

COASTAL CONSERVANCY

Staff Recommendation

February 2, 2017

BAY AREA AGRICULTURE AND FOOD SYSTEMS PROGRAM

Project No. 16-062-01

Project Manager: Brenda Buxton

RECOMMENDED ACTION: Authorization to disburse up to \$35,000 to Sustainable Agricultural Education to complete a planning study to support the creation of a Bay Area agriculture and food sector Economic Development District.

LOCATION: Nine-county San Francisco Bay Area

PROGRAM CATEGORY: San Francisco Bay Area Conservancy Program

EXHIBITS

Exhibit 1: [Nine-county Bay Area Region](#)

Exhibit 2: [Background on Economic Development Districts](#)

Exhibit 3: [Project Letters](#)

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31160-31165 of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes the disbursement of up to \$35,000 (thirty-five thousand dollars) to Sustainable Agricultural Education (SAGE) to complete a study that analyzes the direct and indirect economic contributions of the Bay Area agriculture and food sector to regional prosperity and resilience, subject to the condition that prior to the disbursement of any Conservancy funds SAGE shall submit for the review and written approval of the Conservancy’s Executive Officer a detailed work program, budget and schedule as well as the names and qualifications of any contractors and subcontractors that it intends to employ.”

Staff further recommends that the Conservancy adopt the following findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed authorization is consistent with Chapter 4.5 of Division 21 of the Public Resources Code, regarding the Conservancy’s mandate to address the resource and recreation goals of the San Francisco Bay Area.

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2. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.
 3. SAGE is a nonprofit corporation recognized as a 501(c)(3) organization under the U.S. Internal Revenue Code, whose purposes are consistent with Division 21 of the Public Resources Code.”
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PROJECT SUMMARY:

Staff recommends authorization of \$35,000 to SAGE to complete a planning study that analyzes the economic contributions of the agriculture and food sector to Bay Area regional prosperity and resilience.

The Bay Area’s food system – production, distribution, processing, consumption and post-consumption – is an integral, but under-recognized, part of the region’s economic prosperity, environmental sustainability and vibrant cultural life. The food system spans rural and urban areas and is interconnected with resource issues, such as wildlife habitat, water supply, land use, transportation, open space, jobs, housing and equity. However, the infrastructure and other conditions necessary to maintain this sector are not well integrated into regional planning efforts. This results in under-counting contributions of regional food production, lack of awareness about its vulnerabilities, and under-investment in the agricultural resources and food supply sectors that are a pillar of the region’s resilience.

Furthermore, the farming and ranching lands that are the source of food production also serve several important public functions: they provide open space -- agricultural lands make up 40% of the Bay Area landscape; in the case of some ranching lands, they provide trails for recreational use, such as the Bay Area Ridge Trail; they provide habitat for endangered and threatened species (e.g. Red Legged Frogs and California Tiger Salamander in stock ponds); they provide habitat connectivity for species with extensive ranges such as California Mountain Lions; and they provide watershed protection by allowing for groundwater recharge. Maintaining and enhancing the economic viability of agriculture is essential to Bay Area farmers and ranchers and to all with a stake in maintaining the public benefits (such as open space and wildlife habitat) of working lands.

The Association of Bay Area Governments (ABAG) is a strong proponent of the proposed planning study, which will be referenced in, and an appendix to, the Comprehensive Economic Development Strategy (CEDS) that ABAG is preparing. The CEDS is a requirement for the region to become an Economic Development District (EDD), a U.S. Economic Development Administration (EDA) designation that will make the Bay Area more competitive for federal economic and workforce development funding for the region’s diverse communities and workforce. The CEDS report will be a regional strategy for directing federal funding to economic development projects of regional importance. For the region’s agricultural and food sectors, the EDD could mean funding for land conservation, land remediation, manufacturing and processing, or transportation or water infrastructure. Any future public funding is intended to leverage private investment, which would complement the Conservancy’s prior investment in the Bay Area Agricultural Sustainability Project with American Farmland Trust (AFT), which

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provided \$100,000 to investigate creation of an investment capital fund to support the regional food system (see discussion in Project History).

The proposed study, as part of the CEDS report, will identify strengths, weaknesses, opportunities, and threats among the food and agricultural sectors, outline specific steps and implementation agents necessary to build on existing assets, and recommend ways to address critical barriers to continued economic prosperity among these sectors. The vulnerabilities to be addressed include farmland at risk of development, distribution and processing infrastructure under threat of displacement, businesses needing investment capital, work force gaps, and adaptation of these systems to climate change and water supply uncertainties.

Site Description: Bay Area food systems include farms and ranches in the nine Bay Area counties, the production, distribution, and transportation systems necessary to bring food to market, the retail facilities (grocery stores, restaurants, farmers markets), and the handling of food waste after production.

Project History: The Conservancy has funded several studies seeking to create mechanisms to protect and enhance farm and ranching lands in the nine Bay Area counties.

Earlier this year the Conservancy and the University of California Division of Agriculture and Natural Resources sponsored a series of workshops put on by SAGE investigating the feasibility of incorporating food systems into the Economic Development planning for the Bay Area. The results of this investigation indicated support for the proposed planning work as a way to support the long-term sustainability of Bay Area farming and ranching lands, identified missing information gaps, and developed a constituency for this project.

In 2012, the Conservancy made a \$100,000 grant to American Farmland Trust (AFT) for its Bay Area Agricultural Sustainability Project. These funds allowed AFT to investigate options for a Bay Area Food and Farming Fund to meet the critical need for investment capital throughout the regional food system. The project is designed to increase investment from both private and public sectors. Specifically, the Fund is designed to respond to a current critical gap in financing by strategically allocating capital to catalytic businesses demonstrating high impact that face challenges accessing traditional funding due to size, scope, history of credit, and other factors. As of 2015, the Northern California Community Loan Fund (NCCLF) agreed to operate as the fund manager, which means they will provide relationship-based lending, underwriting, and technical assistance support to enterprises that demonstrate growth potential, but face competition from operations that have more access to traditional financing. This is an example of another strategy to protect the open space value of agriculture by ensuring its economic viability.

In 2011, under the Executive Officer's delegated authority, the Conservancy provided SAGE with \$200,000 to complete the Sustaining Agriculture and Conservation in the Coyote Valley Feasibility Study. Subject to the development pressures that come from being part of Silicon Valley, the Coyote Valley's open space and agriculture resources are under threat from urban encroachment. This study analyzed existing conditions and proposed action plans to revitalize various specific agriculture and food sectors and resources in the Bay Area in order to protect these resources and their open space value. SAGE and the Santa Clara Valley Open Space Authority continue to use this document to guide agricultural protection in Coyote Valley.

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PROJECT FINANCING

Coastal Conservancy	\$35,000
UC Division of Agriculture and Natural Resources	\$30,000
Project Total	\$72,000

The expected source of funds for this project is the fiscal year 2015/16 appropriation to the Conservancy from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84, Public Resources Code sections 75001 et seq.). Proposition 84 funds may be used for San Francisco Bay Area Conservancy projects (Chapter 4.5 of Division 21 of the Public Resources Code) that protect watersheds, including projects that protect and restore the natural habitat values of coastal lands and projects that promote access to and enjoyment of coastal resources. Proposition 84 defines the term “protection” as “those actions necessary to prevent harm or damage to . . . natural resources or those actions necessary to allow the continued use and enjoyment of property or natural resources and includes acquisition, development, restoration, preservation and interpretation.” (Public Resources Code Section 75003.5(m)). A portion of Proposition 84 funds may be used for broad-based planning “necessary for the successful design, selection, and implementation of the projects authorized under” Proposition 84 (Section 75072). Proposition 84 funds are available for the proposed project because the project will generate data and information that will help select Bay Area open space lands of regional significance for future acquisition and/or protection and, through generation of additional funding, will help implement such acquisition and/or protection. These funds will include the Bay Area’s food sector in the CEDS plan which will make activities in the food sector, including farm and rangelands and the open space and habitat values they support, eligible for economic development funds which will foster protection of these lands by ensuring they stay economically viable. The proposed project is consistent with Chapter 4.5 of Division 21, as described below.

In addition to the funds listed above, American Farmland Trust staff will collaborate on the research and production of the report; this contribution is estimated at \$7,000. SAGE also expects that ABAG will provide approximately \$35,000 worth of in-kind staff services advising on the study, integrating it into the CEDS and continuing to integrate the results of the of the study into the Bay Area’s regional planning efforts. SAGE has also secured 160 hours of in-kind services from a research intern estimated to be worth \$3,200.

CONSISTENCY WITH CONSERVANCY’S ENABLING LEGISLATION:

The Conservancy is authorized under Section 31111 of the Public Resources Code to fund and undertake plans and feasibility studies, and to award grants to nonprofit organizations for these purposes, in order to implement Division 21. The proposed grant to SAGE would assist the nonprofit organization in analyzing the economic benefits and vulnerabilities of regional food production systems for ensuring the long-term viability of San Francisco Bay Area agricultural lands, which serve important open space and habitat functions.

This project would be undertaken pursuant to Chapter 4.5 of the Conservancy's enabling legislation, Public Resources Code Sections 31160-31165, to address resource and recreational goals in the San Francisco Bay Area. Under Section 31162(b), the Conservancy may undertake projects and award grants to protect, restore, and enhance natural habitats and connecting

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corridors, watersheds, scenic areas, and other open-space resources of regional significance. The proposed authorization will assist the Conservancy and its project partners in meeting these goals by providing a mechanism to ensure the continued economic viability of Bay Area agricultural open space lands. Under Section 31162(d), the project would assist in protecting agricultural open space resources and promoting agri-tourism accessible to the Bay Area's urban populations. Consistent with Section 31163(a), the Conservancy will be cooperating with others, such as ABAG, to identify long-term resource goals for the San Francisco Bay Area. Consistent with Section 31163(b), the project would support public/private partnerships in the San Francisco Bay Area and provide for involvement in and support for the San Francisco Bay Area Conservancy Program.

This project is appropriate for prioritization under the selection criteria set forth in Section 31163(c) in that: (1) it will assist in implementation of agricultural conservation goals supported in regional plans, such as ABAG's Comprehensive Economic Development Strategy, (2) it is multijurisdictional, serving all nine Bay Area counties, (3) it can be implemented in a timely way because SAGE is ready to begin work immediately upon receipt of funding, (4) it provides economic benefits to the region that could be lost if not implemented, and (5) it includes matching funds from the participating organizations.

CONSISTENCY WITH CONSERVANCY'S 2013 STRATEGIC PLAN GOAL(S) & OBJECTIVE(S), AS REVISED JUNE 25, 2015:

Consistent with **Goal 13** of the Conservancy's Updated 2015 Strategic Plan, the proposed project will help in fostering the long-term viability of Bay Area working lands including **Objective A**, protecting working lands, and **Objective B**, assisting farmers and ranchers to steward natural resources, by supporting the creation of an Economic Development District that will enhance the ability for local agriculture to remain viable and environmentally sustainable in the region.

CONSISTENCY WITH CONSERVANCY'S PROJECT SELECTION CRITERIA & GUIDELINES:

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines, last updated on October 2, 2014, in the following respects:

Required Criteria

- 1. Promotion of the Conservancy's statutory programs and purposes:** See the "Consistency with Conservancy's Enabling Legislation" section above.
- 2. Consistency with purposes of the funding source:** See the "Project Financing" section above.
- 3. Promotion and implementation of state plans and policies:**

California @ 50 Million: The Environmental Goals and Policy Report (EGPR)

The EGPR goal, "Stewardship and Protect Natural and Working Lands," calls for a better understanding of the value of natural and working lands in planning and decision-making and ways to take into account the strong interconnections between the state's rural and urban areas. The proposed study will help implement this goal by helping to increase

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investment in, and technical assistance for, ways in which the region can strengthen the rural-urban connections through the economic vitality of the agriculture and food system. These connections will be highlighted by analyzing economic contributions of the agriculture and the food sectors to the regional economy; identifying critical investment needs that span rural and urban communities; and informing ABAG's Resilience and Infrastructure planning efforts on the critical role of agriculture and food systems in rural-urban interdependencies.

CA Climate Adaptation Strategy/Safeguarding California: Reducing Climate Risk Plan

Safeguarding California: Reducing Climate Risk, summarizes the potential impacts to California from climate change and builds a foundation for ensuring that California's economic sectors build resilience. As a part of the region's economic development strategy, the study will inform local and regional planning efforts on the climate change adaptation and mitigation benefits of investing in the agricultural economy. The study will support directing investments to conservation of the agricultural land base as a means to reduce urban sprawl and greenhouse gas emissions, and to provide greater opportunity for carbon sequestration and climate change adaptation.

California Ag Vision (2010)

California Ag Vision is a strategic plan inaugurated by the State Board of Food and Agriculture for the future of the state's agricultural and food system. Its 12 strategies are motivated by the rapidly growing list of challenges facing agriculture in the state and many of the strategies strengthen the agricultural and food economies. The proposed study will directly address three of the strategies by calling attention to critical investment needs that will 1) assure a strong labor force through fairness to agricultural workers and employers (Ag Vision Strategy #4), 2) cultivate the next generation of farmers and ranchers (Ag Vision Strategy #9), and 3) promote robust regional markets for producers (Ag Vision Strategy #10).

4. **Support of the public:** SAGE is the project lead with initial funding from the Gaia Foundation. The University of California Division of Agriculture and Natural Resources sponsored exploratory meetings. Greenbelt Alliance hosted the agricultural stakeholders meeting and SPUR hosted the urban food systems stakeholders meeting. The organizations advising SAGE as it prepares this study include those two organizations as well as: Roots of Change, UC Cooperative Extension, Santa Clara Valley Open Space Authority, Brentwood Agricultural Land Trust, Marin Agricultural Land Trust, Committee for Green Foothills, San Mateo Health Systems, Sonoma County Agriculture and Open Space District, and the Bay Area Open Space Council. The proposed study is a direct collaboration with ABAG and is in partnership with the American Farmland Trust.
5. **Location:** The project is located in the nine county Bay Area and includes farms and ranches as well as the production, distribution, transportation, and market systems that support them.
6. **Need:** The proposed project represents an extraordinary opportunity to integrate the Bay Area Agriculture and Food Sector into regional planning, resilience preparedness, and the region's Comprehensive Economic Development Strategy (CEDS). The need for funding is urgent and time-sensitive, in order for the analysis to be included in the CEDS, due to be completed in Spring 2017. Without representation and analysis, the food and agricultural

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sectors stand to be under-recognized among other leading growth industries in the Bay Area should funding and technical assistance become available from the EDA to our region.

7. **Greater-than-local interest:** The project stands to have significant positive impacts for the region's agricultural and natural resources, including the following: a more vibrant agricultural economy, stabilized land base, protection of the Bay Area's stunning landscapes, promotion of the region's strong and diverse agricultural and food heritage, and increased eco-systems services provided by agricultural land.
8. **Sea level rise vulnerability:** Most of the Bay Area's agricultural lands are less susceptible to sea level rise due to their distance from the Bay. However, the infrastructure that supports to economic viability of farm and range lands, as well as the lands themselves, are susceptible to impacts from sea level rise (e.g. roads) and climate change (e.g. need for additional water resources). The study will include climate change among the challenges and stressors of the region's food sector and agricultural economy.

Additional Criteria

10. **Resolution of more than one issue:** While the environmental and open space community has traditionally valued farm and ranch lands for their open space and wildlife values, this study will seek to protect these lands by recognizing the economic important of these lands to the region's food systems.
11. **Leverage:** See the "Project Financing" section above.
13. **Innovation:** This study will be the first effort to quantify Bay Area food systems' economic impact so that it can be included in an Economic Development District and recognized as a part of the regional economy.
14. **Readiness:** In order to include this study in the CEDS work by ABAG, SAGE needs to start immediately so the work can be completed by the June 30, 2017.
15. **Realization of prior Conservancy goals:** See "Project History" above.
18. **Vulnerability from climate change impacts other than sea level rise:** The project involves planning for the sustainability of agriculture in the Bay Area and will include considerations for adaptation and diversity of agricultural production in relation to climate change.

CONSISTENCY WITH SAN FRANCISCO BAY PLAN:

Although the Bay Area food system includes the nine county Bay Area, the study is not expected to affect lands within the jurisdiction of the San Francisco Bay Conservation and Development Commission.

COMPLIANCE WITH CEQA:

As a planning study for possible future actions that have not been approved, adopted, or funded, the proposed project is statutorily exempt from California Environmental Quality Act (CEQA) review under 14 California Code of Regulations Section 15262. Similarly, the project is categorically exempt from CEQA review under Section 15306, which exempts basic data collection, research, and resource evaluation activities which do not result in a serious or major

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disturbance to an environmental resource. Upon authorization, staff will file a Notice of Exemption.