



# University of California Agricultural Issues Center

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AIC Quarterly

## New Center Publication Portrays Regional Ag

For the lower Sacramento Valley including metropolitan Sacramento, a new tool is available for those who want to be informed on land-use and agricultural issues. The Center's new report provides a detailed, statistical portrait of agriculture in the six-county Sacramento Region, and of the economic and policy trends that are shaping its future.

Just published, *Agriculture in the Sacramento Region: Trends and Prospects*, 54 pages, makes use of text, tables and graphs to consolidate information from various sources—county agricultural commissioners, UC researchers and the state's Farmland Mapping and Monitoring Program, for example. For the six counties (El Dorado, Placer, Sacramento, Sutter, Yolo and Yuba), the report describes commodities and farm production values, farm commodity export markets, farmland and land use trends, farmland protection policies, and insights and opinions on farmland and open space.

### Highlights:

- Total value of crops produced by the Sacramento region's farms was close to a billion dollars in 1998. Rice, winegrapes and processing tomatoes headed the list. Winegrape acreage more than trebled during the 1990s, with almost half of the region's 21,000 acres of grapes still non-bearing in 1998.
- Counting multiplier effects, agriculture generated about 6% of the region's total income and employment in 1998. That figure, which may surprise some readers, does not mean that the region's agricultural economy is shrinking, since farm production value actually increased moderately during the 1990's. It does mean that, on a regional basis, the rest of the booming Sacramento metropolitan economy has greatly outstripped agriculture.
- Of the region's total acreage (including large mountainous areas of Placer and El Dorado counties), almost half—more than 2 million acres—is still in agricultural use for crops or grazing, providing a vast open space resource surrounding the metropolitan area.
- During the 10-year period ending in 1998, about 41,000 acres in the region were converted to urban uses from agricultural and "other" (formerly agricultural) land. That was about 2 % of the total cropland and grazing land in the region.

The publication also summarizes the comments of panelists during a workshop last February, sponsored by the Center and the Green Valley Initiative, a coalition of business, agricultural and environmental interests concerned with open space conservation.

*Agriculture in the Sacramento Region: Trends and Prospects* is available from the Center (\$12) or on the AIC website. The web page includes six individual county farmland conversion maps in color, in addition to regional maps which are also in the publication. (This is the first full-fledged Center report to also be published electronically. We will have more in the future.)

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# The Federal Role in Farmland Conservation

*Agricultural land conservation policy from the federal viewpoint was the topic during a recent listening forum conducted at UC Davis by the USDA Policy Advisory Committee on Farmland Protection. The following summarizes the main points of a statement to the committee by Alvin D. Sokolow, AIC Associate Director and Public Policy Specialist in the UC Davis Department of Human and Community Development. More details of Sokolow's testimony are available in "Research Working Papers" on the AIC website.*

What can the federal government do about farmland conservation, a nationwide challenge with unique requirements in each community? Not much directly, but certain federal actions could be helpful.

Problems of preserving agriculture in the face of urbanization must be identified and tackled in the affected communities themselves, using the interest and activity of local governments and other community institutions as well as mobilized farmers and urban neighbors. State governments also may have considerable impacts, primarily through empowerment of local governments with land-use and revenue authority, and through state infrastructure projects. There also are limited but influential roles for the USDA and other federal programs.

Federal action could expand fiscal support for state and local farmland protection efforts. A modest increase in the funding of the Farmland Protection Program (only \$35 million was authorized in 1996) would leverage much larger amounts of state and local money. Also, a portion of the funds could be targeted to agricultural-urban edge locations.

USDA could support research and information dissemination, especially on two important topics: (2) techniques for minimizing conflict, such as "best practices" guides for farm operations in urban environments, and (2) techniques for direct marketing and agri-tourism for urban-impacted farmers.

In addition, certain USDA data programs need review:

- The National Resource Inventory, which at five-year intervals indicates land-use changes for the nation and for states, appears to exag-

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gerate the rate of conversion to urban uses—in California at least. The NRI estimated that about 139,000 acres were converted annually in California during 1992-97. However, data from the state's Farmland Mapping and Monitoring Program, which uses aerial photos and other intensive survey techniques, identified a much more modest total of about 27,000 acres converted annually during a similar period. The difference is more than 5:1, a ratio that can't be attributed to sampling error or small methodological differences. Since NRI numbers are widely disseminated and used, an evaluation of the accuracy of this data system is highly desirable.

- The USDA's Economic Research Service periodically examines the geographical relationship of farms and urban populations, using county-level data. ERS reports, noting that much of the nation's farm output comes from counties with metropolitan or rapidly growing populations, imply that urbanization is not a major threat to agriculture. However, county-level data typically cover territories that are too large for the data to accurately portray actual ag-urban edge conditions. For example, Fresno County, the nation's leading farm county, has a metropolitan population of about 600,000, with an extensive ag-urban edge, and yet is so large that most of its prime agricultural acreage is located elsewhere. This is more a matter of interpretation than data accuracy.

Of course, urbanization of farmland is not a new pattern in the U.S., but today the geographical divisions are more blurred than ever before as residential and commercial growth penetrates rural landscapes. As farmers and their urban neighbors work toward a peaceful co-existence, there are three underlying issue areas:

1. Incompatible land uses as farmlands are intruded on and farm operations disturb nearby city residents. The most promising answers lie in making the planning policies and land use practices of local governments and private developers more sensitive to farm activity.

2. Development of economic opportunities for farmers in urbanizing areas, such as direct marketing. Public policy can provide education, technical assistance, facilities and promotion.

3. Societal changes in rural areas as newcomers, who are less likely to value the role of agriculture in the local economy, move in. The key public policy challenge for these communities is to balance the two viewpoints through a meaningful deliberative process participated in by both newcomers and oldtimers.

## **Commission Director Outlines Farm Policy Issues**

A recent Center-sponsored workshop provided an insider's look at key federal farm policy issues. Agricultural economists, graduate students, visiting scholars, AIC associate directors and researchers as well as representatives of the local farming community heard Dr. Mechel Paggi, director of the Commission on 21st Century Production Agriculture. The Commission is currently drafting its final report to Congress and the White House.

Before soliciting ideas from the group, Paggi outlined the most important unresolved national agricultural policy issues that the Commission has identified: (1) a farm sector safety net, (2) risk management tools, (3) trade policy, (4) commodity programs for dairy, peanuts, sugar and tobacco, and (5) conservation and environmental issues.

The Commission, created under the Federal Agriculture Improvement and Reform Act of 1996 (FAIR), was charged to review the status of agriculture in the U.S. and to identify the appropriate role of the federal government in supporting agriculture when the FAIR Act expires in 2002.

During the first three years of its study, the Commission has generated statistical and economic analyses, and has sought input from government, academic and industry leaders as well as the public. It also has provided the President and Congress with a statistical overview of United States agriculture. That report is available on the Commission's website: <http://www.agcommission.org/>. Last year, the AIC helped to staff and also provided testimony at a Commission listening session in Fresno, the first

of a nation-wide series. (See *AIC Quarterly* No. 4, 1999.)

For each of several issue areas, Paggi said during the AIC workshop on July 11, the Commission is evaluating current programs and considering possible changes or entirely new programs. Those issue areas are:

- The farm sector economic safety net. The FAIR Act largely replaced payments that were tied to low market prices with payments that were “decoupled” from prices. These payments have been greatly increased in each of the last three years, and recent cycles of low prices have sparked renewed interest in an expanded farm sector safety net.

- Risk management programs to help farmers control the overall degree of risk from their business activities. Many are available. For example, the USDA’s Risk Management Agency provides some farmers with subsidized crop insurance as well as information on risk management. (See *AIC Quarterly* No. 2, 2000.)

- Agricultural trade policy, now receiving much attention in the wake of the Seattle WTO Ministerial Meetings. For upcoming trade negotiations, the U.S. has proposed continued reduction of tariffs, expanded market access, phasing out of export subsidies, new rules for state trading enterprises, and negotiating rules for trade in bioengineered products. Both existing and future trade policy commitments have major implications for U.S. agriculture.

- Conservation and environmental issues. USDA administers programs designed to provide farmers with incentives to preserve natural resources, including the Environmental Quality Incentive Program and the Conservation Reserve Program. Conservation and environmental issues related to agriculture were the subject of considerable discussion during the Commission’s listening sessions.

In January 2001, the Commission expects to publish its final report, a comprehensive review of its findings and recommendations to Congress. The Commission has 11 members, mainly farmers or farm cooperative representatives from throughout the U.S. However, there is not a Californian and only one member from west of the Great Plains.

## Center Updates State Ag Export Statistics

The latest estimates of California’s agricultural exports, generated for the third consecutive year by the AIC in partnership with the California Department of Food and Agriculture, show that the total 1999 export value dropped well below the previous year. This is largely because of decreases in export values of a few key commodities including cotton, oranges and almonds.

Although most commodities—37 out of the top 50—shipped larger quantities in 1999, total 1999 export value for California agriculture was \$6.1 billion, down from \$6.6 billion the year before. About half of the top 50 commodities recorded higher export values, but for the others adverse weather and lower prices were important factors contributing to lower returns.

For example, 1999 cotton exports were down as a result of low production in 1998 due to uncommonly wet, cool weather. Similarly, both orange production and exports were down due to a late December freeze and other adverse weather conditions that decreased production by 45% below the previous season. The quantity of almonds exported actually increased by 6% in 1999 but the price decreased by 22%, leading to an 18% drop in export value. Eleven other commodities in the top 50 also increased export quantities but received less in return.

Other highlights from the 1999 data:

- Almonds, wine and cotton were still the top export commodities.

- Canada barely edged out Japan as the top export destination, with both importing over \$1 billion of California’s agricultural products.

- Commodities with the largest increases in export value were cherries, table grapes, and milk and cream.

- California’s ratio of agricultural exports to production was 16%, down from 19% in previous years.

- The combined export value of grape products—wine, table grapes, raisins and juice—was over \$1 billion, making vineyards the leading source of agricultural export value in the state. However, wine exports decreased slightly in 1999, ending four years of significant gains. Wine exports increased 141% between 1995 and 1998.

The AIC-CDFA partnership providing these statistics began with a project to develop more accurate methods for estimating agricultural exports by individual states. (See *AIC Issues Brief* No. 8, December 1998.) The 1999 export data, which will be the subject of an upcoming *AIC Issues Brief*, are now available on the AIC website (<http://aic.ucdavis.edu/pub/exports.html>).

## New Data Shows Trends in Organic Agriculture

California's organic farming industry, although still a small part of the state's agricultural economy (about six-tenths of 1% of gross sales), is showing dramatic growth, according to statistics to be reported in a new AIC publication.

*Statistical Review of California's Organic Agriculture, 1992-1998*, adds three more years of data to a previous Center report, highlighting six-year trends in the industry. The authors, Karen Klonsky of the UCD Department of Agricultural and Resource Economics and Laura Torte, UC Cooperative Extension county director in Santa Cruz county, have consolidated and analyzed information from registration forms sent to the California Department of Food and Agriculture by organic growers—1,526 of them in 1997-98. For that year, the growers reported more than \$155 million in gross sales from more than 70 commodities produced on about 68,000 acres of farmland.

Analysis of six-year trends (1992-93 to 1997-98) shows that gross sales of organic agricultural products in California grew at an average yearly rate of about 15%. During that period, the

number of registered organic farms in the state grew by a third, organic acreage increased by almost two-thirds and sales more than doubled. Clearly, most of the growth in sales was due to expansion of existing farms or increased per-acre income, rather than entry of new growers.

Fruit-and-nut crops and vegetables together continued to dominate the industry, accounting for over 90% of farms and gross sales. Fruit-and-nut crops and vegetables each occupied about one-third of total organic acreage, and field crops about one-fourth. However, acreage growth trends differed. During the six-year period, fruit and tree-nut acreage went up 21%, while vegetable acreage increased 83% and field crop acreage went up 111%. Much of that expansion in vegetable and field crop acreage occurred during the last two years of the survey period.

The CDFA registration statistics indicated that one fundamental economic aspect of organic farming remained unchanged: Even more than in conventional agriculture, the industry is comprised of many small growers and a few large ones who dominate sales. For 1997-98, almost two-thirds of registered organic growers reported sales of less than \$10,000, while less than 2% reported sales of \$1 million or more. However, almost half of all sales were generated by the top 2% of growers, and over three-fourths by the top 8%.

The new report on the most recent three years, titled *Statistical Review of California's Organic Agriculture, 1995-1998*, will be available from the Center soon for \$20. The earlier report on 1992-95 is still available (\$18).

## State Updates Data on Farmland Conversion

Recently released data from California's Farmland Mapping and Monitoring Program (FMMP) show that during 1997 and 1998 about 90,000 California acres were converted from agricultural to urban uses—a substantially increased rate of conversion. Another 118,000 agricultural acres were converted to “other” land, which is mainly composed of low-density rural development commonly known as “ranchettes,” wetlands and wildlife habitat, and former agricultural land left idle in anticipation of development.

A forthcoming AIC Issues Brief will use the newly released FMMP data to examine some common perceptions and realities about the extent and nature of farmland conversion, its sources and its implications.

The FMMP is one of the Department of Conservation's land resource protection programs and is California's official source of farmland conversion statistics. FMMP uses GIS technology and aerial surveys overlaid on modern soil survey information to estimate changes in California land use at the county and state levels. Since 1988, it has produced statistical reports biennially on California's land use and conversion.

The recently released data for the two-year 1996-1998 period show an increase in agricultural-to-urban conversions from the 1992-1994 and 1994-1996 reporting periods, but a decrease from earlier periods. About 56% of the agricultural land converted to urban and “other” uses was cropland, 27% was grazing land and 17% was “other” land. The FMMP's full 1996-1998 Farmland Conversion Report will be released this fall in paper form and electronically on its website, where some of the data is already available at <http://www.consrv.ca.gov/dlrp/FMMP/index.htm>.

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