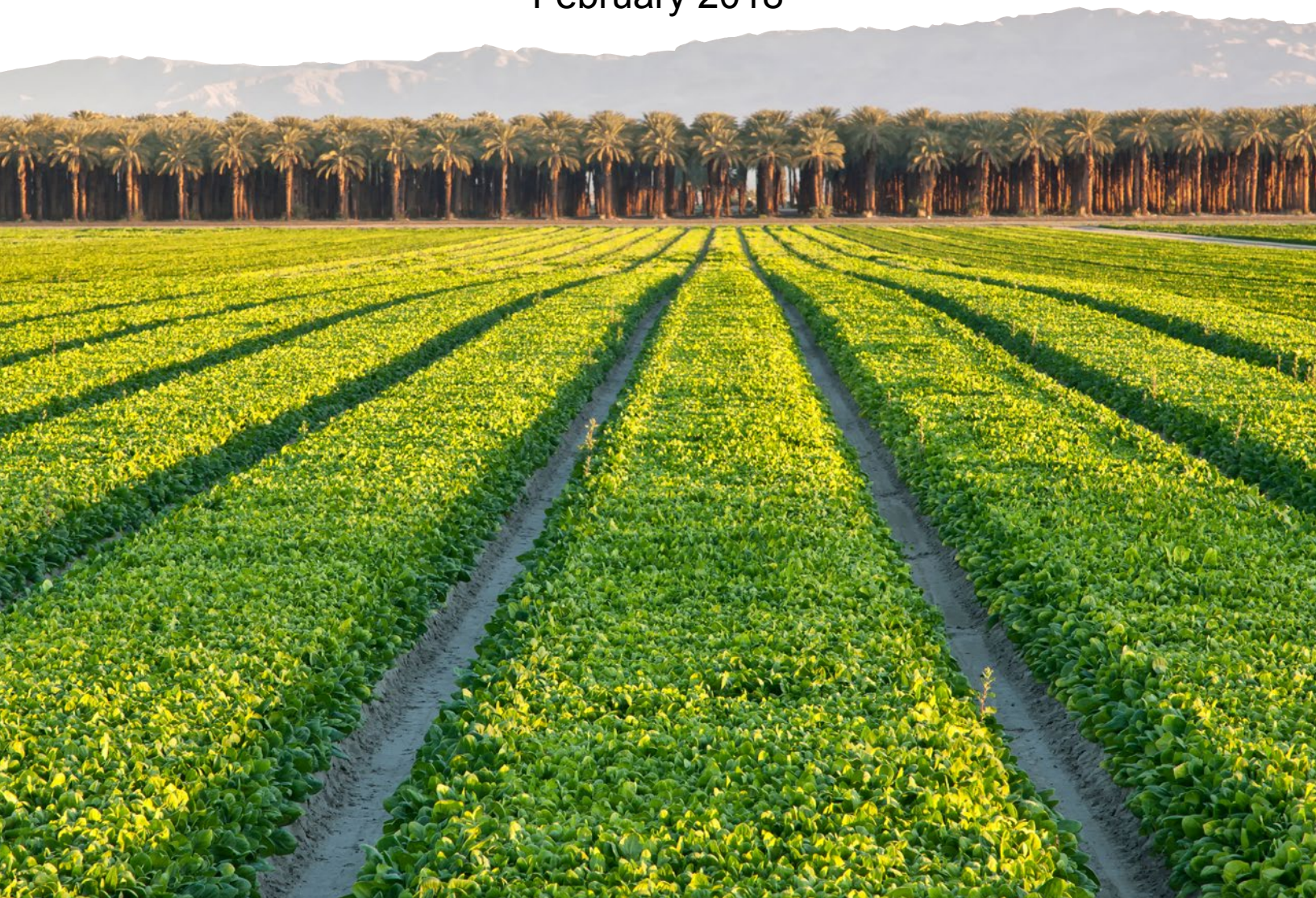




State of the Art on Agricultural Preservation

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A collaboration of American Farmland Trust and the California Association of Local Agency Formation Commissions



CALAFCO WHITE PAPER

State of the Art on Agricultural Preservation

Contents

Acknowledgments	iii
Purpose and Objectives	1
Introduction	2
Varying Definitions of “Prime” Agricultural Lands	3
An AFT View: Why It Is Important to Preserve What We Have Left—What’s at Risk?	5
LAFCos’ Mandate to Preserve Agricultural Lands	8
Approaches to LAFCo Agricultural Preservation Policies	8
CEQA and Agricultural Preservation	13
Working with Cities and Counties	18
Best Practices for LAFCos	19
Endnotes	21

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Purpose and Objectives

The purpose of this white paper is to inform and inspire Local Agency Formation Commissions (LAFcos) that are seeking to establish or enhance policies that preserve agricultural land, while simultaneously promoting orderly growth and development. The California Association of Local Agency Formation Commissions (CALAFCO) invited American Farmland Trust (AFT) to work collaboratively on this white paper to exchange and share perspectives on their respective experiences in successful policy implementation and development. This paper explores the parameters of agricultural land preservation and provides guidance in the development of agricultural land preservation policies for individual LAFcos to consider.

This white paper discusses the importance of agriculture to our local communities and why the California Legislature has equipped LAFcos with the powers to curtail urban sprawl and discourage expansion onto the state's agricultural lands. The paper examines LAFcos' statutory role in preserving agricultural lands and presents opportunities for how LAFcos can incorporate the preservation of agricultural land into their local policies. Brief case studies are provided throughout to demonstrate how individual LAFcos have interpreted this responsibility locally through their own policies.

White Paper Objectives:

- 1) Provide an understanding of the economic, environmental, and cultural importance of agriculture to local communities and the state at large.
- 2) Explain the components of an effective and comprehensive LAFco agricultural preservation policy, including the role of policies that encourage "Avoiding," "Minimizing," and "Mitigating" the loss of farmland.
- 3) Explain the role of the California Environmental Quality Act (CEQA)¹ in both annexation proposals that impact agriculture and in requirements for adopting agricultural preservation policies.
- 4) Explain the role of LAFco in city and county planning processes and how to encourage continuous communication and collaborative planning and studies between public agencies.
- 5) Demonstrate the circumstances in which LAFco may wish to consider an agricultural preservation policy.

A Unique Perspective from AFT

AFT believes in the importance of protecting farmland while supporting sustainable community growth. AFT promotes LAFCoS as key players in conserving agricultural land since most productive farmland is located around cities. Having actively promoted farmland conservation in California for nearly two decades, AFT offers insight on why it is important to preserve farmland and presents best practices.

A Unique Perspective from CALAFCO

The Legislature intends LAFCoS to be responsive to local challenges as well state priorities. An individual LAFCo's policies can lay out LAFCo's statutory mandate to balance the state interest in the preservation of open space and prime agricultural lands with the need for orderly development. LAFCoS have used their planning authority to anticipate and reduce or avoid the loss of agricultural land. Across the state, LAFCo experiences reflect the variance of practices on agricultural preservation between rural, suburban and urban counties.

Introduction

The Legislature created a LAFCo in each county in 1963 with the intent that they fulfill state policy to encourage orderly growth and development. These objectives were deemed essential to the social, fiscal, and economic well-being of the state. The Legislature recognized that the logical formation and determination of local agency boundaries was an important factor in promoting orderly development and in balancing that development with sometimes competing state interests of discouraging urban sprawl, preserving open-space and prime agricultural lands, and efficiently extending government services.

It was also the intent of the Legislature that each LAFCo “establish written policies and procedures and exercise its powers pursuant to statute [Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act)] in a manner consistent with those policies and procedures and in a manner that encourages and provides planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space and agricultural lands within those patterns.” (Gov. Code §56300.) These written policies and procedures were required to be adopted by LAFCoS by January 1, 2002.

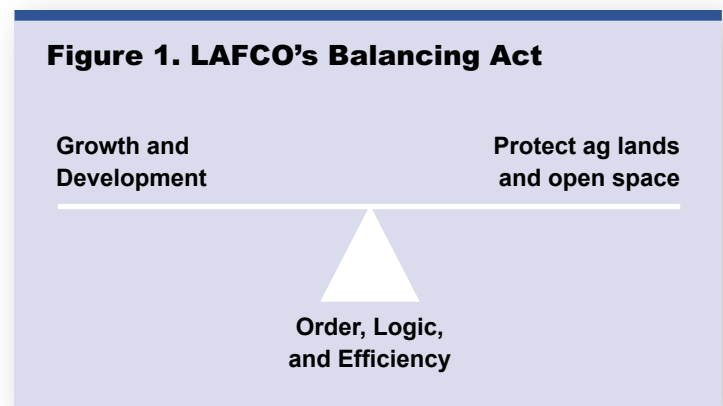
Since 1963, each LAFCo has overseen the growth of its cities and special districts through incorporations, annexations and, since 1973, the establishment of spheres of influence (which were only enforced beginning in 1985). At the time, converting lands once used for agricultural purposes to urban land uses was seen as a necessary part of accommodating the growth of California's cities. It was common for city and county leaders to see agricultural lands around cities as areas for future urbanization, with the assumption that this type of urban development would assure the economic health of the community and provide much needed housing.

Two years after the creation of LAFCoS, the state enacted California Land Conservation Act of 1965 (commonly referred to as the Williamson Act) to address the growing concern that the growth of California cities was coming at the expense of losing agricultural lands. The original purpose of

the Williamson Act was to counteract tax laws that often encouraged the conversion of agricultural land to urban uses (i.e., if you were being taxed at urban rates you might as well sell to urban developers). This act enabled local governments to enter into contracts with private landowners for the purpose of creating agricultural preserves that restrict specific parcels of land to agricultural or related open-space use in exchange for reduced property taxes. Over time, this approach has had mixed success. In an earlier regulatory era, when the subdivision of land far from a city and formation of special districts to provide municipal services was a common practice, creating agricultural preserves under Williamson Act contract was deemed necessary to limit development of those parcels. The likelihood that agricultural land could be converted to urban or rural development was high enough to justify the reduction in property tax revenue in exchange for limiting the land's development potential.

Today, much of the land under Williamson Act contract in many counties is far from a city's sphere of influence, where conversion of the most productive farmland most frequently occurs. Yet, the agricultural lands that are under pressure of being converted to non-agricultural uses are most often located on the urban fringe. Due to development speculation of these lands, they are less likely to be protected under a Williamson Act contract, making the role of LAFCo ever more important.

LAFCOs were created to implement the state's growth management and preservation goals. To achieve these objectives, LAFCOs were given the sole authority to regulate the boundaries and service areas of cities and most special districts. Though they do not have local land use authority, LAFCOs exercise their authority by denying, approving, or conditionally approving expansion proposals by cities and special districts. With this broad authority, each LAFCo uses its own discretion to act in a manner that encourages and provides planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space and agricultural lands within those patterns. Figure 1 depicts the balance that LAFCOs are expected to achieve through their actions.



Varying Definitions of “Prime” Agricultural Lands

As discussed further below, preserving prime agricultural land is a key statutory mandate of LAFCo. To measure and understand the importance of California's remaining prime agricultural land, this paper defines what constitutes prime agricultural land. This can be a challenge because federal, state, and local agencies, including LAFCOs, all operate under different laws and requirements each setting out different definitions of prime farmland.

As defined by the United States Department of Agriculture, prime farmland is

Land that has the best combination of physical and chemical characteristics for producing food, feed, forage, fiber, and oilseed crops and is also available for these uses. It has the

soil quality, growing season, and moisture supply needed to produce economically sustained high yields of crops when treated and managed according to acceptable farming methods, including water management. In general, prime farmlands have an adequate and dependable water supply from precipitation or irrigation, a favorable temperature and growing season, acceptable acidity or alkalinity, acceptable salt and sodium content, and few or no rocks. They are permeable to water and air. Prime farmlands are not excessively erodible or saturated with water for a long period of time, and they either do not flood frequently or are protected from flooding.”²

AFT relies on the California Department of Conservation’s Farmland Mapping and Monitoring Program (FMMP) definition of prime farmland, which originated from the USDA definition. The FMMP was established by the State of California in 1982 to produce agricultural resource maps, based on soil quality and land use. The FMMP maps are updated every two years using aerial photographs, a computer-based mapping system, public review, and field reconnaissance. The FMMP definition of Prime Farmland is “land which has the best combination of physical and chemical characteristics for the production of crops. It has the soil quality, growing season, and moisture supply needed to produce sustained high yields of crops when treated and managed, including water management, according to current farming methods. Prime Farmland must have been used for the production of irrigated crops at some time during the two update cycles prior to the mapping date. It does not include publicly owned lands for which there is an adopted policy preventing agricultural use.”³ FMMP also maps farmland that is classified as less than prime, such as Unique Farmland, Farmland of Statewide Importance, Farmland of Local Importance (which is defined by local jurisdictions and accepted by FMMP), Urban and Built-up Land, and Other Land.

LAFcos operate according to their own definition,⁴ which identifies prime agricultural land as:

an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications:

- (a) Land that qualifies, if irrigated, for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible.
- (b) Land that qualifies for rating 80 through 100 Storie Index Rating.
- (c) Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Range and Pasture Handbook, Revision 1, December 2003.
- (d) Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre.
- (e) Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years.

Land that would not qualify as Prime under USDA or FMMP definitions of Prime, may qualify as Prime under the LAFco definition; for example, Unique Farmland, and Farmland of Statewide

Importance, and grazing land can still meet the LAFCo definition of prime agricultural land. Although LAFCos monitor the conversion of Prime Farmland within their own jurisdictions, CALAFCO does not monitor that conversion statewide. Therefore, the following section utilizes the FMMP definition of Prime Farmland to illustrate the trends affecting farmland in California, which, from AFT's perspective, demonstrate the urgency of protecting what remains.

An AFT View: Why It Is Important to Preserve What We Have Left—What's at Risk?

California boasts some of the most productive farmland on the planet, as measured in terms of the ratio of agricultural inputs to outputs. This productivity is largely possible because of California's Mediterranean climate and fertile soils, which require fewer inputs and are less subject to unfavorable climate conditions and pest pressures. This is important for many reasons, including state and national food security, California's prospects for economic growth and competitiveness on the agricultural market, and the efficient utilization of scarce resources such as water.

For nearly four decades, AFT has monitored the conversion of agricultural lands to development, and estimates that nationally, we lose approximately an acre every minute. In California, where the state has been monitoring the conversion of farmland to urban development since the early 1980s, the average rate of loss is 40,000 acres per year. At this rate, California will lose an additional two million acres by 2050, most of which will be prime farmland.

Current Trends

Of California's approximately 100 million acres of land, 31 million acres or one-third, are used for agriculture. Of this agricultural land, 19 million acres are used for grazing land and 12 million acres are used to grow crops. That figure may seem significant, but only about 9 million acres of this cropland are considered to be prime, unique or of statewide importance (as defined by the California Department of Conservation's FMMP).⁵ This resource is diminishing and is likely to continue to do so, mostly due to conversion to urban development, but also from other causes. Considering that not all remaining farmland is ideal for agriculture due to current and future water stress, climate and temperature changes, and other constraints such as strong soil salinity, protecting what is left is paramount.

In the last 30 years, California has lost more than one million acres of farming and grazing land, and about half of that loss was prime farmland. Figure 2 below provides a snapshot from the California Department of Conservation of what has happened to farmland over that period.

Economic and Cultural Benefits

California is the leading agricultural producer in the United States. Its agricultural abundance includes more than 400 commodities. Over a third of the nation's vegetables and two-thirds of the nation's fruits and nuts are grown in California.⁶ California is the sole producer of an array of commodities consumed by people all over the world. Nearly all of the domestically grown grapes, pomegranates, olives, artichokes, and almonds are grown in California, and over three-quarters

of the nation's strawberries and lettuce come from the golden state.⁷ Ensuring the protection of the state's agricultural lands is essential to protecting California's agricultural economy, and supports numerous other social and environmental benefits to our communities.

Agriculture plays a significant role in many of the state's regions, fueling local economies, providing employment, and maintaining over a century of cultural heritage. In 2014, the farm gate value of the state's 76,400 farms and ranches was a record \$54 billion, double the size of any other state's agriculture industry. Of the \$54 billion, over \$21 billion was attributed to California's agricultural exports.⁸ Not only is California the country's largest agricultural producer, it is the largest exporter of agricultural products. Agricultural products are one of California's top five exports.⁹

Agriculture creates significant ripple effects (i.e. multipliers) throughout California's economy. Each dollar earned within agriculture fuels a more vigorous economy by stimulating additional activity in the form of jobs, labor income and value-added processes. Farm production is closely linked to many other industries: the production of farm inputs, the processing of food and beverages, the textile industry, transportation and financial services. According to the University of California Agricultural Issues Center, which is located at UC Davis and studies the multiplier effects of California farm industry and closely related processing industries, the combined sectors generated 6.7 percent of the state's private sector labor force (including part-time workers), 1.3 percent of the Gross State Product (GSP) and 6.1 percent of the state labor income in 2009. The Center calculated that during that year, a \$1 billion increase of the value added from agricultural production and processing results in a total of \$2.63 billion of GSP.¹⁰

Including multiplier effects, each job in agricultural production and processing in 2009 accounted for 2.2 jobs in the California economy as a whole, and each farming job generated 2.2 total jobs. Agricultural production and processing are especially significant to the economy of California's Central Valley where, including ripple effects, they generated 22 percent of the private sector employment and 20.1 percent of the private sector labor income in 2009. Excluding ripple effects, agriculture directly accounted for 10.2 percent of jobs and 9.2 percent of labor income that year.¹¹

When California loses productive agricultural lands, it loses the income and jobs associated with those lands. Despite the economic contribution to the state, agricultural lands are under pressure from a variety of forces that have the potential to significantly affect the food production capacity that contributes to the food security of the state, nation and world. Preserving farmland means preserving not only our food security but regional economic productivity, income levels, and jobs throughout the farming and food sectors.

Figure 2. Quick Facts on California Farmland, 1984–2012

Did you know, over the course of 30 years...

- Over 1.4 million acres of agricultural land in California were removed from farming uses (a rate of nearly one square mile every four days)
- Of converted land, 49 percent was prime farmland
- For every 5 acres leaving agricultural use, 4 acres converted to urban land

Source California Department of Conservation, Farmland Mapping and Monitoring Program Farmland Mapping and Monitoring Program, *California Farmland Conversion Summary 1984–2014 and California Farmland Conversion Report*, 2015

In California, agriculture is an important cultural identity to many communities, ranging from large-scale farming operations to small-scale family farms and geographically spanning many regions throughout the state, from coastal metropolitan regions to the heart of the San Joaquin Valley. The expanse of agricultural products that California farmers offer adds to the uniquely California cultural scenery, abundance of fresh food, and greatly contributes to quality of life.

Environmental Benefits

Although agricultural practices may sometimes have environmental downsides, agricultural use of land also contributes numerous benefits to the environment and communities. Agriculture is both vulnerable to climate change, and can help mitigate the impacts of climate change. Protecting agricultural lands will help communities reduce vehicle miles traveled (VMT) and greenhouse gas emission associated with vehicle travel by avoiding sprawl. Agricultural lands also have huge potential to sequester carbon. These two benefits make the preservation of these lands important strategies in meeting the long-term climate change goals under *California's 2017 Climate Change Scoping Plan*.¹² Additionally, their preservation is vital to maintaining groundwater recharge. The areas where our highest quality farmland is located are the areas that provide for the greatest groundwater recharge. Protecting agriculture keeps land porous and helps rebuild aquifers. One of the most important actions leaders and communities can take to address future water stresses is protecting the prime farmland that is best suited to replenishing groundwater supplies.

Accounting for Natural Resources Using a Multiple Benefit Approach

The Bay Area Greenprint is a new online mapping tool that reveals the multiple benefits of natural and agricultural lands across the region. It was designed to help integrate natural resource and agricultural lands data into policies and planning decisions that will influence the future of San Francisco Bay Area's vibrant environment, economy and regional character.

Intact ecosystems can provide important benefits for the human population in the Bay Area and throughout the state. The Bay Area Greenprint is an opportunity to aid planners from cities, counties, and LAFCOs in understanding and conveying that protecting agricultural land, as a part of intact ecosystems, can provide important benefits for residents in the Bay Area. By conducting multi-benefit assessments (agricultural + habitat + biodiversity + recreation + groundwater + carbon sequestration), the Greenprint provides a more complete understanding of the costs and tradeoffs of developing the region's natural and working lands. It will also assist stakeholders in understanding and communicating both climate change threats and opportunities as well as the multiple values of the Bay Area landscape.

For more information, please visit the tool at www.bayareagreenprint.org

LAFCos' Mandate to Preserve Agricultural Lands

Cortese-Knox-Hertzberg Local Government Reorganization Act 2000 (CKH Act)

Among the purposes of a commission are discouraging urban sprawl, preserving open-space and prime agricultural lands, encouraging the efficient provision of government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances. (Gov. Code §56301, emphasis added.)

Preserving prime agricultural lands and open space is a key statutory mandate of LAFCos and the CKH Act provides direction to LAFCos on certain policies, priorities, and information that LAFCos should, and/or must consider when analyzing boundary change proposals that could potentially impact agricultural lands. The CKH Act includes policies specific to agricultural preservation, including:

- Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing non-prime agricultural lands, unless the action would not promote the planned, orderly, efficient development of an area. (Gov. Code §56377(a).)
- Development of existing vacant or nonprime agricultural lands for urban uses within the existing jurisdiction of a local agency or within the sphere of influence of a local agency should be encouraged before any proposal is approved which would allow for or lead to the development of existing open-space lands for non-open-space uses which are outside of the existing jurisdiction of the local agency or outside of the existing sphere of influence of the local agency. (Gov. Code §56377(b).)
- Factors to be considered [by the Commission] in the review of a proposal shall include the effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016. (Gov. Code § 56668(e).)

Approaches to LAFCo Agricultural Preservation Policies

Though the CKH Act provides some policies specific to agricultural preservation, these are baseline parameters and guidelines from which individual LAFCos can carry out their mandate. Ultimately, a LAFCo's broad powers will guide and influence annexation decisions and how a LAFCo will respond to the need to balance urban growth and preserving agriculture and open space.

To equip individual LAFCos with the ability to respond to local conditions and circumstances, the CKH Act calls for a LAFCo to:

... establish written policies and procedures and exercise its powers pursuant to this part in a manner consistent with those policies and procedures and that encourages and provides planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space and agricultural lands within those patterns. (Gov. Code §56300(a).)

Over the years, LAFCos, on an individual basis, have adopted various local policies and procedures to assist them in their effort to preserve agricultural lands. These policies generally call for the avoidance, minimization, and mitigation of adverse impacts to agricultural lands.

Avoidance consists of anticipating and taking measures to avoid creating adverse impacts to agricultural lands from the outset, such as steering development away from agricultural lands to avoid their conversion to other uses. This most efficiently occurs at the time a city or county is updating its general plan and the issue can be viewed at a regional level and not based on an individual proposal.

Minimization consists of measures to reduce the duration, intensity, and significance of the conversion and/or the extent of adverse impacts to agricultural lands (including direct, indirect and cumulative impacts as appropriate) that cannot be completely avoided.

Mitigation consists of measurable preservation outcomes, resulting from actions applied to geographic areas typically not impacted by the proposed project, that compensate for a project's significant adverse impacts to agricultural lands that cannot be avoided and/or minimized.

Figure 3. Hierarchy for Agricultural Land Preservation Strategies



LAFCo's unique mandates to preserve prime agricultural lands and discourage urban sprawl, and the fact that agricultural lands are a finite and irreplaceable resource, make it essential to avoid adversely impacting agricultural lands in the first place.

Applying These Approaches

These three approaches form an agricultural preservation hierarchy that should, if followed sequentially—avoid, minimize, and then mitigate adverse impacts. These approaches and the recommended applications below may serve as a guide for LAFCos to adopt an agricultural preservation policy, including criteria to guide LAFCo's review of boundary change proposals, thereby possibly streamlining the evaluation of proposals. It may also serve as a guide for proactive participation and collaborative discussion during a city's general plan update. Collaborative planning may help jurisdictions better understand and prepare for the requirements of LAFCo early in the planning process.

Avoidance is preferable because it is the best way to ensure that agricultural lands are not adversely impacted, whereas minimization and mitigation actions include, by definition, some level of residual impact to agricultural lands. Avoidance can also help LAFCos address other important mandates, such as curbing urban sprawl and encouraging the efficient delivery of services by encouraging vacant and underutilized lands within urban areas to be developed before prime agricultural and agricultural land is annexed for non-agricultural purposes. Avoidance is also consistent with the growing recognition at the state level that future development should, when and where possible, be directed into infill areas located within existing urban footprints to limit the amount of transportation related greenhouse gases generated. LAFCos can adopt specific policies and procedures that encourage cities to first utilize their existing vacant and underutilized lands within urban areas for development. What LAFCos can do to **AVOID** conversion of agricultural lands:

- Consider removal of excessive amounts of land from city spheres of influence, (i.e. where SOI is much larger than what is needed over a long-range development horizon).
- Adopt policies that encourage cities to implement more efficient development patterns, adopt stable growth boundaries that exclude agricultural lands, promote infill first, and consider alternative locations within city limits in order to remove development pressure on agricultural lands.
- Encourage continuous communication and collaborative planning and studies between public agencies to ensure that consideration of avoidance begins as early as possible in a jurisdiction's planning process.
- Participate in city general plan update processes to discourage the premature conversion of agricultural lands and to limit development pressure on agricultural lands.

Case Study: Reducing the Spheres of Influence

In 2007, the Kings County LAFCo reduced its spheres of influence through its Comprehensive City and Community District Municipal Service Review (MSR) and SOI Update. The LAFCo utilized the MSR requirement from the Cortese-Knox Hertzberg Local Government Reorganization Act of 2000 to coordinate future urban growth considerations in a more streamlined and accountable manner. In developing the MSRs, Kings LAFCo rewarded the good planning efforts of its four cities by reaffirming well planned areas with planned services, while areas within existing spheres of influence not currently planned for urban growth would require more extensive MSR updates. This approach allowed Kings LAFCo an opportunity to successfully remove almost 11,000 acres from future growth consideration where urban services were not planned and agriculture was the established use.

- Discourage extension of urban services outside city boundaries for new development.
- Request that the Lead Agency CEQA assessment includes analysis of alternatives that do not result in conversion of agricultural lands as defined in the CKH Act.
- Require that the jurisdiction demonstrate that infill or more efficient use of land is not possible *prior* to considering SOI expansion and/or annexation into agricultural lands.

Minimizing adverse impacts to agricultural lands should be considered and applied to the maximum extent practicable if all project alternatives have been considered and avoidance is truly not feasible. Minimization, by definition, means reducing the significance of the conversion and/or reducing the adverse impacts by making changes to a project. In other words, some impacts will be incurred, however, they will be less severe than if changes had not been implemented. Minimization measures must be carefully planned, implemented and monitored to assess and to ensure their long-term effectiveness.

What LAFcos can do to **MINIMIZE** conversion of agricultural lands:

- Encourage continuous communication and collaborative planning and studies between public agencies and LAFCo.
- During a city's general plan update process, encourage jurisdictions to adopt a long-term growth management strategy that provides for more efficient development.
- Encourage jurisdictions to adopt a "Plan for Agricultural Preservation."
- Encourage more efficient use of land to limit development of surrounding farmland. Require that the jurisdiction demonstrate that infill or more efficient use of land is not feasible *prior* to considering SOI expansion and/or annexation into agricultural lands.
- Encourage proposals to show that urban development will be contiguous with existing or proposed development; that a planned, orderly, and compact urban development pattern will result; and that leapfrog, non-contiguous urban development patterns will not occur.
- During a CEQA process, request that jurisdictions demonstrate how a proposal will affect the physical and economic integrity of impacted and surrounding agricultural lands.
- As part of a city's general plan process, encourage jurisdictions to map, analyze, and describe all agricultural lands within or adjacent to land proposed for annexation, including analysis of any multiple land-based values such as

Case Study: Greenbelts and Agreements

Ventura County has established greenbelts around its urban areas. Greenbelts are created through voluntary agreements between the Board of Supervisors and one or more City Councils regarding development of agricultural and/or open space areas beyond city limits. They protect open space and agricultural lands and reassure property owners located within these areas that lands will not be prematurely converted to uses that are incompatible with agriculture.

Cities commit to not annex any property within a greenbelt while the Board agrees to restrict development to uses consistent with existing zoning.

Ventura County LAFCo will not approve a sphere update if the territory is within one of the greenbelt areas unless all parties to the greenbelt agreement are willing to accept an amendment to the agreement.

The Ventura policies generally follow Gov. Code §56377.

agricultural, biodiversity, recreation, groundwater, and carbon sequestration, to identify areas of high natural resource value where development is best avoided.

- Encourage agreements among jurisdictions that outline conditions for expanding boundaries. Agreements can be recognized by LAFCo.
- Recommend project requirements to protect agricultural lands adjoining land covered in applications to LAFCo, both to prevent their premature conversion to non-agricultural uses and to minimize potential conflicts between proposed urban development and adjacent agricultural uses, such as:
 - Agricultural buffers. A buffer is typically an on-site strip of land along the perimeter of a development proposal. These provide a way to minimize conflict by creating spatial separation and other barriers such as walls and landscaping between agricultural operations and urban residents. Buffers may be established through city-county agreements and encouraged under locally adopted LAFCo policies.
 - Encourage the adoption of right-to-farm ordinances. These ordinances are developed to offset the perception that typical farming practices are a “nuisance” by 1) providing dispute resolution mechanisms for neighbors as an alternative to filing nuisance-type lawsuits against farming operations; and 2) notifying prospective buyers about the realities of living near farms before they purchase property.
 - Development of educational and informational programs to promote the continued viability of surrounding agricultural land.
 - Encourage the development of a real estate disclosure ordinance to fully inform all directly affected prospective property owners about the importance of maintaining productive agriculture in the area.

Mitigation of impacts to agricultural lands should be considered and applied to the maximum extent practicable if all project alternatives have been considered and avoidance is truly not feasible and if minimization measures have been applied, but adverse impacts remain significant. Mitigation measures must be carefully planned, implemented and monitored to assess and to ensure their long-term effectiveness. Regardless of the type of mitigation measures pursued, this path will inevitably lead to a net loss of agricultural land if it is converted. Some key agricultural mitigation principles to consider include:

- Is the proposed mitigation a fair exchange for the loss of the agricultural resource?
- Is the proposed mitigation designed, implemented and monitored to achieve

Case Study: Mitigation through Memorandums of Understanding/Agreement

Some LAFCos, including San Luis Obispo and Monterey, have entered into MOUs or MOAs with local land use jurisdictions. Such agreements enable the local jurisdictions to express their intent to jointly pursue orderly city-centered growth and agricultural preservation. In San Luis Obispo, the agreement is with San Luis Obispo County. In Monterey, LAFCo has developed agreements with the County and four of the five cities within the agriculturally rich Salinas Valley (Salinas, Soledad, Greenfield and Gonzales) to encourage development of MOAs and MOUs. Though on one occasion, Monterey LAFCo was a third party to the MOA (with Greenfield), the regular practice has been to encourage each city and the County to enter into the MOA/MOU.

clear, stated and measurable outcomes for agricultural preservation?

- Will the proposed mitigation result in a genuine positive change on the ground, which would not have occurred anyway?
- Will the proposed mitigation result in permanent protection of agricultural land, given that the loss of agricultural land is generally irreversible?

Examples of typical measures include:

- The acquisition and transfer of *ownership* of agricultural land to an agricultural conservation entity for permanent protection of the land.
- The acquisition and transfer of *agricultural conservation* easements to an agricultural conservation entity for permanent protection of the land.
- The payment of in-lieu fees to an agricultural conservation entity that are sufficient to fully fund the cost of acquisition and administration/management of agricultural lands or agricultural conservation easements for permanent protection.

Case Study: A Mitigation Menu

Contra Costa LAFCo recently adopted a policy that allows the applicant to choose from a menu of mitigation measures. Those measures can include a 1:1 policy whereby each acre lost is mitigated by an acre preserved for agricultural use. Other options can include fees in lieu of land, conservation easements, agricultural buffers, compliance with an approved habitat conservation plan, and participation in other development programs such as transfer or purchase of development credits. Under this policy, Contra Costa LAFCo will consider any reasonable proposal. If the applicant does not suggest a measure, the Commission has the option to impose one or deny the project.

CEQA and Agricultural Preservation

Working proactively with local agencies to avoid or minimize impacts to agricultural land in the first place is preferable to mitigation. Agricultural mitigation requirements (for example, protecting other off-site lands at a certain ratio) are beneficial, but do not prevent agricultural land from being converted.

However, as a last resort, CEQA can be a tool to help LAFCOs leverage agricultural preservation in furtherance of LAFCOs' state-mandated purpose. Even in the absence of locally adopted agricultural preservation policies, agencies are required to consider project impacts on agricultural resources. Therefore, LAFCOs can still promote agricultural preservation even when the local political climate may not allow for strong local policies. CEQA does not require LAFCOs to adopt local agricultural conservation or mitigation policies, but some LAFCOs may find it useful to adopt clear and transparent expectations via a local policy.

Public Resources Code, Section 21002 states (emphasis added):

*The Legislature finds and declares that it is the policy of the state that public agencies should not approve projects as proposed if there are **feasible alternatives or feasible mitigation measures available which would***

Note

LAFCo can suggest, request, or require feasible mitigation measures, even in the absence of local agricultural preservation policies.

substantially lessen the significant environmental effects of such projects, and that the procedures required by this division are intended to assist public agencies in systematically identifying both the significant effects of proposed projects and the feasible alternatives or feasible mitigation measures which will avoid or substantially lessen such significant effects. The Legislature further finds and declares that in the event specific economic, social, or other conditions make infeasible such project alternatives or such mitigation measures, individual projects may be approved in spite of one or more significant effects thereof.

Pursuant to CEQA, public agencies shall not approve projects as proposed if there are feasible alternatives or feasible mitigation measures that would substantially lessen the significant environmental effects of the project.

LAFco as a Responsible Agency

Typically, a LAFco will review a CEQA document, such as an Environmental Impact Report (EIR) or Negative Declaration as a “responsible agency”. Under CEQA, the “lead agency” means the public agency which has the principal responsibility for carrying out or approving a project which may have a significant effect upon the environment.¹³ A responsible agency is any public agency, other than the lead agency, which has the responsibility for carrying out or approving the project.¹⁴ Normally, the lead agency is the agency with general governmental powers such as a city or a county. Agencies with limited powers such as LAFcos, or agencies providing a public service or utility service, tend to be a responsible agency. However, LAFcos may be the lead agency and typically serve in this role for certain projects such as approvals of sphere of influences or out-of-agency municipal service extensions.

In the role of responsible agency, LAFcos can apply some leverage because LAFco approval is necessary to implement the project. As a responsible agency, LAFco has an obligation to address environmental impacts within its jurisdiction. If a LAFco has adopted local agricultural preservation policies such as required conservation ratios, buffering setbacks, etc., LAFco can comfortably assert recommendations on a project while the lead agency is still processing the CEQA document because: (1) the lead agency, in desiring LAFco approval, likely will be amenable to compliance with LAFco requirements and policies; and (2) the project proponent presumably would prefer to make any project changes and/or revisions to the CEQA document in compliance with LAFco policy up front rather than waiting until the matter is before the LAFco, thereby optimizing the time spent securing approvals. However, a LAFco does *not* have to have formally adopted local policies in order for LAFco to recommend that the lead agency require a given mitigation measure such as a conservation easement to mitigate for conversion of agricultural lands. CEQA's mandate requires the lead agency to implement feasible alternatives and mitigation measures whether or not a LAFco has a locally adopted policy. Further, even if a lead agency or project proponent is not amenable to complying with LAFco recommendations, if LAFco believes that a project would have a significant impact to agricultural lands that the lead agency has not identified, the LAFco, as a responsible agency, could require subsequent environmental review. In the context of that subsequent environmental review, a LAFco could impose its own mitigation measures to protect agricultural lands if necessary to protect against a true threat to its resource.

Notice of Preparation (For EIRs only, not Negative Declarations)

If a LAFCo is a responsible agency on a project, it should respond in writing to the Notice of Preparation. The response should identify the significant environmental issues and reasonable alternatives and mitigation measures that the responsible agency will need to have explored in the draft EIR.¹⁵ This is LAFCo's opportunity to notify the lead agency of any relevant policies and potential concerns with a project that should be included in the EIR analysis. The LAFCo should be clear and forthright about project issues and LAFCo policies and requirements at the outset in the interest of providing the earliest possible notice to the interested parties. This will enhance the LAFCo's long-term credibility in the community and help keep political and other relationships in a positive state.

The intent is to avoid, minimize, and mitigate project impacts to agricultural land. Questions to consider during the NOP process include: Do options exist to minimize or avoid impacts to agricultural land? Should project alternatives be considered? What mitigation measures should be included?

Here are a few code sections to keep on hand. The following statutes can be cited to provide support when promoting LAFCo agricultural preservation goals:

- CKH Act, California Government Code, Section 56377: In reviewing and approving or disapproving proposals which could reasonably be expected to induce, facilitate, or lead to the conversion of existing open-space lands to uses other than open-space uses, the commission shall consider . . . (a) Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing nonprime agricultural lands, unless that action would not promote the planned, orderly, efficient development of an area.
- CEQA Guidelines, Title 14, California Code Regulations, Section 15041: The responsible agency may require changes in a project to lessen or avoid only the effects, either direct or indirect, of that part of the project which the agency will be called on to carry out or approve.
- CEQA Guidelines, Title 14, California Code Regulations, Section 15096(g)(2): When an EIR has been prepared for a project, the Responsible Agency shall not approve the project as proposed if the agency finds any feasible alternative or feasible mitigation measures within its powers that would substantially lessen or avoid any significant effect the project would have on the environment. With respect to a project which includes housing development, the Responsible Agency shall not reduce the proposed number of housing units as a mitigation measure if it determines that there is another feasible specific mitigation measure available that will provide a comparable level of mitigation.

Draft EIR or Negative Declaration

At the draft EIR or Negative Declaration stage of the process, a LAFCo may comment on the adequacy of the draft environmental document's analysis, mitigation measures and conclusions. The

A Note About Ag Mitigation Ratios

Conservation easements are effective and commonly used mitigation strategies. However, they do not make up for the loss of agricultural land and may not necessarily reduce the impact of agricultural land loss to a less than significant level.

lead agency is required to consult with LAFco if it is a responsible agency. Among questions to think about during either draft EIR or Negative Declaration review: Are the analysis and stated impacts to agricultural land sound, reasonable and acceptable to LAFco? Have all feasible project alternatives and mitigation measures been considered and required?

A LAFco should ordinarily only make substantive comments regarding those activities involved in the project that are within LAFco's scope of authority under the CKH Act, or aspects of the project required to be approved by LAFco, and should be supported by specific documentation when possible. In a CEQA responsible agency role, LAFcos are required to advise the lead agency on environmental effects, and shall either submit to the lead agency complete and detailed performance objectives for mitigation measures addressing those effects or refer the lead agency to appropriate, readily available guidelines or reference documents concerning mitigation measures. If the responsible agency is not aware of mitigation measures that address identified effects, the responsible agency must so state.¹⁶

Examples of potential project alternatives to reduce impacts to agricultural lands include, among others: reduced footprint, clustered density, setbacks and buffers. Examples of feasible mitigation measures include: right to farm deed restrictions, setbacks and buffers, and conservation easements on a 1:1, 2:1 or 3:1 ratio.

Evaluation of and Response to Comments/Final EIR (For EIRs only, not Negative Declarations)

After the public comment period closes, the lead agency then evaluates and provides a written response to comments received. The written response by the lead agency must describe the disposition of the issues raised, detailing why any specific comments or suggestions were not accepted. There must be a good faith, reasoned analysis in the response. Unsupported conclusory statements will not suffice. The lead agency cannot simply make generalizations stating that requiring conservation easements is not economically feasible, for example. As a responsible agency, LAFco should review the written response provided and determine if it adequately resolves the issues raised in its Draft EIR comment letter. If not, LAFco should reiterate its remaining concerns via letter and/or orally at the public hearing to certify the EIR.

Approval of a Negative Declaration or EIR

When approving a project, the lead agency must find that either (1) the project as approved will not have a significant effect on the environment; or (2) the agency has eliminated or substantially lessened all significant effects where feasible, and determined that any remaining significant effects are found to be unavoidable. Therefore, even if the lead agency is adopting a Statement of Overriding Considerations, it does *not* relieve the agency from the requirement to adopt all feasible mitigation measures. In other words, an EIR Statement of Overriding Considerations is not a "free pass" to avoid mitigation. As a responsible agency, LAFcos should be involved in the CEQA process to ensure, as much as possible, the lead agency has implemented all feasible mitigation measures.

Mitigation Monitoring and Reporting Program

Although mitigation monitoring is the lead agency's responsibility (and LAFcos should ensure mitigation language is written to ensure the responsibility for monitoring and tracking clearly lies with the lead agency and the timing mechanism is clear), as a responsible agency it is good practice to keep tabs on local development timing to follow up and ensure any required mitigation actually occurs.

LAFco as a Lead Agency

At times, LAFcos may act as the lead agency on a CEQA document. Examples include adoption of SOIs or approval of service extensions. However, often times LAFcos choose to not serve as the lead agency on a project where significant impacts may occur. For example, a LAFco may choose not to enlarge a city's SOI until a development project has been proposed (and the land use authority as lead agency has conducted CEQA review instead) so that the LAFco can process the SOI update concurrent with annexation. However, if a LAFco finds itself as the lead agency on a project, the discussion above regarding lead agency requirements now would apply to LAFco.

Caution Regarding Reliance on Habitat Conservation Plans as Agricultural Mitigation

Habitat Conservation Plans (HCPs) often permit developers to pay an in-lieu fee for the purchase of comparable habitat to mitigate for a development's impact to sensitive species. Generally, the priority under HCPs is to mitigate for special status species, not necessarily agricultural land. An HCP would not necessarily address loss of agricultural land as an agricultural resource itself, but would rather address the loss of agricultural land in terms of the associated impacts to special-status species and sensitive habitats. This is a generalization as there is no "one size fits all" answer whether an HCP can or should be used as a mitigation strategy to mitigate for project impacts to agricultural land. Thus, LAFcos cannot automatically assume that HCPs will provide adequate mitigation for the loss of agricultural lands and fact-specific analysis would be required.

If use of an HCP for mitigation is proposed by the lead agency, that HCP needs to be reviewed to determine how the fees will be used and if comparable, compensatory mitigation will be provided. In other words, question how the HCP will use the fee. Does the fee get used just to place the land into a conservation easement that prohibits future development or will it be used for habitat restoration that will eliminate agricultural uses (such as mitigation for wetland or vernal pool mitigation)? The second key question is how the fee relates to the impact. Does it result in an appropriate ratio that compensates for the lands to be developed or is the proposed conservation easement "stacked" with other easements? Many conservation easements used for raptor habitat, for example, will prohibit vineyards and orchards, thereby limiting a raptor's ability to hunt, thus placing constraints on agricultural productivity. If the lead agency cannot demonstrate that the HCP fee would fully mitigate for the loss of agricultural land, other mitigation options should be explored outside of the HCP.

Working with Cities and Counties

City and county planning processes directly influence whether local agriculture is sustainable and viable. LAFcos can play an important role early on in a jurisdiction's planning processes and can encourage continuous communication and collaborative planning between agencies.

In addition to adopting their own local LAFco policies, LAFcos can help cities and counties adopt meaningful agricultural preservation policies in their general plans. By taking the initiative to engage and build relationships with cities and counties, LAFco can influence local agencies in their planning processes and advocate for the protection of farmland and the farming economy. The Governor's Office of Planning and Research considers early consultation and collaboration between local agencies and LAFco on annexations to be a best practice. This includes coordinating on CEQA review, general process and procedures, and fiscal issues.

By providing feedback throughout the general plan adoption process, LAFcos are able to coordinate with and encourage local agencies to adopt strong farmland protection policies in their general plans, specific plans, plans for development in unincorporated areas, and even within city limits. By engaging in a dialogue over plan development with cities and counties long before those agencies submit formal applications, LAFco can help ensure that applications will be successful.

LAFcos can formalize this kind of proactive participation in local planning processes by tracking city and county agendas and planning cycles, anticipating when such jurisdictions will pursue plan updates or make amendments, and including general plan participation in LAFco annual work plans. Formalizing this participation through the LAFco annual work plan provides structure for ongoing engagement, and over time, normalizes the interaction so that cities and counties will come to expect LAFco to be actively engaged.

Not only can LAFcos engage in early, informal discussions about what kinds of policies would be useful and compatible with LAFco policies and mandates, but they can also submit formal comments as part of the public planning process. The executive officer can submit these formal comments on behalf of the commission.

To help local agencies assess the impacts of their plans on agricultural resources, LAFcos can draw information from many sources. The California Department of Conservation's Farmland Mapping and Monitoring Program can provide information about valuable farmland, including statistical trend data that can be used for analyzing impacts on agricultural resources. Storie index maps can help LAFcos understand the location of the best soils, so that urban growth can be directed away from those areas. LAFcos should also track the location of agricultural conservation easements, and properties under Williamson Act contracts. The county agricultural commissioner's office can help other local agencies understand local agriculture and how planning decisions will have an effect.

LAFcos can help cities make good decisions with regard to annexations, following the avoid-minimize-mitigate protocol mentioned earlier in this white paper. LAFcos have the power to review and approve annexations with or without amendment, wholly, partially, or conditionally, or disapprove proposed annexations, reorganizations, and incorporations, consistent with written policies, procedures, and guidelines adopted by the commission. By working with a city early on in

the process, LAFco can provide ongoing guidance in the development of an annexation proposal, encouraging attributes that will lead to its success.

LAFco can also influence county planning processes via the formation or expansion of special districts.

Best Practices for LAFcos

When considering an agricultural preservation policy, the following actions provide background operational context:

1. *An appropriately-scaled policy framework is necessary.*

A policy framework implements a goal, which ideally describes the end-state desired by a LAFco. Each policy implemented over time, and as applicable, incrementally fulfills a LAFco's goal. The end-state should reflect the LAFco's values and by extension the values of the greater community of local agencies that it serves.

A policy adopted without a corresponding over-arching goal is less effective.

2. *The agricultural preservation policy must be consistent with the authority and limitations of a LAFco.*

LAFcos have broad statutory authority to approve, approve with conditions, or deny proposals for a change of organization or reorganization initiated by a petition or by resolution of application.¹⁷ However, LAFcos shall not impose any conditions that would directly regulate land use density or intensity, property development, or subdivision requirements.¹⁸

3. *LAFcos should have commitment from the local agencies involved in the implementation of the policy.*

LAFco policies should be developed in consultation with the affected local agencies and stakeholders in the county. Also, policies should be developed so that they work in coordination with the local agencies' approval process. Preferably, LAFco policies are consistent and complementary with cities' general plans and the master plans of special districts under LAFco's jurisdiction.

4. *The policy should be simple, uncomplicated, and easy for the local agency staff to administer and the public to understand.*

Over 78 percent of LAFcos are staffed with four or fewer employees.¹⁹ This means that most LAFcos have very limited resources with which to implement and monitor complicated policies, implementation or mitigation measures.

5. *The policy should include a programmatic incentive for proposal applicants to either agree with the effect of the policy or not protest implementation.*

Once adopted, the policy should influence how local agencies implement their growth plans.

6. *Importantly, local agencies, stakeholders and the public must know about and understand the agricultural preservation policy and its potential use. In other words, a public education program is essential.*

Community involvement in the development of the goal and its supporting policy is critical. Such input should be requested, synthesized, and reflected in the goal to represent the community's interest. LAFCo interests are best served when the community's understanding is clear about how that goal is achieved, how long it should take to reach, and how one or more policies is used to reach it.

7. *There should be flexibility in the specific details of how a given proposal can implement overarching policy goals.*

Individual LAFCo policies can lay out a LAFCo's statutory mandate to balance the state interest in the preservation of open space and prime agricultural lands against the need for orderly development. A policy can state that a proposal provide for planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space and agricultural lands within those patterns. But the policy does not have to prescribe a specific course of action that an applicant should take in order to be considered satisfactory in addressing this overarching policy goal. The policy places the onus on the applicant to explain or justify how the proposal balances the state interest in the preservation of open space and prime agricultural lands against the need for orderly development. The policy can be explicit in asserting a LAFCo's authority to deem incomplete and/or deny proposals that do not adequately put forth a rationale for a LAFCo to weigh against the policy goals.

Endnotes

1. California Public Resources Code, Section 21000 et seq.
2. SSM, USDA Handbook No. 18, October 1993. United States Department of Agriculture. Accessed on August 9, 2017: https://www.nrcs.usda.gov/wps/portal/nrcs/detail/null/?cid=nrcs143_014052.
3. California Department of Conservation Farmland Mapping and Monitoring Protection Program. Accessed January 15, 2018: http://www.conservacion.ca.gov/dlrp/fmmp/Documents/soil_criteria.pdf.
4. California Government Code Section 56064.
5. California Department of Conservation, Farmland Mapping and Monitoring program (FMMP).
6. California Department of Food and Agriculture, 2015.
7. U.S. Census of Agriculture, [National Agricultural Statistics Service](#), 2015.
8. California Department of Food and Agriculture, 2015.
9. U.S. Census Bureau, 2016.
10. *The Measure of California Agriculture*, 2012 update. University of California Agricultural Issues Center. Accessed on December 13, 2017: <http://aic.ucdavis.edu/publications/moca/MOCABrochure2013.pdf>.
11. Ibid.
12. California Air Resources Board. *California's 2017 Climate Change Scoping Plan*. Accessed on December 15, 2017: <https://www.arb.ca.gov/cc/scopingplan/scopingplan.htm>.
13. California Public Resources Code, Section 21067.
14. California Public Resources Code, Section 21069.
15. CEQA Guidelines Section 15082 (b).
16. CEQA Guidelines Section 15086 (c) and (d).
17. California Government Code Section 56375 (a)(1): The commission shall have the powers and duties to review and approve with or without amendment, wholly, partially, or conditionally, or disapprove proposals for changes of organization or reorganization, consistent with written policies, procedures, and guidelines adopted by the commission.
California Government Code Section 56021: "Change of organization" means any of the following:
 - (a) A city incorporation.
 - (b) A district formation.
 - (c) An annexation to a city.
 - (d) An annexation to a district.
 - (e) A detachment from a city.
 - (f) A detachment from a district.
 - (g) A disincorporation of a city.
 - (h) A district dissolution.
 - (i) A consolidation of cities.
 - (j) A consolidation of special districts.
 - (k) A merger of a city and a district.
 - (l) Establishment of a subsidiary district.
 - (m) The exercise of new or different functions or classes of services, or divestiture of the power to provide particular functions or classes of services, within all or part of the jurisdictional boundaries of a special district.
18. California Government Code Section 56375 (a)(6).
19. CALAFCO survey, CaLAFCO.org, 2015.