



COUNTY OF HUMBOLDT

AGENDA ITEM NO.

H-1

For the meeting of: ~~December 10, 2013~~ JANUARY 14

Date: November 15, 2013
To: Board of Supervisors
From: Kevin R. Hamblin, Director of Planning and Building *KRH*
Subject: Williamson Act Program Evaluation Ad Hoc Committee Report

RECOMMENDATIONS:

That the Board of Supervisors:

- 1. Receive the staff report.
- 2. Review the Williamson Act Ad Hoc Committee Report
- 3. Direct staff to continue accepting applications for formations of new Williamson Act preserves, and to initiate amendments to the Williamson Act Guidelines as recommended by the Williamson Act Advisory Committee.

SOURCE OF FUNDING:

Source of funding to prepare this staff report and Williamson Act program administration cost is covered by the General Fund.

Prepared by *[Signature]*
Cliff Johnson, Senior Planner

CAO Approval *[Signature]*
Amy Olsen

REVIEW: Auditor _____ County Counsel *[Signature]* Personnel _____ Risk Manager _____ Other _____

TYPE OF ITEM:
 Consent
 Departmental
 Public Hearing
 Other _____

PREVIOUS ACTION/REFERRAL:
Board Order No. _____
Meeting of: _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT
Upon motion of Supervisor *Sundberg*
Seconded by Supervisor *Fennell*
Ayes *Sundberg, Lovelace, Bohn, Fennell, Bass*
Nays _____
Abstain _____
Absent _____
and carried by those members present, the Board hereby approves the recommended action contained in this Board report.
Dated: *Jan. 14, 2014*
By: *[Signature]*
Kathy Hayes, Clerk of the Board

DISCUSSION:

The Williamson Act is intended to preserve agricultural and open space lands by discouraging the premature and unnecessary conversion to urban uses. When entering an agricultural preserve, the property owner executes a Land Conservation Contract with the County to restrict the uses of the land to agriculture, open space and/or compatible uses. The minimum term for a Land Conservation Contract is ten years and is automatically renewed every year, maintaining a constant ten year contract. In exchange for restricting the uses, the land is valued as open space land pursuant to open space valuation laws (Revenue and Taxation Code Sections 421, et seq.).

On August 28, 2012 your Board directed staff to assist in the development of an Ad Hoc Committee to evaluate the Williamson Act Program's overall costs and benefits and determine the County's capacity for supporting the program. This was, at least in part, a response to the suspension of State payments to local governments under the Open Space Subvention Act (OSSA). Direction was given that the Ad Hoc Committee should be made up of a mix of County staff, elected officials, and public members. The Committee's membership was selected based upon Williamson Act Advisory Committee and Board recommendations. The Ad Hoc Committee members selected by the Board are identified in the Ad Hoc report.

The Ad Hoc Committee members met two times to discuss the costs and benefits of the County's Williamson Act program. The Ad Hoc Committee members also provided staff with information to be included in the final report. The report, included as Attachment A, provides an analysis of costs and benefits from the program. No specific recommendations regarding the continuation of the program were made by the committee; nonetheless, the input was generally in favor of continuation of the program with minor changes, and staff recommends that the program continue.

Williamson Act Advisory Committee (WAC) Comments on the Ad Hoc Report:

The Ad Hoc report was reviewed by the Williamson Act Advisory Committee at its regular meeting of October 16, 2013. The WAC expressed concern that there were no specific recommendations in the Ad Hoc report, and the Committee noted that there were changes to the Williamson Act Guidelines that they felt could be made to strengthen the program and to make the program more cost-effective.

Specifically, the Committee was in agreement that the program enforcement mechanism of County initiated non-renewal should be amended to remove the phrase "enforcement mechanism of last resort". When non-complaint preserves are identified, such as when commercial agricultural production has ceased, the Guidelines currently require non-renewal to be the enforcement mechanism of last resort, which makes expedient removal from the program difficult. This results in non-compliant preserves continuing to benefit from the lower tax liability while in violation of the Land Conservation Contract. While this change would simplify the path to non-renewal of some non-compliant preserves, the Board would continue to have the final say as to the enforcement remedy that is warranted, given the nature and severity of the non-compliance.

The Williamson Act Advisory Committee agreed with the Ad Hoc Committee that the profitability standards of the Guidelines were inadequate. Currently the Guidelines require properties entering into a Class C or Class D preserve to demonstrate a gross annual income of \$2,500 from agricultural production. This number reflecting "minimum commercial farm" income based on the 1974 Agricultural Census was determined by the Committee to be too low. The Committee noted that the Ad Hoc report mentions the Cattlemen's Associations position that the Agricultural preserve entry requirement should be between \$50,000 and \$100,000 gross revenue, and that the members felt this was much too high. Rather than a specific monetary requirement the committee was in favor of a more general economic standard reflecting a track record of commercial production consistent with the capabilities of the land that could be interpreted by the Williamson Act Committee based on the actual agricultural conditions of each proposed preserve.

Lastly, the Williamson Act Advisory Committee recommends that your Board support the continuation of the Williamson Act program, noting that the Committee, with assistance from the Agricultural Commissioner, is actively engaged in monitoring the performance of existing contracts in accord with the Board's adopted Compliance Program and will continue to make recommendations for non-renewal of contracts which do not meet the Guideline's standard for demonstrated commercial agricultural production. The Committee views the removal of non performing preserves as the best way to ensure the integrity of the Program long-term and to encourage your Board to continue to receive applications for new contracts.

Recommended Changes to the Williamson Act Guidelines:

Staff is supportive of the changes to the Williamson Act Guidelines that were recommended by the Williamson Act Advisory Committee. Proposed changes the Committee would consider and bring back as amendments to the Guidelines would be as follows:

- 1) Elimination of the \$2,500 gross farm income standard required for entry into Class C and D preserves and establishment of a more general economic standard that would apply to all classes of preserves. Specific language for this standard will be developed by coordination with the Williamson Act Advisory Committee and the County Planning Commission.
- 2) Amendment to Section 16.C. of the County's Williamson Act Guidelines to allow the Board of Supervisors more flexibility in initiation of contract non-renewals. The requirement that "The Board of Supervisors shall use Non-Renewal of a land conservation contract as the enforcement mechanism of last resort" would be removed.

FINANCIAL IMPACT:

The cost to administer the Williamson Act Program is covered by the General Fund. Specific Department costs in administering the program are identified in the Ad Hoc report.

OTHER AGENCY INVOLVEMENT:

The Ad Hoc Committee involved the Assessor, Tax Collector, County Administrative Officer, County Agricultural Commissioner, Farm Bureau and Cattlemen's Association.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board could elect to receive the Ad Hoc Committee's report and do nothing at this time, or to direct staff to bring back the Williamson Act Program for further discussion regarding future enrollments and possible ordinance amendments.

ATTACHMENTS:

NOTE: The attachments supporting this report have been provided to the Board of Supervisors; copies are available for review in the Clerk of the Board's Office.

Attachment A: Williamson Act Ad Hoc Committee Report with attachments

ATTACHMENT A
Williamson Act Ad Hoc Working Group Report

Williamson Act Cost Benefit Analysis Report

Executive Summary

On August 28, 2012 the Board of Supervisors directed staff to assist in the development of an Ad Hoc Committee to evaluate the Williamson Act Program's overall costs and benefits and determine the County's capacity for supporting the program. The Board directed the Committee to examine the program, and then report back to the Board of Supervisors with long term recommendations for possible funding strategies, staffing scenarios for maximizing program effectiveness and minimizing financial burdens.

The Committee members met two times to discuss the costs/benefits of the program, not only from a property owner's point of view, but also from the vantage point of the average County resident. The members also provided staff with information to be included in the final report. After review of the information submitted, the Committee summarized their findings as follows:

General Program statistics:

- Approximately 48% of all agricultural lands in the County are actively preserved in the Williamson Act Program. Of the 300,000 acres currently enrolled in the program, the majority is non prime lands located in the eastern portion of the County.
- After the passage of Proposition 13, the values for prime agricultural lands were not significantly lower than Williamson Act contracts. This is beginning to change and the County is seeing an increase in enrollment applications in both the Ferndale and Arcata bottomlands.
- Humboldt County has historically received approximately \$210,000 annually in subventions funds from the state to help "back fill" the tax revenue not collected. FY 2008-09 was essentially the last year that the Williamson Act program was funded by the State. It is unclear if and when the subventions will be available again.
- The Assessor estimates that the County receives approximately \$215,000 less in actual tax dollars coming to county (difference from prop 13 values).
- For FY 2010-11 Humboldt County received approximately \$134,640 in increased property tax revenue (as a result of the increase in property values from the "turnover" of contracted property – new sales utilizing prop 13 values).
- Approximately \$54 million dollars was grossed from agricultural production on WA contracted lands in 2011 (Humboldt County Agricultural Report)
 - \$36,092,474 from livestock production
 - \$16,396,500 from dairy production
 - \$1,290,444 from field crop production
 - \$90,000 from fruit and nut crop production
 - \$196,524 from vegetable crop production
- Of the 9 Northern California Counties surveyed regarding their Williamson Act Program, it was found that only one was exiting the program (Modoc); 6 were not accepting new contracts; two were non-renewing contracts in violation (Mendocino & Siskiyou); and six Counties had an active monitoring program.

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Costs of administering the Williamson Act Program:

- The Planning Division averaged approximately \$7,000 a year for administering the WA program in the last three years (processing of WA projects, such as enrollments, is not included as this is a cost recovery function); however, costs for FY12-13 is estimated to have an increased, ranging from \$19,386 to \$21,390, because of the administration of the WA ad hoc group.
- Future costs for the Planning and Building Department may be higher. The Department could devote a 30% full time equivalent staff person to administer the monitoring program and clerk the WA committee.
- The Assessor estimates that it costs approximately \$25,000 to \$30,000 from the General Fund to administer the WA program (staff time with overhead).
- The Agricultural Commissioner estimates that it costs approximately \$13,000 to \$14,000 for monitoring the WA program (this is the first year for monitoring – actual costs still unknown).
- The Tax Collector stated that there are no additional costs to administer this program.
- The County Administrative Office stated that there are no specific staffing costs for this program; however the cost for advocacy lobbying for WA subventions in 2010 was approximately \$10,000 (Will continue lobbying for funds).

Benefits of the Williamson Act Program (as reported by the ad hoc members):

Board of Supervisors:

- Consistent with the Board of Supervisor's Strategic Framework Plan in several ways
- Consistent with the current General Plan (1984) which supports and promotes WA program.
- The Williamson Act perpetuates agricultural production and discourages premature development by taxing productive lands at their agricultural value (The Humboldt County Farm Bureau, which represents the majority of the agricultural producers in Humboldt County).
- Being in the WA program helped provide financial security for banks to finance new purchases. Being in contract gives you a cushion and keeps land in production. (Cattlemen's Association)
- This is the cheapest environmental program out there. If these lands were not in the program, it would require more monitoring by the sheriff, because it would be sold to dope growers. (Cattlemen's Association)
- The 2009 UC Davis Study: "New Study on Cuts to Williamson Act Reveals Conservation at Risk; Ranchers May Sell Land" found that Ranchers likely to sell without program. Findings included:
 - 72% of ranchers surveyed considered the Williamson Act to be "extremely important" to their operations;
 - 72% of land enrolled in Williamson Act contracts contained "important" or "critical" habitat for statewide conservation goals (California Rangeland Conservation Coalition); and
 - The act protects lower income range ranching operations (a social justice issue).
- WA Program is essential to agricultural community in Humboldt County. (Agricultural Commissioner)
- Intact ranches are not being used for increased marijuana grows. The Williamson Act protects these lands from going into marijuana production. (CA Department of Fish and Wildlife (CDFW))

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- CDFW has documented a wide spectrum of impacts [from marijuana cultivation], including erosion and sedimentation of streams, pollution, water diversion, improper construction of ponds and roads leading to failure, illegal logging, clearing of native vegetation, and contaminated soil dumped in streams. As the price of pot drops, growers plant more to maintain their income, so grow scenes are increasing in size and number. (Scott Bauer, CDFW)
- Reduced taxes for property owner – standard of 30-70% expected savings; helps keep land in ag production and less incentive to sell to land speculation.
- The Williamson Act has made a difference for ranchers to turn a profit and buy property. The Williamson Act is necessary to promote agriculture. Putting property into the preserve made the difference of the property being profitable or not. (Jim Redd, Humboldt Association of Realtor representative)
- Agricultural production produces income for the owner and tax revenue for the government. The conversion of the Williamson Act property into home sites or hobby ranches does not produce as much tax for governments as when the land is used for agricultural purposes. (Denver Nelson, environmental representative)
- The cost of residential development if land is subdivided/developed is high. These costs are avoided if land is conserved as agricultural and/or open space.
- The environmental benefits of preserving ranchlands, particularly when the alternative is that these lands may be sold for residential development or potentially destructive marijuana operations, include: Clean Water, Clean Air, Fish and Wildlife Habitat, Open Space, and Food Security. (Jennifer Kalt, public)
- Although tax revenues would increase if WA lands were allowed to convert to residential subdivisions, the costs for road maintenance, fire and emergency services, school bus services and law enforcement would greatly outweigh the revenue collected (laqua Ranch case study and Infrastructure Study submitted by Jennifer Kalt).
- Water use was found to be 14 times higher for marijuana cultivation than livestock use (laqua Ranch case study).

Introduction

The Williamson Act (also known as the California Land Conservation Act of 1965) created a program for counties to protect viable agricultural land from conversion by offering a tax incentive to property owners for keeping their land in agricultural production. In Humboldt County the Board of Supervisors first adopted guidelines for the Williamson Act on June 24, 1969. As of December, 2012 there are approximately 300,000 acres in the program (in 174 established preserves), with approximately 200,000 acres eligible to receive subvention funding from the state (5,400 acres of prime farmland and 194,600 acres of nonprime land).

The Open Space Subvention Act (OSSA) was enacted on January 1, 1972, to partially reimburse or "subvene" local governments for property tax revenue lost due to participation in the Williamson Act. Historically, the State has provided subventions in excess of over \$37 million for Williamson Act contracted lands. During the last year that the Williamson Act was funded, FY 2008-09, Humboldt County claimed \$218,826 in subvention funds but received only \$196,943.40, a 10% reduction. However, in the State's FY 2009-10 budget, the Governor removed all but \$1,000 of Williamson Act subvention funding statewide from the budget. In FY 2009-10 Humboldt County received only \$6.24 in Williamson Act subventions. Amendments to the Budget Act of 2009 suspended subvention payments to local governments. It is unclear if and when the subventions will be available again.

With the loss of State subventions the Humboldt County Board of Supervisors has deliberated on several occasions regarding the viability and cost of the overall Williamson Act program. Additionally, the Williamson Act Advisory Committee has become increasingly interested in a more robust monitoring effort to ensure the integrity of the Williamson Act Program. After the close of the open enrollment period last year, the Board instructed staff to return with recommendations for the establishment an Ad Hoc Committee to evaluate the program prior to the acceptance of new applications into the program for 2013. On August 28, 2012 the Board established the Williamson Act Ad Hoc Committee to evaluate the Williamson Act Program's overall costs and benefits and determine the County's capacity for supporting the program and directed the Committee to return to the Board with their findings.

The Williamson Act Ad Hoc Committee has meet twice; first in December of 2012 to submit information to be included in the report, and then in February to review and finalize the report prior to being presented to the Board. The Committee hopes to present these findings to the full Board by the end of 2013 for the Board to determine next steps on upcoming enrollment protocols for new preserves.

Background

Humboldt County Board of Supervisors first adopted guidelines for the Williamson Act locally on June 24, 1969. In June of 2002, the Board adopted the first comprehensive update to the local Guidelines since 1978 to reflect major changes to the Williamson Act, including the 1998 adoption of Government Code Section 51296, otherwise known as the Farmland Security Zone (FSZ). The FSZ allowed property owners enrolled in this program to have the option of extended contracts, from 10 years to a 20-year term, and in exchange, receive an additional 35% tax reduction. The FSZ is designed for prime lands or lands designated on the Important Farmland Series Maps if the lands are located

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within 3 miles of the adopted Sphere of Influence of incorporated cities.

From 1972 to 1981, nearly 243,000 acres were put under Williamson Act contracts in the County. Of that total, about 75,498 acres were additionally protected under the County's Timber Production Zone (this acreage is not considered "enrolled" in the Williamson Act Program by the state Department of Conservation, and does not receive state subvention monies). Since that time, the amount of land in contract has grown modestly, with an average growth rate of 1.4% per year.

The majority of land placed into agricultural preserves in Humboldt County occurred between 1973 and 1979. Proposition 13, which passed in 1979, greatly affected the number of new enrollees into the program (Humboldt County Agricultural Background Report, 1981). Proposition 13 "rolled back" the base market value of land for taxation purposes to the 1975 tax rates. The tax advantages resulting from being in Williamson Act contract became less appealing in comparison to the tax relief from Proposition 13, without any land restrictions. It is anticipated, however, that landowners will continue to utilize the contract program as changes in ownership raise the post proposition 13 taxes above Williamson Act Contract levels. Additionally, in June 2002, the Board took steps to address this disincentive and Humboldt County became only the fifth county in California to adopt Section 423.3 of the Revenue and Taxation Code, permitting the Assessor to grant a maximum 10% reduction to the Proposition 13 Factored Base Year Value for participating Williamson Act properties.

Once land is voluntarily restricted by land conservation contract, the County requires that the land be used for producing of agricultural commodities for commercial purposes and uses compatible with agriculture. In any one year, a minimum of 50 percent of the contracted land must be under production. This allowance permits a portion of the lands to remain fallow or in crop rotation, or to address market or other conditions (e.g., drought).

The County is responsible for monitoring contract compliance with the Williamson Act and county Guidelines. Failure on the part of a property owner to comply with the terms of the contract or Guidelines could result in the County seeking a judicial remedy or initiating non-renewal. The County's monitoring and enforcement efforts are intended to keep the program efficient in an era of lean state budgets while maintaining the overall integrity of the program that has benefited the agricultural community in Humboldt County.

The program has been successful in terms of the amount of ranchland placed in the system, but only 48 percent of all agricultural lands in the County are actively preserved under the Williamson Act (utilizing acreage figures from the Department of Census). A majority of the grazing lands are currently enrolled in the program, while much of the prime agricultural lands in Humboldt County (primarily the dairies on the bottomlands) have not historically utilized the tax reduction benefits of the Williamson Act. Originally, landowners were wary of the land restrictions required as a part of the Contracts. After the passage of Proposition 13, however, values for prime agricultural lands were not significantly lower than Williamson Act contracts. This is beginning to change and the County is seeing an increase in enrollment applications in both the Ferndale and Arcata bottomlands.

Under the Williamson Act, the base share value for prime agricultural lands are higher due to the increased "market rent" value, therefore a higher tax rate is given to prime agricultural lands. The 2002 Board action to allow an additional 10% reduction to Proposition 13 Factored Base Year Value (per Revenue and Taxation Code Section 423.3)

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could help reduce this disincentive and increase representation among these land owners.

Monitoring Program

There are two common ways in which Agricultural Preserve contracts can be violated: 1) dividing or transferring property without using proper procedures and 2) lack of engagement in commercial agricultural activities on contracted land. Although we have the benefit of clearer direction from the guideline changes (as noted above) and the disclosure ordinance, the County's ability to monitor agricultural preserves has fluctuated depending on Planning Division staffing levels and competing demands.

Division or transfers of property without following proper procedures are identified through coordination with the Assessor's office. We have approximately a dozen preserves known to be in this category. Through implementation of protocols with the County Assessor, we do not see a significant number of new violations in this category. Currently the Assessor will not recognize transfers out of compliance with the Land Conservation Contract. With the protocols in place this type of contract violations are easy to identify. However, they can be very difficult and time intensive to resolve. Staff, as time is available is working through the preserves on this list.

The second category of non compliance is a lack of commercial agricultural production on contracted lands. In order to ensure that all preserves in the program are producing commercial agriculture, the Williamson Act Advisory Committee worked diligently to create a monitoring program that is both robust and efficient. The benefits of the program include the ability to collect information annually in the form of a survey. The survey is public information that is mailed at the same time as the annual Assessor's questionnaire. The 2011 survey responses indicate that the vast majority of our preserves are in compliance with the production requirements.

The Williamson Act Advisory Committee is committed to the monitoring program and has already begun implementation.

Subventions

Humboldt County has historically received approximately \$210,000 annually in subventions funds from the state. In FY 2008-09 Humboldt County claimed \$218,826 in subvention funds but received only \$196,943.40, a 10% reduction. This was essentially the last year that the Williamson Act was funded by the State.

Humboldt County did not receive the requested \$196,937.16 in subventions for FY 2009-10. In FY 2009-10 Humboldt County received only \$6.24 in WA subventions.

SB863 was a follow up bill to the approved State budget that contained \$10 million in funding that was proposed to go towards subventions for counties that participate in the WA Program in FY 2010-11. Humboldt County collected an estimated \$58,196 for FY 2010-11 from the \$10 million, approximately \$150,000 less than normally collected under the subvention program. However, Humboldt County elected not to participate in the increased tax collection program outlined in SB 863 to make up for this shortfall.

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The State has not allocated any subvention funds since SB863. It is unclear if and when the subventions will be available again.

Ad Hoc Committee – tasks and membership

On August 28, 2012 the Board of Supervisors directed staff to assist in the development of an Ad Hoc Committee to evaluate the Williamson Act Program's overall costs and benefits and determine the County's capacity for supporting the program. The tasks of the Committee included:

Tasks of Committee

- Determine full cost of Program including tax incentives and program administration costs.
- Explore funding needs/ revenue sources. The funding needs are the costs to administer the program while the revenue sources may include incremental tax recovery (during non-renewal period) or penalty fees for properties in non-renewal or cancelation (such as Riverside Ranch Acquisition).
- Define the benefit of the program for Humboldt County Agricultural producers. What are the overall benefits to maintaining the program and what are the consequences of cancelling the program or reducing support of the program? The bottom line question posed at the last Board hearing was: Is the Williamson Act essential in keeping properties in agricultural production?
- Report to the Board of Supervisors long term recommendations and staffing scenarios for maximizing program effectiveness and minimizing financial burdens.

The membership of the Committee included:

Committee Membership

Two members of the Board of Supervisors:

- Supervisor Ryan Sundberg
- Supervisor Rex Bohn

County Staff:

- The Assessor (or assigned staff)
- The Tax Collector (or assigned staff)
- The County Administrative Officer (or assigned staff)
- Planning and Building Department assigned staff
- Jeff Dolf (Agricultural Commissioner)

The Williamson Act Advisory Committee (WAC) representatives:

- John Rice
- John LaBoyteaux

One representative from the Farm Bureau:

- Marty McClelland

One representative from the Cattlemen's Association:

- Lane Russ

Two representatives from the general public:

- Jim Redd (real estate community)

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- Denver Nelson (environmental professional)

Findings

The first meeting of the Williamson Act Program ad hoc Committee was held on December 19th, 2012 at the County Agricultural Center on South Broadway, in Eureka. The meeting provided an opportunity to present information on behalf of involved departments or stakeholder groups. County departments provided cost estimates for staff time to administer the program and identify sources of funding, as well as the stability of such funding. Stakeholder groups presented information regarding the overall benefits to maintaining the program.

All committee members were encouraged to offer recommendations for maximizing program effectiveness and minimizing financial burdens. Following is a summary of the information submitted during the December meeting. Also included is subsequent information compiled after the second meeting of the ad hoc group that took place on February 20th, 2013.

Costs of Program

Planning Division Costs:

- 2010- \$1,385 from General Fund (staffing for Williamson Act Committee meetings)
- 2011- 3,962 from General Fund (staffing for Williamson Act Committee meetings)
- 2012 \$15,421 – This year was higher because planning staff was involved in developing the WA monitoring program. Normal time would be a quarter or a third of a planner's time (from the General fund). There currently is no outside funding source (such as grant funding or monitoring fees). Staff could possibly apply advance planning user fee – this is not recommended. Processing of projects is at cost.
- Sept 2012 through Feb 2013 has an estimated cost ranging from \$19,386 to \$21,390 because of the administration of the ad hoc group.
- Future costs may be higher. The Planning and Building Department could devote a 30% full time equivalent staff person to administer the monitoring program and clerk the WA committee.

Assessors Costs:

- \$215,000 less actual tax dollars coming to county from state (difference from prop 13 values).
- \$25,000 to \$30,000 from General Fund (staff time with overhead).
- As an FYI, for FY 2010-11 Humboldt County received approximately \$134,640 in increased property tax revenue (as a result of the increase in property values from the "turnover" of property – new sales utilizing prop 13 values).

Agricultural Office Costs:

- Became involved initially in 2011 on a referral basis. Conducting random site visits to 20% of all Williamson Act contracted lands (32 preserves), within a year.
- 32 properties, \$424 on average per contract monitoring costs.
- \$13,000 to \$14,000 projected costs of monitoring (this is the first year for monitoring – actual costs still unknown).
- No cost recovery. (Did include requested inspection fee as a part of county fee schedule). Currently funded by General Fund.

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Tax Collection Costs:

- "No cost differentiation, they just bill and collect based on tax bills." -John Bartholomew

County Administrative Office Costs:

- No specific staffing costs reported by CAO staff.
- Advocacy lobbying for WA subventions: \$10,000 in 2010.
- Will continue lobbying for funds (letter requesting funding for subvention).

Benefits of Program

Board of Supervisors:

Williamson Act Program relates to the Board of Supervisor's Strategic Framework Plan in several ways:

- Consistent with the Mission Statement: WA Program serves the needs and concerns of the community and enhances the quality of life in Humboldt County by way of voluntary agreements which promote agricultural production and preserve open space.
- Promotes local self reliance of citizens by encouraging legitimate agricultural businesses and increased local food production.
- Main financial incentive offered to local agricultural producers which satisfies core roles of encouraging new local enterprise and supporting business development
- A public/private partnership which helps to deter unnecessary and premature conversion of agricultural lands to other purposes. Additionally, lands in the WA Program help to ensure sustainability of services by reducing demands for public services in rural areas.

Williamson Act Advisory Committee:

"WA program is getting county departments talking, a relatively new development (used to be funded entirely out of the assessors office)." -John LaBoyteaux

Humboldt County Farm Bureau:

"The Humboldt county Farm Bureau represents the majority of the agricultural producers in Humboldt County. One successful and necessary tool used by our members has been the Williamson Act. The Williamson Act perpetuates agricultural production and discourages premature development by taxing productive lands at their agricultural value." -John Vevoda (President) December 1, 2010

- Current General Plan (1984) supports and promotes WA program.

Cattlemen's Association:

"Program doesn't cost the County a dime; cheapest environmental program out there. 275,000 acres in program would require monitoring by the sheriff; would be sold to dope growers... WA covered enough to make the cash flow enough for banks to finance. Being in contract gives you a cushion and keeps land in production." -Clint Victorine

Cattleman's and Farm Bureau Representatives:

2009 UC Davis Study: "New Study on Cuts to Williamson Act Reveals Conservation at Risk; Ranchers May Sell Land" and "Study: Ranchers likely to sell without tax help"

- 23% of ranchers surveyed (and enrolled in Williamson Act Contracts) said they were likely to end their entire ranching enterprise if the program was not there.

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- 37 % of ranchers predicted they would sell some or all of their rangeland without support from the act. (20 % of total WA acreage)
- 72% of ranchers surveyed considered the Williamson Act to be "extremely important" to their operations.
- 72% of land enrolled in Williamson Act contracts contained "important" or "critical" habitat for statewide conservation goals (California Rangeland Conservation Coalition)
- The act protects lower income range ranching operations. (social justice issue)

Agricultural Office:

"Program is essential to agricultural community in Humboldt County." -Jeff Dolf

- When Agricultural Office got involved in 2011, they were asked to evaluate agricultural production. They expressed interest in participating in the monitoring program.

Assessor – benefits to landowners:

Open Space Valuation –

Reduced taxes for property owner – standard of 30-70% expected savings.

Section 423(d)... the current taxable value cannot exceed the lowest of:

1. The current restricted value
2. The current fair market value
3. The factored base year value

Humboldt County adopted Section 423.3 of the Revenue and Taxation Code allowing a ten percent (10%) reduction from the factored base year value for prime and non-prime land under contract to ensure that all participants in the Williamson Act will realize some tax benefit.

The current restricted value is based on rental income information or that which the land being valued reasonably can be expected to yield under prudent management and subject to applicable provisions under which the land is enforceable restricted.

(See attached Assessors Handbook 521 and CA Revenue and Taxation Code section 421-423.9)

Jim Redd, Real Estate Industry Representative:

Selling of ranches has gone on for years. The Williamson Act has made a difference for ranchers to turn a profit and buy property.

- Is the Williamson Act necessary to keep land in agriculture?

"I believe that the Williamson Act is necessary to promote agriculture. I have sold property to farmers and ranchers where putting the property into the preserve made the difference of the property being profitable or not. A University of California study shows that 1 out of 3 ranchers could not continue without the Williamson Act. If that is accurate we could lose 1/3 of the agriculture in Humboldt County."

- What can we do to reduce the cost to the county?

"We should be vigilant in non-renewing properties that do not meet the minimum income requirements and are not true agricultural properties. This will increase the tax base. Mendocino County has sent out 200 notices of their intent to non-renew. Is there a way to reduce enforcement costs? Example: What is the cost to the County in the Tooby Ranch lawsuit?"

- What are the consequences of cancelling the program?

"We will see a decline in the amount of land used for agriculture. There will be more property sold in smaller parcels to be used for other than agricultural uses. The open space in the County will be reduced."

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Denver Nelson, Environmental Representative:

"I have long been a supporter of the Williamson Act; most recently as a member of the Humboldt County Planning Commission and before that as an owner of a Williamson Act dairy. I have long owned timberland that is enrolled in the TPZ program. I believe there is a misunderstanding about TPZ and Williamson programs being referred to as tax breaks instead of tax deferral or tax enhancement programs."

- Discussion on income tax on agricultural production and income for the owner: "Agricultural production produces income for the owner and tax revenue for the government. The conversion of the Williamson Act property into home sites or hobby ranches does not produce as much tax for governments as when the land is used for agricultural purposes... To say that limiting current WA contracts or stopping future contracts will produce more government income is not true and is based on misunderstanding of the Williamson Act and tax revenue production."

100 acre hypothetical dairy and costs \$6,000 per acre for a total land cost of \$600,000. The barns, house, milk cost an additional \$900,000, bringing the total purchase price to \$1,500,000.

- Property taxes, if not in the WA program, would be \$15,000 annually (at 1%).
- Land taxes, if enrolled in WA program, would be approximately \$4,000 annually. The improvements would remain at \$900,000 annually, yielding a property tax of \$9,000 (at 1%). This is a total of \$13,000 annually in property taxes.
- This \$2,000 difference is the so-called loss of revenue to the County.
- Personal property taxes would also be paid on the farmer's equipment which would have a value of approximately \$350,000; yielding an additional \$3,500 in property taxes. This actually puts the County ahead by \$1,500 in tax revenue by having the dairy in the WA program.
- If this 100 acre parcel is subdivided into four parcels and one \$400,000 house is built on each parcel, the total assessed value becomes \$2,700,000 yielding \$27,000 annually in property tax but would generate no income or income taxes.
- The dairy property taxes would be \$14,500 and taxes on the dairy income would be \$250,000 for a total revenue production by the dairy of \$264,500. This is including the assumption that the economic development department has mentioned; a multiplier effect of three or four times for various boutique businesses in Humboldt County.

(See attached Williamson Financial Analysis, Denver Nelson)

Jennifer Kalt, Public Representative:

The cost of residential development if land is subdivided/developed is high. These costs are avoided if land is conserved as agricultural and/or open space.

Cost of Infrastructure to Serve New Residential Development in Austin, Texas (Jan. 2011)

- \$36,625 for each new single-family house.
- Six infrastructure categories were evaluated in the study (schools, roads, water, sewer, stormwater, and park facilities).

(See attached Cost of Residential Development)

"The economic analysis of the benefits of Humboldt County's Williamson Act program should also consider the numerous environmental benefits of preserving ranchlands. These benefits are often ignored because they are difficult to put dollar figures on. There are many environmental benefits of preserving ranchlands, particularly when the alternative is that these lands may be sold for residential development or potentially destructive marijuana operations. These environmental benefits include: Clean Water, Clean Air, Fish and Wildlife Habitat, Open Space, and Food Security."

Williamson Act Ad Hoc Working Group Report

(See attached Environmental Benefits of Ranchlands Preserved by the WA Program)

CA Department of Fish and Game:

"CDFW has documented a wide spectrum of impacts [from marijuana cultivation], including erosion and sedimentation of streams, pollution, water diversion, improper construction of ponds and roads leading to failure, illegal logging, clearing of native vegetation, and contaminated soil dumped in streams. As the price of pot drops, growers plant more to maintain their income, so grow scenes are increasing in size and number.... The only parts of these watersheds that don't have high numbers of grows are the remaining intact ranches" – Scott Bauer

- Intact ranches are not being used for increased marijuana grows.
- The Williamson Act protects these lands from going into marijuana production.

Williamson Act land production estimates:

Livestock Production

- 470,000 acres are "rangelands" (according to the County Agricultural Commissioner).
- 292,985 acres in the WA program including TPZ reserve lands (155 established preserves).
- 6,279 acres of prime agricultural lands (bottom-lands/dairy production).
- Thus, approximately 286,706 acres are WA lands in livestock production.
- An estimated 61% (see above) of "rangelands" are WA lands in livestock production.
- Total livestock production in 2011 grossed \$59,167,990 (taken from the 2011 Crop and Livestock Report which did not include bottom-land grazing).
- Thus, approximately \$36,092,474 was grossed in 2011 from WA lands in livestock production.

Dairy Production

- An estimated 30% of dairy production lands are in WA preserves.
- Total milk and milk production in 2011 grossed \$54,655,000.
- Thus, approximately \$16,396,500 was grossed in 2011 from dairy production on WA lands.

Field Crop Production

- An estimated 30% of field crop production occurs in WA preserves.
- Total field crop production in 2011 grossed \$4,301,480.
- Thus, approximately \$1,290,444 was grossed in 2011 from field crop production on WA lands.

Fruit and Nut Crops

- An estimated 5% of fruit and nut crop production occurs in WA preserves.
- Total fruit and nut crop production in 2011 grossed \$1,800,000.
- Thus, approximately \$90,000 was grossed in 2011 from fruit and nut crop production on WA lands.

Vegetable Crops

- An estimated 5% of vegetable production occurs in WA preserves.
- Total vegetable production in 2011 grossed \$3,930,480.
- Thus, approximately \$196,524 was grossed in 2011 from vegetable crop production on WA lands.

Total

- Approximately \$54,065,942 total was grossed in 2011 from agricultural production on WA lands.

Sources: Humboldt County General Plan Preliminary Draft EIR

Williamson Act Ad Hoc Working Group Report

2011 Humboldt County Crop and Livestock Report

Possible Funding Sources

- General Fund
- State and Federal Grants (such as Title III and Prop 84)

Items to Consider

Regional Counties' Participation in the Williamson Act:

Humboldt County Planning Division intern Max Osofsky surveyed 14 regional counties for participation in the Williamson Act, 9 were able to respond.

- Counties exiting the Williamson Act Program: 1/9 – (Modoc)
- Counties not accepting new contracts: 6/9
- Counties currently initiating non-renewal: 0/9 – (Mendocino & Siskiyou are monitoring and non-renewing contracts in violation)
- Counties engaging in reduced-term contracts (AB1265): 3/9
- Counties with an active monitoring program: 6/9

laqua Ranch Case Study:

The WA Ad Hoc Committee requested that staff prepare a case study of one of the WA preserves looking at the impacts of it if it was out of the program and subdivided. The Committee was interested in the benefits to the county (as far as new revenues from increased tax collection) and potential impacts to the from new development on agricultural lands. The laqua Ranch was selected as the case study because it had recently been included in the program (2006) and as a part of the enrollment, a determination of status had been completed so the number of legal lots had been determined. The findings of the study are included in the Appendix.

laqua Ranch background information:

- Approximate 4,500 acre ranch in the Kneeland area.
- Determination of Status found 44 legal parcels.
- Property is a 45-minute drive from Eureka and has year-round access by a county road which account for increased development pressure.
- Williamson Act contract prevents land from being subdivided and developed; requires land to stay in agricultural production.

Summary of Findings:

- While under contract, only 2 houses would be allowed, if the ranch is not in an Ag Preserve, 44 houses could be allowed by right, and possibly more second residences allowed based upon zoning and site restrictions.
 - With the additional houses, a new bus route would be needed for school children.
 - With the additional houses, there would be an increase in patrol and service calls, unknown as to the impact to current staffing levels.
 - The two Volunteer Fire Department estimate that calls would increase over 6 times the current rate.
 - Water usage for residential purposes would increase over 22 times the current rate assuming just one house per parcel and two per preserve.
 - Water withdrawal could increase 14 times if many of these rural residences would be cultivating marijuana .
 - Road usage would increase (up to 336 more trips per day) and create the need for more road maintenance (amount not quantified).

Williamson Act Ad Hoc Working Group Report

Ryan Sundberg, Committee Chair:

- The County should consider waiting for a contract holder to go out of the program before we allow someone in – hold the use for budget purposes.
- The County should consider the actual dollar amount of yearly income demonstrated or non-renewed.
- The County should consider changing the WA Guidelines – remove the "last resort" language.
- The County should conduct annual monitoring and get people out if they are not complying.
- When preparing the Board Report for new enrollments, staff should provide better financial information to the Board (dollars in, dollars out, and cost to the county).

Cattleman's Association/ Clint Victorine:

- For tax purposes, there needs to be a standard about how much of the year agricultural lands are used- production cycles need to be considered not just soil type and production rating.
- Entry requirements are too lax. If the County wants the program to be viable, we should have real ranchers in it. The entry requirement is \$2,500 minimum; the original starting requirement of 1965. Make it 50-100K gross revenue.
- The Cattleman's Association is very supportive of inspections (monitoring).
- Need to stick with penalties. No one should get a break for taking land out of agricultural production. (Riverside Ranch bargaining should not have happened).

Williamson Act Ad Hoc 2013 Report
Appendix

- Williamson Act Ad Hoc Committee Board charter/membership (two pages)
- Meeting memo/agenda/minutes for the December 19, 2012 meeting (seven pages)
- Meeting memo/agenda for the February 20, 2013 meeting (two pages)
- Humboldt County Agricultural Preserve program description (two pages)
- California Department of Conservation Agricultural Preserve program description (five pages)
- Humboldt County Assessor's valuation description and Tax Code references for the Williamson Act program (fifteen pages)
- Humboldt County Production Estimates for Williamson Act contracted lands
- Other County Participation in the Williamson Act program survey
- Iaqua Ranch Case Study (two pages)
- UC Davis study on "Cuts to WA Program Reveals Conservation at Risk, Ranchers May Sell Land"
- Materials submitted by Committee members and the public:
 - Denver Nelson (three pages)
 - Jim Redd
 - Jen Kalt (three pages)



PLANNING AND BUILDING DEPARTMENT
CURRENT PLANNING DIVISION

3015 H Street Eureka CA 95501 Fax: (707) 268-3792 Phone: (707)445-7541
<http://www.co.humboldt.ca.us/planning/>

Williamson Act Program Evaluation Committee

Purpose: Evaluate the Williamson Act Program's overall costs and benefits and determine the County's capacity for supporting the program.

Tasks:

- Determine full cost of Program including tax incentives and program administration costs.
- Explore funding needs/ revenue sources. The funding needs are the costs to administer the program while the revenue sources may include incremental tax recovery (during non-renewal period) or penalty fees for properties in non-renewal or cancellation (such as the Riverside Ranch Acquisition).
- Define the benefit of the program for Humboldt County Agricultural producers. What are the overall benefits to maintaining the program and what are the consequences of cancelling the program or reducing support of the program? The bottom line question posed at the last Board hearing was: Is the Williamson Act essential in keeping properties in agricultural production?
- Report to the Board of Supervisors long term recommendations and staffing scenarios for maximizing program effectiveness and minimizing financial burdens.

Committee members:

Chair: Appointed County Supervisor

Clerk: Planning Division staff

Two Board of Supervisors members
Assessor (or assigned staff)
Tax Collector (or assigned staff)
County Administrative Officer (or assigned staff)
Planning and Building Department assigned staff
Agricultural Commissioner

Two members of the Williamson Act Advisory Committee
One representative from the Farm Bureau
One representative from the Cattlemen's Association
Two representatives from the general public:

- one from the real estate community
- one from an environmental organization

Timeline:

Goal: Committee to make recommendations to the Board prior to enrollment period for 2013 which would begin February 1, 2013.
Committee formation and kickoff meeting – September 2012.
Committee meetings and deliberations- October through December 2012.
Committee to report to Board of Supervisors- January 2013.

Attachment B
Proposed Williamson Act Program Evaluation ad hoc Committee members:

Chair: Appointed County Supervisor: Ryan Sundberg

Clerk: Planning Division staff (Martha Spencer)

Per the Board hearing the following will be assigned to the Committee:

Two Board of Supervisors members:

- Supervisor Ryan Sundberg
- Supervisor Rex Bohn

County Staff:

- Assessor (or assigned staff)
- Tax Collector (or assigned staff)
- County Administrative Officer (or assigned staff)
- Planning and Building Department assigned staff
- Agricultural Commissioner Jeff Dolf

The Williamson Act Advisory Committee (WAC) representatives:

- John Rice
- John LaBoyteaux

One representative from the Farm Bureau:

- Marty McClelland

One representative from the Cattlemen's Association:

- Lane Russ

Two representatives from the general public:

- Jim Redd (real estate community)
- Denver Nelson (environmental professional)

Recommended Timeline:

Goal: Committee to make recommendations to the Board prior to enrollment period for 2013.

Committee formation and kickoff meeting – September - December 2012.

Committee meetings and deliberations- December 2012 through February 2013.

Committee to report to Board of Supervisors- March 2013.



PLANNING AND BUILDING DEPARTMENT
CURRENT PLANNING DIVISION

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November 27, 2012

Re: Williamson Act Program Evaluation Ad Hoc Committee

Dear Committee members,

The first meeting of the Williamson Act Program Evaluation ad hoc Committee will be on December 19, 2012 at 2:00 PM. The meeting will be held at the County Agricultural center 5630 South Broadway, Eureka, CA.

Attached you will find the agenda for the first meeting and the Committee outline approved by the Board which specifies the Committee's purpose and tasks. This is a short term ad hoc committee with a specific charter to provide the Board of Supervisors information related to the costs and benefits of the Williamson Act program.

The first meeting will be your opportunity to present information on behalf of your department or stakeholder group.

Each Committee member will have a chance to briefly go over their information and recommendations at the meeting but it is important to provide written information of anything you want to be in the official record.

County departments: Please be prepared to provide cost estimates for staff time to administer the program and identify source of funding and the stability of such funding.

Stakeholder groups: What are the overall benefits to maintaining the program? Is the program essential in keeping land in agricultural production? What are consequences of reducing program support? You are encouraged to bring any reference materials that help quantify the impact of the program.

All committee members are encouraged to offer recommendations for maximizing program effectiveness and minimizing financial burdens.

After the first meeting, Planning staff will compile the results which will be reviewed by the committee prior to being presented before the Board.

Attached please find copies of the Humboldt County Agricultural Preserve Guidelines, AB 1492 and a recent article regarding Williamson Act and loss of state subventions as background information. There are also resources on the web at: <http://www.co.humboldt.ca.us/planning/williamsonact/docs> including the CA Williamson Act statute, past WA staff reports and minutes. If you would like hard copies of any of this information, please do not hesitate to ask.

Please do not hesitate to contact me with any questions. I can be reached at eburks@co.humboldt.ca.us or 707-268-3704.

Regards,


Martha Spencer
Supervising Planner

Williamson Act Program Evaluation Ad Hoc Committee
Humboldt County Agricultural Center

December 19, 2012
2 PM

Committee Chair: Supervisor Ryan Sundberg

AGENDA	BY	TIME
1. <i>Introductions</i>	All	5 min
2. Review of Committee Purpose and Tasks	CHAIR	5 Min
3. Presentation of information related to purpose, tasks and recommendations	ALL	45 min
4. Public Comments		
5. Closing and selection of next committee meeting date	CHAIR	10 min
6. <i>Off Agenda-</i>		

Williamson Act ad hoc Committee
December 19, 2012

Ryan Sundberg Chair

Call to order 2:00 PM

Introductions

Overview by chair- loss of subventions, loss of grant program covering application, needing to establish county ability to support.

Martha- overview of tasks, review of packet info- studies and reports.

Martha- Planning

Cost estimates of staff time- 2010- \$1,385- low end

2011- 3,962

2012- 15,421 – this year is high because we have been developing the monitoring program. Normal time would be a quarter or a third of a planners time. General fund. No funding source. Could spend time looking for grants. Possible to apply advance planning user fee- not recommended. Processing of projects is at cost.

Assessors Mari Wilson- not really any formula- depends on prime, non-prime, base year. Reporting actual tax dollars coming to county from state \$215,000 less to county difference from prop 13 values. Staff time with overhead 25K to 30K per year from General Fund.

Is there a way to let an applicant/BOS know the impact. OK to give ball park? Possibly must be a certified roll, not public info.

Sundberg- didn't even have an estimate of taxes on last entry staff report.

LaBoy- could you give an average across program-

John Barthalamew – no cost differentiation they just bill and collect based on tax bills- will look into comparison.

How much is total assessor budget 2.+ mil, mostly prop tax – a portion of a SR. Appraiser's time.

Nelson- WA calculator is still on website. Mari- to be removed. 2010 values. No one can go in and say how much will I save? Dairy and farming contribute to the economy.

Victorine- his ranch is 6 month ranch. Savings will depend on individual appraiser who analyzes ranch. A lot of variation. Needs to be a standard about how much of the year it can be used- production cycles need to be considered, not just soil type/ production rating. Program doesn't cost county a dime, cheapest environmental program out there. 275,000 acres in program would require monitoring by sheriff. Would be sold to dope growers.

Rex: talked to Dairy farmer in Ferndale. Bank told him to sell as part of dairy as payment but couldn't because it was in WA.

Ryan: need to hear what are the benefits??

Redd: Selling ranches for years. WA made a difference for them to turn a profit and buy property.

Victorine: the land he just put in could not sustain on its own, With WA covered enough to get banks to finance it. Being in contract gives you a cushion and not worry if they will go up significantly.

LaBoy- saves 15% being in the program. He did go in and get the info ahead of time.

Collect about 1.8 mil on prop 13, 144K unrestricted.
Equipment and structures are personal property is taxed separately. If farm went away, there would not be taxes to collect.

Jeff- 2011 Ag office became involved with program. Asked to evaluate ag production. Expressed interest in participating in monitoring program. Program is essential to ag community. Monitoring is a way to ensure that county is getting ag production in exchange for tax benefit. Has evaluated 3 new preserves, and 6 monitoring site visits. 32 properties \$424 on average per contract monitoring costs. Projected costs approx 13-14K. Of the six they have looked at, one Weyer recommend non-renewal- is out of compliance, category not correct. It is timber. Process for inspection- looks at parcel layer, id all parcels included in contract. Contact owner, and schedule visit. Looking for activities associated with class of preserve. In future Planning will id problems, multiple owners etc. prior to Ag staff going out. Have a check sheet and a recommendation to WAC. Who will make recommendation to BOS

LaBoy- County departments talking is relatively new development. Used to be run entirely out of assessor office. There is a backlog of issues we are just trying to discover. Could set rate of monitoring consistent with level of support max 4 per month min 1 per month. Very important to have someone take a look.

Rex: does the contract owner know. Owner at site, and knows recommendation.

Victorine: Think requirements are too lax. They want it viable, have real ranchers. \$2,500 minimum, original starting requirement of 1965. Make it 50-100K gross revenue. Beef cattle, grain prices a lot of money generated. Supportive of inspections.

LaBoy- 2,500 is entry requirement. Committee has never recommended a preserve based on income. Letter from CPA- income far exceeds min income. Look at general provisions- majority of land area devoted to ag pursuits.

Rice- Abuse is happening, because the subs helped hold off 10% deal committee appreciated it and it helped compliant people, but wanted to weed out anyone taking advantage. Make them get on regular tax roll. Some non-compliant easy to find.

Denver- What is ag? What about grapes, marijuana.

Have to stay with legal crops. And WA does talk about food and fiber

Laboy- Ag use has to occupy majority of land use. Grapes on 10 acres of 100 acre preserve. Not enough to use only a small portion of property. WA never made preferential treatment of any particular ag use.

Jeff- does not have cost recovery. Did include requested inspection fee. But not collected for monitoring program. Are trying to do it in a way that lowers cost. Combine with other site visits when possible. Accommodating cost in general fund budget.

Victorine: Penalties- shouldn't have been any bargaining on riverside ranch. No one should get a break for taking land out of ag production. Need to stick with penalties. (but that break came from the Department of Conservation).

Amy Nelson: Riverside ranch – county did not give anything away- legislative platform includes pushing state to change language.

Victorine: \$2,500 not right- old language in here that needs to be changed – advocate of guidelines change

LaBoy: \$2,500 not right would advocate to change this.

Martha, This is a voluntary program. If it is not working for county we can non-renew, but written as last resort.

Marty- current general plan from 1984 support promote WA. Cost avoidance, take these ranches out of WA more roads, law enforcement, DEH other public service- Fire, school buses. Would no longer provide incentive to maintain Open space. Off set without program would be big. Look at cost avoidance as part of the picture.

Rice- ag alert consensus of ranchers article.

Rex- consensus unwritten value of WA is what we aren't having to pay out for other services. Legacy ranches.

Victorine: get a law enforcement perspective how often does sheriff's department go to alderpoint subdivisions. Ranchers are best public servants.

Redd: Cost of enforcement- Tooby case, millions spent defending a program.

Martha- Still unknown.

LaBoy- Cost of enforcement was one of the main things that motivated

No one making a living raising cattle would have the means to continue litigation in this fashion. County only has one course of action. If someone is inclined to split ranch-

non-renewal is not a deterrent. County does not have authority to cancel contract.

Probably a flaw in state statute. Most cost effective enforcement tool- non-renewal at first sign of trouble.

Martha, Tooby litigation has prevented other large ranches from being broken up (opinion) A lot more of TPZ property has experienced development, breaking up.

LaBoy: When land goes from WA to TPZ county probably loses more money. 2013 values assigned to TPZ land. Acres of TPZ vs WA.

Mari: TPZ value per acre that state determines

Jen says HI!!

Amy-CAO did advocacy for WA subventions. Spent 10K 2010 on that. Lived without funds for 4 fiscal years. We do miss funds, hard to balance budget. Continue to advocate, but not likely they will come back.

Sundberg: on budget committee, Last year first in 4 years we didn't have to do any cuts. We know about how much we are paying out. We think we can hold the line. How to make it long term sustainable. Most think it is a good program want it to stay healthy for sometime. How do we keep the number about where it is now. We don't want number to balloon up, we can't afford much more without other cuts.

Victorine: is it really costing county money? Don't think so. Wants to know if there is any intent at state to get funds back.

Amy: county continues to lobby, but state has shown little interest.

LaBoy: Number not on table is gross ag income on WA properties. Most of cattle industry, some of dairy.

Jeff: he can look at ag report.

Rex : question to John/john 2/3 in compliance. Look at who's going out and who's going in.

Jeff: how do we put a value on commodities, avoided services.

Victorine: Are we getting 215K value

Sundberg: Take: 1 dairy, 1 ranch and look at as examples.

Denver: all the county people how much it costs. We can figure it out he did this on his dairy. Another county department econ development, should be at table. They are always looking for marimba factories.

Rex- need those hard figures.

Mari- also add to these figures what county gets if goes to conservancy

Rice: Not exempt from other taxes. Hazard waste, water quality (ponds), Calfire. People get the idea that we don't pay.

Martha: 2004 got committee going. No applications for five years – there was no demand. Producers said it is expensive to go in. Got at least 30 preserves, when funding was available. Desire still exists for dairy lands because land is so valuable.

Rex- aren't looking at large ranches going in.

Victorine: Humco saved WA were willing to tow the line, and other counties took note. Appreciated the support



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February 15, 2013

Re: Williamson Act Program Evaluation Ad Hoc Committee

Dear Committee members,

The second meeting of the Williamson Act Program Evaluation ad hoc Committee will be on February 20, 2013 at 2:00 PM. The meeting will be held at the County Planning and Building Department at 3015 H Street, Eureka; in the upstairs conference room (the Agricultural Center was not available).

Attached you will find the agenda for the meeting, the draft report and the Committee's purpose and tasks as approved by the Board. As a reminder, this is a short term ad hoc committee with a specific charter to provide the Board of Supervisors information related to the costs and benefits of the Williamson Act program.

At the first meeting participants were provided an opportunity to present information on behalf of your department or stakeholder group. The stakeholders were tasked with providing information on the overall benefits to maintaining the program, hopefully providing answers to the questions: Is the program essential in keeping land in agricultural production? What are consequences of reducing program support? The County employees were tasked with providing cost estimates for staff time to administer the program and identify source of funding and the stability of such funding.

Planning staff has compiled a very draft report which includes the information submitted to date. There are many gaps in the report that hopefully will be reviewed and augmented by the committee prior to being presented to the Board. Staff has tried to indicate areas that need additional information in red. We are hoping to present the findings of the Committee in late March or early April to allow the Board time to determine next steps for the Program, and an upcoming enrollment protocol for new preserves.

If you are unable to attend the meeting, please feel free to provide any information to me by email prior to the meeting and I will make sure the committee members receive copies. Also, please do not hesitate to contact me with any questions. I can be reached at mspencer@co.humboldt.ca.us or 707-268-3704.

Regards,

Martha Spencer
Supervising Planner

Williamson Act Program Evaluation Ad Hoc Committee
Humboldt County Planning and Building Department
Upstairs Conference Room

February 20, 2013
2PM

Committee Chair: Supervisor Ryan Sundberg

AGENDA	BY	TIME
1. Review of Committee Purpose and Tasks	All	5 min
2. Review of Draft Report – identification of information "gaps"	CHAIR	5 Min
3. Presentation of new information related to purpose, tasks and recommendations	ALL	45 min
4. Public Comments		
5. Next Steps	CHAIR	10 min
6. Off Agenda-		

AGRICULTURAL PRESERVES (WILLIAMSON ACT LANDS)

The California Land Conservation Act of 1965, better known as the Williamson Act, created a program for counties to protect viable agricultural land by offering a tax incentive to property owners for keeping their land in agricultural production. The Act provides an arrangement where private landowners voluntarily restrict their land to agricultural and compatible open space uses under a contract with the County, known as a Land Conservation Contract. Property owners wishing to receive a tax break through the Williamson Act must follow an application process with the County and may need to form an Agricultural Preserve.

The Williamson Act contract is an enforceable restriction on land and is binding on successors to both the landowner and the local government. The minimum term for a contract is ten years, and the contract is automatically renewed annually, unless either party gives advance notice on non-renewal. Contracts may also be canceled immediately, terminating the restriction to agricultural uses, only if the local legislative body finds that it would be consistent with the Act and in the public interest.

The Department of Conservation governs the program at the state level. The County initiates local Guidelines and Policies in accordance with the Act. The program is administered locally, through a combined effort of the Assessor's office, planning staff and County Counsel. The Assessor determines the value of the land under contract with a restricted value, based on income capability rather than market value, giving tax relief to property owners. In 1971, to help offset the revenue loss to counties, the Legislature enacted the Open Space Subvention Act which provides an annual subvention payment from the state.

Historically, the State has provided subventions in excess of over \$37 million for Williamson Act contracted lands. During the last year that the Williamson Act was funded, (Fiscal Year 2008-09), Humboldt County claimed \$218,826 in subvention funds but received only \$196,943.40, a 10% reduction. However, in the State's FY 2009-10 budget, the Governor removed all but \$1,000 of Williamson Act subvention funding statewide from the budget. In FY 2009-10 Humboldt County received only \$6.24 in Williamson Act subventions. The future of this subvention funding is in question due to the current state budget crisis.

COUNTY IMPLEMENTATION OF THE WILLIAMSON ACT

Humboldt County Board of Supervisors first adopted guidelines for the Williamson Act locally on June 24, 1969. The Board, in June of 2002, adopted the first comprehensive update to the local Guidelines since 1978 to reflect major changes to the Williamson Act, including the 1998 adoption of Government Code Section 51296, otherwise known as the Farmland Security Zone (FSZ). The FSZ allowed property owners enrolled in this program to have the option of extended contracts, from 10 years to a 20-year term, and in exchange, receive an additional 35% tax reduction. The FSZ is designed for prime lands or lands designated on the Important Farmland Series Maps if the lands are located within 3 miles of the adopted Sphere of Influence of incorporated cities.

From 1972 to 1981, nearly 243,000 acres were put under Williamson Act contracts in the County. Of that total, about 75,498 acres were additionally protected under the County's Timber Production Zone (this acreage is not considered "enrolled" in the Williamson Act Program by the state Department of Conservation, and does not receive state subvention monies). Since that time, the amount of land in contract has grown modestly, with an

average growth rate of 1.4% per year. As of December, 2010 there are just over 295,000 acres in the program (in 161 established preserves), with approximately 199,045 acres eligible to receive subvention funding from the state (5,307 acres of prime farmland and 193,738 acres of nonprime land).

The majority of land placed into agricultural preserves in Humboldt County occurred between 1973 and 1979. Proposition 13, which passed in 1979, greatly affected the number of new enrollees into the program (Humboldt County Agricultural Background Report, 1981). Proposition 13 "rolled back" the base market value of land for taxation purposes to the 1975 tax rates. The tax advantages resulting from being in Williamson Act contract became less appealing in comparison to the tax relief from Proposition 13, without any land restrictions. It is anticipated, however, that landowners will continue to utilize the contract program as changes in ownership raise the post proposition 13 taxes above Williamson Act Contract levels. Additionally, in June 2002, the Board took steps to address this disincentive and Humboldt County became only the fifth county in California to adopt Section 423.3 of the Revenue and Taxation Code, permitting the Assessor to grant a maximum 10% reduction to the Proposition 13 Factored Base Year Value for participating Williamson Act properties.

Once land is voluntarily restricted by land conservation contract, the County requires that the land be used for producing of agricultural commodities for commercial purposes and uses compatible with agriculture. In any one year, a minimum of 50 percent of the contracted land must be under production. This allowance permits a portion of the lands to remain fallow or in crop rotation, or to address market or other conditions (e.g., drought). Additionally, the County's Guidelines permit the Board to suspend the production standard for good cause, including retirement or the sudden death or illness of the owner/operator.

The County is responsible for monitoring contract compliance with the Williamson Act and county Guidelines. Failure on the part of a property owner to comply with the terms of the contract or Guidelines could result in the County seeking a judicial remedy or initiating non-renewal. The County's monitoring and enforcement efforts are intended to keep the program efficient in an era of lean state budgets while maintaining the overall integrity of the program that has benefited the agricultural community in Humboldt County.

The program has been successful in terms of the amount of ranchland placed in the system, but only 48 percent of all agricultural lands in the County are actively preserved under the Williamson Act (utilizing acreage figures from the Department of Census). A majority of the grazing lands are currently enrolled in the program, while much of the prime agricultural lands in Humboldt County (primarily the dairies on the bottomlands) have not historically utilized the tax reduction benefits of the Williamson Act. Originally, landowners were wary of the land restrictions required as a part of the Contracts. After the passage of Proposition 13, however, values for prime agricultural lands were not significantly lower than Williamson Act contracts. This is beginning to change and the County is seeing an increase in enrollment applications in both the Ferndale and Arcata bottomlands.

Under the Williamson Act, the base share value for prime agricultural lands are higher due to the increased "market rent" value, therefore a higher tax rate is given to prime agricultural lands. The recent Board action to allow an additional 10% reduction to Proposition 13 Factored Base Year Value (per Revenue and Taxation Code Section 423.3) could help reduce this disincentive and increase representation among these land owners.

WA DOC Program Description

History

The California Land Conservation Act, better known as the Williamson Act, has its roots in the immediate post-World War II period. During that time California's agricultural and open space lands began to face dramatically increasing conversion pressures from population growth, new commercial enterprises, and rising property taxes. Valuable farmland began disappearing at an alarming rate as conversion to urban uses became the only financially viable alternative for many landowners. The Williamson Act evolved, and continues to evolve, as a statewide strategic response to these pressures.

In 1965, an interim committee of the California Assembly generated Assembly Bill 2117 (authored by John Williamson). This bill proposed the use of contracts between landowners and local governments to voluntarily restrict development on parcels for a minimum of ten years. Proponents of the legislation felt that contractual restrictions on development would cause property tax assessments to begin leveling off. In practice, however, landowners, assessors, and local governments seemed unconvinced that the restrictive contracts could provide a basis for lower tax assessments. In the two years following passage of the Williamson Act, only 200,000 acres were enrolled under contract in six counties.

The program might have remained small if not for the addition of Article 28 (now part of Article 13) to the state's Constitution. Article 13 declares the interest of the state in preserving open-space land and provides a constitutional basis for valuing property according to its actual use. The amendment had originated with groups interested in the preservation of open-space land. Agricultural interests added their support after recognizing the importance of a constitutional backing for preferential tax assessments. Article 13 allows preferential assessments for recreational, scenic, and natural resource areas as well as areas devoted to production of food and fiber.

Supporters of the Williamson Act had hoped that financial assistance from the state to local governments would be part of the program. They believed financial support would provide a tangible incentive for local governments to initiate more contracts by partially replacing property tax revenues lost on enrolled land. State funding was provided in 1971 by the Open Space Subvention Act, which created a formula for allocating payments to local governments based on acreage enrolled in the program.

In 1978, the passage of Proposition 13 changed tax assessment practices, limiting valuations to a static base year. Many assumed that this new assessment scheme would severely limit the value of the tax relief offered by the Williamson Act, and that acreage enrolled in the Program would plunge. In fact, however, Proposition 13 has had a negligible effect on Land Conservation Act participation. A study regarding the effects of Proposition 13 on the overall tax benefits of the Williamson Act found that the average tax savings realized as a result of participation in the program had dropped by only about 20 percent. The average tax savings still amounted to as much as 83 percent, depending upon how recently the property in question had changed ownership.

The Williamson Act Program has remained stable and effective as a mechanism for protecting agricultural and open space land from premature and unnecessary urban development. Participation in the program has been steady, hovering at about 16 million acres enrolled under contract statewide since the early 1980s. This number represents about one third of all privately held land in California, and about one half of all the state's agricultural land. Every indication points to an indefinite continuation of this level of participation into the future.

Objectives

The Williamson Act is a means to restrict the uses of agricultural and open space lands to farming and ranching uses during the length of the contract period. The Williamson Act Program was also envisioned as a way for local governments to integrate the protection of open space and agricultural resources into their overall strategies for planning urban growth patterns. To this end, three principal objectives were originally outlined:

Protection of agricultural resources

The Land Conservation Act recognizes the importance of agricultural land as an economic resource which is vital to the general welfare of society. The enacting legislation declares that the preservation of a maximum amount of the limited supply of agricultural land is necessary to the conservation of the State's economic resources, and is necessary not only to the maintenance of the agricultural economy of the State, but also for the assurance of adequate, healthful and nutritious food for future residents of California and the nation.

WA DOC Program Description

While the Land Conservation Act sets forth its own definition of prime agricultural lands, these lands are not necessarily identified by the Act as a higher priority. As a result, some critics have contended that the Land Conservation Act Program protects primarily range and grazing land as opposed to the state's highest quality (prime) agricultural land. These critics support their argument by correctly noting that roughly two-thirds of the land enrolled under Land Conservation Act contract is classified as nonprime. This statistic alone, however, gives a misleading impression of the program if not considered in context.

The proportion of prime to nonprime Land Conservation Act land is actually very consistent with the overall composition of the state's total farmland. According to statistics compiled by the California Department of Food and Agriculture (1995), about 30 million acres of land are in active agricultural production statewide. Roughly 8 million of these acres are irrigated. Since irrigation generally occurs in California only on prime or similar quality soils, these figures indicate that the composition of the state's agricultural lands consist of a ratio of about 36 percent prime or similar quality soils to about 64 percent other, non-irrigated soils (this 64 percent consists primarily of dry-land grain crops or range and grazing land). This relationship is nearly identical to the Land Conservation Act's proportion of prime to nonprime lands.

The protection of lesser quality soils, however, should not necessarily be considered a low priority. While the per acre production potential of these lands are not as high as irrigated areas, they are nonetheless an important economic resource. The sale of cattle and calves, for example, ranks third among dollar values for all California agricultural commodities (California Department of Food and Agriculture 1995). The production of this commodity group is supported primarily on range and grazing lands. While these lands usually do not qualify for prime classification under the Land Conservation Act because their per acre production value is not high enough, they nonetheless sustain some of the state's most important agricultural activities. The 10 million acres of nonprime land enrolled under Land Conservation Act contract clearly represent a vital agricultural resource.

Preservation of open space land

In addition to the conservation of agricultural land as an economic resource, the Land Conservation Act also recognizes the importance of preserving land for open space purposes. The Act declares that in a rapidly urbanizing society, agricultural lands have a definite public value as open space, and the preservation in agricultural production of such lands constitutes an important physical, social, esthetic, and economic asset to existing or pending urban or metropolitan developments.

The preservation of land for open space encompasses merits that are less tangible than the significance of agricultural land as an economic resource. Open space lands, which include California's oak savanna, offer immeasurable scenic and recreational values. Perhaps just as important, open space lands form portions of upland watersheds whose protection from unnecessary subdivision and development is important to water and stream quality, wildlife habitat, downstream flood management, and provision of buffers between agricultural and other uses. The benefits of the Land Conservation Act in protecting open space land are of considerable significance, and not necessarily less than the benefits of protecting prime lands.

Promotion of efficient urban growth patterns

The Land Conservation Act recognizes the enormous costs to both the economy and the environment of haphazard, opportunistic, and sprawling patterns of urban development. One of the most important stated goals of the Act is the discouragement of such patterns through farmland and open space preservation. The Land Conservation Act declares that this goal is a matter of public interest and will be of benefit to urban dwellers themselves by discouraging discontinuous urban development patterns which unnecessarily increase the costs of community services to community residents.

A 1989 Department of Conservation study of issues related to Land Conservation Act costs and benefits found that local government officials and planners generally felt that the Land Conservation Act was an effective tool in helping to promote orderly patterns of urban development. According to the local planners and landowners surveyed, the Land Conservation Act offers the only means for local governments to set-aside large, contiguous areas as designated farming districts (agricultural preserves). Planners felt that general plan designations and zoning were inadequate by themselves for this purpose. Agricultural preserves combined with enforceable contractual restrictions are not as vulnerable as general plans to short-term shifts in local political-economy.

Program Structure and Administration

WA DOC Program Description

The Williamson Act Program enables local governments to enter into contracts with private landowners for the purpose of restricting specific parcels of land to agricultural or related open space use. Private land within locally-designated agricultural preserve areas is eligible for enrollment under contract. The minimum term for contracts is ten years. However, since the contract term automatically renews on each anniversary date of the contract, the actual term is essentially indefinite.

Landowners receive substantially reduced property tax assessments in return for enrollment under Williamson Act contract. Property tax assessments of Williamson Act contracted land are based upon generated income as opposed to potential market value of the property. Local governments receive a partial subvention of forgone property tax revenues from the state via the Open Space Subvention Act of 1971.

Contracts may be exited at the option of the landowner or local government by initiating the process of term nonrenewal. Under this process, the remaining contract term (nine years in the case of an original term of ten years) is allowed to lapse, with the contract null and void at the end of the term. Property tax rates gradually increase during the nonrenewal period, until they reach normal (i.e., non-restricted) levels upon termination of the contract. Under a set of specifically defined circumstances, a contract may be cancelled without completing the process of term nonrenewal. Contract cancellation, however, involves a comprehensive review and approval process, and the payment of a fee by the landowner equal to 12.5 percent of the full market value of the property in question. Local activities such as eminent domain, or, in some rare cases city annexation, also result in the termination of Williamson Act contracts.

Program Structure and Administration

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What is the California Land Conservation (Williamson) Act?

The California Land Conservation Act, better known as the Williamson Act, has been the state's premier agricultural land protection program since its enactment in 1965. More than 16 million of the state's 30 million acres of farm and ranch land are currently protected under the Williamson Act.

The California Legislature passed the Williamson Act in 1965 to preserve agricultural and open space lands by discouraging premature and unnecessary conversion to urban uses. The Act creates an arrangement whereby private landowners contract with counties and cities to voluntarily restrict their land to agricultural and compatible open-space uses. The vehicle for these agreements is a rolling term 10-year contract (i.e., unless either party files a "notice of nonrenewal," the contract is automatically renewed for an additional year.). In return, restricted parcels are assessed for property tax purposes at a rate consistent with their actual use, rather than potential market value. Please see the [Williamson Act Overview page](#) for more historic information about the Program.

What benefits do Williamson Act contracts offer to landowners?

The Williamson Act is estimated to save agricultural landowners from 20 percent to 75 percent in property tax liability each year. One in three Williamson Act farmers and ranchers said in a survey that without the Act they would no longer own their parcel (Source: Land in the Balance, University of California: December 1989).

What is an agricultural preserve?

An agricultural preserve defines the boundary of an area within which a city or county will enter into contracts with landowners. The boundary is designated by resolution of the board of supervisors (board) or city council (council) having jurisdiction. Only land located within an agricultural preserve is eligible for a Williamson Act contract. Preserves are regulated by rules and restrictions designated in the resolution to ensure that the land within the preserve is maintained for agricultural or open space use.

How many acres are required for an agricultural preserve?

An agricultural preserve must consist of no less than 100 acres. However, in order to meet this requirement two or more parcels may be combined if they are contiguous, or if they are in common ownership. Smaller agricultural preserves may be established if a board or council determines that the unique characteristic of the agricultural enterprise in the area calls for smaller agricultural units, and if the establishment of the preserve is consistent with the General Plan. Preserves may be made up of land in one or more ownerships.

What is a Williamson Act Contract?

A Williamson Act Contract is the legal document that obligates the property owner, and any successors of interest, to the contract's enforceable restrictions.

How does a landowner initiate a Williamson Act Contract?

A landowner interested in enrolling land in a contract should contact the local planning department of the county in which the land is located to obtain information and instructions.

How long must land be maintained under a Williamson Act contract?

The minimum term for a contract is 10 years. However, some jurisdictions exercise the option of making the term longer, up to twenty years. Contracts renew automatically every year unless the nonrenewal process is initiated.

What is the nonrenewal process?

What is the Open Space Subvention Act?

The Open Space Subvention Act (OSSA) was enacted on January 1, 1972, to provide for the partial replacement of local property tax revenue foregone as a result of participation in the California Land Conservation (Williamson) Act and other enforceable open space restriction programs (Government Code §16140 et seq.). Participating local governments receive annual payment on the basis of the number of acres, quality (soil type and agricultural productivity), and, for Farmland Security Zone contracts, location (proximity to a city) of land enrolled under eligible enforceable open space restrictions.

What is the funding source for OSSA payments?

The State's General Fund. Revenue shortfalls have restricted availability of these funds since Fiscal Year (FY) 2009.

How much money does the State typically distribute annually for OSSA payments?

Amendments to the Budget Act of 2009 reduced the Williamson Act Subvention payments budget to \$1,000 – essentially suspending subvention payments to the counties for FY 2009. Ongoing revenue shortages in the General Fund led to elimination of subventions for the past two years.

How does the application and payment process work?

Subvention payments are based on an OSSA application that is filled out by a local government and submitted to the Department. The Department reviews the applications for accuracy and then certifies the entitlement amounts to the State Controller's Office for payment.

When is the application published? When is it due to the Department?

The Department typically publishes the application in August. It is due back to the Department on or before October 31st of that year.

Despite elimination of subventions in the State Budget, the application continues to be posted as a survey so that the level of participation in the Program, and loss of funds to local jurisdictions, can be documented. In FY 2012, the survey was posted in October, with a December 31 due date.

When are OSSA payments made?

This question is applicable when funds are made available through the State Budget process for subventions.

Applications are processed in the order that they are received. The Department certifies subvention amounts in an entitlement report, which is then sent to the Controller's Office for payment. In the past, subvention payments went out to the counties on a "rolling" basis – once a county's entitlement claim was certified by the Department, the Controller's Office would release that county's funds. However, pursuant to §16144, the Controller now makes all subvention payments on or before June 30, but no earlier than April 20, of each year.

What information is reported to the Department in the application?

The application captures ten types of enrollment changes and four categories of eligibility. The enrollment changes are captured at the parcel-level, while the eligibility categories are aggregated at the county- or city-wide level. Cancellation fee payment information is also reported, as well as the subvention payment amount to which the local government is entitled

Spencer, Martha

From: Burks, Elizabeth
Sent: Wednesday, November 07, 2012 10:43 AM
To: Spencer, Martha
Subject: FW: questions for the assessor
Attachments: AH 521 Part II Introduction.pdf; CA Rev. And Tax Code Sections 421 423.9.pdf; Open Space Valuation.pdf; Examples of Wm Act Calcs.pdf; Capital Press 11-2-12 Study on Effects of the Loss of Wm Act.pdf

FYI

Beth
707-268-3708

From: Wilson, Mari
Sent: Tuesday, November 06, 2012 4:59 PM
To: Bohn, Rex
Cc: Damico, Tracy; Watanabe, Joan; Burks, Elizabeth
Subject: RE: questions for the assessor

Rex,

Please see my responses below and the attached files. I'm also including an article from the Capital Press newspaper publication that we received today that did a study on Wm Act property, just FYI.

I'm working on one more file, but will have to send later.

Mari

Mari A. Wilson
Humboldt County Assessor
707-476-2337

-----Original Message-----

From: Damico, Tracy
Sent: Tuesday, November 06, 2012 8:22 AM
To: Wilson, Mari
Cc: Bohn, Rex
Subject: FW: questions for the assessor

Hi Mari -

Supervisor Bohn wanted me to forward this information to you. You can either respond to him directly or to me and I'll relay the info.

Thanks-

Tracy

Tracy D'Amico
Administrative Assistant
Board of Supervisors
707-476-2390
tdamico@co.humboldt.ca.us

5/14/2013

From: Burks, Elizabeth
Sent: Monday, November 05, 2012 6:03 PM
To: Bohn, Rex
Subject: questions for the assessor

Hi Rex,

As a follow up to our meeting last week, the following information from the Assessor's office will be useful to incorporate into the Committee's report.

Explanation of how the Williamson Act valuation and tax are calculated. Attached files: Assessor's Handbook 521 and CA Revenue & Taxation Code section 421-423.9 (especially 423). In these files all references to the board except when specifically referencing the County Board of Supervisors are for the State Board of Equalization.

What are the factors when determining the tax benefit of entering a property into the program? This would be subject to the property owner, but I would assume it would be the difference between taxes under Prop 13 and taxes with restricted value.

It would be good to get some examples, even if they are hypothetical for a variety of scenarios. Attached files: Open Space Valuation and Examples of Wm Act Calcs.

- Compare of the tax benefit for dairy property on prime soils vs. a ranch with no prime soil.
- Compare a tax benefit of entering into the program for a recently purchased property vs. on that has a much lower Prop 13 base year value.
- Describe the tax increase for properties that have been in the program many years (1970's for example) if they were to come out of the program

Will it be possible on a yearly basis to calculate the increased revenue from non-renewals and cancellations and compare with estimated tax reductions for proposed preserves? We don't currently track this or have an existing report, but I'm sure we can.

Can they provide overall less tax collected for the existing program (overall what?) and an estimate of increased revenue for properties currently in non-renewal? We don't currently track this or have an existing report, but I'm sure we can.

Thanks so much. Looking forward to a very productive committee!!

Regards,

Beth Burks
Senior Planner
Humboldt County Planning Division
Direct: 707-268-3708
Fax: 707-268-3729
3015 H Street
Eureka, CA 95501
eburks@co.humboldt.ca.us

CHAPTER 1: INTRODUCTION

In 1965 the Legislature enacted the California Land Conservation Act (Williamson Act) in an effort to preserve agricultural lands for the production of food and fiber and to discourage noncontiguous urban development. The law was an attempt to stop or at least to slow down the increase in real property taxes on farmland by providing methods for restricting land use to agricultural purposes. This attempt was reinforced in 1966 by legislation that established a rebuttable presumption stating that certain enforceable government restrictions on land use are presumed to continue in the predictable future and are presumed to affect value.¹

The original California Land Conservation Act of 1965 could not assure limitations on the assessed value of land restricted to agricultural use because the Constitution required that assessments be based upon market value. In the 1966 general election, the electorate approved a constitutional amendment (now article XIII, section 8, of the Constitution) that enabled the Legislature to prescribe assessment procedures not based upon market value for certain open-space lands. The following year, the Legislature added sections 421, 422, and 423 to the Revenue and Taxation Code to define open-space enforceable restrictions, to prohibit the use of sales in the appraisal of land subject to these restrictions, and to require that open-space lands be appraised on the basis of income. These sections were then amended (repealed and new versions enacted) in 1969 to prescribe the method for determining the applicable capitalization rate, to clarify procedures for the valuation of residential sites, and to specify that trees and vines be valued in the same manner as land.

In 1973, further amendments to sections 421 and 422² added to the list of enforceable restrictions certain wildlife habitat contracts, and added section 423.7 procedures for the valuation of lands subject to such restrictions. Under section 423.7, lands subject to these wildlife habitat contracts are not to be valued by the capitalization of income approach, but by a restricted comparative sales method.

The Open-Space Easement Act of 1974 revised the procedures for the creation of open-space easements and defined certain scenic restrictions as enforceable restrictions for assessment purposes. Legislation in 1982³ modified section 421 to include as an enforceable restriction an open-space easement granted to a regional park district, regional park and open-space district, or regional open-space district.

There have been numerous legislative changes since 1978 in the assessment procedures applicable to enforceably restricted properties. In January 1979, section 51283.1 was added to the Government Code to provide for a determination of any additional deferred taxes due upon cancellation of an open-space contract. However, section 51283.1 was repealed in August 1986. In 1981, legislation added Government Code section 51282.1 which provided special one-time

¹ Revenue and Taxation Code section 402.1.

² All statutory section references are to the Revenue and Taxation Code unless otherwise designated.

³ Statutes of 1982, Chapter 71 (Assembly Bill 597).

cancellation procedures for open-space contracts,⁴ and set forth certain conditions for approval of a petition for cancellation. Although this section was automatically repealed January 1, 1983, Government Code section 51282, which was amended by this legislation, set forth stringent conditions for the cancellation of open-space contracts. Sections 51231 and 51238 of the Government Code were also amended in 1981⁵ to include agricultural laborer housing as a compatible use for enforceably restricted lands. As a result of this and further legislation in 1985, agricultural labor housing is now treated the same as other residences located on open-space lands (section 428).

Section 423, which prescribes factors to be considered in valuing restricted property, has also been periodically modified. Subdivision (a)(1) now requires reference to actual rents for similar properties when determining cash rents for restricted properties, and subdivision (a)(3) has eliminated the six-year maximum period for crop rotation. Subdivision (d) was amended in 1987 to provide that, unless either party to the open-space contract prohibits it, the restricted value determined by the capitalization of income method will not exceed the lesser of either the current fair market value or the factored base year value of the property. It also authorizes the assessor to charge up to \$20 per parcel for determining the 1975 base year value of a restricted property. Subdivision (e) provides that, if the contract between the landowner and the city or county so states, nonliving improvements which contribute to land income shall be valued in the same manner as the enforceably restricted land. Also in 1981, technical revisions were made to section 423 to accommodate the mandated change to a 100 percent assessment ratio.⁶

When article XIII A was first implemented, its base year concept was applied to open-space properties. However, in July 1979, section 52(a) was added returning enforceably restricted properties to the valuation procedures in effect prior to the passage of article XIII A. Article XIII A is now applied only when the factored base year value is the lowest of several values.

Effective January 1, 1981, section 423.3 was added⁷ allowing cities or counties to assess certain categories of enforceably restricted lands at the lower of their current restricted value or a percentage of their value determined pursuant to section 110.1 adjusted annually to a maximum of 2 percent for inflation. The application of section 423.3 has been affected by the 1987 changes to section 423 which now provides for a three-part value comparison.

Substantial changes have been made to the provisions pertaining to the valuation of properties subject to terminating restrictions, i.e., the contract subjecting the land to restriction will not be renewed. Section 426, dealing with assessment of properties whose owners have filed notices of nonrenewal, was revised in 1982 and 1984 to clarify valuation procedures during the period of contract termination. In addition, the cancellation value of land subject to a Williamson Act

⁴ Statutes of 1981, Chapter 1095 (Assembly Bill 2074).

⁵ Statutes of 1980, Chapter 1219 (Senate Bill 1747).

⁶ Statutes of 1981, Chapter 261 (Assembly Bill 241).

⁷ Statutes of 1980, Chapter 1273 (Assembly Bill 2298).

contract was defined as the property's fair market value as though it were free of contractual restrictions.⁸

The original Williamson Act provided simply that annexing cities would succeed to all rights and duties of contracts executed by surrounding counties.⁹ However, in 1968 the Act was amended to allow cities to protest the execution of contracts within one mile of their borders. Such protests would then entitle the city to opt not to succeed to the contract in the event of an annexation.¹⁰

These procedures were revisited by the Legislature in 1990.¹¹ This legislation prospectively repealed the protest provisions, due to the general feeling that the one mile rule unfairly exempted some landowners from the rigors of the cancellation process. Protests validly filed before January 1, 1991 continue to afford a basis for contract termination by annexing cities. This legislation also added two evidentiary presumptions which apply to evaluating protests filed before January 1, 1991 which are intended to invalidate "late" and "blanket" protests.¹² This section provides that a protest must have identified a specific contract and that it is presumed that nearby cities received notice of impending contracts.

In 1994, legislation provided statewide standards for determining "compatible uses" allowed on land subject to the Williamson Act.¹³ To summarize the compatible use principles, a compatible use may generally not (1) harm soil fertility, (2) obstruct or displace potential agricultural operations, or (3) induce nonagricultural development of surrounding enrolled lands. These principles reinforce the original purpose of Williamson Act contracts to "preserve the maximum amount of the limited supply of agricultural land." This legislation also provided alternative standards for non-prime lands, mineral extraction, and grandfathering provisions for uses in place, expressly guaranteed in individual contracts, or subject to pending applications prior to 1994.

Senate Bill 1534 of 1994 tightened restrictions regarding condemnation or public acquisition of enrolled lands.¹⁴ The changes (1) clarify that contract termination through public acquisition is appropriate only for publicly owned facilities and interests;¹⁵ (2) provide that the pre-existing standards in Government Code section 51292 regarding prime land alternatives and inadequacy of a purely cost based selection of agricultural preserve lands now require affirmation findings; (3) require that lands resold by public entities be re-enrolled in the Act or an equivalent; and

⁸ Statutes of 1987, Chapter 1308.

⁹ See historical notes to Government Code section 51243.

¹⁰ See 68 Ops Att'y Gen 204 (1985).

¹¹ Statutes of 1990, Chapter 841 (Assembly Bill 2764).

¹² Government Code section 51243.5.

¹³ Statutes of 1994, Chapter 1251 (Assembly Bill 2663). See Government Code section 51238.1.

¹⁴ Statutes of 1994, Chapter 1158 (Senate Bill 1534).

¹⁵ Government Code section 51290.5.

(4) provide detailed notice to enable the monitoring of these provisions. A further related change enacted in 1996 forbids the placement of enforceably restricted land in a redevelopment area.¹⁶

In 1995 sections 421.5 and 422.5 were added to make section 423 applicable to agricultural conservation easements created pursuant to Civil Code section 815.1. Section 421 was again amended in 1996 to add land restricted by a political subdivision or a government entity for the benefit of wildlife, endangered species, or their habitats to the meaning of "open-space land."¹⁷

Section 423.8 was added in 1996¹⁸ to provide that land restricted as a wildlife or endangered species habitat by a local, state, or federal government entity shall, upon the request of the owner, be enrolled in a wildlife habitat contract. In providing for such enrollment, this measure (1) made these lands immune to the general requirement that at least 150 acres be under contract, and (2) required that lands enrolled in a wildlife habitat contract be valued in accordance with section 402.1. Additionally, the legislation provided that any land eligible for existing open-space valuation procedures, which had also been enrolled in a contract pursuant to the bill's provisions, shall be assessed at the lower of the value determined under section 402.1 or the value determined under the open-space valuation procedures.

Section 423.4¹⁹ was added in 1998 and has subsequently been referred to as the "Super Williamson Act." The intent of this law is to provide greater protection for California's agricultural lands by allowing greater tax benefits for farmland owners by authorizing the conversion of the voluntary rolling 10-year Williamson Act contracts to rolling 20-year Farmland Security Zone (FSZ) contracts at the request of the landowner and approval of the county. In 2002, Revenue and Taxation Code section 421.5 was amended to clarify that, for purposes of valuing open-space land subject to an enforceable restriction, the term "agricultural conservation easement" has the same meaning as defined in section 10211 of the Public Resources Code.²⁰

Although there have been many significant revisions to open-space statutes since the initial legislation, the foregoing is only a brief outline of these changes. The focus of this handbook is on the application of current (mid-2003) law in the appraisal process.

Further, while the manner in which the income method is applied to the valuation of restricted properties other than wildlife habitats is described in sections 423 and 423.5, the law is neither specific enough in its directives nor broad enough in scope to cover all aspects of the complex appraisal problems involved. Elements of the capitalization process have been subject to various interpretations, and the result has been wide variation in valuation procedures. This handbook attempts to standardize valuation procedures for open-space land and to offer solutions to

¹⁶ Statutes of 1996, Chapter 617 (Senate Bill 1566); Health and Safety Code section 33321.5.

¹⁷ Statutes of 1996, Chapter 997 (Senate Bill 1804).

¹⁸ Statutes of 1996, Chapter 997 (Senate Bill 1804).

¹⁹ Statutes of 1998, Chapter 353 (Senate Bill 1182). Section 423.4 references Government Code 51296, which was repealed in 2001 to reformat its single section with 15 subdivisions into 15 separate sections (51296 - 51297.4) without changing the statute's substance.

²⁰ Statutes of 2002, Chapter 616 (Senate Bill 1864).

problems in the appraisal of property subject to these restrictions. The solutions are based upon analysis of current legislation and the application of appraisal principles.

This handbook does not consider the valuation of restricted timberland, nor does it deal with the appraisal of land subject to certain other types of restrictions, such as those imposed by the California Coastal Zone Conservation Act. Its purpose is limited to the appraisal of properties subject to enforceable restrictions created by the California Land Conservation Act and related legislation as defined in sections 422 and 422.5.

REVENUE AND TAXATION CODE SECTION 421-423.9

421. For the purposes of this article:

(a) "Agricultural preserve" means an agricultural preserve created pursuant to the California Land Conservation Act of 1965 (Williamson Act) (Chapter 7 (commencing with Section 51200) of Part 1 of Division 1 of Title 5 of the Government Code).

(b) "Contract" means a contract executed pursuant to the California Land Conservation Act.

(c) "Agreement" means an agreement executed pursuant to the California Land Conservation Act prior to the 61st day following the final adjournment of the 1969 Regular Session of the Legislature and that, taken as a whole, provides restrictions, terms and conditions that are substantially similar or more restrictive than those required by statute for a contract.

(d) "Scenic restriction" means any interest or right in real property acquired by a city or county pursuant to Chapter 12 (commencing with Section 6950) of Division 7 of Title 1 of the Government Code, where the deed or other instrument granting such right or interest imposes restrictions that, through limitation of their future use, will effectively preserve for public use and enjoyment, the character of open spaces and areas as defined in Section 6954 of the Government Code.

A scenic restriction shall be for an initial term of 10 years or more, and shall provide for either of the following:

(1) A method whereby the term may be extended by mutual agreement of the parties.

(2) That the initial term shall be subject to annual automatic one-year extensions as provided for contracts in Sections 51244, 51244.5, and 51246 of the Government Code, unless notice of nonrenewal is given as provided in Section 51245 of the Government Code.

A scenic restriction may not be terminated prior to the expiration of the initial term, and any extension thereof, except as provided for cancellation of contracts in Sections 51281, 51282, 51283 and 51283.3 of the Government Code, and subject to the provisions therein for payment of the cancellation fee.

(e) "Open-space easement" means an open-space easement granted to a county or city pursuant to Chapter 6.5 (commencing with Section 51050) of Part 1 of Division 1 of Title 5 of the Government Code if the easement is acquired prior to January 1, 1975, or an open-space easement granted to a county, city, or nonprofit organization pursuant to Chapter 6.6 (commencing with Section 51070) of Part 1 of Division 1 of Title 5 of the Government Code if the easement is acquired after January 1, 1975, or an open-space easement granted to a regional park district, regional park and open-space district, or regional open-space district under Article 3 (commencing with Section 5500) of Chapter 3 of Division 5 of the Public Resources Code.

(f) "Wildlife habitat contract" means any contract or amended contract or covenant involving, except as provided in Section 423.8, 150 acres or more of land entered into by a landowner with any agency or political subdivision of the federal or state government limiting the use of lands for a period of 10 or more years by the landowner to habitat for native or migratory wildlife and native pasture. These lands shall, by contract, be eligible to receive water for waterfowl or waterfowl management purposes from the federal government.

(g) "Open-space land" means any of the following:

(1) Land within an agricultural preserve and subject to a contract or an agreement.

(2) Land subject to a scenic restriction.

(3) Land subject to an open-space easement.

(4) Land that has been restricted by a political subdivision or an entity of the state or federal government, acting within the scope of its regulatory or other legal authority, for the benefit of wildlife, endangered species, or their habitats.

(h) "Typical rotation period" means a period of years during which different crops are grown as part of a plant cultural program.

Typical rotation period does not mean the rotation period of timber.

(i) "Wildlife" means waterfowl of every kind and any other undomesticated mammal, fish, or bird, or any reptile, amphibian, insect, or plant.

(j) "Endangered species" means any species or subcategory thereof, as defined in the California Endangered Species Act (Chapter 1.5 (commencing with Section 2050) of Division 3 of the Fish and Game Code) or the federal Endangered Species Act (16 U.S.C. Sec. 1531 et seq.), that has been classified and protected as an endangered, threatened, rare, or candidate species by any entity of the state or federal government.

421.5. For purposes of this article, the following terms have the following meaning:

(a) "Agricultural conservation easement" shall have the same meaning as defined in Section 10211 of the Public Resources Code.

(b) "Open-space land" includes land subject to an agricultural conservation easement.

422. For the purposes of this article and within the meaning of Section 8 of Article XIII of the Constitution, open-space land is "enforceably restricted" if it is subject to any of the following:

(a) A contract;

(b) An agreement;

(c) A scenic restriction entered into prior to January 1, 1975;

(d) An open-space easement; or

(e) A wildlife habitat contract.

For the purposes of this article no restriction upon the use of land other than those enumerated in this section shall be considered to be an enforceable restriction.

422.5. For the purposes of this article, open-space land is "enforceably restricted" within the meaning of Section 8 of Article XIII of the California Constitution if it is subject to an agricultural conservation easement.

423. Except as provided in Sections 423.7 and 423.8, when valuing enforceably restricted open-space land, other than land used for the production of timber for commercial purposes, the county assessor shall not consider sales data on lands, whether or not enforceably restricted, but shall value these lands by the capitalization of income method in the following manner:

(a) The annual income to be capitalized shall be determined as follows:

(1) Where sufficient rental information is available the income shall be the fair rent which can be imputed to the land being valued based upon rent actually received for the land by the owner and upon typical rentals received in the area for similar land in similar use, where the owner pays the property tax. Any cash rent or its equivalent considered in determining the fair rent of the land shall be the amount for which comparable lands have been rented, determined by average rents paid to owners as evidenced by typical land leases in the area, giving recognition to the terms and conditions of the leases and the uses permitted within the leases and within the enforceable restrictions imposed.

(2) Where sufficient rental information is not available, the income shall be that which the land being valued reasonably can be expected to yield under prudent management and subject to applicable provisions under which the land is enforceably restricted. There shall be a rebuttable presumption that "prudent management" does not include use of the land for a recreational use, as defined in subdivision (n) of Section 51201 of the Government Code, unless the land is actually devoted to that use.

(3) Notwithstanding any other provision herein, if the parties to an instrument which enforceably restricts the land stipulate therein an amount which constitutes the minimum annual income per acre to be capitalized, then the income to be capitalized shall not be less than the amount so stipulated.

For the purposes of this section, income shall be determined in accordance with rules and regulations issued by the board and with this section and shall be the difference between revenue and expenditures. Revenue shall be the amount of money or money's worth, including

any cash rent or its equivalent, which the land can be expected to yield to an owner-operator annually on the average from any use of the land permitted under the terms by which the land is enforceably restricted, including, but not limited to, that from the production of salt and from typical crops grown in the area during a typical rotation period, as evidenced by historic cropping patterns and agricultural commodities grown. When the land is planted to fruit-bearing or nut-bearing trees, vines, bushes, or perennial plants, the revenue shall not be less than the land would be expected to yield to an owner-operator from other typical crops grown in the area during a typical rotation period, as evidenced by historic cropping patterns and agricultural commodities grown. Proceeds from the sale of the land being valued shall not be included in the revenue from the land.

Expenditures shall be any outlay or average annual allocation of money or money's worth that has been charged against the revenue received during the period used in computing that revenue. Those expenditures to be charged against revenue shall be only those that are ordinary and necessary in the production and maintenance of the revenue for that period. Expenditures shall not include depletion charges, debt retirement, interest on funds invested in the land, interest on funds invested in trees and vines valued as land as provided by Section 429, property taxes, corporation income taxes, or corporation franchise taxes based on income. When the income used is from operating the land being valued or from operating comparable land, amounts shall be excluded from the income to provide a fair return on capital investment in operating assets other than the land, to amortize depreciable property, and to fairly compensate the owner-operator for his operating and managing services.

(b) The capitalization rate to be used in valuing land pursuant to this article shall not be derived from sales data and shall be the sum of the following components:

(1) An interest component, to be determined by the board and announced no later than October 1 of the year preceding the assessment year, which is the arithmetic mean, rounded to the nearest 1/4 percent, of the yield rate for long-term United States government bonds, as most recently published by the Federal Reserve Board as of September 1, and the corresponding yield rates for those bonds, as most recently published by the Federal Reserve Board as of each September 1 immediately prior to each of the four immediately preceding assessment years.

(2) A risk component that shall be a percentage determined on the basis of the location and characteristics of the land, the crops to be grown thereon and the provisions of any lease or rental agreement to which the land is subject.

(3) A component for property taxes that shall be a percentage equal to the estimated total tax rate applicable to the land for the assessment year times the assessment ratio. The estimated total tax rate shall be the cumulative rates used to compute the state's reimbursement of local governments for revenues lost on account of homeowners' property tax exemptions in the tax rate area in which the enforceably restricted land is situated.

(4) A component for amortization of any investment in perennials over their estimated economic life when the total income from land and perennials other than timber exceeds the yield from other typical crops grown in the area.

(c) The value of the land shall be the quotient for the income determined as provided in subdivision (a) divided by the capitalization rate determined as provided in subdivision (b).

(d) Unless a party to an instrument which creates an enforceable restriction expressly prohibits such a valuation, the valuation resulting from the capitalization of income method described in this section shall not exceed the lesser of either the valuation that would have resulted by calculation under Section 110, or the valuation that would have resulted by calculation under Section 110.1, as though the property was not subject to an enforceable restriction in the base year.

In determining the 1975 base year value under Article XIII A of the California Constitution for any parcel for comparison, the county may charge a contractholder a fee limited to the reasonable costs of the determination not to exceed twenty dollars (\$20) per parcel.

(e) If the parties to an instrument that creates an enforceable restriction expressly so provide therein, the assessor shall assess those improvements that contribute to the income of land in the manner provided herein. As used in this subdivision "improvements which contribute to the income of the land" shall include, but are not limited to, wells, pumps, pipelines, fences, and structures which are necessary or convenient to the use of the land within the enforceable restrictions imposed.

423.3. Any city or county may allow land subject to an enforceable restriction under the Williamson Act or a migratory waterfowl habitat contract to be assessed in accordance with one or more of the following:

(a) Land specified in subdivision (a) of Section 16142 of the Government Code shall be assessed at the value determined as provided in Section 423, but not to exceed a uniformly applied percentage of its base year value pursuant to Section 110.1, adjusted to reflect the percentage change in the cost of living not to exceed 2 percent per year. In no event shall that percentage be less than 70 percent.

(b) Prime commercial rangeland shall be assessed at the value determined as provided in Section 423, but not to exceed a uniformly applied percentage of its base year value pursuant to Section 110.1, adjusted to reflect the percentage change in the cost of living not to exceed 2 percent per year. In no event shall that percentage be less than 80 percent.

For purposes of this subdivision, "prime commercial rangeland" means rangeland which meets all of the following physical-chemical parameters:

- (1) Soil depth of 12 inches or more.
- (2) Soil texture of fine sandy loam to clay.
- (3) Soil permeability of rapid to slow.
- (4) Soil with at least 2.5 inches of available water holding capacity in profile.
- (5) A slope of less than 30 percent.
- (6) A climate with 80 or more frost-free days per year.
- (7) Ten inches or more average annual precipitation.
- (8) When managed at potential, the land generally requires less than 17 acres to support one animal unit per year.

Property owners of land specified in this subdivision, shall demonstrate that their land falls within the above definition when requested by the city or county.

(c) Land specified in subdivision (b) of Section 16142 of the Government Code shall be assessed at the value determined as provided in Section 423, but not to exceed a uniformly applied percentage of its base year value pursuant to Section 110.1, adjusted to reflect the percentage change in the cost of living not to exceed 2 percent per year. In no event shall that percentage be less than 90 percent.

(d) Waterfowl habitat shall be assessed at the value determined as provided in Section 423.7 but not to exceed a uniformly applied percentage of its base year value pursuant to Section 110.1, adjusted to reflect the percentage change in the cost of living not to exceed 2 percent per year. In no event shall that percentage be less than 90 percent.

423.4. Land subject to a farmland security zone contract specified in Section 51296.1 of the Government Code shall be valued for assessment purposes at 65 percent of the value under Section 423 or 65 percent of the value under Section 110.1, whichever is lower.

423.5. When valuing open-space land which is enforceably restricted and used for the production of timber for commercial purposes, the county assessor shall not consider sales data on lands, whether or not enforceably restricted, but shall determine the value of such timberland to be the present worth of the income which the future harvest of timber crops from the land and the income from other allowed compatible uses can reasonably be expected to yield under prudent management. The value of timberland pursuant to this section shall be determined in

accordance with rules and regulations issued by the board. In determining the value of timberland pursuant to this

Section the board and the county assessor shall use the capitalization rate derived pursuant to subdivision (b) of Section 423. The ratio prescribed in Section 401 shall be applied to the value of the land determined in accordance with this section to obtain its assessed value.

For the purposes of this section, the income of each acre of land shall be presumed to be no less than two dollars (\$2), and the present worth of this income shall not be reduced by the value of any exempt timber on the land.

There shall be a rebuttable presumption that "prudent management" does not include use of the land for recreational use, as defined in subdivision (n) of Section 51201 of the Government Code, unless the land is actually devoted to such use.

423.7. (a) When valuing open-space land subject to a wildlife habitat contract, as defined in subdivision (f) of Section 421, the board, for purposes of surveys required by Section 15640 of the Government Code, and all assessors shall value that land by using the average current per-acre value based on recent sales including the sale of an undivided interest therein, of lands subject to a wildlife habitat contract within the same county. Whenever ownership of open-space land is held by a corporation and the principal underlying asset of that corporation is represented by those lands, the price

received for each bona fide sale of shares of stock in those corporations or certificates of membership in nonprofit corporations shall be treated as a sale of open-space land by the assessor in determining average value for open-space lands within the meaning of this section.

(b) In the valuation of open-space land subject to a wildlife habitat contract as defined in subdivision (f) of Section 421, irrespective of the number of parcels represented by a single ownership, the assessor shall use sales of less than 150 acres in determining the average value of those lands only if the sale is of an undivided interest of land subject to a wildlife habitat contract as defined in subdivision (f) of Section 421. The assessor shall not use any other sale of less than 150 acres of land.

(c) In the event of sales of corporate stock or membership, as referred to in subdivision (a), the assessor shall determine the average per-acre sales price and multiply such sales price by the number of acres held under the single ownership from which the land was sold, in order to determine the current total value of the single ownership.

(d) The assessor shall then determine the average current per-acre value of that land subject to a wildlife habitat contract, as defined in subdivision (f) of Section 421, by adding the current value of all those lands including corporate sales as set forth in subdivision (c), of which there has been a recent sale, and then dividing the total current value by the total number of acres of all that land of which there has been a recent sale.

(e) Whenever less than 10 years remain to the expiration of a wildlife habitat contract, the value of land determined under subdivision (a) shall be modified pursuant to this subdivision. If the full cash value of that land as determined under Section 110.1 is greater than the value determined under subdivision (a) of this section, a pro rata share of the amount of that difference shall be added in annual equal installments to the value determined pursuant to subdivision (a) over the remaining term of the wildlife habitat contract.

(f) Owners of open-space land subject to a wildlife habitat contract which has been used exclusively for habitat by native or migratory wildlife, recreation, and native pasture shall report the sale of that land, or an interest therein, to the county assessor within 30 days of the sale.

(g) In the event that a wildlife habitat contract is canceled upon the application of an owner of the land covered by the contract, a penalty equal to 6 percent of the full cash value of the land as determined under Section 110.1 on the lien date next following cancellation shall be imposed. The penalty shall become delinquent on the December 10 next following that lien date and shall be treated in all respects as a delinquent penalty imposed under Section 2617 or 2704. This subdivision shall not apply when a wildlife habitat contract is canceled without the consent of an owner of the land affected.

(h) The provisions of Section 426 shall not apply to any lands valued for assessment purposes pursuant to the provisions of this section.

(i) The assessor shall not value any land under a single ownership under this section unless the owners of that land have provided the assessor with a schedule of sales of that land that have occurred during the previous four years.

(j) If there are no prior sales within the county of open-space land subject to a wildlife contract and used exclusively for habitat by native or migratory wildlife, recreation, and native pasture, the assessor shall value the land pursuant to Section 110.1.

(k) Unless a party to an instrument which creates an enforceable restriction expressly prohibits that valuation, the valuation resulting from the method described in this section shall not exceed the valuation that would have resulted by calculation under Section 110.1, as though the property was not subject to an enforceable restriction in the base year.

423.8. (a) Notwithstanding the acreage requirement specified in subdivision (f) of Section 421, both of the following apply with respect to enrollment in a wildlife habitat contract:

(1) Any open-space land that has been restricted as wildlife or endangered species habitat by a political subdivision of the state or entity of state government shall, upon the request of the owner of that land, be enrolled in a wildlife habitat contract with the political subdivision of the state or entity of state government that has so restricted the subject open-space land.

(2) Any open-space land that has been restricted as wildlife or endangered species habitat by an agency of the federal government shall, upon the request of the landowner, be enrolled in a wildlife habitat contract with the city or county having jurisdiction over the restricted open-space land.

For any open-space land eligible for valuation under Section 422.5, 423, 423.3, 423.5, 426, or 435, that has also been enrolled in a wildlife habitat contract pursuant to this section, the controlling value of the land shall, except as otherwise provided in the following sentence, be the lower of the values determined for that land pursuant to those sections or Section 402.1. Other lands enrolled in a wildlife habitat contract pursuant to this section shall be assessed at the value determined as provided in Section 402.1.

(b) In no event shall this section or Section 421 be construed to authorize a political subdivision or any entity of the state or federal government to restrict the otherwise lawful use of property by designating all or part of that property as wildlife habitat or endangered species habitat without the consent of the owner of that property.

(c) It is the intent of the Legislature in adding this section to establish a nonexclusive alternative method of recognizing, for purposes of property taxation, the existence of certain governmental restrictions on the use of property. Neither this section nor Section 402.1 shall be construed or applied to require the existence of a wildlife habitat contract, as described in this section, as a necessary condition for recognizing the effect upon the taxable value of property of any enforceable restriction that is recognized under Section 422, 422.5, or 402.1 and is legally established by statute, regulation, or any action or classification by a governmental entity, for the benefit of wildlife, endangered species, or their habitats.

423.9. Land which is zoned as timberland production pursuant to Chapter 6.7 (commencing with Section 51100) of Part 1 of Division 1 of Title 5 of the Government Code and which is not under an open-space contract pursuant to Section 51240 of the Government Code shall be valued pursuant to Section 435.

Examples of Ag Presv Income Calculations

This spreadsheet represents possible carrying capacity and income scenarios for 100 acres of prime or grazing land.

Animal Units (AU)	Acres (Ac)	# of Ac per AU	Rent per AU	Fair Rent	Fair Rent per Acre	2012 AG Cap Rate	2012 Restr. Val per Ac
		Ac divided by AU	(\$20 per month for 12 months)	AU multiplied by Rent per AU	Rent divided by Acres	***	Fair Rent divided by Cap Rate
120	100	0.833333	\$240	\$28,800	\$288.00	0.06026	\$4,779.29

Animal Units (AU)	Acres (Ac)	# of Ac per AU	Rent per AU	Fair Rent	Fair Rent per Acre	2012 AG Cap Rate	2012 Restr. Val per Ac
		Ac divided by AU	(\$20 per month for 12 months)	AU multiplied by Rent per AU	Rent divided by Acres	***	Fair Rent divided by Cap Rate
100	100	1	\$240	\$24,000	\$240.00	0.06026	\$3,982.74

Animal Units (AU)	Acres	# of Ac per AU	Rent per AU	Fair Rent	Fair Rent per Acre	2012 AG Cap Rate	2012 Restr. Val per Ac
		Ac divided by AU	(\$20 per month for 12 months)	AU multiplied by Rent per AU	Rent divided by Acres	***	Fair Rent divided by Cap Rate
50	100	2	\$240	\$12,000	\$120.00	0.06026	\$1,991.37

Animal Units (AU)	Acres	# of Ac per AU	Rent per AU	Fair Rent	Fair Rent per Acre	2012 AG Cap Rate	2012 Restr. Val per Ac
		Ac divided by AU	(\$20 per month for 12 months)	AU multiplied by Rent per AU	Rent divided by Acres	***	Fair Rent divided by Cap Rate
10	100	10	\$240	\$2,400	\$24.00	0.06026	\$398.27

See 423(b)(1) of the R&T Code for more complete information :

Open-Space Land Interest component for 2012 Lien Date:

Based on the arithmetic mean, rounded to the nearest 1/4 percent, of the yield rate for long-term US govt bonds, as of September 1st....

4% interest component, 1% tax rate, 1% risk factor= 6.00%, plus tax rate area calculations(direct fees)

RESTRICTED VALUE SCENARIOS

These figures are to show the hypothetical restricted value difference between 160 Ac Prime land and 160 Ac very rural grazing land.

Animal Units (AU)	Acres (Ac)	# of Ac per AU	Rent per AU	Fair Rent	Fair Rent per Acre	2012 AG Cap Rate	2012 Restr. Val per Ac		
		Ac divided by AU	(\$20 per month for 12 months)	AU multiplied by Rent per AU	Rent divided by Acres	---	Fair Rent divided by Cap Rate	Ac	Total Restricted Value of 160 Ag Acres
175	160	0.914286	\$240	\$42,000	\$262.50	0.06026	\$4,356.12	160	\$696,980

Animal Units (AU)	Acres (Ac)	# of Ac per AU	Rent per AU	Fair Rent	Fair Rent per Acre	2012 AG Cap Rate	2012 Restr. Val per Ac		
		Ac divided by AU	(\$20 per month for 12 months)	AU multiplied by Rent per AU	Rent divided by Acres	---	Fair Rent divided by Cap Rate	Ac	Total Restricted Value of 160 Ag Acres
8	160	20	\$240	\$1,920	\$12.00	0.06026	\$199.14	160	\$31,862

These figures are to show the difference between a hypothetical 1977 Factored Base Year Value and hypothetical 2012 Base Year Value property

Base Year	Parcel #		Ac	Val/Ac	Total 1977-- BYV Ag AC	Factor to 2012	2012 FBV
1977	XYZ 1		160	\$500.00	\$80,000	1.87626	150,101
Base Year	Parcel #		Ac	Val/Ac	Total 2012-- BYV Ag AC	Factor to 2012	2012 BYV
2012	XYZ 2		160	\$5,000.00	\$800,000	0	800,000

Livestock Production

- 470,000 acres are "rangelands" (according to the County Agricultural Commissioner).
- 292,985 acres in the WA program including TPZ reserve lands (155 established preserves).
- 6,279 acres of prime agricultural lands (bottom-lands/dairy production).
- Thus, approximately 286,706 acres are WA lands in livestock production.
- An estimated 61% (see above) of "rangelands" are WA lands in livestock production.
- Total livestock production in 2011 grossed \$59,167,990 (taken from the 2011 Crop and Livestock Report which did not include bottom-land grazing).
- Thus, approximately \$36,092,474 was grossed in 2011 from WA lands in livestock production.

Dairy Production

- An estimated 30% of dairy production lands are in WA preserves.
- Total milk and milk production in 2011 grossed \$54,655,000.
- Thus, approximately \$16,396,500 was grossed in 2011 from dairy production on WA lands.

Field Crop Production

- An estimated 30% of field crop production occurs in WA preserves.
- Total field crop production in 2011 grossed \$4,301,480.
- Thus, approximately \$1,290,444 was grossed in 2011 from field crop production on WA lands.

Fruit and Nut Crops

- An estimated 5% of fruit and nut crop production occurs in WA preserves.
- Total fruit and nut crop production in 2011 grossed \$1,800,000.
- Thus, approximately \$90,000 was grossed in 2011 from fruit and nut crop production on WA lands.

Vegetable Crops

- An estimated 5% of vegetable production occurs in WA preserves.
- Total vegetable production in 2011 grossed \$3,930,480.
- Thus, approximately \$196,524 was grossed in 2011 from vegetable crop production on WA lands.

Total

- Approximately \$54,065,942 total was grossed in 2011 from agricultural production on WA lands.

Sources: Humboldt County General Plan Preliminary Draft EIR
2011 Humboldt County Crop and Livestock Report

<u>Counties that responded to our questions:</u> Siskiyou Modoc Trinity Shasta Mendocino Tehama Glenn Colusa Yolo	<u>Did not respond:</u> Lassen Plumas Lake Butte Sonoma
--	--

Counties exiting the Williamson Act Program: 1/9
Modoc

Counties not excepting new contracts: 6/9

Siskiyou
Modoc
Tehama
Glenn
Colusa
Yolo

(Trinity has not received any new contracts; no decision has been made)

Counties currently initiating non-renewal: 1/9

Mendocino

(Siskiyou is currently assessing all contracts; violators will be non-renewed)

Counties engaging in reduced-term contracts (AB1265): 3/9

Shasta
Mendocino
Yolo

Counties with an active monitoring program: 6/9

Siskiyou
Shasta (questionnaire)
Mendocino
Tehama (questionnaire)
Colusa (not an official program)
Yolo

Iaqua Ranch (Carrington) Case Study

- Approximate 4,500 acre ranch in the Kneeland area.
- Previously 44 legal parcels.
- Property is a 45-minute drive from Eureka and has year-round access by a county road which account for increased development pressure.
- Williamson Act contract prevents land from being subdivided and developed; requires land to stay in agricultural production.
- A UC study shows that without WA contracts, approximately 1 in 3 ranches will be sold. 23% of ranchers said they would be likely to end their entire ranching operation. Without WA contracts, those ranches are available to be developed.

Impacts if Subdivided

	In Preserve	Not in Preserve
Number of Home Sites Allowed	2	44 (not including possible 2 nd residences on parcels)
Number of School Bus Stops	0	New bus route.
Number of Sheriff <i>*Sheriff response time for this area is 50 minutes maximum.</i>	No increase.	Increase patrol, service calls.
Bridgeville Fire Responses (including medicals)	0 responses/year	1.66 responses/year (from 10 new homes)*
Kneeland Fire Responses	0.29 responses/year (from 2 homes)	4.96 responses/year (from 34 total homes)**
Water by House	1,600 gallons/day (800 gallons/household)	35,200 gallons/day
Water by Agricultural Use	547,500 gallons/year (livestock)**-	3.42 million gallons/year (marijuana)**+
Total Water Extracted From Watershed	1,131,500 gallons/year	16,268,000 gallons/year (14.38 times current use)
Road Maintenance	No increase.	336 trips per day increase on Kneeland Road. (8 for each of 42 households).

*Bridgeville Fire Responses: Estimated 10 newly developed parcels in the Bridgeville fire district. Average responses per household are 0.17, multiplied by 10 homes equals 1.66 more call responses each year.

**Kneeland Fire Responses: Estimated 32 newly developed parcels (households) in the Kneeland fire district. In 2012 there were 28 fire responses and the area has 192 households. Average responses per household are 0.15, multiplied by 34 homes equals 4.96 more call responses each year.

** - 4,500 acres can support 150 cows because carrying capacity for upland rangelands in Humboldt County is 1 cow/30 acres, or 0.03 cows per acre (NCRLT, Humboldt County Rangelands). Average beef cattle water intake is roughly 10 gallons per day (3,650 gallons per year), making a total water consumption of 547,500 gallons annually for 150 cows.

**+Water by Agricultural Use: The usage for marijuana is based on the Eel River watershed case where 37 square miles hosted 281 pot farms and used an estimated 18 million gallons of water each year (Scott Bauer, CDFG). The subdivided Iaqua ranch would have 53 pot farms in this scenario.

Cost of infrastructure based on: Austin, Texas Residential Development Study (Jan. 2011) submitted by Jen Kalt.

- Approximate \$36,625 public cost for each new single-family house.
- Assuming the land is not under contract and the land is sold and subdivided, 43 new home sites would be constructed.
- This equates to an approximate \$1,574,875 public cost for infrastructure.

New Study on Cuts to Williamson Act Reveals Conservation At Risk; Ranchers May Sell Land

The state began eliminating its contributions toward support of the Williamson Act in 2009, thereby leaving counties without reimbursements for lost tax revenue resulting from the conservation law. The Williamson Act provides tax relief for landowners who agree to keep their land in agriculture for an extended period and impacts the owners of 15 million acres of rangeland and farms — not to mention preserving California's prized open space.

However, a new study from the University of California's Division of Agriculture and Natural Resources rings the alarm bells about the impact of cuts to the Williamson Act and the consequences of its complete elimination. According to William Wetzel, a doctoral candidate in the UC Davis Department of Evolution and Ecology, further cuts will lead to owners of ranchland selling 20 percent of their total acres.

Wetzel commented the following: "In all, 37 percent of ranchers predicted they would sell some or all of their rangeland without support from the act. Of those who would sell, 76 percent predicted buyers would develop the land for nonagricultural uses — suggesting that a significant amount of California's open space could be lost."

The study found that smaller ranchers in particular depend on the Williamson Act as the difference between a small profit and a loss. The analysis also found "that 72 percent of rangeland parcels enrolled in Williamson Act contracts contained habitat "important" or "critical" for statewide conservation goals, as defined by the California Rangeland Conservation Coalition" Before the state cut funding, reimbursements to counties ranged from \$5.2 million in heavily agricultural counties such as Fresno, Kern and Tulare to less than \$12,000 in more urbanized counties such as Orange and San Bernardino.

Some other highlights from the study include:

- 72 percent of ranchers surveyed considered the Williamson Act to be "extremely important" to their operations
- 23 percent said they were likely or very likely to end their entire ranching enterprise if they lost this tax relief.
- Of those surveyed, 38 percent lost money, 19 percent roughly broke even, and 42 percent made a profit. Of the ranches that made a profit in 2009, 70 percent made less than \$10,000.

BOARD OF SUPERVISORS

July 8, 2012 Denver Nelson

WILLIAMSON ACT

I have long been a supporter of the Williamson Act; most recently as a member of the Humboldt County Planning Commission and before that as an owner of a Williamson Act dairy. I have a long owned timberland that is enrolled in the TPZ program. I believe there is a misunderstanding about TPZ and Williamson programs being referred to as tax breaks instead of tax deferral or tax enhancement programs.

The TPZ program is easier to understand. There are actually two taxes collected from timberland enrolled in the TPZ program. The first, and more easily understood one, is a straightforward property tax paid every year based on the site (productivity) of the land. The second portion of the tax is the yield tax which is collected when timber is harvested. Before the TPZ program was enacted, people were cutting their timber and either selling the land or converting it to pastureland where possible so that they could decrease their annual property taxes. The TPZ program enabled them to pay the larger tax when they had money available from harvesting trees. I believe the majority of citizens of Humboldt County wanted to and continue to want to retain timberland for growing trees. The TPZ program allows that to happen. The TPZ program also produces tax revenue equal to or greater than annual property taxes. The difference is that the tax is paid when trees are harvested. Trees are harvested during good economic times. It seems reasonable that when the income from timber harvesting is decreased because economic times are hard, that government spending should also be decreased as is spending in every other part of the economy during hard times.

The Williamson Act is a little more complicated than TPZ, but essentially works the same way. Bona fide agricultural land is taxed based on its income potential from agricultural production. Agricultural land only produces income, either for the owner or for the government involved when agricultural products are produced. If the land is withdrawn from agriculture and subdivided, the seller receives a one time cash distribution and if the owner has not been astute in his estate planning, the government may receive some taxes from this transaction. Agricultural production produces income for the owner and tax revenue for the government. The conversion of the Williamson act property into home sites or hobby ranches does not produce as much tax for governments as when the land is used for agricultural purposes

If the Board of Supervisors wants to convert good agricultural land to home sites, then further participation in the Williamson act in Humboldt County should be limited. To say that limiting current Williamson Act contracts or stopping future contracts will produce more government income is not true and is based on misunderstanding of the Williamson Act and tax revenue production.

The goal of government should not be to increase tax collections, but to use collected taxes wisely.

WILLIAMSON INCOME COMPARISON

DENVER NELSON

minimal salary =		\$45,000		unit	CORN	BERRY	MARIJUANA			
				bu/acre	100					
				lb/acre		7,000				
				plants/acre			1,742			
				\$/bu,lb,pl	\$7	\$3	\$1,000			
				expense/lb			\$800			
				gross/acre	\$700	\$21,000	\$1,742,000			
				expense/acre	\$500	\$20,000	\$1,393,600			
				net/acre	\$200	\$1,000	\$348,400			
								acres for		
								\$45,000 income	Humboldt	Humboldt
	ACRES	Cows/Acre	acre/cow	Cow gross	cow expense	cow net	net/acre		Acres	\$
CLASS A	100	2	0.5	\$3,000	\$2,700	\$300	\$600	75	5068	\$3,040,800
CLASS B	600	0.05	20.0	\$800	\$500	\$300	\$15	3000	19562	\$293,430
CLASS C	100	1	1.0	\$800	\$500	\$300	\$300	150	2000	\$600,000
CLASS D				gross/acre	expense/acre	net/acre	acre x net			
Blueberry	20			\$21,000	\$20,000	\$1,000	\$20,000	2.25	1000	\$20,000,000
CORN	50			\$700	\$500	\$200	\$10,000	4.5		
Marijuana	1			\$1,742,000	\$1,393,600	\$348,400	\$348,400	0.12916188		
									TOTAL=	\$23,934,230



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Is the Williamson Act necessary to keep land in agriculture?

I believe that the Williamson Act is necessary to promote agriculture. I have sold property to farmers and ranchers where putting the property into the preserve made the difference of the property being profitable or not. A University of California study shows that 1 out of 3 ranchers could not continue without the Williamson Act. If that is accurate we could lose 1/3 of the agriculture in Humboldt County.

What can we do to reduce the cost to the county?

We should be vigilant in non-renewing properties that do not meet the minimum income requirements and are not true agricultural properties. This will increase the tax base. Mendocino County has sent out 200 notices of their intent to non-renew.

Is there a way to reduce enforcement costs? Example: What is the cost to the county in the Tooby Ranch lawsuit?

What are the consequences of cancelling the program?

We will see a decline in the amount of land used for agriculture. There will be more property sold in smaller parcels to be used for other than agricultural uses. The open space in the county will be reduced.

Jim Redd
Real Estate Industry

Spencer, Martha

From: Jennifer Kalt [jenkalt@gmail.com]
Sent: Saturday, December 22, 2012 10:29 PM
To: Spencer, Martha; Burks, Elizabeth
Subject: Cost of Residential Development

Hi,

I found this in my email inbox and thought the report might have some helpful info for developing the cost analysis for the Williamson Act committee. Jen

Subject: Cost of Residential Development

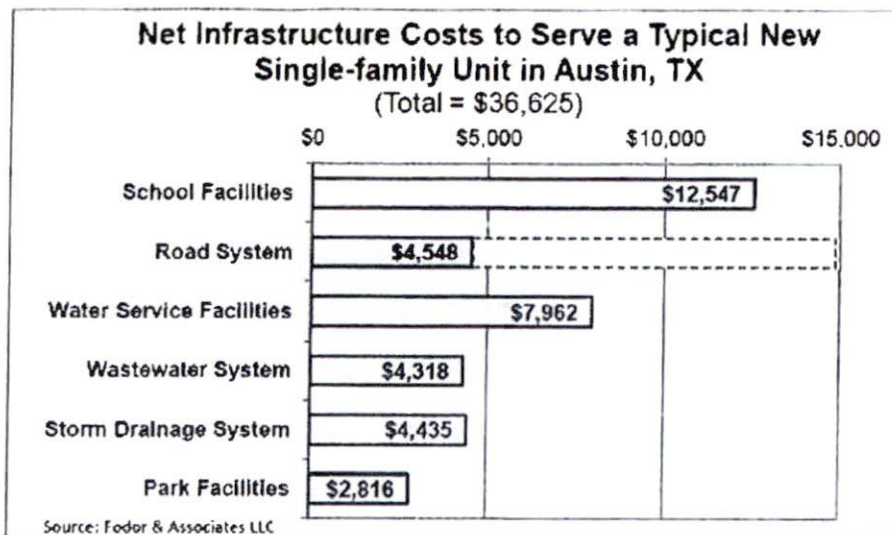
Dear Friends and Colleagues,

The latest study of the cost of infrastructure to serve new residential development shows that residential development generates a sizable fiscal drain on local government and the taxpayers who support it.

The results from the study, ***Cost of Infrastructure to Serve New Residential Development in Austin, Texas*** (Jan. 2011) are fairly typical of cities throughout the country. Each new single-family house generates public costs totaling \$36,625 for the six infrastructure categories evaluated in the study (schools, roads, water, sewer, stormwater, and park facilities). The remaining six infrastructure categories were not included due to budget constraints, but may be evaluated at a later time.

The \$36,625 is a net cost after crediting the development for all impact fees and future taxes it will contribute towards repaying bonds issued to finance the infrastructure. This cost will be paid by other taxpayers and not by the new development. At Austin's current growth rate, new residential development will cost local taxpayers \$122 million each year.

A link to the Executive Summary and full report are available here:
http://www.fodorandassociates.com/Reports/Austin_Report_Link.htm



The \$4,548 road system cost reported in this study is low due to the limitation of using the available studies and data from local government. The local planning agency used a very low road cost estimate and did not include sufficient road projects to maintain service levels (congestion will double). If the City were to build adequate road capacity at current construction prices, the costs reported in this study would be more than \$10,000 higher per new house.

Cities and counties around the country are making greater use of development impact fees to help recover these costs and keep local taxes from increasing.

Best regards,
Eben

Eben Fodor
Fodor & Associates LLC
Eugene, OR
www.fodorandassociates.com

Environmental Benefits of Ranchlands Preserved by the Williamson Act Program

The threat of rangeland conversion is real and immediate in the absence of the Williamson Act program, as described in the survey of ranch owners in *California Agriculture* magazine (Wetzel et al. Oct-Dec. 2012).

The economic analysis of the benefits of Humboldt County's Williamson Act program should also consider the numerous environmental benefits of preserving ranchlands. These benefits are often ignored because they are difficult to put dollar figures on.

There are many environmental benefits of preserving ranchlands, particularly when the alternative is that these lands may be sold for residential development or potentially destructive marijuana operations. These environmental benefits include:

Clean Water

- Filtering water to keep it clean;
- Protecting fish habitat through groundwater recharge, protecting water quality and quantity;
- Providing clean water for drinking, and irrigation.

Clean Air

- Removing pollution from the air;
- Sequestering carbon in soil.

Fish and Wildlife Habitat

- Habitat for common and threatened plant and animal species;
- Ranchlands in CA provide habitat for 90% of California's threatened and endangered species including 23 mammals, 17 birds, 14 amphibians and reptiles, 479 plants.

Open Space

- Scenic and recreational qualities are strongly valued by residents and visitors to Humboldt County, which was named most scenic county in the country by the USDA;
- Hunting and fishing provide important benefits to residents and visitors alike, whether as important food sources or recreation.

Food Security

- Keeping soil fertile and productive;
- Ensuring local food supplies, which contribute to healthier diets and support the local economy;
- Keeping food costs lower in the face of rising transportation costs;
- Better childhood nutrition: children who know where their food comes from are more likely to develop better lifelong eating habits.

For more information, visit the California Rangeland Conservation Coalition website at <http://www.carangeland.org>.