

## Conserving Coyote Valley Agriculture Feasibility Study Implementing the Vision: Challenges, Opportunities, Tools and Strategies May 4, 2012 - Revision<sup>1</sup>

### Preliminary Vision and Goals Statement

*“The Coyote Valley is home to a regionally significant **agricultural resource area** that permanently conserves important farmland and key habitat; supports livelihoods for its farmers, ranchers and agricultural employees; provides healthy food and a recreational amenity for Bay Area communities; and protects important ecological and cultural resources of the region.”*

- Goal 1. Protect and enhance important agricultural resources
- Goal 2. Maximize the economic viability of agriculture
- Goal 3. Conserve and enhance ecological function and habitat value consistent with local general plans and other regional conservation efforts
- Goal 4. Conserve and enhance key cultural and recreational resources
- Goal 5. Engage landowners, farmers, community leaders, and other key stakeholders in crafting a feasible and innovative eco-agricultural resource area
- Goal 6. Position the agricultural resource area in the context of local and regional sustainable communities strategies

### Valley as a Whole - Challenges, Opportunities and Tools for Vision Implementation

#### *Challenges*

1. Lack of long-term planning for, and investment in, Coyote Valley agriculture as a land use, economic enterprise, and element for fulfilling sustainability goals, on part of City and County
2. Lack of long-term planning for and investment in agriculture by most landowners and farmers
3. Lack of investment in habitat values by conservation efforts
4. Some unresolved issues around continued water supply being sufficient for agriculture
5. Area is off-the-radar for potential new farmers, both experienced and beginning, due to expectation of development
6. Speed of traffic, and peak hour volume of traffic, on Santa Teresa, the only mid-valley north-south thoroughfare, creates an urban-rural conflict for farmers needing to move machinery across or down the roadway
7. Regulatory burdens on farmers

#### *Opportunities*

1. Coyote Valley is a unique regional resource due its agronomic values (soils, water supply, climate, and large parcels), habitat values, scale, location, agricultural history, role as non-urban buffer, beauty of the landscape, and cultural and recreation resources

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<sup>1</sup> The initial Challenges, Opportunities, Tools and Strategies document was presented and discussed at the April 20, 2012 Conserving Coyote Valley Agriculture Feasibility Study Advisory meeting. This revised document reflects feedback from that meeting.

2. Engaged stakeholders: key agency stakeholders share common objectives, including promotion of smart growth, discouragement of urban sprawl, and preservation of agricultural land, open space, and natural resources.
3. Potential for numerous conservation, restoration, and habitat preservation strategies to be integrated into a holistic plan (e.g. percolation ponds and creek restoration could include habitat and recreation functions; on-farm conservation could meet mitigation requirements)
4. Potential for habitat mitigation lands
5. Potential for establishing best co-management practices for agriculture and habitat
6. Coyote Valley comprises around 12% of remaining irrigated crop land in Santa Clara County
7. Proximity to large metro area with interest in sustainability and local food production/consumption
8. Large amount of wealth/capital in Santa Clara County along with high regard for conservation and sustainability values
9. Robust public transportation network and commitment to future transit improvements make the area accessible for visitors and workers

## Overview of Tools for the Valley as a Whole

### ***Underwrite Land Cost for Farming***

- Funding from charitable sources to bridge the gap between urban land values and ag values
- Transfer of development rights (with ag land trust being recipient of payments from development projects elsewhere)
- Farmland mitigation bank (with ag resource area serving as the bank, supported by payments from development projects elsewhere)
- Farming supported as “amenity” by nearby property owners (e.g., HOA/POA)
- Consider public ownership and public-private partnerships for key agricultural lands so that new farmers can focus limited resources on land improvements, infrastructure development, and business development
- Foster opportunities to align public benefit with private economic benefit to efficiently spend public money with multiple benefits

### ***Reduce Operating Costs***

- Use differential tax assessment to lower property taxes for farms (already applied to some CV properties under the Williamson Act)
- Establish cooperative, labor recruitment and training program, technical assistance program, and internship program
- Coordinate delivery of technical assistance programs such as conservation practice cost-sharing, payments for eco-systems services, USDA risk management programs, organic transition and certification support, farm succession planning, business planning, market development, etc.

### ***Underwrite Common Capital Investments***

- Establish packing, processing, distribution, and supply depot infrastructure as stand-alone business(-es) or cooperative, in order to share cost of facilities, take advantage of economies of scale, and maybe form a regional brand
- Develop common irrigation water supply infrastructure

### ***Increase revenue and returns***

- Promote existing high value agricultural operations as the foundation for the new ag core
- Attract new, experienced and entrepreneurial operators who know about high value crops and value-added products
- Establish a marketing and branding program; establish an ag-tourism, public education, and event program
- Establish an agricultural and environmental education and ag-tourism facility with programs and events for a range of audiences with a focus on school groups and families; facility would be operated by a new or existing entity (e.g., could be Conservancy or similar)
- Endow the facility and/or establish it as a permanent, line-item program of one or more existing partner entities, leverage potential opportunities with corporate sponsors in Silicon Valley
- Facilitate community supported agriculture (traditional CSA; other forms of support such as corporate support, support from homeowner's association/property owner's association, etc.)
- Establish a local-serving compost facility using local feedstocks: mushroom compost, woodchips, local green waste, etc. ( San Jose has a Recycling Market Development Zone, in which the CV may be located)
- Explore the option of vineyards being a viable, long-term agricultural use in the Valley.
- Promote purchase of conservation easements; and promote, if feasible, term easements and affirmative agriculture easements
- Explore NRCS term easement programs (such as the NRCS Wetland Reserve Program); these are usually tied to an associated long-term management plan

### ***Innovative Zoning and Regulatory Streamlining***

- Establish an Agricultural Enterprise Zone, starting with the Greenbelt and the Mid Valley, to facilitate development of farm stands, ag tourism activities, and value-added facilities. Agricultural Zone (or District) uses a combination of land use policies, tax mechanisms, easements, and conservation techniques to encourage and protect commercial agriculture; allowing for the protection of large blocks of ag land and discouragement of non-ag developments, thus reducing urban/ag interface issues. Participation is voluntary
- Facilitate regulatory streamlining and as possible reduce current barriers and policies that serve as disincentives to the continuation of agriculture in Coyote Valley

### ***Urban-Rural Conflicts***

- Develop an overall site plan for existing operations and for new improvements that mitigates current and potential new urban-rural conflicts and that contributes to urban-rural synergies as stated in City, County, and regional sustainable communities goals, objectives, and strategies
- Right-to-Farm law (while this protects the farmer from nuisance lawsuits/ordinances, it does not resolve the conflict between commuter traffic and farm equipment)

- Traffic and circulation management. Implement strategies to mitigate road-sharing conflicts, especially along Santa Teresa, such as: a lower speed limit and stop lights; maybe farm-to-market transportation incentives for making improvements on Santa Teresa
- Conduct a public education/awareness campaign
- Engage a large and diverse audience in all aspects of the Coyote Valley experience

#### ***Agricultural Water Supply Issues***

- Establish a secure, long-term supply of water for irrigation and any processing needs
- Negotiate a consistent, favorable water rate for any delivered irrigation water
- Make investments in water distribution system to serve expanded agricultural operations
- Facilitate financial assistance to farmers implementing water conservation practices

#### ***Urban/Open Space Habitat Conflicts***

- Purchase of trail easements by a regional parks department; some of these trail easements could allow for movement of agricultural equipment at specified times; farmers could also be incentivized to plant hedgerows along these trails for habitat and to separate trails from farms
- Improve communication between farmers and agencies with oversight of the open space preserves. Set up a land stewardship program that engages both sides in habitat and wildlife co-management.
- Establish elements that both enhance habitat and the public appreciation of habitat, such as planting trees along the roads for habitat and sense of place (as has already been done along Bailey Avenue); establishing small bird-viewing locations; and constructing interpretive signage in key locations
- Establish the 'knob' of land at Bailey and Santa Teresa as a conservation area with public access

#### ***Need for Habitat Enhancement***

- Conserve and restore key habitat (e.g., wetlands, riparian areas, etc.), particularly for endangered species, species of special concern, and species indigenous to the Valley
- Preserve the Valley's function as a corridor that accommodates regional movement of wildlife
- Protect and enhance the Valley's hydrologic function including surface flows in creeks, ground-water recharge, and storm water conveyance
- Enhance opportunities to co-manage specific locations to optimize habitat value and agricultural production
- Develop programs for natural resources education and research

#### ***Need for Conservation of key cultural and recreational resources***

- Integrate cultural and recreational resources with agricultural and natural resources to create a mosaic of compatible activities and attractions that draw visitors to the Valley and support agro- and eco-tourism
- Protect and enhance cultural resources, such as the Coyote Hamlet, that contribute historic context and interest, as well as contemporary amenities that can support and complement agriculture
- Support improved trail connections through the Valley that link County parks and open spaces to each other and to future agricultural resources (e.g., farm stands, harvest festivals, U-pick farms, etc.)

- Procure funding such as Conservation Innovation grants and funding from the National Flood Insurance Program.

***Lack of Housing for Farm Laborers and Employees***

- Maintain a listing of affordable units or areas in San Jose and Morgan Hill
- Build affordable housing for farm labor
- Incentivize construction of allowed accessory dwelling units

***Depreciation of Land Value Due to Ag Zoning/Ag Districting leads to Opposition from Landowners***

- Incentive for CV landowners. Use transfer of develop rights and density bonus to increase the density of development allowed per acre under current zoning. Work with the City of San Jose to identify appropriate receiving parcels within the urban service area or North CV where developers can pay for added density and the fees go to the landowners of the sending parcels

**GREENBELT - Specific Challenges, Opportunities, Tools, and Actions for Vision Implementation**

Greenbelt objective: *to anchor a valley-wide framework for a vital agricultural resource area by maximizing the viability of agriculture as a major, permanent land use within a mosaic of residential and other lands uses and habitat enhancements*

Total area of the Greenbelt is 3,658 acres with around 41% in agriculture.

***Challenges***

1. The pattern of urban and agricultural uses interspersed in close proximity creates conflicts.
2. Existence of many small parcels makes it difficult to farm efficiently.
3. Soil remediation may be required in small areas where pesticides were stored
4. Areas that are flood prone and/or have high water table areas (i.e. around Fisher Creek) compromise agricultural use and have resulted in failed septic tests; many wells require expensive retrofitting; in some areas high nitrate levels are problematic for water quality; and potential competition for water allocation.
5. Multiple jurisdictions (i.e. Santa Clara County and the Cities of Morgan Hill and San Jose) complicate Greenbelt planning and implementation
6. Lack of buy-in from current property owners

***Opportunities***

1. The Greenbelt already has elements of ‘unique rural character’ at its edges and within its view-shed: large acreages of public open space, private recreation, range land, and permanently protected open space
2. Agronomic conditions range from sufficient to excellent. (Testing is needed to resolve site-specific issues about quality of soils and water)
3. Existing investments in greenhouses can help to support higher value agriculture; need ongoing maintenance and reinvestment
4. Potential for an aesthetic agricultural and natural landscape to raise home site values

5. Establish a flood plain area around Fisher Creek

*Tools*

- Cluster development of allowed homes and aggregate agricultural parcels.
- Purchases in fee
- Ag/conservation easements
- Transfer of development rights
- Right-to-farm ordinance
- CC&Rs/disclosures on new residential development to help limit ag/urban conflicts
- Signage, speed limits, etc. to facilitate movement of farm equipment

*Implementation Actions*

- Short term. Work with farmers and water purveyors to secure an affordable supply of irrigation water.  
Strategic investments, including purchase of 20 - 30 year term easements, and possibly purchase of land in fee so that farmers can have long-term tenure and invest accordingly
- Medium term. Work with farmers to develop water distribution system as needed  
Develop farms as part of a housing development, where the Homeowners Association dues help underwrite farming  
Develop farming supportive infrastructure through cooperative structure, non-profit organization, or other  
Implement branding and marketing campaign and develop local markets for Coyote Valley agricultural products (e.g., corporate/institutional buyers)
- Long term. Create linkages between urban development that may occur in North and Mid Valley and support for continuation of agriculture in South Valley

## **MID-VALLEY -Specific Challenges, Opportunities, Tools and Actions for Vision Implementation**

Mid-Valley Objective: *to support a valley-wide framework for a vital agricultural resource area by supporting the viability of agriculture as a major, defining and integral land use and by enhancing agricultural and habitat resource values*

Total area of the Mid Valley is 2,019 acres with around 62% in agriculture.

*Challenges*

1. ~ 80 % of the undeveloped land is owned by developers
2. Lack of incentives, to date, for landowners to change interim land use of low value agriculture
3. Year to year (and even month to month) leases are prohibitive for investments in higher value agriculture, by farmers or advocacy/support organizations
4. Approximately 12% of the area is already developed with homes, but the development is concentrated in one place

### *Opportunities*

1. Large parcels have good agronomic values
2. City of San Jose's 2040 General Plan update states that the City does not intend to annex or develop this urban reserve for the life of the General Plan (e.g. 30 years)
3. No trigger for housing construction tied to development of jobs
4. The long-term development timeline may create an incentive for landowners to consider offering longer lease terms, term easements, and/or land sales
5. Around 20% of the current agriculture is already in high value crops (e.g. corn, peppers, Chinese vegetables, walnuts, nursery crops) farmed by around eight different farmers
6. The remaining 80% is in hay and field crops, and is almost exclusively farmed by G&G Farms
7. Option of getting irrigation water from Great Oaks Water Company (John Spina currently does this)
8. Area has relatively high general habitat and wildlife 'diffusion' corridor values
9. Most of the area has panoramic scenic views

### *Tools*

- Term conservation easements
- Long-term master leases
- Fee simple land purchases (either by land trust or individual farmers)
- Conservation easements
- Transfer of development rights; perhaps linked with cluster development

### *Implementation Actions*

- During Study. Build relationships with land owners in the mid valley whose lands are in hay and field crops; develop and present to them incentives for considering leases of five to twenty years and evergreen five year leases, as well as 20-30 year term easements; present to them the lease terms desired/needed by potential new farmers; and also develop and present options for fee purchase
- Develop a list of experienced, innovative, and entrepreneurial farmers in the region; get their input on what kinds of lease terms and incentives might lead them to consider establishing operations in the area; and present this list to the landowners
- Short term. Work with farmers and water purveyors to secure an affordable supply of water for ag use
- Strategic investments, including purchase of 20-30 year term easements or master leases of ag land so that farmers can have long-term tenure and invest accordingly
- Medium term. Work with farmers to develop water distribution infrastructure, where needed.
- After securing land for farming for 20-30 years through purchase of ag easements or master leases, lease to farmers at ag-viable rates (i.e., subsidize farming where land prices are too high for ag)
- Long term. Purchase land in fee if land use policies change in the future to favor long-term ag use

## NORTH VALLEY - Specific Challenges, Opportunities, Tools & Actions for Vision Implementation

North Valley Objective: *to support a valley-wide framework for a vital agricultural resource area by protecting agricultural and habitat resource values and by maximizing the synergy between development goals and agricultural resource area goals*

Total area of the North Valley is 1,731 acres with around 80% of the land in agriculture.

### *Challenges*

1. Re-affirmed designation of Campus-Industrial zoning in San Jose's 2040 General Plan update
2. San Jose's desire for a jobs center to help improve current jobs-housing imbalance
3. All undeveloped land owned by developers
4. Lack of incentives, to date, for landowners to change interim land use of low value agriculture
5. Year to year (and even month to month) leases are prohibitive for investments in higher value agriculture, by farmers or advocacy/support organizations
6. Land prices make purchase in fee untenable for agriculture
7. Main connections for sewer and water are already in place to a central location to serve urban development

### *Opportunities*

1. Area has relatively high general habitat and wildlife 'diffusion' corridor values and some sub-areas with specific habitat values, including seasonal wetlands and riparian areas
2. Present lack of demand from corporate clients for development of suburban campuses
3. Carrying cost of land over time (including cost of paying for infrastructure to date), postponed timeline for development, and better opportunities elsewhere, might prompt landowners to consider selling land or at least commit to longer term ag uses that could generate higher lease values
4. Large parcels have good agronomic values, despite some seasonal high water
5. Area includes scenic views to the north, east, south, and west
6. Area has scenic entry point on Santa Teresa next to Tulare Hill
7. Area has scenic natural features along the creek and the 'knob' near Bailey and Santa Teresa
8. Construction of a cross-valley trail is in the Santa Clara County Parks Department Trails Master Plan
9. John Spina, the area's largest and longest-standing, diversified vegetable farmer, farms 200 acres in this area, operates a successful farm stand, and experienced the best success when there were other farm stands operating in the area

### *Tools*

- Term conservation easements
- Long-term master leases
- Fee simple land purchases (either by land trust or individual farmers)
- Transfer of development rights

*Implementation Actions*

- During Study. Build relationships with land owners in the North valley; encourage owners to offer land for farming for periods of more than year-to-year  
Build relationships with experienced, innovative, and entrepreneurial farmers in the region to get their input on what kinds of lease terms and incentives might lead them to consider establishing operations in the area  
Initiate discussions with IBM/Toshiba about interest in participating in program to support higher value ag on surrounding properties
- Short term. Work with farmers and water purveyors to secure an affordable water supply for agricultural use.
- Medium term. Encourage landowners to enter into longer-term leases with farmers if it becomes evident that development horizon will be longer than 5 years  
Engage other property-owners/developers with urban development plans about their interests in participating in a program to support ag on surrounding properties
- Long term. Purchase land in fee if public land use policies change in the future to favor long-term ag. Continue medium term actions.

## TOOLKIT

### ***Managing Farmland Conversion***

Area-based agricultural zoning  
Cluster zoning  
General plan elements and designations  
Density bonus  
Impact fees  
Mitigation fees  
Mitigation dedications  
Preferential taxation programs  
Farmland security zone contract  
City-County pass-through agreements  
Cooperative planning agreements  
Term conservation easement

### ***Agriculture Planning, Managing & Investing***

Leasing public or conservation land for ag  
Planning for & provision of water supplies  
Planning for & provision of recycled water  
Incubator farms and training programs  
Farm succession programs  
Regulatory streamlining and facilitation  
Environ. compliance/conservation programs  
Cost-sharing for conservation practices  
Farmworker housing  
Local marketing programs

Place-based branding programs  
Zoning for value-added enterprises  
Agricultural tourism programs  
Ag infrastructure (processing, irrigation)  
Public education  
Payments for eco-systems services  
Right to farm laws  
Buffer zones

### ***Development and Management: Public Access, Passive Recreation & Education***

Trail easements purchase and management  
Land acquisition and management  
Rec./educ. facility construction & management

### ***Development and Management: Habitat Conservation and Enhancement***

Conservation/Ag easements  
Mitigation fees  
Acquisition of land in fee  
Management of specific natural resources

### ***Stewardship of Cultural Resources***

Restoration  
Curation