



JIM DESMOND
SUPERVISOR, FIFTH DISTRICT
SAN DIEGO COUNTY BOARD OF SUPERVISORS

AGENDA ITEM

DATE: August 17, 2022

TO: Board of Supervisors

SUBJECT

ADOPT RESOLUTION AUTHORIZING APPLICATION FOR THE SUSTAINABLE AGRICULTURAL CONSERVATION LANDS PROGRAM PLANNING GRANT PROMOTING AGRICULTURAL SUSTAINABILITY (DISTRICTS: ALL)

OVERVIEW

Declining agricultural trends in San Diego County, if not carefully addressed, will continue to negatively impact our local farming communities, our rural economies, and the larger San Diego region as a whole. Not only is agriculture a major economic driver for the region, but it is also at the cornerstone of modern civilization, having ushered us into a world where food supplies and other farmed goods necessary for our survival are more plentiful and widely available. However, with ever-shifting political priorities, local impacts from climate change, and a host of other challenges, farmers in our region are increasingly at risk of going out of business. For example, the Fallbrook region, known as the “avocado capital of the world,” has experienced a loss of nearly 20% of its avocado groves in the past few years, suggesting that growing avocados is becoming economically infeasible for many of our local farmers.¹

Conventional wisdom is that rising costs of water, compounding governmental regulations, and urban interface issues including competition for housing and other non-agricultural land uses are leading to more urban landscapes within the rural communities, causing lands previously used for agricultural purposes to be developed for other commercial or residential uses. The root cause is likely a combination of all these factors and possibly others. In order to deliver meaningful and impactful solutions for our struggling farming communities, particularly small farms, it is critical to identify the true underlying causes specific to the San Diego region. Working to support a prosperous and resilient agricultural industry in the region will require technologies and practices that build on agro-ecological knowledge, that enable farmers to more easily navigate the rules and regulations, and help small farms counter environmental degradation and adapt to climate change

¹San Diego LAFCO Municipal Service Review, Fallbrook Region, February 2022
Legistar v1.0

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in ways that maintain sustainable agricultural growth without exhausting resources such as money, seeds, and livestock.

In this spirit, my office has been working with the San Diego County Local Agency Formation Commission (LAFCO) and the County's Department of Planning & Development Services (PDS) to partner together on a Sustainable Agricultural Lands Conservation Program (SALC) Planning Grant application. PDS oversees various programs to support agriculture and further sustainability, such as the Purchase of Agricultural Conservation Easements program and the Climate Action Plan. Additional agency partners such as the County's Department of Agriculture, Weights and Measures and the University of California Cooperative Extension will also be engaged to provide technical support and input on this grant.

If successful, up to \$450,000 in grant funds would be made available to LAFCO and PDS to jointly analyze the present and emerging market conditions in our local agriculture industry and identify best practices for local governments to better support the economic sustainability of farming in the region. The proposed planning grant intends to generate reliable and timely market information and best practice data to support and sustain agriculture in San Diego County, focusing on aiding small farms that otherwise have limited capacity to perform this type of analysis or access resources. The best practices information will help to identify incentives, technical support, regulatory streamlining, and other mechanisms that may be employed by local governments or other partners to help increase the economic sustainability of small farms in the region. Mechanisms to be considered for farmers in San Diego County will be driven by best practice research and stakeholder input. These may include, but are not limited to, carbon sequestration projects, technical or other support identifying viable crop types for the future, and/or incentives to increase the environmental sustainability of agriculture with a net financial benefit.

Today's action is a request for the Board of Supervisors (Board) to adopt a resolution authorizing PDS to apply for and accept grant funds for the Round 8 SALC Planning Grant. It will also authorize the Director, Department of Planning & Development Services, to conduct all negotiations and to execute and submit all documents that may be necessary to apply for and accept these grant funds. If grant funds are awarded, PDS will return to the Board to request appropriations as needed.

**RECOMMENDATION(S)
SUPERVISOR JIM DESMOND**

1. Find that the proposed project is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the State CEQA Guidelines.
2. Adopt a Resolution entitled: RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO AUTHORIZING DIRECTOR, PLANNING & DEVELOPMENT SERVICES, TO APPLY FOR THE SUSTAINABLE AGRICULTURAL CONSERVATION LANDS PROGRAM PLANNING GRANT (Attachment A)

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3. Authorize the Director, Planning & Development Services, or their designee, as agent of the County of San Diego to conduct all negotiations and submit all documents necessary to apply for and accept grant funds, if awarded, including but not limited to, applications, grant agreements, payment requests, and if funds are awarded, to execute the grant agreements, including any extensions or amendments thereof that do not materially impact or alter the grant programs or funding levels pertaining to the ROUND 8 CALIFORNIA SUSTAINABLE AGRICULTURAL LANDS CONSERVATION PROGRAM.
4. Authorize the Director, Planning & Development Services, or their designee, as agent of the County of San Diego to enter into an agreement with LAFCO to define implementing duties and responsibilities should the grant proposal receive approval.
5. If funds are ultimately awarded, direct the Director, Planning & Development Services, or their designee, to provide to the Board of Supervisors in as timely a manner possible a report that will present the results of the grant analysis, including key issues and challenges realized by small farms in the region, present and emerging market conditions in our local agriculture industry, and best practices on how to address the key issues contributing to declining agricultural trends in San Diego County.

EQUITY IMPACT STATEMENT

Funding made available through the SALC Planning Grant would support more economically sustainable agriculture in San Diego County, with an emphasis on supporting our small farms. Market and best practices information will aid current and prospective farmers and local governments in making informed decisions in the shared interest of sustainable and prosperous agriculture. It is anticipated that the requested action and future implementation of the SALC Planning Grant will have a positive impact on all residents and visitors by protecting and promoting sustainable agricultural lands, helping to foster a healthy natural environment for the region. The market study will produce data that may be used to create a more resilient agricultural industry and contribute to the region's ongoing food security, along with identifying opportunities and resources for current and future farmers.

FISCAL IMPACT

There is no fiscal impact associated with today's proposed action. If approved, the Department of Planning & Development Services (PDS) will submit grant applications to the California Department of Conservation for Sustainable Agricultural Lands Conservation Program (SALC), for a total of \$450,000 for the continued support of small farms.

The Board approved a waiver of Board Policy B-29 to issue an exception for approval of non-reimbursed costs for LUEG grants on June 24, 2020 (12), therefore a waiver is not requested as part of this action. If a grant is awarded, any unrecovered cost per Board Policy B-29 would be

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funded by existing General Purpose Revenue in Planning & Development Services and San Diego County Local Agency Formation Commission (LAFCO) funding as determined by the nature of the project(s) or program(s).

The SALC grant is competitive; therefore, it is unknown if grant funding will be awarded or the final amount of the award. The SALC grant program requires an in-kind funding match. If awarded, in-kind matching funds of \$50,000 will be provided in Fiscal Year 2022-23 by PDS staff hours (\$25,000) funded by existing General Purpose Revenue and San Diego County LAFCO (\$25,000) funded by San Diego County LAFCO. If approved and grant funds are awarded, PDS will return to the Board to request appropriation of funds as necessary.

There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

Each year, the California Department of Conservation (DOC) allocates money to support the conservation of agricultural resources and agricultural planning programs. The Sustainable Agricultural Lands Conservation Program (SALC), a component of the Strategic Growth Council's Affordable Housing and Sustainable Communities Program, supports California's greenhouse gas (GHG) emission reduction goals by making strategic investments to protect agricultural lands from conversion to more GHG-intensive uses. SALC is part of California Climate Investments, a Statewide program that puts billions of Cap-and-Trade dollars towards reducing GHG emissions by capping industry emissions and allowing businesses to buy and sell credits at auction on a State-sponsored marketplace. The money generated from those sales is then used by the State for environmental programs such as SALC.

The guidelines for Round 8 of the SALC were released in April 2022, which includes three grant funding opportunities: agricultural conservation acquisition capacity funding, agricultural conservation acquisitions grants, and agricultural conservation. In San Diego County, conversion of agricultural lands is expected to continue so long as the costs of operating a small farm exceed revenues, and farmers find their only viable financial option is to sell their land for other types of development. To continue supporting the agricultural community in San Diego County, LAFCO and PDS are partnering on a SALC Planning Grant application to receive up to \$450,000 to study present and emerging market conditions in our local agriculture industry. The proposed planning grant seeks to address risks to local agricultural production by providing timely market information to assist existing farmers as they plan appropriate course corrections in remaining or becoming economically sustainable, as well as helping prospective farmers proceed with informed and sustainable start-up operations.

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LAFCO will serve as the co-applicant, and took formal action at its August 1, 2022 commission meeting in support of the SALC Planning Grant proposal – including a commitment to the matching funds and entering into an agreement with the County to jointly establish the tasks/duties of each agency. This work will build on the 2020 SALC Planning Grant that awarded \$250,000 to the Resource Conservation District of Greater San Diego County to develop a San Diego Agricultural Planning Program. The County, LAFCO, the San Diego County Farm Bureau (Farm Bureau), and the San Diego Association of Governments (SANDAG) are partners in the San Diego Agricultural Planning Program planning process, which is currently in its policy phase. A San Diego State University (SDSU) technical panel is conducting a thorough gap analysis of existing or pending programs, projects, and policies. The objective of this phase is to highlight specific policy frameworks or implementation opportunities that can provide better support of agricultural lands.

The proposed planning grant would allow for the collection of key market data, and would be used to create a gap analysis and cost-benefit analysis to identify information such as

- Average ROI needed to sustain small farms over time (looking at the industry potentially beyond the region)
- Gap in ROI between marginal farms and economically sustainable farms
- Key cost centers contributing to the "gap" between the sustainable ROI and actual ROI for the average small farm in the region (i.e., costs of water, labor, and entry into farming)

The details of the market analysis should be refined through collaboration with agricultural economic experts engaged as part of the grant effort.

Stakeholder Engagement

A critical piece of the proposed planning grant effort would be to circulate the market information and publicize related resources to assist current and prospective farmers, with a focus on under-represented groups. A stakeholder outreach plan is a part of the proposed planning grant that would focus on connecting resources and information with small farms and under-represented groups in San Diego county's agricultural community.

Resolution

A resolution passed by the County of San Diego Board of Supervisors (Board) on February 14, 2018 (1) authorized the Chief Administrative Officer (CAO), or designee to prepare the necessary data, conduct investigations, file grant applications, and execute grant agreements for projects that implement the 2018 Climate Action Plan (CAP), such as carbon farming programs. While this resolution provides the authority necessary for the CAO, Director of PDS, or designee to apply for and execute grant agreements supporting these programs, the California Department of Conservation (DOC) requires a project-specific resolution (Attachment A) from the Board as part of the grant application.

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Today's action is a request for the Board of Supervisors to adopt a resolution authorizing the Director of PDS, or a designee to apply for the Round 8 SALC and complete the work included in the proposal. If awarded, in-kind matching funds of \$50,000 will be provided in Fiscal Year 2022-23 by PDS for staff hours (\$25,000) funded by existing General Purpose Revenue and San Diego County LAFCO (\$25,000) funded by San Diego County LAFCO. If approved and grant funds are awarded, PDS will return to the Board to request appropriation of funds as necessary.

ENVIRONMENTAL STATEMENT

The request for delegation of authority to accept and act as an official signatory for grant funding is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the CEQA Guidelines, which states that CEQA only applies to projects which have a significant effect on the environment. Since the proposed action involves delegation of authority to accept grant funding without a commitment to adopt or implement any particular project, the action is exempt from CEQA review because it can be seen with certainty that the activity will not have a significant effect on the environment.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions support the Equity and Community Initiatives in the County of San Diego's 2022-2027 Strategic Plan by removing barriers to opportunities in traditionally underserved communities and small farming businesses. The SALC Planning Grant opportunity will be used to facilitate meaningful conversations across local governmental agencies, with a goal to maximize resources for San Diego County's small farmers and the local agricultural industry as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jim Desmond". The signature is fluid and cursive, with a large initial "J" and "D".

JIM DESMOND
Supervisor, District 5

ATTACHMENT

Attachment A - RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO AUTHORIZING DIRECTOR, PLANNING & DEVELOPMENT SERVICES, TO APPLY FOR THE SUSTAINABLE AGRICULTURAL CONSERVATION LANDS PROGRAM