

Testimony to the USDA Agricultural Policy Committee on Farmland Protection.
Davis, California, July 21, 2000
(revised Nov. 2000)

Albert G. Medvitz
P.O. Box 565
Rio Vista, Ca 94571-0565
Tel: 707 374- 2254 / Fax: 707 374-6327
email: amedvitz@rickadee.net

My name is Albert Medvitz. I am a sheep rancher and farmer of wheat, barley and safflower in Solano County. I am on the board of directors of the Solano County Farm Bureau and also a board member of the California Farm Bureau Federation, where I represent Solano, Alameda and Contra Costa counties. These are counties of the San Francisco Bay region and all are experiencing extreme population growth. Pressures from this growth are associated with conflicts over farmland preservation and the environmental impacts of farming in urbanizing circumstances. I will speak specifically about Solano County.

Solano County is an urbanizing Agricultural county. Farm gate production is around two hundred million dollars per year. Roughly half the industrial capacity of the county is generated by agricultural production and first level food processing. But the county is part of the Bay area. The I-80 corridor runs from San Francisco and passes through Solano County on its way east through Davis and Sacramento to Nevada the eastern United States. Solano's five cities are all experiencing rapid population growth. All of the cities are under pressure to increase their housing stock and annex more lands.

Solano County has fairly strict zoning requirements to limit the number of dwellings on parcels of land in unincorporated areas. It also has an orderly growth ordinance passed by initiative in 1984 and which was renewed by a vote of the county supervisors in 1994. The ordinance does not prevent the conversion of land from farming uses to urban purposes. Nor does it impose urban growth boundaries. It simply requires urban development to occur within municipal boundaries unless the populace approves a countywide referendum to allow any specific development in unincorporated parts of the county. The ordinance prevents capricious decisions by the board of supervisors which might allow leapfrog development.

The effect of the orderly growth ordinance has been to constrain urban populations to within municipal boundaries and prevent out-of-control sprawl. But, it has not prevented the conversion of large tracts of farmland to urban purposes through municipal annexation.

The farms of Solano are overwhelmingly family run enterprises, some of them quite large, but still family farms. The farming community in Solano County is sharply divided over the orderly growth initiative. About half of the farmers are deeply committed to farmland preservation using whatever reasonable tools are available, including the implementation of zoning ordinances by cities and counties. About half the farmers believe farming is important, but that zoning ordinances are an imposition on property rights and limit farmers' ability to use non-liquid assets for family purposes. In 1994, by a narrow margin, the Solano Farm Bureau voted to support the orderly growth initiative.

The county is also home to the Solano Farmlands and Open Space Foundation. The Foundation is now more than ten years of age and is finding its feet and extending its efforts to purchase conservation easements on farmlands. Several leading farmers have signed conservation agreements with the foundation and others will soon follow. Some remain very skeptical.

Solano County's agriculture is diverse. On the eastern edge of the county the Suisun Valley borders Napa Valley and is rich in orchards and vineyards, some of which now produce award-winning wines. In eastern Solano there are successful roadside stands, and some farmers do well marketing directly to urban customers through farmers markets. Suisun Valley produces pears and peaches for fresh markets and canning. Farmers in Suisun Valley and residents of nearby Green Valley engage in constant struggles over threats of expansion by urban Fairfield, also the home of Travis Air Force Base.

To the North, near Vacaville, along Putah Creek, there are Walnut orchards. In the hills above Vacaville, cattle graze. Vacaville has been a leading city in "smart growth," practicing the concept even before it had a name. But still there are substantial expansion pressures.

In the eastern County, near Dixon, farmers produce tomatoes, irrigated wheat and barley, sugar beats, corn, safflower and sunflower, alfalfa and irrigated pasture for sheep and cattle. The city of Dixon

has been growing at a rapid rate, but under the constraints of an ordinance limiting residential building permits to 3% growth per year. Further east farmers on Ryer Island use the Delta's rich peat soils to produce pears as well as field crops. Cattle and sheep graze the Yolo Bypass.

In Southeastern Solano, where I farm, we produce dryland wheat, barley, and safflower and many, many sheep. In the middle of the county grazing sheep are important in maintaining the sensitive and rare environment of the Jepson Prairie with its endangered species. Rio Vista, the small city near us, has grown roughly 33% in the past three years, from about three thousand to four thousand people.

For me and my wife and her family and our neighbors, the orderly growth initiative has had many benefits. We have not faced the classic problems of "farming on the edge" or problems of rapidly increasing land values. Perhaps most importantly for us, the ordinance allowed us to expand our operation. For years a neighboring ranch was for sale at speculative development prices. But just a few years ago, the agents of the family estate selling the ranch finally realized the orderly growth ordinance would allow the ranch to sell only at agricultural value.

When they lowered the price we could raise the money for the purchase, and now have doubled our size. In the process, of course, we incurred a substantial debt. In this instance the orderly growth saved 1800 acres from development pressure and kept it in farmland -probably forever.

We in our part of the county, as elsewhere, have been innovative in attempting to keep our farms alive. My wife, Jeanne McCormack, working with Bill Niman in Oakland established an innovative market system for providing high quality lambs to the Bay Area restaurant trade. We have not been able to meet growing demand so now a marketing pool with neighboring ranchers has developed. We managed to avoid the devastation of the low prices affecting the industry in recent years, but still have just managed to stay operational. Our pool can now market about 6000 lambs a year at premium prices. Maybe this number will increase several fold in the next few years. Even so, we are fraught with problems of earning a sustainable income and providing constant quality in supply.

I describe this situation because it is exactly the kind of situation to which the committee's questions are addressed. I also describe it because Solano county agriculture is now in crisis. Over the past several years, despite innovative production and marketing efforts, lamb and wool producers in the county have suffered through extremely difficult economic conditions. Our niche marketing can only handle a very small percentage of the lamb produced here. Those of us who also grow wheat, barley, and corn have been driven to distraction by historically low prices. In eastern Solano the prices have collapsed for all of the major crops: sugar beets, tomatoes, corn, sunflower, wheat and barley. Low walnut prices plague the northern county. The very current bankruptcy of Tri-Valley Growers threatens immediate disaster to leading farmers in both Suisun Valley and eastern Solano. Throughout the county, leaders in the farm community who have steadfastly supported sustainable farming and farmland preservation are experiencing painful economic dislocation. Some are threatened with bankruptcy.

Voices in the county are now being raised to question the wisdom of those who have supported our farmland preservation. It is painful and difficult to maintain our position when the promises of freedom from urban encroachment and long term security from pressures in land speculation pale in comparison to the prospects of immediate failure of the farming enterprise.

The reason the farm crisis cuts across the diversity of production in all of Solano County is because the problems are not local in origin. Our local difficulties are manifestations of national and international problems. They are the result of distorted concentrated market systems, trade imbalances resulting from a strong dollar, and long standing ill conceived international political actions which have devastated agricultural trade. Local niche markets will help some farmers, and agri-tourism may benefit those few with the inclination and talent to become innkeepers. But even these local efforts will be threatened when the local boom economy slows down.

The point of the Solano story is that it makes little sense to conserve farmland if there is no market to support the farming enterprise. This is true even in a county committed to preserving its farmland and open space and where farmers continually innovate to take advantage of emerging market opportunities.

Since all local markets, even those in fresh and organic produce, are now part of a global system, the global system must be structured to maintain stable and fair prices or there must be new markets developed far beyond niche markets or agri-tourism. Since owners of farmland are participants both in markets for the products of their land and in markets for the land itself, without such new market structures there is little hope in the long term that we will be able to preserve much farmland in this state. If current population increases persist, by the end of this century the state may very likely contain as

much urban land as there is agricultural land today.

To seek viable and lasting answers to the questions posed by the Committee, it may be necessary to view the farmer as something different than an industrial manager who supports him or herself by the sale of industrial output in the commodity market place. Given our commitment to free market economies, we must still regard farmers as business people. Indeed the word "farmer" originated in the Middle Ages to describe those who paid rent on the land they used for agricultural production. But we must expand the definition of agricultural production.

The farmer of the twenty-first century provides much more than products of food and fiber. He or she is custodian of large tracts of the environment with all of its water, air, and plants and animals. In a time of unprecedented population expansion, farmers are custodians of all these essential elements of our global as well as local welfare. Population pressures are also depleting the aesthetic aspects of our cultural heritage. Farmers are also custodians of threatened landscape and social institutions that characterize our diversity and history. In California, for example, important elements of the society have risen to protest the transformation of oak woodlands to vineyards. The California farmer's cherished social contract to earn an income in exchange for managing the environment to produce high quality marketable food and fibre products is endangered.

This threat is embodied in our approach to environmental protection. When the need to impose new environmental demands on farms was recognized, roughly thirty years ago, our country's response was regulatory. Farmers were treated like other industrialists. Regulatory burdens were imposed on farmers with the notion that increased costs would be passed on to the consumer. We have been heavy on sticks and light on carrots in the belief that costs would ultimately be paid by consumers.

It is now clear in the late twentieth and early twenty-first century, that market relationships of farmers are different from those of manufacturers. Farmers are price takers, particularly in rapidly concentrating systems that operate as oligopsonies. International conditions from the collapse of the Soviet economy, sanctions against China and other countries, to the banking disasters in the Pacific Rim have exacerbated the problems of maintaining the economic viability of farms managed in accordance with sustainable principles and by family units. The costs of additional burdens of environmental management, the necessity to provide just labor conditions, and the burdens of urban encroachment have not been able to be passed on to consumers.

The additional management costs of environmental and aesthetic burdens on stressed farmers have contributed to increased willingness on the part of farmers to leave the occupation and transform land and environment to other purposes. These burdens have contributed to the incorporation of family farms into large scale industrial operations. They have most certainly increased resistance of large parts of the farm community to collaborate with environmental groups and government to achieve environmental goals. This "police" approach has been costly in terms of legal enforcement and its success has been mixed. Perhaps, most importantly, the strategy has been unfair and divisive. People struggling to maintain families with declining income earned from their farms have been alienated and disillusioned.

While many, but not all, family farmers in the state support the notion of policies and programs to protect farming and rural life in California, the farm community is sharply divided. Enough people have been damaged by a combination of economic difficulties and regulatory burdens to make consensus on farmland and environmental protection among farmers in our state almost impossible to achieve under current conditions. If there is little prospect of making a decent living from a manageable farm, there is little economic incentive for many farmers to stay in operation and accept regulatory ordinances that constrain the agricultural value of their property. It is the emotional commitment to the land and the society it supports that keeps many commercial farmers from leaving. But if conditions of economic deprivation persist, the commitment will not prevail. Protecting the farm community and environment for which it serves as custodian requires a different view than that which has shaped policy in the past.

Rather than seeing the farmer simply as the industrial producer of market goods, it is crucial to think of the farmer as a manager of an environment rather than an industrial producer. That is, the farmer manages the inputs of the environment to generate specific outcomes. In the past we have created a demand for specific food and fibre outcomes. Farmers have traditionally earned their keep by adjusting their management to provide goods the society valued. We have now added to those demands outputs which are not so easily marketed: rare and endangered species; beautiful landscapes; clean air and water; food that is not only safe to eat, but also chemically "pure". These are new demands with undeveloped markets. It is a crucial task to construct a viable market for the environmental outcomes of

farms.

This concept is not new and forms the foundation of conservation easements on agricultural land. A new market in purchasing "development rights" of farms has formed and is in the process of being constructed. It is still not clear how best to operate this market. We are still seeking ways to make this market suit the needs of farmers and society in the long term. Are single payments better than a continuing rental payment that provides longer term income security? Are medium to long contracts of twenty-five to fifty year terms better than those "in perpetuity"? What are the best ways to deal with easements on land that have become surrounded by urban development? Questions like these still need to be answered in the long term.

A broader question is, is it possible to apply this concept to other environmental markets? For example, is it not possible to identify specific environmental outcomes, for example, the number of breeding pairs of burrowing owls on a parcel of land, and then pay the farmer costs plus some profit to achieve those outcomes. This could be done without putting constraints on other more traditional farm outcomes, like the production of lambs, wheat, or safflower at the same time as providing owl habitat.

In constructing this market, the question then becomes who pays the market price. Currently the government acts as the regulator on behalf of society. While there may be some merit to urging farmers to consider niche markets and agri-tourism as sources of income, it should be emphatically stated that niche markets and tourism will only provide markets sufficient to support a small portion of the agricultural land in a place like Solano County. Until other market mechanisms are developed, governments and large foundations must serve as the "purchasing agents" for society. Is it not possible that government could spend the regulatory money as a purchaser of environmental benefits - much like the CRP program - but without imposing constraints on other agricultural outputs? Perhaps the large environmental organizations, The Sierra Club, the Environmental Defense Fund, or Audubon Society could reduce their large legal staffs and begin collaborating with farmers to produce habitat outcomes while not limiting other farm outputs. If the environmental market demands reduction of farm outputs at some cost to the farmer, then contracts could be arranged to cover the losses.

Farmers are accustomed to meeting market demands on the quality conditions of their products. Similar market demands could be defined for "quality" environment. There is a great deal of room for negotiating and achieving huge environmental benefits at modest costs if society and its representatives recognize the position of farmers as environmental managers.

An interesting example where these ideas may be applied is in the Sacramento/San Joaquin Delta with the proposed North Delta Wildlife Refuge. The Federal Department of Fish and Game proposes to buy some forty thousand acres of environment at a cost of many millions of dollars. Currently this land is under private ownership and has historically generated special and valuable environment and habitat while being used as productive farmland. The Fish and Wildlife Service plans to purchase this land and then lease large portions of it back to private operators to graze because the livestock management practices of the farmers are important to maintaining and protecting the environment.

It makes far greater sense to take the purchase money plus the long term planning and staffing costs and establish the financial instruments to contract with the current owners over a very long term to produce the desired environmental outcomes. The skilled farmers in the region know and understand the local environment and indeed have already produced much of what F&WS seeks to obtain. Rather than serve as owner and operator of a piece of the environment the F&WS could serve as society's purchasing agent for environmental management outcomes produced by the farmer. It could also provide consultative advice and assistance when necessary.

Such an approach could also take advantage of the skills and capabilities of both farmers and the environmental community to establish collaborative relationships rather than divisive ones. The environmental community and the farm community should be natural allies, not bitter enemies. Their goals are the same: to manage the environment to produce the outcomes necessary for a healthy and just society: clean and healthy food; a sustainable, healthy and beautiful habitat; and local livable and humane communities. I am suggesting ideas here that will generate policy to preserve our farm community, and hence its farmland, and protect the environment.

Obviously there are many demons in the details, but, clearly, embarking on this approach is far more promising and much less socially divisive in the long term than the application of an inappropriate industrial model to farming and a regulatory police enforcement model to government.