Appendix C
The Public Policy Landscape in Monterey County

C.1 INTRODUCTION........................................................................................................ C-1
C.2 METHODOLOGY ......................................................................................................... C-1
C.3 FEDERAL POLICY ....................................................................................................... C-2
  C.3.1 Overview ............................................................................................................. C-2
  C.3.2 Description of Existing Federal Policies ............................................................. C-2
  C.3.3 Federal Policy Forecast ....................................................................................... C-8
C.4 STATE OF CALIFORNIA POLICY .............................................................................. C-10
  C.4.1 Overview ............................................................................................................. C-10
  C.4.2 Description of Existing State Policies ................................................................. C-10
  C.4.3 State Policy Forecast ......................................................................................... C-14
C.5 MONTEREY COUNTY POLICY ................................................................................ C-14
  C.5.1 Overview–Local Planning Context .................................................................... C-14
  C.5.2 Description of Existing Policies–County General Plan ...................................... C-15
  C.5.3 Local Policy Forecast–Community General Plan Initiative .............................. C-17
C.6 CONCLUSIONS .......................................................................................................... C-18
C.7 REFERENCES .............................................................................................................. C-21
C.1 Introduction

Cattle ranching communities are affected by numerous federal, state, and local government policies. Certain public policies offer assistance to ranchers, while other policies primarily serve a regulatory function. Many government policies, such as local land use regulations, are not targeted specifically at the ranching community but have significant impacts on ranchers’ lives and on the viability of the ranching industry.

Ranchers own large expanses of land throughout the U.S., and ranching is an important part of the culture and economy of rural areas. Past legal and policy debates related to ranching have involved issues ranging from private property rights to agricultural subsidies to water quality and other environmental concerns. Recently, however, ranching has been somewhat overshadowed in California’s agricultural policy arena by concerns about the loss of high-value prime farmland. And policymakers intent on protecting prime farmland may not consider the secondary effects that a policy may have on ranchers. In order to predict and influence policy direction, stakeholders interested in the future of ranching need to understand the national, state, and local political landscapes.

The Big Sur Land Trust, a non-profit land trust in Monterey County, California, is interested in supporting the local ranching industry in order to maintain and enhance the cultural, ecological, and economic benefits cattle ranches provide. To help guide the Big Sur Land Trust’s efforts, this paper will provide a brief overview of trends in national and state policy related to ranchland, describe the existing federal and state policies available to assist ranchers, and discuss the current political and public policy landscape in Monterey County.

C.2 Methodology

To examine the public policy landscape as it relates to ranching in Monterey County, we conducted a literature review of scholarly journals, local and national newspapers, ranching industry magazines, and the websites of government agencies, environmental groups, and ranching industry associations. We confirmed the findings of our literature review through interviews with Monterey County ranchers, environmental groups, and Natural Resources Conservation Service staff.
C.3 Federal Policy

C.3.1 Overview

The most high-profile federal statute affecting ranchers is the Farm Bill. The Farm Bill is designed to be updated every five years. Trade, commodity payments, crop insurance, health, nutrition, energy, and rural development are some of the many issues covered under this piece of legislation. The most recent Farm Bill, known as the Farm Security and Rural Investment Act, was passed in 2002 (California Department of Food & Agriculture).

A notable feature of the 2002 Farm Bill was an increased emphasis on conservation programs (Kansas State University Department of Agricultural Economics, 2007). Lawmakers reauthorized existing programs such as the Farm and Ranchlands Protection Program, which provides funding to state and local governments and non-profit organizations to purchase conservation easements on agricultural land. Moreover, the 2002 Farm Bill contained new, innovative policies intended to conserve ranchland. Two examples are the Conservation Security Program, which offers payments to ranchers in exchange for conservation practices on their land (Natural Resources Conservation Service, 2007a); and the Farmers Market Promotion Program, which provides funding to local organizations to support direct marketing of farm and ranch products (United States Department of Agriculture, 2005).

Several other federal statutes have regulatory implications for ranchers, including the Clean Air Act, Clean Water Act, and Endangered Species Act. Since these laws are not currently undergoing major revision like the Farm Bill, we chose not to discuss them in this paper. We do, however, touch on upcoming E. coli-related regulations, as E. coli is a hot-button issue for many ranchers in Monterey County.

C.3.2 Description of Existing Federal Policies

Numerous federal policies exist to support the ranching industry and conservation practices on ranchland. Ranchers and non-profit groups can use the government funding and technical assistance available to improve the profitability of Monterey County ranches. We describe the key federal policies available to assist ranchers, and discuss to what extent certain policies are helping to increase ranching profitability and thereby limit ranchland conversion in Monterey County.

---

1 Conservation easements are described in detail in Appendix D.
Federal Farm Bill
The 2002 Farm Bill contains several programs that are applicable to ranchers in Monterey County:

Conservation Security Program
The Conservation Security Program (CSP) was authorized for the first time under the 2002 Farm Bill and provides funding to ranchers for maintaining existing conservation practices and implementing new environmentally beneficial practices. Payment contracts last for five to ten years (Natural Resources Conservation Service, 2007a).

Landowners complete self assessments to determine if they are eligible for payments. According to the California Rangeland Conservation Coalition, which represents a diverse group of ranching associations, environmental groups, local governments, and public agencies, “proper” range management meets the conservation goals of the CSP (California Rangeland Conservation Coalition, 2006).

The CSP is intended to be available to all qualifying landowners; however, a lack of Congressional funding has limited the capacity of the program. Advocacy groups such as the Union of Concerned Scientists view the CSP as an innovative approach to sustainable agriculture, and are working to ensure that landowners receive the full benefits available under the law (Union of Concerned Scientists, 2005).

The extent of conservation measures taken by a landowner determines which of three possible payment tiers will apply. Maximum annual payments range from $20,000 for Tier I (protect soil and water quality on part of land) to $45,000 for Tier III (protect all resource concerns on all land) (Natural Resources Conservation Service, 2005a).

Certain watersheds are eligible for the CSP each year. In 2007, the Salinas watershed (Figure 1), which covers the majority of Monterey County, is eligible for payments for the first time. Congressional funding for the 2007 CSP allocations has been delayed, but National Resources Conservation Service (NRCS) employees have been working with Monterey County ranchers to prepare applications so that they can be processed immediately when funding is approved (D. Marquis, personal communication, January 22, 2007).

Figure 1: Salinas Watershed (California Watershed Portal, 2004)
A previous round of CSP allocations was successfully completed in Monterey County in 2005. Landowners in the Estrella watershed, which covers the southeastern portion of the county, received payments totaling $321,504 (Natural Resources Conservation Service, 2006a). Rangeland owners typically receive lower payments under the CSP than cropland owners. For conservation practices on rangeland in the Estrella watershed, landowners received $0.20 (Tier I) to $1.80 (Tier III) per acre, which translates to $800 to $7,200 total for a 4,000 acre ranch (Natural Resources Conservation Service, 2005b).

**Environmental Quality Incentives Program**

The Environmental Quality Incentives Program (EQIP) is a voluntary conservation program for farmers and ranchers to address significant natural resource concerns. The program provides technical and financial assistance to help participants make structural improvements or implement management practices on eligible agricultural land. Contracts may provide incentive payments or cost-shares to implement conservation practices. An EQIP contract can last from one to ten years. Although EQIP is a federal program, the local conservation district (the Resource Conservation District of Monterey County) approves the conservation practices and plan of operations. EQIP typically provides 50% of cost-share funds, but may fund up to 90% of the cost of projects for beginning or limited resource ranchers. Maximum payments are set at $450,000 per entity per Farm Bill term (Natural Resources Conservation Service, 2007b).

EQIP allocations to California increased from $48 million (1,609 contracts) in 2003 to $62 million (1,646 contracts) in 2005. Approximately 40% of annual funding has been livestock related (Natural Resources Conservation Service, 2007b). In fiscal year 2007, 60% of regular EQIP funds received in Monterey County will be used to fund projects on cropland and 40% on rangeland. This distribution refers to the areas of Monterey County within the Salinas watershed and therefore within the service area of the Salinas-King City NRCS (Natural Resources Conservation Service, 2006b). Figure 2 shows EQIP funding to ranchers in Monterey County between 2004 and 2006 (D. Marquis, personal communication, January 22, 2007).

For the fiscal year 2007 sign-up period, only a handful of ranchers in Monterey County applied for EQIP funding. Unless local NRCS officials offer another sign-up period, funds will likely be
Conserving Monterey County’s Ranchland—Profitability Strategies

returned to the federal government (D. Marquis, personal communication, January 22, 2007).

Under EQIP’s cost-sharing provisions, if a rancher pays his agreed percentage of the cost of a conservation project on his land, the government will pay the remaining cost. For instance, a rancher could take advantage of cost-sharing to install a riparian buffer, which enhances the water quality and ecological health of streams by preventing erosion and contamination caused by cattle. The average cost of this project is about $2000, and cost-sharing is available up to 50%. (Natural Resources Conservation Service, 2006c).

In addition to the off-site environmental benefits that result from the conservation practices supported by EQIP, many ranchers experience on-site benefits such as increased forage yields from grazing land improvements, and reduced irrigation costs as a result of efficiency improvements (United States Department of Agriculture, 2003).

The Conservation Innovation Grants Program is a corollary to EQIP and allows EQIP funds to be channeled to non-governmental organizations as competitive grants for the purpose of accelerating technology transfer to farmers and ranchers (Natural Resources Conservation Service, 2006d). However, the Conservation Innovation Grants Program has yet to be funded (California Department of Food & Agriculture).

Wildlife Habitat Incentives Program
The Wildlife Habitat Incentives Program (WHIP) is a voluntary program for individuals who wish to develop and improve wildlife habitat on private land. Like EQIP, WHIP offers technical and financial assistance in the form of cost-shares and incentive payments, with contracts lasting five to ten years. Approximately $866,000 in WHIP funds were allocated to California in 2006, for 18 contracts covering 640 total acres (Natural Resources Conservation Service, 2006e). WHIP is utilized by California ranchers for improvements such as perennial grassland restoration, as well as stockpond improvement, which benefits the California tiger salamander. The California Rangeland Conservation Coalition is lobbying for increased WHIP funding in the 2007 Farm Bill (California Rangeland Conservation Coalition, 2006).

Farm and Ranchlands Protection Program
The Farm and Ranchlands Protection Program (FRPP) offers matching funds to state and local governments and NGOs with existing conservation programs, for the purchase of conservation easements. The FRPP provides funding for up to 50% of the fair market value of the easement, and landowners must work with the state or local government or NGO to obtain the remaining funding. Up to 25% of the fair market value of the easement can be given as a donation by the landowner. Landowners agree to keep their land perpetually in agricultural use, and to develop and implement
a conservation plan approved by the local conservation district for any highly erodible land (Natural Resources Conservation Service, 2004).

The amount of FRPP funds requested from groups in California has been increasing each year as a result of increasing development pressure. Requests have far exceeded the program’s funding capacity. In 2003, California groups requested nearly $20 million in FRPP funds, approximately 30 percent of funding available nationwide. The federal government allocated about $2.5 million in funding to California in 2003 (Natural Resources Conservation Service, 2003).

Agricultural interest groups are pushing for greater funding for the FRPP in the 2007 Farm Bill (California Rangeland Conservation Coalition, 2006). FRPP allocations to California were on the rise, from approximately $2.5 million in 2002 to $4.5 million in 2005, but then fell to $2.4 million in 2006, mirroring the trend in national funding (Natural Resources Conservation Service, 2006f).

As of December 2001, $1.73 million in FRPP funds had been used to purchase conservation easements on a total of 778 acres in Monterey County. Average easement cost per acre was $4,435 (Natural Resources Conservation Service, 2001). As of September 2003, cumulative FRPP funding to Monterey County had increased to $3.25 million (California Department of Conservation, 2003).

One drawback of the FRPP is relatively strict qualifying criteria and restrictions on easements. Ranching advocacy groups are concerned that the FRPP does not adequately serve ranchers. For example, the FRPP focuses on prime soils, and ranchland soil often does not fit this category (California Rangeland Conservation Coalition, 2006). Revisions proposed for the upcoming 2007 Farm Bill include an extension of the FRPP to commercial rangeland, suggesting that this program will become more applicable to ranchers (California Department of Food & Agriculture). In addition, national agricultural interest groups are encouraging NRCS, which oversees the FRPP, to certify state farmland protection programs and then defer to those states regarding FRPP eligibility (Kansas State University Department of Agricultural Economics, 2007).

Grassland Reserve Program
The Grassland Reserve Program (GRP) is a voluntary program under which landowners commit to limit development of their land, but retain the right to graze the land in a manner that maintains the natural viability of the plant community (United States Department of Agriculture, n.d.). There are several options under the program, including permanent or 30-year easements, rental contracts, or restoration agreements (Natural Resources Conservation Service, 2006g). Restoration agreements can include cost-sharing contracts to help landowners restore or preserve at least 40 contiguous acres of grazing land (Red Lodge Clearinghouse, n.d.). The United States Department of Agriculture (USDA) is responsible for all administrative costs under
Conserving Monterey County’s Ranchland—Profitability Strategies

the GRP. In 2005, there were five contracts in California, covering 7,184 acres, with total funding of about $1.6 million (Natural Resources Conservation Service, 2005c). This program exhausted its funding in 2006 (United States Department of Agriculture, n.d.).

One limitation of the GRP, in addition to a lack of congressional funding, is that the ranching community tends to be skeptical of government-held easements. Ranching advocacy groups are lobbying to increase funding for the GRP in the 2007 Farm Bill, and to allow third parties to hold easements under the GRP, similar to the terms of the FRPP (California Rangeland Conservation Coalition, 2006).

Farmers Market Promotion Program

The Farmers Market Promotion Program (FMPP), created in 2006, offers grants of up to $75,000 to local governments, non-profits, and agricultural cooperatives to promote direct marketing. Only $1 million was allocated nationwide for this program in 2006 (United States Department of Agriculture, 2006), but groups such as the American Farmland Trust are lobbying for increased funding in 2007 (American Farmland Trust, 2006a).

The majority of beef raised on Monterey County ranchland ends up in stores as commodity beef, where it cannot be differentiated from beef raised in feedlots. Many ranchers in Monterey County sell their cows and/or beef to wholesale buyers because the infrastructure and resources for direct marketing are not established (Marquis, 2007). Funding for direct marketing programs in Monterey County would benefit many ranchers by decreasing transaction costs and allowing ranchers to charge a premium for their local, grass-fed beef.

According to Danny Marquis of the local NRCS office, only two groups in Monterey County have pursued funding through the Farmers Market Promotion Program to date. One of the groups is the Central Coast Resource Conservation and Development Council, which is working to develop an umbrella organization for direct marketing known as the Central Coast Agricultural Network (CCAN). Jeff Rodriguez, with the Resource Conservation District, is working to establish a mobile slaughterhouse, which will be a key component for direct marketing in Monterey County (D. Marquis, personal communication, January 22, 2007).

Pension Protection Act

The Pension Protection Act of 2006 created significant new incentives for ranchers to donate conservation easements. Currently and through December 31, 2007, landowners who donate a conservation easement can deduct the value of the easement, up to 50% of their adjusted gross income (AGI) in any given year, and can carry the deduction for 15 years into the future. Ranchers who receive 50% or more of their gross income in a given year from ranching and/or farming can deduct the value of a donated easement up to 100% of their AGI, provided that the easement
allows the land to remain in agricultural production. For many ranchers in Monterey County, this legislation would essentially translate to 15 years of no income taxes if they donated a conservation easement. The new incentives also appear to apply to partial donations of conservation easements, where a landowner sells development rights for less than appraised value (California Farmland Conservancy Program, 2006).

These changes in tax law are a significant boon for ranchers compared to the previous donation tax rules, which allowed deductions of up to 30% of AGI, with a carry-over period of only six years (American Farmland Trust, 2006b). Efforts are underway by organizations such as the national Land Trust Alliance to make these new tax incentives permanent (Land Trust Alliance, 2007).

Although the new tax incentives under the Pension Protection Act could have significant ramifications for the estate planning of many ranchers, the incentives are only effective if ranchers actually take advantage of them. Through our conversations with ranchers and our attendance at a recent University of California Agricultural Extension workshop titled “Keeping it in the Family,” we have observed that many ranchers are not aware of or familiar with the options available for estate planning. UC extension workshops are one way ranchers can become informed about new legislation such as the Pension Protection Act, but the workshops do not reach all ranchers.

C.3.3 Federal Policy Forecast

The new policies in the 2002 Farm Bill reflected the recognition by lawmakers that as development pressures increase across much of the United States, ranchers will need greater support in order to remain successful. However, the efforts of the Farm Bill authors have since been undermined by a lack of support from appropriations committees (Kansas State University Department of Agricultural Economics, 2007). Funding for nearly all of the conservation programs under the Farm Bill has fallen short of demand. Some programs, such as the Grassland Reserve Program and Conservation Security Program, have gone unfunded in some years (D. Marquis, personal communication, March 7, 2007).

Now that development of the 2007 Farm Bill is underway, agricultural interest groups are lobbying heavily to have funding for these assistance programs restored and expanded (California Agriculture, 2006). Ranchers have been joined in these efforts by environmental groups, who hope that increased federal support can help save ranchland facing high development pressure. This unlikely partnership is influencing policy makers to take ranchland conservation more seriously. An example of such a coalition is the California Rangeland Conservation Coalition, a broad-based group of environmentalists, ranchers, non-governmental organizations, and government
Conserving Monterey County’s Ranchland—Profitability Strategies

agencies, brought together by the common goal of conserving ranchland in California.

The Bush administration’s proposal for the 2007 Farm Bill, released in March 2007, contains expanded provisions for rangeland conservation (United States Department of Agriculture, 2007). The administration’s proposal also consolidates and streamlines the framework of conservation programs, which is likely to be good news for the NRCS, the federal agency responsible for implementing many of the Farm Bill programs.

NRCS staff have been stretched thin, and in some cases have been unable to effectively coordinate all of the conservation programs for which they are responsible (Muzzi 2003). For example, staffers in the Salinas-King City NRCS office in Monterey County have recently been focusing their time on assisting ranchers with applications for the 2007 Conservation Security Program. As a result, the NRCS staff has not been able to advertise the Environmental Quality Incentives Program, another Farm Bill conservation program, as widely as usual, and they have seen a significant drop in applicants (D. Marquis, personal communication, January 22, 2007). In response to staff shortages at the NRCS, both legislators and ranchers have called for greater use of third-party contractors to provide technical assistance to ranchers (Muzzi 2003).

On the regulatory side, a primary concern for ranchers in Monterey County is regulation related to E. coli and water quality. E. coli reached the spotlight in 2006, when contaminated spinach from Monterey County’s Salinas Valley sickened hundreds of consumers across the country. In response to the outbreak, federal and state lawmakers and regulatory agencies are hastily drafting stricter regulations to prevent crop contamination.

One question being considered is whether large buffer zones between cattle ranches and farmlands are necessary. If the final regulations do require large buffer zones and place responsibility for creating those zones on ranchers, ranchers could face significant challenges in terms of re-fencing costs and loss of productive grazing land. Furthermore, the creation of buffer zones poses a management problem. If the land is not actively grazed, managing invasive species may become more difficult, and overgrowth could pose fire hazards (D. Marquis, personal communication, March 7, 2007).

The E. coli debate provides yet another example of how ranchers and regulatory agencies could be more productive if they were to join forces. If ranchers can work with regulators to craft better regulations that take into account different types of cattle ranches and distribute the burden appropriately, both ranchers and society at large will benefit.
C.4 State of California Policy

C.4.1 Overview

The three main state policies that provide assistance to California ranchers are the Land Conservation (Williamson) Act, the California Farmland Conservancy Program, and the Rangeland, Grazing Land, and Grassland Protection Program. While the Williamson Act provides temporary land protection, the California Farmland Conservancy Program and the Rangeland, Grazing Land, and Grassland Protection Program are designed to conserve farm and ranchland in perpetuity. These programs provide funding for non-profit groups and local governments to purchase conservation easements that limit development and allow land to stay in agricultural use forever. Funding for and rancher participation in all three programs have increased in recent years.

C.4.2 Description of Existing State Policies

California Farmland Conservancy Program

The California Farmland Conservancy Program (CFCP) was established in 1996 and is administered by the Department of Conservation’s Division of Land Resource Protection (California Farmland Conservancy Program, 2006). Formerly known as the Agricultural Land Stewardship Program, the CFCP offers competitive grants to local governments and non-profits to purchase development rights from willing landowners, creating permanent agricultural conservation easements (California Department of Conservation Division of Land Resource Protection, 2006b). Planning and technical assistance grants are also available to help local governments and non-profits develop conservation strategies (California Farmland Conservancy Program, 2006).

Since 2000, the CFCP has been funded by Proposition 12 bond funds. Using the $25 million allocated under Proposition 12, in combination with other outside funding and/or landowner donations, the CFCP has completed conservation easements on 11,000 acres, 3,700 of which are non-irrigated grazing land. Table 1 illustrates the breakdown of funding that went into acquisition of the 39 conservation easements that cover those 11,000 acres (California Farmland Conservancy Program, 2006). This chart shows the importance of cooperation between various funding agencies and landowners in securing conservation easements.
Table 1: Funding sources for conservation easement acquisition under the CFCP.

<table>
<thead>
<tr>
<th>Contributing Entity</th>
<th>Cumulative Average Contribution (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CFCP Grants</td>
<td>54</td>
</tr>
<tr>
<td>Land Trust Funds</td>
<td>15</td>
</tr>
<tr>
<td>Federal FRPP Grants</td>
<td>13</td>
</tr>
<tr>
<td>Landowner Donations</td>
<td>9</td>
</tr>
<tr>
<td>Other Government Funds</td>
<td>6</td>
</tr>
<tr>
<td>Private Foundation Grants</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

A report on the CFCP published by the California Department of Conservation in September 2006 highlights Monterey County as one of the three most successful counties in the state in terms of the ability of local entities to develop qualified grant proposals. The report states that this success is due in part to the relative willingness of landowners to sell agricultural conservation easements (California Farmland Conservancy Program, 2006).

The conservation easements completed using CFCP Proposition 12 funding in Monterey County were coordinated by the Monterey County Agricultural and Historical Land Conservancy, the largest land trust in the county. Easements totaling 2,708 acres were acquired by the conservancy, on land that is primarily in row crops (California Farmland Conservancy Program, 2006). Although none of the recent CFCP easements in Monterey County have been on rangeland, nearby counties such as Marin have been extremely successful in conserving rangeland through this program. Thus, the potential exists for local governments or non-profit groups in Monterey County to apply for CFCP grants to fund conservation easement acquisition on rangeland.

In 2002, Proposition 40 resulted in an additional $45 million allocation to CFCP, an indication that the CFCP will continue to expand its efforts to secure agricultural conservation easements throughout the state. Of that $45 million, $15 million was budgeted for the CFCP for fiscal year 2005-2006, and an additional $9 million was targeted for farmland conservation in 2006-2007 (California Department of Conservation Division of Land Resource Protection, 2006a).

**Rangeland, Grazing Land & Grassland Protection Act**

The California Rangeland, Grazing Land and Grassland Protection Act of 2002 protects land through conservation easements. Landowners, non-profit groups, and local and state government agencies are all eligible to apply for funding under the program. The act is specifically intended to protect the long-term sustainability of livestock grazing, as opposed to the broader mandate of the CFCP, which allows for easements involving more intensified agricultural practices. The Rangeland, Grazing Land & Grassland Protection Act may therefore be more accessible to ranchers, since
ranchers do not face much competition from farmers for funding. The Wildlife Conservation Board (WCB) is the agency responsible for implementing the Act (California Wildlife Conservation Board).

Under Proposition 40, $19.2 million was designated for the Rangeland, Grazing Land and Grassland Protection Program. As of January 2007, the WCB had allocated $12.9 million to projects under this program (California Wildlife Conservation Board, 2007). The WCB encourages applicants to seek out funding partners rather than requesting 100 percent of the funds needed to acquire the easement from the WCB (California Wildlife Conservation Board).

In 2005, The Nature Conservancy received a $2 million grant from the WCB that assisted in the purchase of a conservation easement on the Gabilan Ranch, an 11,000-acre-plus property in northern Monterey County. The stated purpose of the easement was “to protect rangeland and wildlife habitat conditions of the property, together with the continued wildlife, water quality, watershed and open space benefits that occur from livestock grazing” (California Resources Agency). The Gabilan Ranch easement is an example of the mutual benefits obtainable if ranchers and conservation groups collaborate under this program.

California Land Conservation (Williamson) Act
The California Land Conservation (Williamson) Act is also administered by the Department of Conservation’s Division of Land Resource Protection. Passed in 1965, the Williamson Act enables counties to enter into contracts with landowners to restrict land to open space or agricultural use in exchange for property tax relief. The Act is intended to discourage premature and unnecessary conversion of agricultural and open space lands to urban uses (California Department of Conservation, n.d.). Local governments receive an annual subvention, or reimbursement, from the state to cover approximately 90 percent of lost property tax revenues (Governor's Office of Planning and Research: Local Government Partnership, 2003). Monterey County receives an annual subvention of approximately $834,000 (Monterey County Farm Bureau).

To enroll in the Williamson Act, landowners sign a rolling 10- to 20-year contract with the county, which is automatically renewed each year unless either party files a notice of non-renewal. Land under Williamson Act contracts is assessed at its actual use instead of full market value for property tax purposes, saving landowners an estimated 20 to 75 percent in property taxes each year. In a 1989 survey, one in three Williamson Act farmers and ranchers said that they would no longer own their parcel of land if a Williamson Act contract was unavailable (California Department of Conservation, n.d.). If land under a Williamson Act contract is sold, the contract stays with the deed and will continue to be in place under the new ownership.
The minimum acreage for a Williamson Act contract is 100 acres, although two or more parcels may be combined if they are adjacent or in common ownership. The local government also has the authority to approve Williamson Act contracts on smaller parcels. Specific land use practices allowed under the terms of a contract are set by the local government. Penalties for breach of contract were made stricter in 2004; the construction of any structure over 2,500 square feet not permitted under the contract is now subject to steep fines.

When a notice of non-renewal is filed, property taxes gradually increase over the years during the non-renewal period, after which the contract is terminated. To shortcut the non-renewal period, a landowner can petition for cancellation of a contract, but the local government must find that there is substantial reason for cancellation. The landowner must then pay a cancellation fee of 12.5 percent of the current unrestricted fair market value of the land (California Department of Conservation, n.d.).

In Monterey County, all Williamson Act contracts are for a 20-year term, and landowners are required to have a gross agricultural income of at least $8,000 per year for three of the last five years to be eligible for a contract (Monterey County Assessor, 2007). As of 2005, 726,539 acres in Monterey County were enrolled in the Williamson Act, over 90 percent of which was nonprime farmland that could include ranchland. In 2004, Monterey County had the tenth greatest net increase in Williamson Act enrolled acres of any county in the state. In 2005, Monterey County showed the sixth greatest net decrease in enrollment, losing 7,438 acres (California Department of Conservation Division of Land Resource Protection, 2006b).

However, according to the Division of Land Resource Protection’s 2006 Williamson Act status report, the drastic change was a result of errors in recording and non-renewals that were reported a year late. The county also posted the eighth greatest increase in new enrollments in 2005, with the majority on non-prime farmland that could include ranches. Analysis of these data and additional information available in the Division of Land Resource Protection’s 2006 Williamson Act Status Report suggest that the Williamson Act continues to be utilized as a viable agricultural land protection tool, and annual fluctuations are not necessarily cause for concern regarding agricultural land conversion (California Department of Conservation Division of Land Resource Protection, 2006b).

Landowners who have owned their parcels long enough to take advantage of the base year values set under Proposition 13 in 1975 may pay lower property taxes under Proposition 13 guidelines than a Williamson Act contract would provide. It would seem that these landowners have less incentive to enroll in the Williamson Act. Yet in 2005, there were 7,932 acres of land in Monterey County that were covered by Williamson Act contracts but the landowners were not utilizing the tax relief benefits provided by the Williamson Act (California Department of Conservation Division of Land Resource Protection, 2006b).
Conserving Monterey County’s Ranchland—Profitability Strategies

Seen as a whole, the Williamson Act is a well established policy currently providing conservation and economic benefits for approximately 2,544 ranch parcels (72% of total ranchland) in Monterey County.

C.4.3 State Policy Forecast

Bond money approved in recent elections has been allocated to the CFCP and Rangeland, Grazing Land, and Grassland Protection Program. This funding will allow these programs to play an increasingly important role in ranchland conservation in California.

A new frontier for ranchers is developing in the areas of carbon sequestration and biomass harvesting for renewable energy. Following the passage of AB 32, the Global Warming Solutions Act of 2006, state government as well as private corporations throughout California are investigating methods of reducing greenhouse gas emissions. An area of particular interest is offset programs. Because grazing lands absorb carbon dioxide from the air, ranchers may soon be able to sell carbon credits to parties who want to emit greenhouse gases but are restricted by a state cap on emissions levels.

Another new prospect for ranchers is growing biomass to be harvested for renewable energy and alternative fuels. Alternative fuel advocates have shifted their focus from corn-based ethanol to cellulosic ethanol made from grasses. In addition, biomass plants that transform plant material into electricity and heat are being constructed across the country. In the future, ranchers could increase profits by entering contracts to set aside part of their land for growing grasses for either ethanol or biomass energy.

C.5 Monterey County Policy

C.5.1 Overview – Local Planning Context

In 1998, according to Brian Rianda, a real estate agent specializing in farm and ranch sales in Monterey County, rezoning a parcel of agricultural land for residential development of five units per acre could result in a ten-fold increase in property value (McMahan, 1998). The economic and demographic forces behind ranch conversion have increased since 1998 and are likely to continue to increase in the coming years. These development pressures can be exacerbated or reduced by local land-use planning measures.

The topography of Monterey County has resulted in a difficult set of circumstances for land use planning. The Salinas Valley contains exceptionally productive prime farmland, while ranchland covers the surrounding foothills. In the past, much of the new development in the county occurred on farmland in the valley, because the land
is flat and a natural transportation corridor runs through the valley. Recently, however, farmland protection has become a hot topic in California, and there is now considerable opposition in Monterey County to any further conversion of prime farmland. Therefore, some development will likely be pushed into the foothills, encroaching on ranchland and increasing the pressure on ranch owners to sell their land for housing development. Development that does occur on the valley floor could result in pressure on foothill ranches to convert parcels to farmland to compensate for farmland lost to development.

Even conservation organizations such as the Monterey County Agricultural and Historical Conservancy are, in a sense, working against ranchers. Many of the easements acquired by the Conservancy are strategically located on the western edges of valley cities, forcing the redirection of their expansion away from the best agricultural soils on the valley floor to less productive hillsides to the east.

Clearly, land-use planning and zoning ordinances will play a large role in the extent and location of future ranchland conversions. The vast majority of ranchland in Monterey County lies outside the borders of the 12 incorporated cities, and is therefore subject to the policies of the County General Plan. We analyzed the policies in the current Monterey County General Plan and the political atmosphere surrounding the General Plan to determine what the implications of this important planning document might be for ranchers.

C.5.2 Description of Existing Policies – County General Plan

Land use policy has been at the center of a heated debate in Monterey County for the past several years. An update to the Monterey County General Plan was adopted in January 2007 by the Board of Supervisors, and the controversy surrounding the development of the plan and certain specific policies has illuminated the complexity of the land use issues facing the county.

According to rancher and Monterey County Planning Commissioner Jay Brown, the majority of the ranching community is satisfied with the new General Plan (J. Brown, personal communication, February 9, 2007). Under the Land Use Element of the 2006 General Plan, most ranchland is given one of two agricultural zoning designations:

- **Permanent Grazing**: 40 to 160 acre minimum parcel size, allows a range of land uses to conserve and enhance the productive grazing lands in the County

- **Rural Grazing**: 10 to 40 acre minimum parcel size, intended to conserve and enhance the use of productive grazing lands in the County of Monterey while also providing the opportunity to establish support facilities for grazing uses and clustered residential uses (Monterey County, 2006).
Numerous policies in the General Plan are intended to protect lands in permanent or rural grazing and benefit ranchers. General Plan policies specifically promote:

- **Clustered development.** Clustered development offers ranchers the flexibility to sell parcels to a housing developer while maintaining the majority of the land as active grazing land or open space. This type of development also increases the appeal of conservation easements, as easement land is more valuable when considered as part of an open space plan for clustered residential development.

- **Conservation easements.** The county will encourage landowners to voluntarily limit development rights through conservation easements as a way to protect agricultural land. This policy may even lead to county funding for some easements.

- **Transfer of development rights.** Transferable Development Rights programs essentially transfer the focus of development from agricultural areas to designated growth areas. Developers receive a density bonus that permits them to build more lots per acre in the growth area in exchange for limiting development rights on the agricultural area.

- **Tax and economic incentives.** These incentives are meant to enhance the competitive capabilities of farms and ranches

- **Right to Farm ordinance.** This ordinance essentially states that farming (including ranching) is not a nuisance, thereby protecting ranchers from neighbor complaints about ranching practices (Wack, P., personal communication, November 26, 2006).

- **Exempting routine and ongoing agricultural activities from most general plan policies, including viewshed policies.** This provision provides ranchers with flexibility in terms of their day to day ranch operations.

- **Allowing housing facilities for family members on agricultural land.** In order for the next generation of ranchers to take over operations, it is often desirable to build a second home for family members on the property.

- **Allows recreational uses on permanent grazing and rural grazing lands.** This would allow ranchers to open their ranches to the public for recreation as a method of increasing income.
Although the Monterey County General Plan contains many policies intended to promote agricultural land conservation, the Environmental Impact Report for the General Plan identified more than 7,000 acres of land on which current Williamson Act contracts would be canceled if the development permitted under the General Plan were to occur. (Michael Brandman Associates, 2006). These potential cancellations raise questions about the depth of commitment of county officials to the agricultural land protection policies outlined in the General Plan.

A state review of agricultural land protection programs reported that in the absence of strong local policies, high land prices tend to discourage landowners from seriously considering placing agricultural easements on their land. Conservation easements tend to be effective in adding stability to the agricultural land base only once the local commitment to agriculture is made through consistent agricultural zoning, commitment to the terms of Williamson Act contracts, and general plans that maintain clearly communicated commitments to agricultural land uses (California Department of Conservation, 2006).

C.5.3 Local Policy Forecast–Community General Plan Initiative

Based on our conversations with ranchers and government agency staff, the General Plan passed by the County in January seems to be viewed as a compromise position that is tolerable to most stakeholders. However, stakeholders who were unhappy with the General Plan passed in January created their own General Plan, known as the Community General Plan, and are in the process of putting their plan on the June ballot. If passed by voters, the Community General Plan would replace the plan adopted by supervisors in January. The Community General Plan is intended to promote conservation, and restricts growth more than the current General Plan.

Local ranchers are concerned that policies under the Community General Plan would jeopardize ranchers’ ability to adapt financially to rapidly increasing development pressures (S. Violini, personal communication, February 9, 2007). For example, the Community General Plan could limit ranchers’ options in terms of selling parcels for cluster development. As explained in the 2005-2006 set of resolutions adopted by the California Cattlemen’s Association, as economic hardships increase, the ability of ranchers to convert portions of their property to non-agricultural uses may become vital to the survival of large ranching operations (California Cattlemen’s Association, 2006).

Our conversations with ranchers and government agency staff along with our review of local news media suggest that it is possible that the Community General Plan Initiative could pass in the June 2007 election. If it does, ranch owners’ ability to
increase their profitability through strategies such as land use diversification\(^2\), could be greatly diminished.

The conflict over Monterey County’s General Plan is reflective of an urban versus rural clash that is occurring in many areas of the state and country. Ranchers and the primarily urban supporters of the Community General Plan initiative likely have many common goals, including the preservation of ranchland. Yet miscommunication and a lack of trust between the two groups have led to two conflicting land use plans, both of which have sharp critics.

C.6 Conclusions

The emphasis on conservation programs in the proposals for the 2007 farm bill is a sign that more funding and support is on the way for ranchers and other stakeholders interested in conserving ranchland and the ranching culture. This sentiment is echoed at the state level, where bond monies have been earmarked for farm and ranchland conservation programs for the coming years. The emphasis on conservation programs and tax incentives is in tune with an evolving national awareness of the urgency of land use policies to protect against widespread urban sprawl. At every level of government, we are also seeing an increasing emphasis on collaborative work that brings multiple stakeholders to the table to develop solutions to intractable environmental issues.

Trends show that more and more landowners are taking advantage of government assistance policies, possibly suggesting that development pressure is increasing and landowners are turning to the available protection mechanisms for funding and tax relief to help keep their operations afloat. In order to maximize the benefit of government policies to ranchers, the following areas need to be addressed:

1. **Raise awareness of government conservation programs**
   While ranchers we spoke to had heard of some programs, they were not familiar with others. NRCS staff we spoke to were not even aware of the conservation tax incentives available under the Pension Protection Act. Because there are so many programs, it can be difficult for ranchers and conservation groups to distinguish between eligibility requirements, application procedures, and contract details associated with each of the programs. Workshops, mailings, and personal communication with ranchers could help raise awareness of the range of policies that exists and the applicability of those policies to specific ranchers in Monterey County.

2. **Clarify risks and rewards of government programs**

---

\(^2\) See Appendix 4 for an expanded discussion of profitability strategies.
While many ranchers we spoke to had heard of the titles of some programs, it was not clear that they fully understood how the programs worked. Workshops, mailings, and personal communication would again help ranchers gain a more complete understanding of the intricacies of government programs.

One rancher we spoke to said that most ranchers know about the possible government assistance but choose not to participate in the programs because they are concerned that any coordination, especially a formal contract, with government agencies will automatically lead to more government oversight of their land and ranching operation (S. Violini, personal communication, February 9, 2007). To address this concern, the Monterey County Resource Conservation District is pursuing a progressive agreement with regulatory agencies that would provide ranchers who participate in conservation programs some protection against the potential for further government oversight caused by federal nexus provisions (D. Marquis, personal communication, March 7, 2007).

Some ranchers have found that building relationships with government agencies can have numerous benefits beyond the actual financial or technical assistance provided. In fact, once a rancher has established rapport with government staff, the rancher may be able to assist and influence future regulatory decisions by providing on the ground data and expertise (Hamilton, 2006).

3. Make policies more accessible
While a number of government policies exist to support ranchers, improvement of existing policy language and structure is needed to make policies more accessible and applicable to ranchers. Many policies are set up to prioritize farmland protection over ranchland protection. Furthermore, many of the public policies intended to assist ranchers do so by providing funding to acquire conservation easements. In fact, all three of the state policies we researched were easement-based programs. And while conservation easements can be a powerful land protection tool, they are limited by scarce funding and rancher resistance to limitations on property rights. Thus, there is a need for additional government programs geared toward increasing economic viability through innovative strategies such as payments for conservation strategies, and funding for direct marketing ventures.

4. Increase funding for agricultural land protection

---

3 For more information, see Appendix 4
While funding for conservation programs does appear to be on the rise, it will be important to work to prevent budget cuts after the fact, as have occurred for federal programs in previous years.

5. Develop policies that address social concerns
Population growth and high land values are driving ranchers to consider selling their land. Policy makers have recognized a need to provide financial support to ranchers, and have developed programs to do so. However, government could also play a role in addressing the social concerns that drive ranchers to considering selling their ranch. Local governments especially can reduce cultural edge effects by creating land use plans and zoning ordinances that limit subdivision of rural lands bordering ranches.

6. Involve ranchers in decision-making processes
In terms of the political landscape in Monterey County, it appears that the best approach to improving local ranchland protection is to work toward an increasingly collaborative policy-making process.
C.7 References


Conserving Monterey County’s Ranchland—Profitability Strategies


Conserving Monterey County’s Ranchland—Profitability Strategies


Conserving Monterey County’s Ranchland—Profitability Strategies


