zone that has a minimum lot size of 20 acres and allows one dwelling unit per lot, a land owner of 200 acres could subdivide that parcel into 10 parcels of 20 acres, each with a house on it. Through clustered development the landowner could cluster the same 10 houses on much smaller acreage (e.g. 2 acre individual parcels totaling 20 acres) and keep the remaining 180 acres in continuous agriculture.

The Sutter County Agricultural Preserve Residential and Agricultural Preserve zoning districts allow for this clustering. Requests for this zoning must meet certain criteria contained in the Zoning Code. For example, a residential exclusion area and vegetative buffer are required to be provided on the “residential” parcels to help buffer the residences from adjacent agricultural uses. Permitted uses on the remaining “preserve” parcel are limited to crop and tree farming, grazing, and agricultural accessory buildings and residential development rights on the “preserve” parcel are required to be conveyed to the County. Sutter County has approved requests for this zoning in four cases since it was created in 2003. This zoning allows property owners to create home sites while at the same time preserving the balance of the land for agriculture.

Clustered development has also been used by San Luis Obispo and Monterey Counties as a means of preserving farmland.

Infill Development. Managing growth by directing new development towards underused areas within existing urbanized communities not only helps preserve farmland, but also makes more efficient use of existing infrastructure. Using incentives, such as transfer of development rights, increased densities or use of redevelopment to pay for new public facilities adjacent to new development, have proven effective means of creating more compact communities. In Sutter County, the majority of opportunities for infill development occur within the incorporated cities of Yuba City and Live Oak. The County’s current General Plan policies encourage new development requiring urban services (i.e. sewer and public water systems) to locate within the incorporated boundaries of Yuba City and Live Oak.

Urban Limit Lines and Urban Growth Boundaries. Urban growth boundaries, established through zoning controls, urban service area limitations and/or by voter initiative, have proven to be effective at slowing the pace of agricultural land development. More importantly, they provide a level of permanence and predictability

that farmers need before making new investments in their operations. Urban growth boundaries are typically applied around incorporated cities. Currently, there are no urban limit lines or urban growth boundaries in Sutter County. Sphere of Influence boundaries are adopted for both Yuba City and Live Oak that delineate the planned ultimate build out of both cities.

■ **MANAGING CONFLICTS AT THE EDGE**

Background

Many of Sutter County's rural communities are located in the midst of prime farmland. As such, most of the newer housing is either abutting or in close proximity to a working farm operation. With this adjacency comes the potential for conflicts. New residents often complain about the odors, noise, dust, flies, drifting pesticides and herbicides, and extensive truck traffic associated with adjacent agricultural uses. Likewise, with new households nearby, the farmer is now dealing with issues that weren't previously problems such as vandalism, litter, trespassing, frequent complaints and limits on the timing of the application of chemicals and on harvesting. In response, communities need to have mechanisms to notify prospective neighbors of farm activities and to be able to mediate conflicts when they do arise. Tools that have been effectively used include buffer zones and right to farm ordinances.

Strategies

Buffer Zones

Agricultural buffers are physical separations between residential and agricultural uses.⁸ The purpose of the buffer is to prevent conflicts between farmers and residential uses and other non-agricultural development. The benefit to farmers is being able to continue traditional farm operations without complaints from neighbors over noise, odors, dust, pesticides, farm traffic, rodents and lights. In addition, the farmer is more protected from trespassing, vandalism, damage by pets, litter, increased legal liabilities and loss of profits. Buffers can be man-made barriers, such as walls, fences or commercial buildings. An alternative, where feasible, is to take advantage of natural features, roads or canals, including hills, valleys, rivers, creeks, roadways, cemeteries, airport safety zones. The size of the buffer can vary from about 50 feet to 1,000 feet, depending on the type of agricultural use and if aerial spraying or seeding is used.

Sutter County's Design Guidelines include a section containing agricultural buffering guidelines. These guidelines recommend buffers typically containing a residential exclusion area ranging from 100-300 feet be established to separate new homesites from existing agricultural operations. These buffers are typically required on requests to create Ranchette lots or agricultural homesite parcels. The ultimate width of the buffer is determined based on review of the type of adjacent crop being grown and after consultation with the County Agriculture Department.

Right to Farm Ordinances

While state law already limits lawsuits resulting from farm practices that disturb neighboring property owners, local agencies can help prevent these conflicts or help to

⁸ Great Valley Center, *Can City and Farm Coexist?*,

resolve them through mediation. A right to farm ordinance will include the following elements:

- A policy statement that outlines the intent of the ordinance;
- The definition of agricultural operation, usually consistent with the state's definition
- A declaration that normal farm operations do not constitute a nuisance;
- An agricultural use notice that real estate brokers must show to prospective buyers of nearby properties;
- A grievance procedure;
- Vandalism fines.⁹

Most counties in California have right to farm ordinances. While not considered a “right to farm ordinance”, Sutter County has an “Agricultural Operations Acknowledgement” form that is required to be signed by residential property owners whose property is adjacent to land or included within an area zoned for agricultural purposes. This form is intended to disclose that residents in this area may be subject to inconveniences or discomfort from agricultural practices such as the use of agricultural chemicals, noise, odors, dust, and smoke (See Appendix B).

■ REGULATING RANCHETTES

Background

Between 1998 and 2007, 49 ranchette projects have been approved in Sutter County resulting in 151 lots on 665 acres. Ranchette requests must meet specific requirements including: the subject parcel having a maximum permitted acreage of less than 20 acres at the time of application, the subject parcel must be located outside the Yuba City and Live Oak spheres of influence, the proposal must not create more than four parcels, including any designated remainder, and a range of parcel sizes must be provided. The lots range in size from 3 to 10 acres. Most of these ranchettes are located south and west of Yuba City. In most cases, they involve the subdivision of farmland or grazing land, but not prime farmland. The scattered nature of these subdivisions results in haphazard land planning and could impact the rational development of Yuba City and the cost-effective delivery of services. In addition, the indiscriminate location of these ranchettes creates the potential for more conflicts between farm operations and non-farming neighbors.

Ranchettes were created in Sutter County for several reasons and purposes. One purpose was for the resulting large lots to provide residents with a means of engaging in small-scale farm operations, such as cultivating fruit or nut trees or a vineyard. Another purpose was to provide a way for residents to board a small number of farm animals, such as horses, goats, or sheep. It was also thought that such large lot subdivisions would act as a buffer between the more urbanized areas of Yuba City and Live Oak and existing large-scale farm operations. As yet, a review of the ranchette zoning has not been completed. It is uncertain as to whether these large lots are used in any way for agricultural purposes or if they are useful as an agricultural buffer.

⁹ Farmland Protection Action Guide, Institute for Local Self Government, 2002.

The practice of allowing ranchette subdivisions on agricultural parcels in other jurisdictions has created problems for agricultural producers. In focus groups of Solano County farmers in 2006, they pointed out that their profitability and farm practices are limited by rural residential neighbors who do not understand the needs of agriculture. Some farming is dependent upon aerial chemical application and frequent nighttime operations, practices that are incompatible with residential land use patterns. The division of agricultural parcels into smaller units often conflicts with the agricultural irrigation and drainage infrastructure that has been constructed over the years. Continuing the practice of allowing ranchettes in agricultural zones could potentially make normal farm operations in some regions of the County no longer viable.

Evaluation Criteria for Ranchette Applications

The current decision-making process leading to approval or denial of ranchette subdivisions is based on the Planning Department staff's review of specific findings contained in the Zoning Code, an environmental analysis, and an assessment of five evaluation criteria adopted by the Board of Supervisors. Each criterion is given a weighting (points) and a minimum of 70 points out of a possible 100 points is required for approval of the subdivision. The criteria are:

- Is 50%, or greater, of the perimeter (as measured by lineal footage) of the subject parcel bounded by parcels 20 acres or greater?, 30 points;
- Is 50%, or greater, of the perimeter (as measured by lineal footage) of the subject parcel bounded by agricultural parcels under one ownership?, 30 points;
- Is the project area within two miles of the Sphere of Influence of Live Oak, Yuba City or the community of Sutter?, 20 points;
- The parcel is within two miles (travel distance) of a fire station, 10 points; and
- The parcel is within two miles (travel distance) of a public school, 10 points.

A copy of the Ranchette Zone District is included as Appendix C.

Strategies

Possible strategies of addressing the problem of loss of farmland due to ranchette development include:

- **Permit Ranchettes in Designated Areas Only.** Identify an area, or areas, of the unincorporated area within the County where ranchettes would be permitted with conditions. According to the existing General Plan Public Services Element, any subdivision within the Yuba City or Live Oak Sphere of Influence (SOI) would require annexation and hook up to a public sewer system. If this policy cannot be amended to allow ranchettes within the SOI, then appropriate areas would be just outside the SOI, given that all the other conditions for ranchette development are met (minimum of 70% of possible points). This would require that ranchettes be restricted to within two miles of either the Yuba City or Live Oak SOI. The point value for the criterion requiring the subject parcel to be within two miles of the Sphere of Influence of Live Oak, Yuba City or the community of Sutter could also be increased from 20, giving the criterion added "weight" in the overall point total.

- **Cluster Home Sites.** Another option is to keep the existing evaluation criteria for ranchette applications but include provisions for clustering of home sites. The San Luis Obispo County General Plan currently has a similar provision. This would keep home sites away from the agriculture operations of nearby farms, and the back yards would act as buffers. This would require changing the existing zoning to require clustering of home sites created as a result of the ranchette zoning. Buffers including residential exclusion areas are typically required on proposed ranchette parcels that abut existing agricultural parcels.
- **Purchase Development Credits.** In many cases, the reason for subdividing land to create ranchettes is to address financial hardship. In these instances, the purchase of development credits for the land is a strategy which gives the land owner/farmer additional income and at the same time maintains the land in agriculture.
- **Transfer of Development Credits.** A similar strategy might be to incentivize the rational development of land closer to existing urban areas by allowing the transfer of development credits from agricultural land to land within the SOI or within city limits. This allows the land owner/farmer who would otherwise want to subdivide his/her land into ranchettes to reap the financial benefits of selling his/her development credits in return for the right to build housing units on a parcel that is in the receiving area within the SOI. Another option is to conduct joint agricultural land preservation planning with Yuba City and Live Oak to jointly identify areas within City limits as receiving sites.

Before implementation of any of these strategies is considered, it is recommended that a field survey of the existing ranchette subdivisions be conducted to see how the land is being used. If the intent of the Ranchette zoning is to allow owners the opportunity to engage in semi-farming activities, including boarding animals and cultivating crops like orchards or vineyards, then a study to determine if this is occurring is necessary. Such a study should also address the impacts on nearby farm operations. Proposed changes to the ranchette zoning may be supported by findings from such a study, which may include: ranchettes are disrupting normal farming operations on a large scale; ranchettes have resulted in a significant loss of farmland, thereby impacting the total agricultural production within Sutter County and, through the multiplier effect the economy of the entire region; and ranchettes have not been used for agricultural purposes as intended.

■ **SUPPORTING AGRICULTURAL ENTREPRENEURSHIP**

Background

Businesses, new and old, can flourish where there is a supportive business climate. Entrepreneurs will need supportive policies while adapting to new business models in agriculture. As the industry continues to evolve from one driven by the mass marketing of large quantities of un-differentiated commodities to an industry of product differentiation and market segmentation, entrepreneurs who see the opportunities this trend presents will want to locate their business in a community willing to help it grow and prosper. There are a variety of economic development tools available to communities to help them assist small food and agriculture businesses. These include:

- Farm incubators
- Value-added agriculture, including direct marketing and agri-tourism

Strategies

Farm Incubators

A farm incubator is an educational facility that provides opportunities for aspiring farmers, including farm workers and limited resource farmers, to grow and sell crops for farms. Farm incubators help create better economic opportunities for small farms by developing the human resources that will be tomorrow's farmers and by developing marketing alternatives for small-scale, limited resource farmers. A well-known example of a farm incubator is the Agriculture and Land-Based Training Association (ALBA), located in Monterey County.¹⁰ ALBA was incorporated in 2001 in Monterey County, and has been partly responsible for increasing the number of Latino farmers by 70% from 1997 to 2002. The growth has resulted in 264 Latino-operated farms in Monterey County. Some of ALBA's programs, which could be replicated in other counties and for a broader audience, include the "Farmworker to Farmer" program where agricultural workers gain broader skills leading to their advancement on the job, in farm management or possible farm ownership. The Small Farmer Education Program curriculum is accredited by Hartnell College. The ALBA Organics program is a licensed produce distributor to provide marketing education and greater sales opportunities for beginning farmers.¹¹

California FarmLink is an innovative non-profit that specializes in structuring creative financial deals to help entry-level farmers get started throughout the State. The program matches retiring farmers with prospective or current farmers who wish to purchase a farm but generally cannot yet afford it.

There are no known farm incubators in Sutter County.

Value-Added Agriculture

While the economies of scale achieved through the production of large quantities of commodities, such as grains, tree fruits and nuts and tomatoes may have resulted in profitable farm operations in days past, this is no longer necessarily the case. With the exception of a few commodities where the U.S. has a competitive advantage such as almonds, some citrus, and tomatoes for processing, or where there are price supports such as rice and sugar beets, global prices are so low that farmers tend to make limited or no profit. This is due to the increasing productivity of the agricultural sectors of newly developing nations that can offer the same undifferentiated commodities at a much lower cost.

In an effort to boost revenues, farmers are increasingly diversifying their operations, becoming more vertically integrated and less specialized in only one part of the value chain. In so doing, they capture some of the value derived from the packaging, processing, marketing, distribution and/or sale of their products. Adding value to farm produce can take different forms. It could mean adding processing to production. For example, a dairy could make their own brand of cheese in addition to selling their milk to dairy processors. Olive growers could press their own olive oil and sell to grocery stores,

¹⁰ Agricultural and Land-Based Training Association, www.albafarmers.org, retrieved April 8, 2008.

¹¹ Agricultural and Land-Based Training Association, www.albafarmers.org, retrieved April 8, 2008.

restaurants or farm tourists. It could also mean adding on-farm cooling and packaging as well as distribution for produce growers.

Other forms of value-added agriculture include farm direct marketing and agri-tourism. Farm direct marketing provides a link between urban consumers and rural food producers and contributes to the regional economy by providing alternative marketing channels. Through farm direct marketing, the producer builds trust with the consumer through consistent provision of quality produce. Direct marketing can take different forms as well. These include roadside stands, farm stores, u-pick operations, community-supported agriculture, farmers' markets and cooperative buying clubs. More and more restaurants, especially in larger metropolitan areas, are purchasing their ingredients directly from local farms.

Through a combination of flexible agriculture zoning and entrepreneurship development services, county government can play a supportive role in assisting agriculture businesses to succeed.

Agri-Tourism

Agri-tourism is yet another means of adding value to farm operations and taps into urban dwellers' increasing interest in rural recreation and learning vacations. Producers are capitalizing on this by providing opportunities for people to experience farm life. This can be done through a large variety of possible activities, including building from a u-pick operation to gradually offering other products for sale. As an example, the Gizditch Ranch in Watsonville has transformed a successful apple orchard and berry farm into a true destination, offering u-pick apples and strawberries, baked goods, canned foods, sandwiches all made on the premises, a picnic area, a child's play area and a gift shop.¹² In rural areas, allowing farmers to offer their homes to tourists not only gives the farmer additional income, but provides tax revenue for the County as well. In 1999, the State of California passed legislation allowing for farm stays. Farm stays differ from bed and breakfast facilities in that the proprietor does not have to meet the same health and safety requirements as a restaurant. Currently, there are no farm stays in Sutter County. An example of a successful farm marketing operation is Bishops Pumpkin Farm in Wheatland. It was named 2005 Farm Market of the Year by the North American Farmers Direct Marketing Association.

County governments play an important role in promoting agri-tourism by having land use policies that support agri-tourism and supporting regional agri-tourism marketing. For instance, the Sierra-Oro Farm Trail in Butte County is an example of a very successful regional approach to agri-tourism.

Agri-tourism is also discussed below in Chapter 4, Planning for the Future: Prospect Sectors.

¹² Gizditch Ranch, www.gizditch-ranch.com, retrieved April 8, 2008.

■ ENCOURAGING THE GROWTH OF FOOD PROCESSING

Background

As discussed in the Technical Background Report, Sutter County lost approximately 180 food processing jobs between 1992 and 2005. This represents a 23 percent drop in food processing employment since 1992. The increases in food processing automation have led to increases in productivity with fewer workers. In particular, the closing of peach canning facilities in Northern California, including the Morningstar peach canning facility in Yuba City, had a significant impact on Sutter County processing employment.¹³ Food processing facilities are vital to the on-going viability of agriculture. When food processing facilities leave the region, the number of acres of the produce once sold to those processors is drastically reduced.

Because fruit processing and packing is a seasonal activity, the construction and maintenance of large, single-purpose facilities lead to inefficiencies and lost competitiveness relative to other domestic and foreign processors. Higher efficiencies are obtained when the same facility can process multiple commodities over multiple seasons. For example, using the same facility to process peaches during one month and tomatoes during another month. What can Sutter County government do to encourage the continuation of food processing activity within the County?

Strategies

Successful food processing is dependent upon a number of factors. These include the following:

- A quantifiable market and continuing access to market intelligence
- A pipeline of qualified workers
- Access to expansion capital
- Access to a network of transportation services
- Access to distribution and marketing channels
- An adequate supply of improved industrial land with:
 - Waste water treatment capacity at a reasonable cost
 - Energy—natural gas, electricity, cogeneration
 - Clean, potable water
 - Easy access to major transportation routes between suppliers and markets

Luring and/or relocating food processors to existing industrial areas is extremely labor and resource intensive and economic development professionals caution against relying solely on this strategy to create jobs. On the other hand, encouraging innovation and entrepreneurship has proven to be more cost-effective, especially when combined with a business retention and expansion program.

Entrepreneurship Development Services

To support its food and agriculture businesses, Sutter County will need to support the work of other organizations to offer aspiring food processing entrepreneurs a range of

¹³ Brent Morrison, Morrison Company LLC, personal conversation, April, 2008.

entrepreneurship development services, including business planning, marketing, finance and other services. Likely providers of these services could include the Yuba-Sutter Economic Development Corporation (EDC), the County libraries, the Chamber of Commerce, the Community College District, Chico State University, the University of California at Davis Small Farm Center and the Small Business Development Centers. Currently, entrepreneurship development services are not currently provided in Sutter County. For instance, in 2004, Monterey County Free Libraries started a Business Resource Center at the Greenfield Library. The County library purchased business databases and other database subscriptions and 10 additional computers that were used by small businesses to conduct market research. The librarians received special training to provide assistance to these small businesses in the use of their newly acquired resources. With the success of the Greenfield program, Monterey County decided to replicate these services in all libraries in the County.¹⁴

Food processing is a capital-intensive industry and as such it is hard to get started. Also, federal, state and local laws make it illegal to use home kitchens to produce most kinds of food for sale. For the most part, the production of food for a business must be done in a licensed kitchen that is regularly inspected. In addition, it is very expensive to reserve time at a contract processing plant to test new recipes. To reduce the risk and cost involved in starting food processing companies, some communities and creative entrepreneurs have opened food processing incubators or kitchens for hire. These food processing incubators, also referred to as kitchen incubators, cooperative kitchens or test kitchens, allow aspiring food processors the space and the equipment they need to try new recipes.¹⁵ For instance, Kitchen Chicago provides a fully equipped, commercially licensed shared-use kitchen available for rent by the hour. Having to pay only for hours used frees the aspiring entrepreneur from the significant financial risk of opening their own facility. Kitchen Chicago also helps established businesses expand with new products.

Food Processing, Agricultural and Recreation Combining District

The Food Processing, Agricultural and Recreation Combining District (FPARC) was an attempt by the county to provide land for a food processing plant. Measure A, which established this zone district, was approved by Sutter County voters at the November 2, 1982 general election with the aid of a local developer who wanted to place a tomato processing plant in this area. This zone district cannot be significantly amended or repealed without another countywide vote.

Measure A was a General Plan Amendment that provided for a zoning district south of the Sutter Buttes that allows for food processing and recreation uses. The special zoning covers 1,800 acres at the southern edge of the Sutter Buttes. Permitted uses include the following:

- Food processing uses, including such uses as: food and fiber processing plants and facilities, hulling operations, grain elevators, weighing and grading stations, warehouses, packing and shipping facilities, agricultural waste and energy from processing.
- Recreation uses including such uses as: public and private parks, golf courses, equestrian stables, gun clubs and other resort-type facilities.

¹⁴ Applied Development Economics, Final Report, Greenfield Economic Gardening Program, 2004.

¹⁵ Santa Cruz Sentinel, "Rental kitchens cook up small businesses," April 8, 2008.

- Agriculture uses, such as: general farming and kennels, agricultural outbuildings, farm maintenance buildings, primary farm residence and farm worker buildings are also allowable uses. Limitation on the number and size of dwelling units are outlined in the Sutter County zoning ordinance.

In 2007, the Board of Supervisors approved expansion of FPARC uses permitted with approval of a use permit to include some construction yards, assembly plants and offices. A copy of the FPARC Zone District is included as Appendix D.

Before making any changes to the FPARC zone, the County should address the relevancy of this zoning district by conducting a market demand study for industrial and office space, including food processing, and based on this analysis, zone an adequate amount of land in the most appropriate location based on food processor and other industrial users requirements. The market demand analysis may indicate that this particular area is not suited for some types of manufacturing, including food processing, but may be suitable as an office park or light industrial park.

■ GEOGRAPHICALLY BASED AGRICULTURAL ZONING

Background

The potential opportunities in food and agricultural production and marketing may vary from sub-region to sub-region within the County. For instance, are there some areas of the county that are more productive than others? Are there some areas more appropriate for agri-tourism? Are there areas where development of home sites would create barriers to the ongoing operation of irrigation canals and systems, aerial spraying and other normal farm operations and should be restricted? Are there areas where rural home sites would not be as problematic and should be allowed? Should County policies be shaped to reflect and support the different agricultural opportunities in different parts of the county?

Currently, Sutter County addresses agricultural land preservation through the use of agricultural zoning, Williamson Act contracts, and clustered development. Sutter County has divided all farm land into two major General Plan land use categories: Ag-20 and Ag-80. The Ag-20 designation has a minimum lot size of 20 acres while the Ag-80 designation has a minimum lot size of 80. Soil types determine whether a parcel has a 20 or 80 acre designation. Parcels with soils suitable for orchards are given a 20 acre designation while parcels with soils more suitable for rice and row crops receive an 80 acre minimum designation. In addition to these two land use designations, there are five agricultural zoning districts: Upland, Agricultural Preserve, Exclusive, General, and Ranchettes. Each of these has a minimum lot size and other restrictions on land uses.

Strategies

The amount of farm land that has been converted to other uses in the last few years (over 1,000 acres annually) suggests that the County may want to consider the use of strategies other than the land use and zoning listed above. The large number of ranchette subdivisions outside of the Yuba City SOI suggests that a unique planning approach in partnership with the City and LAFCO to manage growth in that area may be warranted. One example of such a partnership is the City of Gilroy and Santa Clara County who worked together to designate areas for agricultural land preservation.

Agriculture Districts

Given the range of agricultural businesses in Sutter County, it may be beneficial to conduct a process of identifying and creating agricultural districts based on their suitability for different sets of agricultural activities. For instance, are there areas of the County well-suited to small farms catering to niche markets and direct marketing due to their proximity to urban development, highways, and small parcel sizes?

Recently, the Solano County Board of Supervisors contracted with the University of California to conduct a study called the "Future of Solano County Agriculture". The report's recommendations included the development of land use designations and zoning codes that accommodate important geographical and economic differences in local agricultural conditions. In the process of preparing the study, the authors identified nine distinct agricultural regions within Solano County and recommended different set of policies to support agriculture in each region.

Agriculture Overlay Zones

In general, what is needed to support value-added agriculture is flexibility in permitted land uses. In lieu of or in addition to identifying distinct agriculture districts, some communities are using overlay zones to encourage value-added agriculture. For instance, in Greenfield, California, the city applied an Artisan Agriculture-Visitor Serving overlay zone to agricultural properties close to existing urban development as a means of keeping agriculture in the specified area economically viable. The overlay zoning allows farmers to add lodging, cafes, wine-tasting rooms, gift shops and produce sales to existing farm operations.

■ FUNDING AGRICULTURAL LAND CONSERVATION**Background**

Local governments have several options for funding agricultural land conservation. They include grants from federal and state programs, working with open space districts, land trusts, private foundations and local sources, such as mitigation fees, impact fees and general obligation bonds. These various types of funding strategies and examples of how they are implemented in other jurisdictions are described below.

Strategies**Federal Programs**

The USDA Natural Resource Conservation Service provides funding for land conservation through its Farmland Protection Program (FPP). FPP provides funding to the states and local governments to acquire conservation easements or other interests in agricultural land for the purpose of limiting conversion to nonagricultural uses. In 1996 and 1997, the FPP committed \$16.2 million towards conservation easement purchases; in fiscal year 1998, up to \$17 million was available for this program. The FPP is intended to supplement other funds for easement purchases; the participating state or local government entities must commit to providing funding for 50 percent of the easement market value.

Other Federal Programs include: Conservation Reserve Program; Wetlands Reserve Program; and Wildlife Habitat Incentives Programs.

State Programs

Enacted in 1995 as the Agricultural Land Stewardship Program, the California Farmland Conservancy Program is now implemented by the California Department of Conservation. The program provides grants to local governments and non-profit organizations for the purchase of agricultural conservation easements. As of April 30, 2000, \$8.8 million in funding was unallocated. About half that amount was expected to be committed to applications currently under review. Passage of Proposition 12 on the March 7, 2000 ballot made another \$25 million available. Recent state legislation also transfers Williamson Act cancellation fees to this program instead of to the state's general fund. The Department of Conservation also provides funding assistance to Resource Conservation Districts to promote watershed management and conservation. The annual funding level is \$120,000. The Department awarded 12 grants in fiscal year 1998/99.

California's two recent bond measures, Propositions 12 and 13, may provide over \$4 billion towards protection of wildlife habitat, open space, parkland, and air and water quality programs. Projects throughout the state are expected to benefit from this replenished funding for open space and habitat protection.

Grant funds can be used to acquire conservation easements; purchase (temporarily) agricultural lands pending placement of an easement; restoration or improvement of land already under an easement; agricultural land conservation planning and policy projects.

Land Trusts

The land trusts described below are important partners to open space special districts and local governments. They are able to take on a more entrepreneurial land acquisition function because they are not subject to the often time-consuming requirements of a public process. Unlike larger open space districts that rely on a substantial base on long term public funding, many non-profit open space trusts are not funded or organized for long-term land management. The Trust for Public Land and The Nature Conservancy are prime examples of non-profit land trusts that are national in scope. Examples of land trusts being used in northern California are provided below.

Placer Land Trust

Placer Land Trust was founded in 1991 as a community-based private nonprofit organization dedicated to preserving lands that hold valuable natural, historic, agricultural, and recreational resources in Placer County, California. Their mission is to work with landowners and conservation partners to permanently preserve natural open spaces and agricultural lands in Placer County. To date they have preserved 3,697 acres in Placer County.

PLT preserves land in several ways depending upon the nature of the land to be preserved and the needs of project partners, specifically landowners. Their goal is to create a beneficial scenario for all whereby willing landowners meet their personal and financial goals while preserving their land for future generations.

One important incentive for landowners to preserve their land is tax benefits. Federal and State taxes may be reduced by the donation of land or the right to develop land (called a "conservation easement" or, in the case of farmlands, an "agricultural easement"). When the donation of land to a qualified nonprofit results in preservation of

the land "in perpetuity", the donor may see significant tax reductions, even up to the full value of the donation.

Landowners may also wish to sell their land or an easement to PLT to generate cash while preserving the land. Or, landowners may wish to preserve their land through the estate planning process.

However landowners wish to preserve their land, PLT can offer technical assistance and land conservation expertise. Furthermore, PLT can provide assistance in the form of fundraising, outreach, program development, and land stewardship. Landowners are encouraged to rely on their personal and trusted advisors (including attorneys, estate planners, financial advisors, etc.) in any land preservation project.

Land can be placed under protected status via a conservation or agricultural easement or via acquisition by PLT. There are numerous vehicles to assist landowners and PLT in preserving land. They include:

- Conservation & Agricultural Easements
- Tax Benefits of Donating Conservation & Agricultural Easements
- Fee Title Acquisition
- Tax Benefits of Donating Land
- Bargain Sales
- Bequests
- Gifts of Land with Reserved Life Estates
- Charitable Gift Annuities
- Charitable Remainder Trusts
- Appraisal Requirements
- PLT Criteria for Evaluating Projects
- Land Stewardship

Peninsula Open Space Trust

The Peninsula Open Space Trust (POST) was founded in 1977 as the private sector response to the open space preservation need represented in the public sector by the Midpeninsula Open Space District. The district has acquired 40,000 acres for open space preservation purposes, transferring most of this land to public agencies (county, state, federal, special district) for long-term stewardship. POST has retained ownership of some properties leased back for agricultural use, and some other large and complex properties that the public agencies are not prepared to manage. POST's annual operating budget was \$3.1 million in 1998/99; in that same year, the trust spent \$3.6 million on land purchases.¹⁶

Marin Agricultural Land Trust

The Marin Agricultural Land Trust (MALT) was the first non-profit land trust in the United States to focus on agricultural land preservation. MALT was founded in 1980 and

¹⁶ Placer Legacy Program, Chapter 6, "Multi-Source Funding Plan," June, 2000

promotes agricultural open space preservation through purchases of land and conservation easements, public education, and advocacy. MALT holds easements on about 26,600 acres of land operated as farmland and rangeland in Marin County. With an annual operating budget of \$550,000 in 1998/99, MALT monitors the easements and conducts public education programs and special events. Two-thirds of MALT's operating revenues come from membership dues and contributions. Grants are also an important funding source for operations and easement acquisition. In 1998/99, expenditures for land acquisition totaled about \$1.1 million. MALT receives contributions from individuals, corporations, and foundations, and receives grants from the California Coastal Conservancy and the California Farmland Conservation Program.

Solano County Farmlands and Open Space Foundation

The Solano County Farmlands and Open Space Foundation is different in that its primary source of funding is special tax revenue from a Mello-Roos Community Facilities District (CFD). Formed in 1986, the Foundation is the operating arm of the CFD which has the purpose of acquiring open space and agricultural lands, and manage those lands for their agricultural and open space value. The Foundation manages 6,500 acres of farmlands, ranchlands, wetlands, and open space; 90 percent of the lands are in agricultural production. Most of the land is held in fee title. Of total operating revenues of \$323,000 in 1998/99, the special tax revenues from the CFD account for 43 percent. The City of Fairfield provides about 20 percent of total operating revenue in exchange for staffing of ranger and naturalist positions on City open space lands. The foundation also receives rental income from farming and grazing on some of the land that it owns. The Foundation has been very successful in obtaining grants for acquisition, including grants from the California Coastal Conservancy, State Environmental Enhancement and Mitigation Fund, State Habitat Conservation Fund, California Department of Conservation, and CalFed. The Foundation's land assets are valued in excess of \$6.5 million.¹⁷

Regional Open Space Districts

Partnerships between open space districts and land trusts and other public or non-profit entities with similar goals and interests are key to achieving the overall goals of comprehensive land protection and management. Among the entities described below, several such partnerships are represented. The Peninsula Open Space Trust works closely with the Midpeninsula Regional Open Space District and the Marin Agricultural Land Trust receives funding from the Marin County Open Space District.

East Bay Regional Park District

The East Bay Regional Park District (EBRPD) is a special district formed by the voters of Alameda and Contra Costa Counties in 1935 to acquire and maintain parklands. The District manages 91,000 acres of land in two counties, providing regional parkland, trails, and educational programs. In 1999, the District's annual operating budget (exclusive of debt service and capital outlay) totaled about \$54 million. Property tax is the district's principal revenue source. A general property tax is levied on properties in Alameda and Contra Costa counties at a rate of \$.03 per \$100 of assessed value. This tax generated about \$50 million in 1998, about 60 percent of total EBRPD revenues in that year (counting revenue for both operating and capital expenditures). Additional property taxes

¹⁷ Placer Legacy Program, Chapter 6, "Multi-Source Funding Plan," June, 2000

ties to a variety of special purpose assessment districts and bond issues accounted for another 23 percent of District revenues. Charges for services and interest income each made up another six percent of revenues. Rents and leases contributed about one percent of total revenues in 1998. Grants, generally for specific acquisitions or capital projects, are a relatively small component of total revenues. The EBRPD partners with the Regional Parks Foundation, a separate nonprofit corporation that raises funds to support the District. Local public funding for the EBRPD is substantial. For a typical single-family residence valued at \$200,000, the combination of the basic property tax assessment, plus special benefit assessments in some areas, ranges from about \$65 per year to \$120 per year. In addition, in 1988 the voters passed Measure AA authorizing the district to issue \$225 million in bonds for acquisition and development of recreational projects. (The measure passed with 68 percent of the vote.) The 1998/99 tax rate for the bond measure is \$.0092 per \$100 of assessed value. This translates to an additional \$18.40 per year for a single-family residence valued at \$200,000. The combination of taxes and assessments represents a total tax burden of \$25 per capita for the two county district.¹⁸

Midpeninsula Regional Open Space District

The Midpeninsula Regional Open Space District (MROSD), formed in 1972, is a voter-approved special district responsible for open space acquisition and preservation in the northern and western portions of Santa Clara County, the southern and eastern portions of San Mateo County, and a small part of northern Santa Cruz County. The District manages 45,000 acres of land in 23 open space preserves (ranging from 55 acres to over 12,000 acres in size) to meet its primary purpose of preserving open space. Most acquisition is through fee title interest. The MROSD has an annual operating budget of about \$6 million in fiscal year 1998/99. Property tax is the primary revenue source. In fiscal year 1998/99, a general property tax levied at a rate of \$0.17 per \$100 of assessed value generated about \$13 million, about 80 percent of the District's total annual revenues for both capital and operating expenditures. The general property tax rate translates to an annual tax of about \$34 for a residence valued at \$200,000.

Other revenue sources consist of interest income, rental income, grants, and gifts. The Peninsula Open Space Trust (POST), described above, is an important non-profit partner, undertaking strategic acquisitions and subsequently transferring that land to the open space district for long term management. The MROSD has issued just over \$100 million in long-term debt to finance land acquisition and capital improvements. The District has employed a variety of financing mechanisms, including revenue bonds, certificates of participation, and long-term notes. None of these issues has required a public vote.

Marin County Open Space District

Formed in 1972, the Marin County Open Space District manages 13,800 acres in 32 open space preserves in Marin County. While the district works closely with the Marin County Parks, Open Space, and Cultural Services Department, the district's budget is separate from the county budget. The annual operating budget is about \$1.7 million. Funding for acquisitions and operations comes primarily from a local property tax assessment. Other revenue sources include local assessment districts and community facilities districts, state and federal grants, donations, and general obligation bond

¹⁸ Placer Legacy Program, Chapter 6, "Multi-Source Funding Plan," June, 2000

proceeds. The Marin County Open Space District provides funding to the Marin Agricultural Land Trust (MALT), described above, to assist in establishing conservation easements on agricultural land.

Sonoma County Agricultural Preservation and Open Space District

Unlike the three districts described above, the Sonoma County Agricultural Preservation and Open Space District (SCAPOS) came into being after Proposition 13 made any proposed increases in the local property tax rates subject to a two-thirds voter approval requirement. The SCAPOS is another special district funded with local tax revenues. The SCAPOS was formed in 1990 to promote Sonoma County's General Plan policies on the preservation of open space and to administer an open space acquisition program. The District has preserved 29,200 acres. Compared to the other open space districts described above, the SCAPOS annual operating budget of \$1.8 million is relatively small; unlike the other districts, SCAPOS does not play a large role in managing land. Most acquisitions are agricultural and conservation easements. Almost all revenues come from a 0.25 percent special sales tax authorized by the voters in 1990 for a twenty-year period. For fiscal year 1999/00, the 0.25 percent local sales tax is estimated to generate \$13.9 million for the District. As of June 1999, the SCAPOS had posted direct land acquisition costs of \$46.8 million, securing preservation of 29,200 acres. The District primarily acquires conservation easements, limiting fee title acquisition to opportunities for outdoor recreation. Furthermore, many of those lands acquired in fee are cooperative projects with cities and the County, and those agencies assume responsibility for on-going management.¹⁹

Local Sources

Agriculture Land Mitigation Fees

Local jurisdictions have the power to levy agricultural land mitigation fees when agricultural land is proposed for development. These fees are collected and then used to purchase conservation easements or purchase agricultural land outright. For instance, the City of Carlsbad imposed a \$5,000 per acre fee for the conversion of 312 acres of agricultural land.²⁰ As with other development impact fees, counties can impose an agricultural impact fee after it demonstrates a nexus between the loss of agricultural land and the amount of the fee. Some communities require that the property owner purchase a conservation easement on another parcel of the same size and quality of soil as the one planned for development. The City of Davis requires proponents of projects that convert farmland to urban use to purchase a conservation easement on farmland of equivalent quality or pay an in-lieu fee. This approach to trading parcels would only be appropriate for areas within the Sphere of Influence that are planned for development.

Other tools for conserving agricultural land include general obligation bonds and lease purchase agreements.

Placer Legacy

The Placer Legacy Open Space and Agricultural Conservation Program is a program of the County of Placer to protect and conserve open space and agricultural lands in Placer County. The Program has been developed to implement the goals, policies and programs of the 1994 Placer County General Plan.

¹⁹ Placer Legacy Program, Chapter 6, "Multi-Source Funding Plan," June, 2000

²⁰ Institute for Local Self Government, p. 146.

4 PLANNING FOR THE FUTURE: PROSPECT SECTORS

As part of preparing this Issues Discussion Paper, brief interviews were conducted with a half dozen economic development leaders in the Sutter-Yuba Region. Most of the professionals contacted were business owners and economic development staff from public agencies and non-profit organizations.²¹ Their input suggests that Sutter County should position itself to retain, expand, or attract jobs in a number of other employment clusters, given the County's strong agricultural and natural resource base, its changing labor force, the needs of the community, and the County's existing employment specialties.

Below are short profiles of each of five industries or industry clusters that have been highlighted by local economic development agencies, trade associations, and their stakeholder committees:

■ AGRI-TOURISM

Because the County has long been a leading producer of agricultural commodities such as rice, peaches, dried plums, almonds, and walnuts, great potential exists for developing an agri-tourism sector using the County's existing agricultural assets. To encourage job growth in this sector, the County would feature its extensive farmlands, orchards and rangelands to attract visitors to festivals and events as well as offer these sites for special events, weddings and private parties.

If leveraged by grower associations working alongside local chambers of commerce and economic development corporations, a joint agri-tourism marketing effort can be used to develop, promote and advertise specific events in the region. One example of a unique event in Sutter County, given data on its current mix of farm products, might be a Pomegranate Festival that would capitalize on the growing popularity of the fruit.

Other efforts building on the area's existing Peach Festival may have equally good prospects for developing more in-state and out-of-state tourism to Sutter County. Additionally, a self-guided multi day tour could be posted online highlighting "must see" farms, orchards, restaurants, historic sites and hotels.

Amplification of seasonal events and creation of additional festivals can lead to a year long visitor draw to the County's farm and ranch communities. A new Sutter County Festival or Harvest Calendar can be used as a starting point for the formation of a comprehensive tourism-marketing program focusing on the County's natural landscape and established agricultural production. Increasing the visitor traffic would permit individuals less familiar with the County to be introduced to the community as a great place in which to live, play and conduct business.

²¹ Those interviewed include Doug Gibbs, The Gibbs Group, LLC (Yuba City); John Fleming, Economic Development Coordinator, Yuba County (Marysville); Bill Meagher, Meagher Tomlinson Commercial Real Estate Brokerage and Development (Yuba City); Laura Nicholson, Executive Director, Yuba-Sutter Chamber of Commerce (Marysville); Audrey Taylor, President, Chabin Concepts (Chico); and Brian Fedora and Jaswant Bains, farm operators and owners (Sutter County and other locations).

■ WOOD PRODUCTS MANUFACTURING

According to a draft Yuba-Sutter stakeholder committee report evaluating the strengths of the local manufacturing/industrial employment cluster, the three Western states of California, Oregon, and Washington account for about one-fourth of the nation's wood supply. In Yuba County alone, lumber and associated wood products are sold by nearly one-third of manufacturers with operations in the County. Approximately 600 people are currently employed within this cluster in the Yuba City MSA (Metropolitan Statistical Area) and account for one-fifth of all manufacturing jobs.

Long term prospects for this sector fundamentally reflect the region's potential for additional residential development, a sector which has lost momentum in the past few years as the nation's major lenders experienced rising foreclosures and moved to tighten requirements for new loans. Before the slowdown, numerous wood products companies relocated or expanded their operations within the Yuba-Sutter Region. For example, D & D Cabinets completed the construction of a 70,000-square-foot manufacturing facility in 2004, an additional 35,000 square feet in 2006, and another expansion of 30,000 square feet in 2007. Other companies with construction-related business expansions or relocation in the Yuba-Sutter Region include Hanson Truss, Concrete, Inc., Baldwin Contracting, Packaging Specialists, and KBI-Norcal Truss.

The stakeholder committee notes that the Yuba-Sutter Region continues to receive business inquiries from lumber and wood product companies. The committee identified deficient public infrastructure and an unskilled labor force as potential weaknesses in recruiting new investment from this cluster. Overall, however, the wood products industry views the region as a strong candidate location for expanded operations and new manufacturing facilities.

■ DEFENSE TECHNOLOGY TRANSFER

Beale Air Force Base's current missions include the development of the Global Hawk, a high-flying unmanned reconnaissance aircraft built by Northrop Grumman in Southern California. Like other autonomous technology, the Global Hawk is controlled from the ground and is fitted with electro optical/infrared sensors and synthetic aperture radar, providing commanders with high resolution imagery covering large geographic areas. The Air Force has invested heavily in the technology's capability to film in real time at slow speeds while staying in the skies for extended periods, without the risk to crew of manned flights.

The Air Force is in the process of evaluating locations for a reformulated Cyber Command, a unit of the 8th Air Force whose mission will be to provide command and control, electronic warfare, net warfare, and surveillance and reconnaissance capabilities from cyberspace. Beale is one of fifteen bases (as of spring 2008) competing for the provisional command of 500 personnel. The selected site will potentially gain the added benefit of much larger off-base employment impacts such as technology companies or the on-call expertise needed to develop and staff the command's evolving capabilities.

Both of these missions can potentially catalyze transfer of military technologies to the private sector. As more private sector applications become marketable, there is potential to develop community and regional economic clusters in autonomous technology or network security. The avenues of greatest potential transfer of

autonomous technology include agriculture, search and rescue, warehousing, security, fire/crime fighting, mining, home healthcare, automotive and trucking, and site survey.

A Yuba-Sutter stakeholder committee in technology sectors has formulated a set of strategies to encourage the migration of technologies from military to civilian application in the local economy, enhancing the effectiveness of local military contractors and creating companies that develop these technologies for nonmilitary markets. The following strategies were suggested:

- Implement a vision for the Region to become the “test bed” for autonomous technology development in agriculture, commercial, military and other related industries;
- Facilitate the development of a successful campus technology center to accommodate tenants who perform product design, testing, and manufacturing functions;
- Create a California Innovation Center to showcase regional assets to be used for the attraction of companies involved in autonomous and cyber technology to the region; and
- Reposition educational institutions and employment training programs to support autonomous technology.

■ WAREHOUSE/DISTRIBUTION

The Sacramento Region sits at the intersection of major north-south and east-west goods movement corridors, both in terms of rail and highway systems. Increasing congestion in freight movement along major routes within urban areas containing the West Coast’s port facilities, in particular the Bay Area and Los Angeles ports, has begun to favor businesses that set up logistics and warehousing services farther inland where delays are less common.

Sutter County, while not directly on a major interstate or rail mainline, could compete favorably for these operations as major retailers and wholesalers seek to maintain inventory in a national supply chain. Warehouse/distribution centers add value to the nation’s goods movement industries by using lower cost, automated facilities built in areas well served by highway and rail infrastructure.

The County has several candidate sites that, once connected to regional infrastructure, could accommodate warehouse/distribution centers. These sites, including the proposed 7,500 acre Sutter Pointe Specific Plan, have industrial designations for not only warehouse/distribution uses, but assembly, sales and service, and other industrial flex types of uses.

In the regional market, Sutter County sites will have the following market strengths:

- **Land available.** Sutter Pointe is targeting industrial users who would require a minimum 100 acre site. This type of user operates the largest W/D facilities in the country and cannot be economically offered in more urbanized locations in the region, so the County is well positioned to attract these tenants and the jobs that come with them.
- **Working local.** Sites in Sutter County seek to offer employment to residents who would otherwise need to leave the County to find the same quality of job.

Plans for these sites would develop several large campuses of industrial and office buildings, putting new jobs within a shorter commute distance of most County residents.

- **Cost-sensitive users.** In contrast to growth areas elsewhere in the Sacramento Region, Sutter County sites can offer new employers a level of labor costs that make it possible to relocate or expand within the County. Many of the enterprises in the goods movement sector require access to labor markets that can keep costs down in a global and national economy.

The opportunities available in the proposed Sutter Pointe Specific Plan and in the County's other industrial zones build on the County's existing land and labor force assets, while extending the County's urbanized footprint closer to the region's hubs of economic activity.

■ GROWING REGIONAL INTERDEPENDENCE AND JOB DIVERSIFICATION

As documented in the County's General Plan Update February 2008 Technical Background Report (TBR), Sutter County has been for many years dependent on agriculture, equal to other counties in the Northern Sacramento Valley. More recently, however, the County has begun to follow a path toward diversification in its employment base.

Historically, a large number of Sutter County residents worked in industries located in Sacramento, Yolo, or Placer Counties. As Sutter County's population grows, workers living in Sutter County are finding new types of employers locating inside the County for the first time. These employers include businesses responding to increased demand for specific kinds of retail, specialized real estate or financial, technical, arts, and leisure-related services. Business and professional service providers such as doctors, attorneys, and investment advisors have begun to grow in terms of payroll and employment counts.

Because of sustained growth, the County is evolving from a predominantly agricultural county that turned to other cities and counties for most technical and financial services into a county supplying enough healthcare, professional, and business services to meet its own local demand and even supply these services to households and businesses in neighboring Yuba and Colusa Counties.

■ NEXT STEPS

These five prospect sectors or employment clusters have already been incorporated as targets of various economic development programs in the Yuba-Sutter Region. Each organization has discussed strategies for these clusters that include business retention and expansion, business attraction, development of entrepreneurship, and promotion of the Region.

In concert with these economic development strategies, the General Plan Update has the opportunity to reinforce job diversification strategies using land use policy conducive to new employment in Sutter County. Policies contained in the General Plan will provide a land use framework for future economic development actions by the County and its agencies.

5 SOURCES

Agricultural Issues Center, *The Measure of California Agriculture*, "Chapter 5, Agriculture's Role in the Economy", Preprint Draft, November 29, 2006.

Agriculture Issues Center and Solano County, "Regulating, Protecting and Promoting Local Agriculture: Lessons for Solano from Other Counties," Solano County Agriculture Futures Project, 2006.

Agriculture Issues Center and Solano County, "The Economic Roots of Solano County Agriculture," Solano County Agriculture Futures Project, 2006.

Agriculture Issues Center and Solano County, "The Future of Solano County Agriculture: What County Government Can Do," Solano County Agriculture Futures Project, December, 2007.

Agriculture Issues Center and Solano County, "What Farmers and Ranchers Say About the Future of Solano County Agriculture", Solano Agriculture Futures Project, 2007.

Alleghany Highlands Comprehensive Economic Development Strategy. "Why do companies choose one location over another?"
<http://www.rvarc.org/ceds/econdev101.pdf>

American Farmland Trust, Farmland Information Fact Sheet, *Agricultural Conservation Easements*, October 2006.

American Farmland Trust, *Winning the Development Lottery*, 2001.

Arizona Cooperative Extension, Direct Farm Marketing and Tourism Handbook, 1995.

Arizona Department of Commerce.. "Business Retention & Expansion" 2006

Bains, Jaswant; Farm Operator and Owner. Telephone interview. 15 Apr. 2008

California Farm Bureau Federation. "Yuba Sutter County Farm Bureau" www.cfbf.com

City of Yuba Economic Development Advisory Group "Creating Economic Opportunities: Work Session #2" 2008. www.yubacity.net/documents/Econ-Dev/2008/work-session2-handout.pdf

Economic Development America "Putting the Business Back in Business Retention." Winter 2007.

Fleming, John; Yuba County, Economic Development Coordinator. Telephone interview. 10 Apr. 2008.

Fedora, Brian; Farm Operator and Owner. Telephone interview. 15 Apr. 2008

Gibbs, Doug; The Gibbs Group, LLC. Telephone interview. 15 Apr. 2008

Institute for Local Self Government, *Farmland Protection Action Guide: 24 Strategies for California*, 2002.

Meagher, Bill; Meagher Tomlinson Commercial Real Estate Brokerage and Development. Telephone interview. 10 Apr. 2008.

Michigan State University. Fall 2005. Fall Conference "Economic Development 101".

National Governors Association. "Cluster Based Strategies for Growing State Economies."

Northern Maine Development Commission. "Business Attraction and Retention."

Nicholason, Laura; Yuba-Sutter Chamber of Commerce, Executive Director. Telephone interview. 14 Apr. 2008.

Penn State University in Partnership and United States Department of Commerce's Economic Development Administration "A Report on a Symposium for 21st Century Economic Development." Arlington, VA. 2005.

Placer Legacy Program Chapters 5, 6, Appendix G, Agriculture Implementation Strategy, <http://www.placer.ca.gov/Departments/CommunityDevelopment/Planning/PlacerLegacy/LegacyPlan.aspx>

Small Farm Center. 1994. *Small Farm Handbook*. Davis, CA. Regents of the University of California, University of California, Division of Agriculture and Natural Resources.

Taylor, Audrey; Chabin Concepts, President. Telephone interview. 10 Apr. 2008.

Small Farm Center. 2002. *Agritourism and Nature Tourism in California Handbook*. Davis, CA. Regents of the University of California, University of California, Division of Agriculture and Natural Resources.

Yolo County General Plan, "Agricultural Preservation Techniques Report", December, 2006

Yuba-Sutter Economic Development Corporation. "Vision 2027 Workshops" 2007

APPENDIX A: COUNTY AGRICULTURAL ZONING

The Sutter County Zoning Ordinance includes the following agriculturally related zone districts, as well as an Agricultural Combining District used to provide for certain agriculturally related uses common to more rural residential areas:

Upland Agricultural District

This district was intended to apply to the unique mountainous and foothill areas of the County in which light agriculture and grazing are desirable predominant uses. This area is located in the Sutter Buttes, a place of unique cultural, historical and geologic significance. Permitted uses include limited farming and ranching and non-commercial processing. The minimum lot size is 80 acres.

Agricultural Preserve Residential and Agricultural Preserve Districts

This district is intended to enable clustering of residences within agricultural zones so as to maximize agricultural uses on the remainder of the land. The zoning designation is to be applied to subdivision requests of agriculturally zoned land that propose parcels for residential use that are less than the minimum designated parcel size while still meeting overall General Plan density requirements for the subject parcel. The residential parcels are designated as Agriculture Preserve Residential (APR) while the remaining agricultural land is designated as Agricultural Preserve.

The residential parcels should not be more than 2 acres unless the Environmental Health Division deems that a larger lot is required for healthy sewage disposal. The remaining agricultural land must be at least 20 or 80 acres depending on the underlying General Plan Designation.

Exclusive Agricultural District

The Exclusive Agriculture District is intended to be applied in the fertile valley and foothill areas of the County in which intensive agriculture is and should continue to be the predominant land use, and in which the protection of this use is highly valued by the community. This district is consistent with the AG-20 or AG-80 General Plan land use designation.

Permitted agricultural uses in this district include farming, ranching and wholesale nurseries. Commercial processing and feed yards are permitted with a use permit only. The minimum lot size is either 20 acres or 80 acres, depending upon the underlying General Plan designation.

General Agricultural District

The General Agricultural District is intended to provide areas for general farming as well as low intensity uses, such as agricultural processing plants, apiaries, ranching and nurseries. Use permits are required for many additional uses that would not be allowed in any of the other agricultural districts. These include farm labor family housing, feed yards, commercial agricultural equipment repair services, farm supply and equipment sales, agricultural transportation and warehousing services facilities, veterinarians, kennels, retail nurseries and other agricultural-related commercial activities. The

minimum lot size is either 20 or 80 acres, depending upon the underlying General Plan designation.

Ranchettes

The Ranchette District may be applied to areas located outside of Yuba City's and Live Oak's spheres of influence, which are suitable for rural residential and small scale farming operations. Allowed densities within the Ranchette zoning district range between 0.1 to 1/3 dwelling unit per acre (3-10 acre parcel size). Ranchette zoning allows a smaller than 20-acre parcel to be divided into four or fewer parcels. A copy of the Ranchette Zone District is included as Appendix C.

APPENDIX B: AGRICULTURAL DISCLOSURE

Chapter 1330 Agricultural Operations Disclosure

1330-010 Definitions

Unless the context otherwise requires, the following definitions in this section govern the construction of this chapter.

(1) Agricultural Land. Agricultural land shall mean those land areas of the county specifically classed and zoned as Upland Agricultural Districts (U-A), Exclusive Agricultural Districts (A-2), General Agricultural District (AG), Restrictive Agricultural Districts (A-3), and Food Processing, Agricultural and Recreation Combining Districts (FPARC), as those districts are defined in Chapter 1500 of this Code.

(2) Agricultural Operation. Shall mean and include, but not be limited to, cultivation and tillage of the soil, the production, irrigation, cultivation, growing, harvesting and processing of any agricultural commodity, including horticulture, timber, apiculture, the raising of livestock, fish, poultry, and commercial practices performed as incident to or in conjunction with such agricultural operation, including preparation for market, delivery to storage or market, or to carriers or transportation to market.

1330-020 Findings and Policy

The Board of Supervisors of Sutter County finds that it is in the public's interest to preserve and protect agricultural land and operations within the County of Sutter and to specifically protect these lands for exclusive agricultural use. The Board of Supervisors also finds that residential development adjacent to agricultural land and operations often leads to restrictions on farm operations to the detriment of the adjacent agricultural uses and the economic viability of the county's agricultural industry as a whole. The purposes of this chapter are to promote the general health, safety and welfare of the county, and to preserve and protect for exclusive agricultural use those lands zoned for agricultural use, to support and encourage continued agricultural operations in the county, and to warn prospective purchasers and residents of property adjacent to agricultural operation of the inherent problems associated with such purchases including, but not limited to the sounds, odors, dust, smoke, fertilizers and pesticides that may accompany agricultural operations.

1330-030 Disclosure

(1) Where a building designed for residential occupancy is to be located on or adjacent to agricultural land, the owners of the property shall sign, prior to the issuance of building permit, a statement of acknowledgment on a form approved by the County which contains substantially the following:

"The property whose address, map number or Assessor's parcel number is _____ is adjacent to land or induced within an area zoned for agricultural purposes, and residents of this property may be subject to inconveniences or discomfort arising from the use of agricultural chemicals, including but not limited to herbicides, pesticides, and fertilizers as well as noise

and odors associated with animal husbandry; and from the pursuit of agricultural operations inducing, but not limited to cultivation, plowing, spraying, pruning, and harvesting which occasionally generate dust, smoke, noise, and odor. Sutter County has established zoning for agricultural land which sets a priority on the use of the lands therein included for productive agricultural purposes, and residents within said zoning for agricultural purposes, and residents within said zones and within adjacent property should be prepared to accept such inconvenience or discomfort as normal and necessary to farm operations. For more details see Sutter County Ordinance Code Chapter 1330.

“In light of the importance of the above considerations, I/we agree that in the event the property described above is sold, I/will disclose to any subsequent purchaser the agricultural character of the surrounding lands and provide to the purchaser a copy of this statement.”

(2) Evidence satisfactory to the building Inspector that the discloser statement set forth in (1) above has been duly signed shall be presented prior to the issuance of a building permit.

(3) Where a building permit for a building subject to this section has been issued and the property upon which said building is situated is subsequently sold, the seller shall disclose to the buyer that the property is adjacent to land or included within an area zoned for agricultural purposes and shall provide to the buyer a copy of a statement conforming to the provisions of subsection (1) hereof.

(4) When transfers of real property occur, the seller shall ensure the disclosure statement set forth in subsection (1) above is included in or reference to it made in the disclosure form required by California Civil Code SS1102 and 1102.6. Failure to do so constitutes misrepresentation and failure to disclose neighborhood conditions as required by Subsection II-C10 of said S1102.6.

1130-050 Applicability

This chapter shall only apply to building permits issued after the effective date of this chapter affecting property within the unincorporated area of the county as specified herein.

(Ord. 1013, Sec. 1; Aug. 25, 1987)

APPENDIX C: RANCHETTE ZONE DISTRICT

DIVISION 18 RANCHETTE DISTRICT (RAN)

1500-1810 Purpose:

This district classification is intended to be applied to areas located outside of rural communities and outside of the Yuba City and Live Oak spheres of influence, which are suitable for rural residential development and small scale farming operations. These areas should be compatible in character with neighboring properties and located where such development will have minimal impact on surrounding agricultural operations. Ranchette applications shall be considered with a strict reliance upon meeting the evaluation criteria and development standards. The evaluation criteria and procedures are established by resolution to require a unique review process to ensure suitability of the site for ranchette development. This district is consistent with the AG -20 and AG - 80 General Plan land use designations.

1500-1812 Uses Permitted:

Uses	Permitted	Zoning Clearance	Use Permit	Specific Standards
Accessory buildings and uses	X			Sec. 1500-8022(h)
Apiaries	X			
Bed and breakfast inn			X	
Crop and tree farming, grazing, animal husbandry, nurseries and greenhouses for the propagation of plants	X			Sec. 1500-8016
Day care centers			X	
Garage/yard sales	X			Sec. 1500-8016A
Guest cottages and Servant's quarters	X			
Home Occupations		X	X	Sec. 1500-8018(e)(2) & 8018(f)(1)

Large family day care home		X		Sec. 1500-8013(b)
Medical Marijuana Dispensaries	Not Permitted			Sec. 1500-8033 & 1500-9868D
Mobile home - primary	X			Sec. 1500-8028
One-family residence	X			Not to exceed General .Plan density
Public parks, playgrounds and schools			X	
Rest homes, sanitariums			X	
Second residential unit			X	
Small family day care home	X			Sec. 1500-8013(a)
Wayside stands for the sale of crops grown on the premises	X			

1500-1814 Development Standards:

Maximum permitted acreage at time of application	Less than 20 acres, as shown on a recorded map or record of survey. If there is no recorded map or survey, then less than 20.0 acres as shown on a legal description prepared by a licensed land surveyor.
Minimum Lot Size	3 acres, with a range of parcel sizes as indicated in Table 1
Maximum Lot Size	10 acres, with a range of parcel sizes as indicated in Table 1
Minimum Lot Width	200 feet
Maximum Building	15%

Coverage	
Minimum Front Yard	30 feet or 50 feet from the street centerline
Minimum Side Yard	10 feet
Minimum Rear Yard	30 feet
Maximum Building Height	35 feet except as provided in Sec. 1500-8024
Public Improvements	Sec. 1500-8015
Public Road Frontage	See "Lot" definition in Section 1500-9868.

1500-1816 Special Restrictions:

In the Ranchette District, no more than four lots may be created by parcel or subdivision map (including any designated remainder). Once a Ranchette designation is approved and the maximum four lots have been created on a specific parcel, no further division of the subject land will be permitted until the effective date of the County's next Comprehensive General Plan Revision. In rare circumstances, an existing ranchette lot may be altered by lot line adjustment with adjacent properties to allow such adjacent properties to be divided as ranchette lots. "Rare Circumstances" refers to a situation where a variance would otherwise be required, access needs to be obtained, or such other similar situation as determined by the Board of Supervisors.

1500-1818 Application Process:

- (a) Rezoning applications must be processed concurrently with any tentative parcel map applications.
- (b) The applicant must complete the specified evaluation criteria form for ranchette development which will be used as a tool for evaluating requests against criteria adopted by resolution of the Board of Supervisors. The intent of these criteria is to provide the applicant and staff with a preliminary evaluation as to the suitability of proposed lot splits and to consider the appropriateness of rezoning for ranchette development, while minimizing conflicts with surrounding farming operations.
- (c) The following findings must be made in order to approve a Ranchette development:
 - (1) The proposed use is located outside of the Yuba City and Live Oak spheres of influence, and is consistent with General Plan Policy 1.C-3.
 - (2) The proposal creates no more than four parcels, including any designated remainder, and is consistent with General Plan Policy 1.C-5.
 - (3) The proposed development is consistent in size and character with surrounding properties and will not adversely impact adjacent agricultural operations because appropriate buffers will be provided to minimize any potential conflicts.
 - (4) The proposal has scored at least 70% according to the Ranchette evaluation criteria as adopted by resolution of the Board of Supervisors.
 - (5) The proposal must meet the minimum lot frontage requirements on an existing accepted and maintained road, as defined in section 1500-9868 and 1500-9888.
 - (6) The proposal must provide a range of parcel sizes as described in Table 1.

1500-1820 Ranchette Parcel Size Range:

Table 1
Ranchette Parcel Size Range

This Table is intended to be restrictive rather than permissive, therefore tenths of a parcel are rounded down to the next whole number, i.e. 3 acres = 3.1 up to 3.99 acres.

No division of parcels less than 7 acres				7 acres 3, 4	8 acres 3, 5	9 acres 3, 6 4, 5
10 acres 3, 7 4, 6	11 acres 3, 8 4, 7 5, 6	12 acres 3, 4, 5 4, 8 5, 7	13 acres 3, 4, 6 3, 10 4, 9 5, 8 6, 7	14 acres 3, 4, 7 3, 5, 6 4, 10 5, 9 6, 8	15 acres 3, 4, 8 3, 5, 7 4, 5, 6 5, 10 6, 9	16 acres 3, 4, 9 3, 5, 8 3, 6, 7 4, 5, 7 6, 10 7, 9
17 acres 3, 4, 10 3, 5, 9 3, 6, 8 4, 5, 8 4, 6, 7 7, 10 8, 9	18 acres 3, 4, 5, 6 3, 5, 10 3, 6, 9 3, 7, 8 4, 5, 9 4, 6, 8 5, 6, 7 8, 10	19 acres 3, 4, 5, 7 3, 7, 9 4, 5, 10 4, 6, 9 4, 7, 8 5, 6, 8				

APPENDIX D: FPARC ZONE DISTRICT

DIVISION 17 FPARC FOOD PROCESSING, AGRICULTURAL AND RECREATION COMBINING DISTRICT

1500-1710 Purpose and Intent:

- (a) The FPARC District is established to implement the goals and policies of the General Plan Amendment adopted concurrently herewith and is to be applied to those lands within the County of Sutter as described on the map below.
- (b) This FPARC District provides an area where food processing and associated industries, together with appurtenant functions thereof, may locate outside the urban centers, and in close proximity to recreation and open space areas in a manner which minimizes adverse environmental impacts and protects and enhances agricultural productivity.
- (c) The following specific regulations and the general regulations as set forth in Sections 1500-8010 to 1500-8022, inclusive, shall apply in the FPARC District.

1500-1720 Uses Permitted:

- (a) Food and fiber processing plants and facilities, including food canneries, dehydrators, hulling operations, cleaning and processing operations, grain elevators, weighing and grading stations, feed processing operations, warehouses and other structures for the storage of agricultural products, seed processing facilities, animal and fiber processing operations, dairy processing operations, apiaries and honey extraction plants, fruit and vegetable processing and packing facilities, and any other or similar activity involving the storage, curing, processing, manufacturing, packaging, handling, packing, secondary reprocessing, conversion, compounding, shipping, and selling of agricultural products or by-products, as well as all facilities appurtenant and incidental thereto.
- (b) Facilities for the generation of energy from processing, agricultural, or other wastes and by-products, as well as all appurtenances thereof.
- (c) Disposal of liquid or solid wastes or by-products produced in conjunction with the operations permitted by this section. Such disposal may include irrigation of lands with process wastewaters, animal feeding or soil incorporation of process waste or by-products, and other disposal or reclamation processes or techniques.
- (d) Publicly-owned parks and recreational areas and appurtenances thereto.
- (e) Golf courses and country clubs, privately-operated parks, riding clubs and stables, gun clubs, resorts and recreational facilities.
- (f) Structures and facilities appurtenant to recreational facilities.
- (g) Private farm buildings, accessory and ancillary recreational buildings and uses.
- (h) General farming, including all types of crop and tree farming commercial livestock, animal husbandry (not including a commercial kennel) and similar types of farming.

- (i) One-family dwellings and accessory farm buildings of all kinds when occupied or used by the owner, tenant, or persons employed on the premises.
- (j) Land leveling contracting, contract harvesting and agricultural services where the occupation is incidental and secondary to the use of the land for farming purposes.
- (k) The use, storage, repair and maintenance of tractors, scrapers, land leveling and development equipment devoted primarily to agricultural uses where such activity is carried on in conjunction with a bona fide agricultural operation.
- (l) Underground utility installations and above ground utility installations for local service, including communication equipment buildings, except that locations for communication equipment buildings, substations, generation plants, and gas holders must be approved by the Planning Commission prior to construction; the route of any proposed transmission line, other than any communication line, must be discussed in detail with the Planning Commission prior to acquisition.
- (m) Gun clubs and accessory structures, including mobilehomes used in conjunction therewith, subject to the securing of a mobilehome permit and other permits required by the Building Inspector and Health Department. Mobilehome shall also be subject to the Performance Standards and Zoning Clearance required by Section 1500-1450 and Section 1500-1460 of this Chapter.
- (n) Nurseries.
- (o) Rail and other transportation facilities.
- (p) Other such uses as the Planning Commission may deem to be similar and not more obnoxious or detrimental to the public health, safety, and general welfare.

1500-1730 Uses Requiring Use Permits:

- (a) The sale, repair, servicing and storage of agricultural machinery, implements and equipment.
- (b) The storage or sale of farm supplies of all kinds, including, but not limited to, fertilizers, agricultural minerals and insecticides.
- (c) Commercial stock feeding yards, feed lots.
- (d) Community auction and sales yards for sale of farm animals, products, implements, supplies and equipment.
- (e) The development of natural resources together with the necessary building apparatuses and appurtenances incidental thereto.
- (f) Churches, schools, day care centers.
- (g) Truck yards, terminals or facilities engaged in the transportation of agricultural products, supplies and equipment including necessary maintenance, storage, repair and servicing of equipment.
- (h) Retail, commercial and service establishments including restaurants, sporting goods stores, gasoline stations, and other similar retail and service establishments so long as such uses are necessary to serve the public in the food processing and recreation areas.
- (i) Municipal or community wastewater or water treatment plants and facilities. Sutter County Zoning Code 32
- (j) Construction and material yards (except gravel, rock and cement material yards).
- (k) Indoor assembly, processing, fabricating, treatment, manufacturing, repairing or packaging of goods that do not create noise, dust, odor, smoke, bright light, involve the handling of explosives or inflammable materials as a primary use, or otherwise creates offensive conditions at the property line and associated sales of these products.

(l) Outdoor assembly, processing, fabricating, treatment, manufacturing, repairing or packaging of goods that do not create noise, dust, odor, smoke, bright light, involve the handling of explosives or inflammable materials as a primary use, or otherwise creates offensive conditions at the property line and associated sales of these products.

(m) Offices and other ancillary facilities that are part of and clearly subordinate to the principal use as listed herein and located on the same site.

(n) Any permitted use referred to in Section 1500-1720 which does not conform to the Special Restrictions set forth in Sections 1500-1740 and 1500- 1750.

1500-1740 Special Restrictions:

(a) Location of Plant Facilities. No plant or processing facility identified under Sections 1500-1720(a), (b), or 1500-1730(a), (b), (g), or (i) shall be located on any portions of the FPARC District which are situated north of South Butte Road or south of Highway 20; provided, however, that this restriction shall not prevent wastewater or solid waste disposal facilities, groundwater extraction plants, energy transmission facilities, or other facilities or activities ancillary to those uses from being located in said portions of the District.

(b) Proximity to Residences. No use described and restricted in Section 1500-1740(a) above shall be established closer than two hundred feet from any residence.

(c) Minimum Lot Area - 1 acre.

(d) Maximum Lot Coverage - 50%.

(e) Process Wastewater and Solid Waste. Process wastewater and solid waste disposal shall comply with all Federal, State, and County water discharge, pollution control and health requirements.

(f) Processing Activities. All industrial agricultural processing, and energy generation facilities allowed by the FPARC District shall comply with Federal, State, and local air pollution and public health requirements.

(g) Access. Access shall be provided from the state highway or county roads and shall be subject to the state and local requirements.

(h) Minimum Front Yard - 100 feet.

(i) Minimum Side Yard - 50 feet.

(j) Minimum Rear Yard - 25 feet.

(k) Maximum Building Height - 150 feet.

All of the foregoing standards shall be subject to variation or waiver pursuant to conditions established by use permit to be applied for and obtained where any such variation or waiver is desired.

1500-1750 Special Restrictions Upon Open Space and Recreational Area:

The following special restrictions shall be applicable to open space and recreational areas which are defined as those lands within the FPARC District situated north of South Butte Road and south of Highway 20.

(a) Structural Coverage. Improvements such as golf course clubhouses, recreational buildings, parking area and impervious surface shall not exceed 5% of the surface area of any recreational and open space parcel.

(b) Use of Area Not Covered by Structures. Area outside the 5% permitted pursuant to subsection (a) above shall not be improved with any structure other than temporary shelters, golf course cart paths, pumps, culverts and drains.

(c) Type of Uses. Uses shall be restricted to open space uses such as golf courses and recreational uses, agricultural uses, and undeveloped open space.

(d) Reclamation and Conservation. Permitted uses shall include disposal through irrigation and other disposal means of process wastewater generated by food processing uses, buffering of food processing uses and other ancillary uses which mitigate, screen or buffer the impacts and incidents of a food processing use.

(e) Maximum Building Height - 45 feet.

All of the foregoing standards shall be subject to variation or waiver pursuant to conditions established by use permit to be applied for and obtained where any such variation or waiver is required.

NOTE: Section III of the Initiative Measure enacted by the voters of the County of Sutter at the November 2, 1982, general election provides as follows:

III. REPEAL OR AMENDMENT

This Ordinance may not be amended or repealed except by a vote of the people; provided, however, that this Ordinance may be amended by the Board of Supervisors to authorize additional uses in the Food Processing, Agriculture, and Recreation Combining District provided for herein, and to make such changes in the General Plan and Zoning Code as may be necessary and appropriate in connection with such authorization of additional uses.