



**Keeping Farmland Available for
Klickitat County Agriculture:
Report to the Klickitat County Commission**

Prepared in cooperation with:
Klickitat County Planning Department – Curt Dreyer, Director

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Report to Klickitat County Commission

1. Background and rationale:

Agriculture is a critical industry in Klickitat County producing over \$50 million annually in direct crop value and perhaps three times that amount in local economic impacts. The 2002 USDA Census of Agriculture recorded 702 operating farms with an average market value of production per farm of \$74,680. These farms cover 607,000 acres (about ½ the total land area of the County) and have an average size of 864 acres – roughly twice the State average. For a county with a total population of about 20,000, this represents a highly significant industry – almost certainly the top economic driver.

These economic numbers, however, are probably only a small part of the story. No one has yet placed a credible dollar figure on the values these farms contribute to the Klickitat County community that are not reflected in the farm commodity marketplace. Just by staying in agriculture, these farms are contributing hugely important environmental values like aquifer recharge, wildlife habitat and migration corridors, surface and groundwater filtration, flood water detention, etc. And this is not to mention their social/aesthetic values like open natural landscapes and access to local food and the cultural values like community stability, work ethic, or sense of history and place.

So problems that affect the future of agriculture are a concern for all the citizens of Klickitat County. And there are growing issues about the increasing fragmentation of the agricultural land base, the rise in the cost of farmland above what farmers can generally afford to pay for it out of agricultural earnings, and the loss of agricultural lands to non-farm uses and the inevitable conflicts many of these new uses may create for agriculture. These emerging issues can (directly or indirectly) increase the burdens of operating a profitable agricultural business and threaten the future of the agriculture industry in Klickitat County along with all of the economic, environmental, social, and cultural values it provides – including the future uses of the land.

Responding to these issues, Klickitat County applied for and received a grant from the Washington State Office of Farmland Protection to consider and identify possible actions that could be taken to address them. The grant called for broad public involvement in a process that would identify emerging problems – especially local problems, help identify potential solutions, draw the community into a discussion of the possible solutions, and provide recommendations to County Government for components of a local farmland protection plan that could help protect and enhance the future of Klickitat County’s agriculture industry. The County contracted with American Farmland Trust to help with this process and recommendations.

Working with the County, AFT made an initial assessment of potential issues in Klickitat County and prepared a working “discussion paper” on “Options and Issues for Protecting Agricultural

Lands in Klickitat County” along with supporting materials. These were placed on line¹ and also provided on paper to the public at 6 community meetings around the County during October and November 2008. AFT also created and followed an outreach plan for the broad distribution of notice of the 6 public meetings. The meeting notice was provided to local conservation districts, community councils, agriculture organizations and other citizen groups likely to be interested in the issues. These groups, in turn, got the word out through newsletters, direct mailings, and word of mouth. The notice was also mailed to local citizens on a list assembled with help from the County and local citizens. And the meetings were also made known through local newspapers and radio. The notice of the meetings was also placed on line at the Klickitat County Planning Department’s web page.

The six meetings were each held at 6:30 p.m. to 8:30 p.m. at the following dates and at three locations in the County:

- Centerville Grange #81, 2288 Centerville Highway, Centerville, WA 98613
 - Tuesday, October 21, 2008
 - Tuesday, November 18, 2008
- Mountain View Grange #98, 1085 Main St., White Salmon, WA 98672
 - Wednesday, October 22, 2008
 - Wednesday, November 19, 2008
- Alder Creek Grange #890, Main Street, Bickleton, WA 99322
 - Thursday, October 23, 2008
 - Thursday, November 20, 2008

At the first three of these public meetings held in October, after briefly reviewing the topics covered in the “Options and Issues” discussion paper, we held a facilitated discussion that first focused on a “20-year vision” for where people wanted to see agriculture go in the years ahead, and then on issues, concerns, and barriers that might stand in the way, along with some discussion of potential opportunities and actions that could be taken to overcome those barriers and concerns. And at the second set of three meetings held in November, we focused our discussion on potential actions that could be taken, mostly locally, that might help agriculture and increase the ability of the agriculture industry to retain land for agricultural use. A set of rough notes and then a “Topical List of Public Comments” were prepared that sought to capture the ideas that emerged from all 6 of these public meetings. (These are attached as Appendices D and E.) Further public comments have also been received by phone, e-mail and post. And all of this input has been considered in the completion of this Report.

2. A vision for the future of agriculture in Klickitat County

At all of our public meetings, the vision was clearly expressed that the Klickitat County community (farm and ranch producers and non-farm citizens alike) believes in the future of agriculture and has a strong desire to see farming and ranching continue as an economic force and a major land use in Klickitat County.

¹ See materials at: <http://www.farmland.org/programs/states/wa/Klickitat-County-Papers.asp>. This link was provided also through the Klickitat County Planning Department website and in the meeting notice that was distributed concerning the 6 public meetings.

Following our first set of meetings, this was summarized as a 20-year vision as follows:

20-year vision: We retain a rural landscape with a profitable, diverse, and sustainable agriculture industry engaged mostly in family farming operations suitable to the varied landscapes in Klickitat County.

There is a clear sense in this community that agriculture is a key part of the rural landscape and the local economy and that its health and vitality are critical to the rural feel and character, to the environment, and to the current and future quality of life in Klickitat County.

The market for agricultural lands in Klickitat County is, however, facing increased competition from residential, retirement, recreational, and other non-farm uses – much of it coming from buyers from nearby urban areas. These non-farm buyers will generally make more intensive use of the land than a farm or ranch operator and can therefore typically afford to pay a good deal more for it than can agricultural producers. Some recent sales of 20-acre parcels appear to be bringing in the range of \$8,000 to \$10,000 per acre – considerably more than agricultural value, yet still quite affordable for a residential, recreational, or other non-agricultural uses.

Combined with 20-acre (or smaller) agricultural zoning, these circumstances have several impacts on local agriculture:

- **Less farmland:** Current agricultural zoning can result in residential/non-agricultural ownerships that collectively (and perhaps unnecessarily) consume very large areas of land that could otherwise be profitably used in agriculture – diminishing the useful agricultural land base.
- **Fragmentation:** The land base becomes fragmented in a way that makes it increasingly difficult for farmers and ranchers to find the large contiguous (or at least nearby) acreages needed for a full profitable agricultural operation.
- **Land cost:** The cost of land, even where it has not yet been subdivided, increases beyond what a normally profitable farm or ranch can afford to pay. This prevents existing farmers from being able to expand their farms. It prevents new farmers from entering agriculture. It makes it difficult for retiring or semi-retiring farmers to reduce the scope of their operations while staying on the land. And, since investments in land necessarily incur an “alternative use cost” that must be recognized as an annual business expense, it affects the actual profitability of farming as a business.
- **Investment:** Higher land values discourages investments in land improvements intended to strengthen agricultural profitability since those improvements are generally long-term investments that will usually be of little or no use to the likely future non-agricultural buyer.
- **Inconsistent uses:** The influx of non-farm residents mixes non-agricultural land uses in among agricultural uses in a way that can create conflict between neighboring landowners over nuisance claims (dust, noise, odors, chemicals, etc.), trespass, household pets, traffic, and other issues.
- **Farming infrastructure and critical mass:** It diminishes the total agricultural economy resulting in the loss of needed local agricultural support businesses like suppliers, service providers, and food processors.
- **Competition for water:** It increases the competition from other parts of the community for scarce water, an essential component of agriculture.

- Options for agriculture: It diminishes the choices available to landowners for the types of agriculture they can conduct and thus reduces their flexibility in adapting to changed markets for agricultural products while, conversely, can make some land unusable for the limited type of agriculture to which it is most suitable.

Not all of these consequences are being experienced equally throughout the county. So far, for example, it appears that the worst of the market cost pressure is taking place to the west – for example in the Trout Lake area. And particular concerns exist in the eastern parts of the County concerning land fragmentation – where non-irrigated grain crops or livestock operations require large (2,000 acres plus and ever-increasing) farms if they are to be economically viable. Yet examples of many of these issues appeared through our meetings and investigation in various locations around the County.

It also needs to be noted that current land use laws in Klickitat County have been in place and largely unchanged for some 30 years. Perhaps change is in order after this length of time. Certainly improvements may be possible. But also, expectations for and reliance upon those existing laws would make them difficult to change. Our public meetings were aimed at (and drew) an audience largely composed of agricultural landowners. We did receive comments favoring substantial increase in minimum parcel size in agricultural areas above the current 20-acres. But among the group we worked with there appeared to be little collective appetite for any changes in Klickitat County’s land use laws that might diminish the market value of private lands. This report does not make recommendations for land use law changes of this kind.

Our effort in this project was to find solutions to the above concerns and ways to minimize the above listed consequences that respect current property values while, at the same time, seeming cost-efficient, practical, and politically possible enough for early implementation.

3. Issues and recommendations:

Based on this research and public input and upon these findings, we have assembled the following recommendations for actions that might be taken in Klickitat County to improve conditions for local agriculture, to enhance the future for this important industry, and to protect the future of Klickitat County agricultural lands. Our recommendations are presented in the following areas of concern about the future of agriculture which were raised in our research and our public meeting process. For each set of issues or concerns we have provided a “rationale” for action followed by our recommendations and, if needed, specific notes issues that pertain to the recommendations. The recommendations have been kept general since their specific form will still demand further and more specific input from the community and from professional staff. And they are stated broadly and “topically” since their appropriateness for local Klickitat County conditions will still require the judgment of local citizens and lawmakers as they address the real, on-the-ground challenges facing this community in the years ahead.

Also note that we also received was a plea that forest landowners be included as the community debates these issues. The community discussion we launched was really about “working lands” rather than just about farm, ranch or forest lands. So the majority of what is said in this report and of what was discussed in our public meetings would apply with equal force to the many small private forest operations in Klickitat County.

a. Cost and availability of land for future agricultural use

Rationale: As discussed above, the cost of much of the farmland in Klickitat County has risen to the point that it is worth more on the market than what a farm business can afford to pay for it out of earnings from agriculture. According to 2007 statistics from the Washington Department of Revenue, there are 531,595 acres in the current use tax program in Klickitat County² – roughly 88% of the 607,000 total acres in agriculture according to the National Agricultural Statistics Service Census of Agriculture.³ On average, the appraised fair market value of these lands is some 88% higher than their agricultural business value.⁴ Under these circumstances, it becomes highly likely that these lands will, when they next sell, be sold for a more intensive, non-agricultural use.

Most of Klickitat County's agricultural land is currently zoned for 20-acre parcels, with some smaller sizes as well. There was concern expressed in our public meetings that a 20-acre parcel size is usually much too small to support most kinds of profitable agriculture while also being considerably larger than is either really desired or needed for most practical residential use. This parcel size consumes a great deal of otherwise useful farmland for each residential buyer and contributes to the fragmentation of the agricultural land base and to many of the problems listed above. At the same time, it is small enough to be affordable for residential purposes and to thus still generate substantial price competition for agriculture from non-agricultural buyers.

Our discussion, in the public process, focused on what we might realistically be able to do that might help keep land available and affordable (especially in larger parcels) for agricultural producers in the years ahead and avoid the fragmentation of the agricultural land base.

Community support: Subject to the comments below, there was broad and substantial support in our community meetings for the use of clustering as a tool for protecting agricultural lands so long as the use of clustering is kept optional for the landowner. And, also subject to the below comments there was broad and substantial support for the use of purchase of development rights (purchase of agricultural conservation easements) as one tool for the protection of agricultural lands – especially for option (a), below, at least initially.

Recommendation 1 – cluster zoning:

Encourage the use of cluster zoning:

- Make it easier and less costly for landowners to subdivide into 1-2 acre residential parcels while leaving a farm-sized parent parcel protected and while retaining overall allowed area densities. Provide incentives that make clustering at least as or more desirable for the landowner than simple division into 20-acre (or other allowed size) parcels.

² See Washington Department of Revenue Current Use statistics at: http://dor.wa.gov/docs/reports/2008/Property_Tax_Statistics_2008/Table_19.pdf.

³ See Klickitat County Profile on NASS website at: http://www.agcensus.usda.gov/Publications/2002/County_Profiles/Washington/cp53039.PDF. Keep in mind the potential uncertainties in making a comparison between these two different data sources.

⁴ See note 2, above. Fair market value and agricultural value are shown.

- Consider possible density bonuses or other financial incentives that make it easier to use the current cluster ordinance, where circumstances allow.
- Require or at least strongly encourage location of the clustered non-agricultural parcels on those parts of the land which are the least valuable for agriculture and in locations that will have the least impact on agricultural operations.
- Consider potential use of deed restrictions, conservation easements, or other tools to assure that the protected agricultural “parent” parcels that remain after clustering receive long-term protection from further subdivision so they can remain affordable for future agriculture.
- Actively seek changes from State government in the current use tax code that would help remove disincentives for clustering.

Notes and issues 1 – cluster zoning:

- Current use tax disincentives to cluster: 20 acres is the minimum parcel size that is considered presumptively to be in agriculture under State current use tax law. So subdivision into 20-acre parcels can allow the original agricultural landowner to avoid having to acknowledge a change in use that might, otherwise, require payment back taxes or penalties owing under the current use tax system. Clustering will, at least for the acreage included in the cluster, probably involve such a change of use and require payment of these taxes. This creates a disincentive for clustering.
- Cost of clustering: There were indications that the process for clustering is sufficiently more complicated, more uncertain, and more costly than simply dividing into the current minimum parcel size. Some means to simplify and clarify the process and to reduce that cost for the landowner might increase the use of clustering.
- Preservation of rural character: There were some misgivings expressed about clusters, especially larger ones, as a possible threat to the rural appearance and character of the community. Conversely, it will be the larger clusters that will leave the largest and most farmer-friendly agricultural parcels available (and hopefully protected and affordable) for agriculture. So the greatest benefit for agriculture may generally be gained from the largest clusters. Some balance needs to be struck between encouraging the use of clustering and addressing neighborhood concerns about the creation of areas of concentrated housing in rural parts of the County.
- Affordability: The key to improving the affordability of farmland for farmers is to remove speculation that large farmable parcels might be further divided. It would greatly help clustering to work if there was assurance that the parent agricultural parcel reserved following the original cluster subdivision is protected from further subdivision for the long-term future. One way to achieve this might be through the use of covenants (see discussion in 3.j., below, on the Trout Lake clustering proposal) or of long-term easements, perhaps held by the County or perhaps held in cooperation with a respected local land trust like the Columbia Land Trust. (This use of easements was not consistently considered at our meetings.)
- Voluntary program: There would be community concern if clustering became a requirement rather than a voluntary option.

Recommendation 2 – purchase of development rights:

Facilitate and support use of purchase of development rights (PDR) programs which prevent subdivision and non-agricultural development:

- Option (a) – facilitate local landowner access to existing State and Federal PDR programs: Encourage and support Klickitat County staff in helping to facilitate applications from local landowners (either on their own or through local non-profits like the Columbia Land Trust) that seek to sell agricultural conservation easements through the Farmland Protection Program of the Washington Wildlife and Recreation Program (WWRP), through the Federal Farm and Ranchlands Protection Program (FRPP), or through other programs currently available for this purpose.
- Option (b) – provide local County funds to match and leverage State and Federal PDR funding: Also provide local Klickitat County funding that can be contributed toward the acquisition of development rights on agricultural lands and as a match for other funding available through other programs at the State and Federal levels. Create a priority system to guide these acquisitions toward the most appropriate locations in the County.

Notes & issues 2 – purchase of development rights:

- Time-limited vs. perpetual easements: Some landowners will probably choose not to participate in the sale of a perpetual easement – preferring an arrangement that is more time-limited. The existing State and Federal programs typically fund only perpetual easements (although this is not necessarily required). A County-funded local program could opt to handle this matter as it saw fit.
- The requirement of County participation: Both the Federal FRPP program and the State WWRP program will provide a 50% match for the cost of purchasing an agricultural conservation easement at its appraised market value. Each can match the other to cover the full cost, but the use of both programs is required to obtain the revenue for an acquisition. The State WWRP program also requires that local county government must be the applicant. So unless Klickitat County participates – at least to the extent of submitting the application – local Klickitat County landowners are effectively unable to use either the existing State or the Federal program.
- The desirability of County funding: Both the State and the Federal programs are competitive processes. Several other counties in Washington (e.g. Skagit, Whatcom, San Juan, Pierce, King, etc.) have local programs in place that also provide local match funding for deserving local PDR acquisitions offered to WWRP and FRPP. It is, nonetheless, possible for a strong application to succeed in winning WWRP and FRPP support, but the commitment of county-level funding definitely helps make a an application more competitive.
- Setting local priorities: The competitiveness of a local PDR application in the WWRP and FRPP process can also be enhanced if the local community has established priorities for which agricultural lands most need or deserve protection. This may be less important early on, when there are few such applications. If the number of applications increases over time, it may be more desirable (and effective) if some process is developed for prioritization of applications among those submitted.
- Transfer of development rights: Transfer of development rights (TDR) programs generally require developers in certain designated “receiving areas” to purchase development rights from landowners in designated “sending areas” where the protection of farmland may be seen as desirable. It does not appear that TDR is likely to be a useful strategy in Klickitat County so no recommendation has been made with respect to this technique.

b. Limiting the impacts of government action:

Rationale: Most of our participants were in agreement that, while regulation and other government actions are a concern, there does not seem to be a great deal of undue regulatory pressure coming from Klickitat County government itself. Most of the issues seem to come out of action at the State or Federal levels. Permitting for farm structures in Klickitat County, for example, is permitted under an easy and inexpensive process. There also does not appear to be a great deal of pressure for condemnation or acquisition of lands for public purposes from County government. State and Federal governments, however, can and do occasionally use their condemnation or acquisition authority or their overarching regulatory authority with significant potential for impacts on local farms. So, there are two recommendations, in this area, that were discussed in our public meetings and that appear to deserve consideration.

Community support: While there was broad agreement on this topic, the limited role of County government made it one of the less pressing of the issues we discussed in our community events.

Recommendation 3 - Farmer education about farm structure permitting:

Provide educational material to the farm community about the existing County program for farm structure permitting – perhaps a brochure, on line materials, and distribution of information at agriculture venues and through farm groups and agencies that serve farm constituents.

Notes and issues 3 - Farmer education about farm structure permitting

- While the existing farm structure permitting process is a good one and is thankfully inexpensive, it was suggested at our meetings that it might be helpful to make it more broadly known and understood in the farm community. Some farmers appear to be unaware of the process.

Recommendation 4 - County participation in State or Federal land acquisitions:

Continue active implementation of Klickitat County Ordinance (Ch. 2.76.010 – 170) on coordinating regulatory actions by State and Federal governments affecting land and natural resources in Klickitat County.

Notes and issues 3 - County participation in State or Federal land acquisitions

- To the extent that Klickitat County is consulted or involved in decision-making about land acquisitions or condemnation actions or about regulatory action by State or Federal agencies, the County should continue to urge a policy of considering and avoiding impacts on valuable farm and ranchlands and encourage their State or Federal partners to seek alternatives where practicable and to mitigate any harm to farm and ranchlands where possible. Ch. 2.76.010 – 170 appears to be a good process with well designed policies to this end.

c. Limiting the impacts of taxation:

Rationale: As with the regulatory arena, taxation is seen as a major potential discouragement for the survival and profitability of agriculture. But most of the concern about taxes seems to

arise out of State and Federal law. There is, however, some discretion left to County Assessors in implementing the Current Use program. While there are only limited ways that County government has the opportunity to help, the following emerge as potentially useful local actions.

Community support: Taxes are seen as an important issue by the community. So, even though there is limited direct impact from the County in this arena, there was broad support for any actions the County may be able to take.

Recommendation 5 - Educate landowners on agriculture related taxes:

Provide educational materials that help clarify and inform agricultural landowners as to opportunities and responsibilities for taxes particularly relevant to farm operations:

- Clarify and inform about opportunities to participate in current use taxation to make it clearer who does and does not qualify, perhaps with some relevant examples. Include targeted information for new landowners purchasing smaller (e.g. 20 acre) parcels to enhance their decisions about the location of access roads and structures that might impair their ability to farm the balance of the land or lease it to a farmer for agriculture.
- Research, identify and explain agriculture-related tax exemptions that may particularly apply to agricultural operations, personal property, or lands – especially those that may not be well known in the community.

Notes and issues 5 – Educate landowners on agriculture related taxes:

- Education and clarity re current use program: The current use taxation program provides significant protection and benefit for farmers and has broad support within the agriculture community. But not all farm landowners are aware of the program or of the eligibility requirements or opportunities it provides. Helping to educate the landowner community about the program would help assure that those who should be in the program are as well as helping to discourage those who should not from participating – an important outcome if the current use program is to retain its credibility and public support.
- Identification of relevant tax exemptions: There is a concern that many farm operators may not be aware of some of the tax exemptions that may potentially apply to them. For example, few of the farmers in our meetings seemed aware of the exemption for real property improvements made for natural resource conservation under RCW 84.36.255. It would be useful if there was a source of information that identified all of these potential exemptions and got that information out to Klickitat County landowners.
- Educate new owners of agriculture-zoned lands: This education could extend to new buyers of smaller parcels (e.g. 20-acre parcels that are, at least presumably, agricultural) to help them avoid placing homes, access roads, and other improvements in locations that would prevent the land from leasing for agriculture and thereby qualifying them for continued inclusion in the current use taxation program.

Recommendation 6 – County support for State and Federal tax relief:

Affirmatively support the local agriculture industry in forums, organizations, and opportunities at which the County and its officers can encourage tax relief by the State and Federal governments in the following particulars:

- Change current use tax code to eliminate disincentives to use clustering (see Recommendation 1, above).
- Change personal property tax requirements to ease complications in identifying business-taxable personal property for farm households that are both a business and a home residence.
- Seek exemption or other relief from Federal estate taxes for agricultural lands.

Notes and issues 6 – County support for State and Federal tax relief:

- Current use disincentives to cluster: As mentioned under Recommendation 1, above, one of the significant disincentives for clustering seems to be the potential requirement to pay back taxes and penalties on property that is in the current use program. County political support at the State level might help secure changes in State law that would provide relief from this consequence – perhaps under the special circumstance where the landowner is clustering under a local ordinance.
- Personal property complications: Because family farms are also generally residences, the segregation of residential personal property from farm business personal property can be complicated and creates uncertainty for taxpayers. County assistance in supporting changes in these rules that would create clarity on personal property tax responsibilities for residential and business personal property would be helpful.
- Estate taxes: Concern was expressed at the meetings that federal estate taxes can force the sale or division of agricultural parcels in order to pay the tax. The hope was that County officials, through associations of public officials or of local governments, could help support federal legislation to exempt or provide relief from these tax impacts.

d. Public education:

Rationale: With farmers and ranchers making up an ever-diminishing percentage of the general and the local population, it is increasingly important that the agriculture industry work to gain and keep the understanding and the confidence of the non-farm public. Similarly, it is critical that agricultural landowners be aware of and fully understand their own options and responsibilities. A strong system of education, both for the public about agriculture and farm-ranch issues and for the agriculture community about matters important to their industry is a critical need.

Public education (of both these kinds) is probably a shared responsibility between agriculture industry organizations and groups, conservation districts, WSU Extension, other community groups, and County government. In some circumstances, for example, it may be that the most effective source of information would be the industry associations. In others, it may be that the County could be most effective. In either case, County financial support might be helpful and County cooperation is likely to be essential.

Recommendations 7 and 8 would benefit from a mutual partnership between government, the agriculture industry, WSU Extension, private nonprofits, and conservation districts, with the County providing financial support where possible, input where useful, and, as in the case of information pertaining to County programs, perhaps taking the lead role.

Community support: The discussions about public education were consistently the most vigorous we had in our community meetings. There is a strong belief in the agriculture community that the public does not understand agriculture. There is broad and substantial community support for actions in this arena.

Recommendation 7 – Support for public education about agriculture

Support and provide public education about agriculture related issues, including:

- Consumer education concerning environmental, economic, and other benefits of local agricultural products,
- Improved and broadly distributed educational materials for buyers of properties located in or adjacent to agricultural use areas concerning what to expect from agricultural land users in the area, appropriate location of access roads, homes and other structures, and other agricultural issues about which they may not be familiar,
- Strong support for County Fair and other events that celebrate or feature agriculture,
- Support for agriculture in the classroom.
- Educate buyers of smaller parcels (e.g. 20 acres) as to the current use tax issues and other potential income opportunities they will be dealing with and inform them of the potential advantages of locating their access roads and structures in a way that might facilitate the leasing or use of the balance of the property for agriculture.

Notes and issues 7 – Support for public education about agriculture

- Lease of small parcels for agriculture: While the non-farmer/buyers of small 20-acre properties may not farm these properties themselves, the opportunity to receive lower taxes on the land tends to encourage them to lease that land to local farmers. This is a benefit to local farmers. Unfortunately, these new buyers often place their access roads and home structures in the center of the property or in a place that makes it difficult or impossible to use the balance of the property for agriculture. Some encouragement or education that would help them avoid this mistake would be useful.

Recommendation 8 – Support for agriculture industry education

Provide public education for agriculture on issues important to their industry, including:

- Eligibility for current use taxation (also for landowners generally),
- Eligibility for other tax benefits and exemptions that pertain to their industry,
- Availability of programs and assistance with issues like conservation management, farm transition, extension education, business planning, etc.,
- Energy audits for farms to help farmers save on energy,
- Other issues relevant to farm success and profitability.

e. Economic development and profitability for agriculture

Rationale: There is no farmland without farmers. That is to say, unless there is a viable farm business to manage and support the ownership of that land, it will ultimately sell for some other, probably less environmentally desirable and more intensive purpose. And since the direct driver for loss of farm and ranchlands is land affordability, anything that increases the profitability of agriculture and which thereby increases the ability of farm and ranch businesses to afford to own the land they need helps keep that land in agriculture.

Agriculture is the lead industry in Klickitat County, yet because it is composed mostly of a great many small, independent family farming operations rather than being made up of only a few large, monolithic companies, it has greater need of public support and encouragement in the area of economic development. It does appear that larger agricultural operations in Klickitat County participate in and advise the Public Economic Development Authority and the County's Economic Development Department. But there is little awareness of that in the agriculture community. And there does not appear to be a recent economic development strategic plan that helps to guide the future of local agriculture. The many small family farm and ranch businesses could greatly benefit from some focused attention to their economic development needs.

Community support: Of all the topics we discussed in our public meetings process, economic development and public education were the two that sparked the most interest. There is broad and substantial support for actions that enhance economic development for agriculture.

Recommendation 9 – Ag participation in economic development planning

Provide for active participation in economic development planning with representation from the diverse geographies and commodities produced by Klickitat County agriculture.

Recommendation 10 – Agriculture industry economic development strategic plan

Support and complete a professional economic development strategic plan for the future of Klickitat County agriculture that:

- Addresses current and projected future markets, locally, nationally, and internationally, for agricultural products grown in Klickitat County and that suggests strategies for taking maximum advantage of those markets and trends
- Identifies key threats and issues affecting the profitability of agriculture and opportunities to address those issues, maximize profitability and minimize expenses
- Outlines opportunities for action by government, by industry associations and cooperatives, and by individual agricultural operators that will enhance business success
- Suggest opportunities for cooperative action by farmers, farm groups, and local government
- Assess the viability of local branding for local and outside-county sale of Klickitat County agricultural products
- Suggests ways to fund the needed actions.

Notes and issues 10 – Agriculture industry economic development strategic plan

- Strategic planning of this kind for agriculture has been done in many communities across the country and here is Washington. There was such a plan recently completed, for example, in Pierce County, WA.
- The below recommendations for economic development actions could be usefully added to and made more specific with completion of such a plan.

Recommendation 11 – Support for local direct marketing of agricultural products

Provide financial and regulatory support, where possible, for farmers markets, farm stands, farm stand signage, on-farm value-added processing, and other activities that enhance farmer opportunities to sell locally grown product to local consumers.

Recommendation 12 – Support for farmer cooperatives and Ag support infrastructure

Support and enhance opportunities that arise for farmer cooperatives (such as mobile USDA-certified meat processing, grain processing, or a cooperative winery) and other industry support businesses, encourage, and facilitate such opportunities

Recommendation 13 – Support for ancillary income sources on agricultural lands consistent with agricultural production

Continue to support and facilitate alternate energy opportunities for agricultural landowners, agriculture tourism, conservation markets, and other ancillary businesses income opportunities that can take advantage of agricultural properties without undue negative impact on traditional agriculture.

Notes and issues 13 – Agriculture industry economic development strategic plan

- Farmers in our discussions had considerable interest in the development of alternate energy on their lands – done in a way that minimizes the impacts on agriculture. There has also been discussion of potential natural gas resources.
- In the 2008 Washington Legislature, a study of conservation markets for agriculture and forestry was commissioned (SB 6805). The results of that study may demonstrate ways to use carbon sequestration, water quality trading, and environmental mitigation funding to both improve the environment and provide additional revenue for agriculture and forest landowners for providing environmental services that keep our communities healthy.

Recommendation 14 – Encourage purchasing of local foods at County-operated public institutions

Encourage, support, and facilitate the purchase and sale of local agricultural products by food service and provisioning facilities at County-run public institutions.

f. Community process and consultation:

Rationale: As a critical industry and an important contributor of economic, environmental, and social value to the Klickitat County community, agriculture should be methodically consulted with respect to its needs and with respect to concerns about actions that may have an impact on its success. Certainly local farmers and ranchers are already active in the political arena and communicate often with public officials on government issues. But with an agriculture industry and an agricultural landscape as diverse and as important as it is in Klickitat County, there may be a place for creation of an official, broadly representative, organized advisory group that methodically considers proposed government actions and affirmatively identifies new possibilities for action.

Community support: Participants in our public discussion had mixed feelings about the need for an agriculture advisory group, but ultimately the sense was that, if the County does decide to go ahead with some kind of farmland protection program or effort, creation of such an advisory group may be quite appropriate as a means to advise and shepherd the implementation of the program. They do, however, definitely believe it is important that the agriculture community be consistently consulted on key issues affecting their industry – from all parts of the industry.

Recommendation 15: Agriculture Advisory Commission

Consider creation of an Agriculture Advisory Commission that is broadly representative of the Klickitat County agriculture industry and that can provide advice on industry needs and on proposed actions that may have an impact on the industry.

Notes and issues 15: Agriculture Advisory Commission

- Appointment by County Commission or Chair: Similar advisory groups exist in perhaps a dozen other counties in Washington including Skagit, Whatcom and Pierce Counties. They are typically appointed by a County Commission or Council or by a County Executive usually from among names offered by local agriculture related groups and sometimes specifically representing certain commodities, geographies, or elements of the agriculture industry.
- Existing Natural Resources Coordinating Committee: Klickitat County has an existing Natural Resources Coordinating Committee (NRCC) established to provide advice concerning actions by Federal and State governmental agencies affecting lands and activities in Klickitat County. (Klickitat County Ordinance Ch. 2.76 of 5/98) The NRCC includes representation from agriculture and contains an agriculture and livestock subcommittee. It also includes representation from a broad spectrum of other interests on natural resources issues. Certainly the agriculture members of the NRCC would be appropriate participants in an Agriculture Advisory Commission, but there may be benefit to having a group that exclusively focuses on agriculture issues only, that specifically represents perspectives from within agriculture only, and whose responsibilities go beyond actions by State or Federal government within the County.
- Role for County Assessor: State law authorizes the County Assessor to create an agriculture advisory committee to provide counsel on current use taxation issues. Many Assessors across the State (apparently including the Klickitat County Assessor) have not seen the need to do so. If such a need is felt, it might be possible for a broader Agriculture Advisory Commission to serve in that role as well.

g. Water:

Rationale: As important for agriculture as the land itself is the water that makes that land productive. So water is a key factor in the survival of agriculture and in the future of agricultural lands. Despite Klickitat County's location alongside the "Mighty Columbia," water is scarce. And there are many competing demands for water – development, fish and wildlife, recreation, etc. in addition to agriculture. There was a sense from participants in the meetings of a suspicion that there is more water that could be made available for use than is currently being allowed. At the same time, there is also concern that growth and non-agricultural development will create competition in the years ahead that will "drain" the water rights from agricultural lands and, hence, destroy their productivity. And there was recognition that the drilling of a great many exempt wells will ultimately have a detrimental effect on agriculture.

Much of the water in Klickitat County (both that used for agriculture and that used for development) comes from ground water. One of our participants in the public meetings pointed

out that the fact that much of the land in the County is open land helps enhance the recharge of ground water for the benefit of all residents. Simply preserving agricultural lands thus has a positive effect on water availability for everyone.

For the most part, water issues are driven by actions at other levels of government. But if, in fact, there is indeed more water that could be made available for use than is currently allowed, there will need to be sound, credible scientific evidence to make that case to the Washington Department of Ecology and there will need to be broad political support from the public and from County government. So there are some indirect steps that the local community and that Klickitat County Government might take to improve supplies of water for present and future agriculture.

Community support: Water is clearly understood by everyone as critically important to the future of agriculture. At the same time, there is appreciation for the limited authority of the County to affect changes in water law. There would, however, be broad and substantial community support for actions the County can realistically take to improve access to water for agriculture. Recommendation 16 received a good deal of discussion and positive reaction at all three of our meeting locations.

Recommendation 16 – Hydrologic studies

Encourage, facilitate, and support the hydrologic studies now being conducted as well as future studies that will provide credible evidence of availability and supplies of water for human use in Klickitat County.

Recommendation 17 – Water storage

Consider and investigate ways Klickitat County can participate in projects for the storage and increased access to water for agriculture. This should be done consistent with the Governor’s Columbia River Initiative.

Recommendation 18 – Aluminum plant water

Consider and investigate the possibility of allowing farmers who have long-standing outstanding water rights claims to temporarily lease existing “set-aside” water rights associated with the now-idle aluminum plant while their claims are being decided.

Recommendation 19 – Water advocacy

Represent the County’s agricultural producers and advocate for their interests in water at forums, in organizations, and with State and Federal agencies that manage water resources.

Notes and issues 18 & 19 – Aluminum plant water and water advocacy

Several issues pertaining to water rights that require decision by the Washington Department of Ecology (DOE) were raised in the public meetings:

- It is not clear whose approval would be needed to allow the temporary leasing of aluminum plant water to local farmers, no doubt it includes the Department of Ecology. So to the extent that it is not a County decision, the hope is that the County could play a role in advocating for this outcome.

- There is concern that the water rights requirements of DOE have the effect of discouraging use of the cluster ordinance by making it easier for non-clustered short-plat applications that simply subdivide into 20-acre parcels and do not require specific approval to be accepted for use of exempt wells than those that involve clustering. This is an area where the County might help to make the case for changes in State law or Ecology policy that would facilitate use of the cluster ordinance.
- The suggestion was made in our public meetings that landowners who have water rights in a stream crossing their property ought to be allowed to use that stream for small scale hydropower generation where there will be no harmful effect on downstream or in-stream uses or on other environmental values.

h. Right to farm

Rationale: Klickitat County reviewed and rewrote its Right to Farm ordinance not long ago (Ordinance #0-60595) and most participants in our public meetings were of the view that the current ordinance is a good one. The current law essentially implements the State Right to Farm law (RCW 7.48.300 - .310) which was amended to improve nuisance protections for farmers in 2007. It is not clear whether this 2007 amendment of the State law might occasion a need to, again, reexamine the Klickitat County ordinance.

The private property rights of potential plaintiffs in nuisance lawsuits arise out of common law and are protected under the U.S. Constitution. To the extent one can legislate in this area, the State Right to Farm law probably also supersedes the County's authority. So there are limits to the County's legal authority to write ordinance protections for farmers against nuisance lawsuits. Nonetheless, some matters arose during the public discussions on Right to Farm laws that seemed potentially to offer a way to enhance protections for farm operations. And there are other steps, beyond a rewrite of the ordinance, which might also offer some relief.

Community support: Agricultural landowners broadly support strong right to farm legislation, and there was positive community reaction to improvements in the County's right to farm laws, insofar as that is legally possible and reasonable.

Recommendation 20 – Right to farm ordinance improvements

Research, consider, and, if possible, amend the Klickitat County Right to Farm ordinance to include whichever of the following features seem practical:

- A requirement that information be provided, prior to sale, to buyers of real property located in or adjacent to an agricultural zone that specifically advises the buyer of potential "enjoyment" issues that may exist on the property they are considering buying, which issues exist by reason of the lawful conduct of agriculture activities on nearby lands and of the fact that their rights to sue for nuisance because of these activities are limited by law.
- A requirement that, prior to sale of such properties, the buyers be required to sign a statement acknowledging that they have read and understand the above information and also a requirement that this signed statement be recorded in the public records of the County related to that sales transaction.

- A requirement that the above-described statement also contain a specific legal waiver of any potential claim of nuisance for lawfully conducted agricultural activities and that this waiver be also signed by the buyer and the statement be filed of record with the County.

Notes and issues 20 – Right to farm ordinance improvements

- A legal review will probably be needed to ascertain which of the above additional requirements would be constitutional and consistent with Washington State law.
- With respect to the third bulleted requirement above, requiring buyers of properties in or near agricultural zones to legally waive their nuisance claims, if legal, might have an impact on the value of the land – a concern that was expressed at our public meetings.
- It was also suggested at our public meetings that, in doing any rewrite, care needs to be taken not to undermine or weaken the existing law.
- Note that one of the recommendations of the Farmland Preservation Task Force would be for the Office of Farmland Preservation to write a model county right to farm ordinance that local counties might choose to copy or from which they could draw ideas. The Task Force report will, apparently, also contain an appendix of existing right to farm ordinances from around the State which might provide an excellent resource in any rewrite.

Recommendation 21 – Public education about right to farm

Educate and inform the public about Right to Farm issues and about the lawful rights of agricultural producers to conduct usual and accustomed farming practices on their land without facing claims of nuisance, including:

- A notification explaining the farmers’ rights to farm should be included with mailing of the annual real property tax statement that is sent out to owners of properties that are located in or adjacent to lands on which agriculture is a lawful activity.
- The County should publish a pamphlet/brochure outlining the farmers’ rights to farm and help make sure it is broadly distributed to the public at appropriate venues and opportunities.
- Seek and implement other opportunities to educate the public about the farmers’ rights to farm as may be workable and appropriate.

i. Farm transition

Rationale: Every transition of ownership of an agricultural business (and of the land it owns) involves the risk that the land will fall to non-farm uses. With high non-farm values on that land, this risk is substantial. Helping farmers and ranchers who prefer to sell or otherwise convey their land to another farmer or rancher to make these transitions occur as seamlessly and effectively as possible can increase the likelihood that the land will continue in agriculture.

To accomplish these transitions, many farmers can benefit from good advice and counsel concerning legal and accounting issues like trust, estate and taxation planning; with professional business planning; or, with professional advice on potential land use and/or development options that may be available (e.g. clustering and easements). There are educational programs that bring in knowledgeable lawyers, accountants, business planners and other specialists in farm business transition matters for workshops and to publish educational materials to aid with transition

issues. There are also programs available that facilitate mentoring relationships between retiring farmers and new, potentially inexperienced farmers who wish to buy and operate a farm but who may need guidance from the current owner to do so. And there are programs – other than realtors – that keep updated listings of farms and ranches for sale and of interested farm buyers and attempt to match buyers and sellers specifically for the purpose of helping to keep land in agriculture.

Various public agencies and private nonprofits currently provide these educational and other services including the Washington Department of Natural Resources, Farm Credit Services, local conservation districts, various producer associations, the Washington Office of Farmland Preservation, and the Washington FarmLink program. These programs and organizations often subsist on charitable contributions or small contracts but can provide significant help for farmers facing transition issues.

Community support: Participants in our community meetings generally indicated that farm transition was a significant issue and broadly supported taking some actions that would be helpful in helping farmers make these transitions.

Recommendation 22 – Transition services

Provide support to groups and agencies (farm organizations, conservation districts, and others) that can provide farm transition education and informative written materials available to local farmers interested in or concerned about farm transition issues.

j. Outstanding proposals from the community

At our public meetings process, comments were received concerning two specific proposals currently being considered that would help farmland preservation in the Klickitat County community. Both of these outstanding proposals were written primarily to address needs associated with current zoning in the County. Both offer creative ideas for addressing some of the specific issues discussed above, so they provide an opportunity to illustrate how some of the above suggestions might be made to work together in practice.

- **Jacob Anderson proposal:**

Jacob Anderson, a farmer/rancher from the Trout Lake area, has proposed that the County allow the creation of a new type of agriculture “zone” that could be made available to those landowner(s) who request to be included in such a zone. Participation/inclusion in this new “zone” would be strictly voluntary for the landowners affected. Being included in the zone would be an additional option that would be available if the landowner desired to use it. If a landowner or group of adjacent landowners selected this option for their lands, a separate new set of rules for subdivision, etc., would apply to their properties.

Anderson’s proposal received some discussion at the six public meetings we conducted and has also had a good deal of public input in other previous forums, including a special High Prairie community meeting held October 9, 2008. The essence of the proposal is an effort to use a number of existing zoning tools in combination to minimize or eliminate the negative impacts of several of the concerns discussed in the above Report and that currently limit farm landowners’

ability to protect their land for farming or ranching while still being allowed to draw revenue from some, limited sales of residential parcels. (The proposal itself is quite complete and is attached as Appendix .) So, for example:

- (1) Use of the short plat process: Landowners would be able to use successive short plats scheduled in such a way that, over time, they would be able to draw revenue from small subdivisions while ultimately ending up being able to develop the full number of allowable parcels currently allowed for their land.
- (2) Scheduling: Permission for subdivision would be essentially automatic on a predictable schedule so the landowner could plan for the future, factor anticipated parcel sales into their ongoing business decisions, and use the potential for such sales as a part of their security when credit is needed.
- (3) Clustering: Clustering would be encouraged by making the cluster approval easy, by minimizing the potential impact of current use taxes in land converted out of agriculture, and by facilitating the use of exempt wells without the need (at least under current law and Department of Ecology procedure) to secure a water right in order to get a permit for each small cluster.
- (4) Slowing the rate of subdivision: Because subdivisions would only be allowed on an established schedule, the process slows the rate of subdivision over time rather than encouraging it to occur in large clumps or large individual developments.
- (5) Protecting farmland: Because clustering is used, and because there are incentives for the small residential (2-5 acre parcels) to be located away from prime farmland and in locations that do not interfere with agriculture, the proposal results in larger and higher quality land parcels being preserved and available for agriculture in the long term.
- (6) Protection from future zoning change: The proposal calls for a requirement that owners of 80% of the land within the zone approve any future zoning change. (It should be noted, however, that what the County Commission can do in the first instance, it seems likely it may be able to undo at some point in the future.)
- (7) Grants for clustering expenses: The proposal also includes a provision for the County to provide small grants to landowners to cover their higher costs of clustering and/or to pay or forgive the back taxes and penalties due on conversion of land out of the current use program if the landowner chooses to cluster.

The use of voluntary agricultural districts where participating landowners are provided with special incentives to join but also, in exchange, give up some development potential is commonly used in some parts of the country. Not all landowners will be interesting in participating in such a “district” or “zone,” but those who can help protect the land and slow the rate of development. (See the Agricultural Districts “Fact Sheet” provided as Appendix J to the Issues and Options Discussion Paper which is, itself, also made an Appendix to this Report.)

Jacob Anderson’s proposal offers several creative ideas that deserve close consideration by the community.

- **Trout Lake Cluster/Extensive Agriculture Zone proposal:**

Citizens in the Trout Lake area have offered this proposal as a way to preserve agricultural lands while preserving allowed overall density. There are several features to the Trout Lake Cluster proposal (attached as an Appendix), but one of them stands out as an interesting mix of zoning

and permanent protection through the use of a covenant: the future protection of the “parent” – agricultural parcel would be protected by covenant.

The potential for future zoning changes (and buyer speculation that such changes might occur) can drive up the cost of the agricultural “parent” parcel in the years that follow a clustering development. This especially becomes true as that larger “parent” parcel ends up more or less surrounded by non-farm residential properties and owners and potential buyers begin to eye that remaining farm for what it might be worth “if only” it could be divided up and developed. This can happen despite the fact that the existence of that large, undeveloped farm may be providing much appreciated open space to the surrounding communities and desirability value to the properties in its immediate vicinity.

So, the use of a covenant to permanently protect these cluster “parent” agricultural parcels seems worthy of consideration.

4. Summary and Conclusions:

This project has been undertaken with the objective of helping Klickitat County residents and the Klickitat County Commission identify “doable” actions that could be implemented with limited public cost and with, hopefully, limited controversy. The problem of preserving a future for agriculture is not, however, an easy one to solve in the face of market pressures that make farmland worth perhaps 8 times more to non-farm buyers than it is worth for farmers.

Even so, these suggestions would provide a meaningful start at addressing these problems. In our view, and quite clearly in the view of the many Klickitat County residents who participated in our public meetings last October and November, the agriculture industry is worth the effort.

Respectfully submitted:

Don Stuart
American Farmland Trust.

List of Appendices

- A. Notice of Public Meetings**
- B. “Options and Issues for Protecting Agricultural Lands in Klickitat County”**
- C. Appendices A – O to “Options and Issues” discussion paper**
- D. Notes of discussions at public meetings**
- E. Topical list of public comments at public meetings**
- F. “Protecting Agriculture and Agricultural Lands” - PowerPoint presentation at October public meetings**
- G. “Protecting Agriculture and Agricultural Lands” - PowerPoint presentation at November public meetings**
- H. Jacob Anderson farmland preservation proposal**
- I. Trout Lake Cluster/Extensive Agriculture**