

Sustainable Agricultural Lands Conservation Program (SALC 2.0)

Community Input Summary for Market Analysis Open House

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Prepared for:



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1.0 Project Background

The Sustainable Agricultural Land Conservation Program (SALC) is a program funded through the California Climate Investments Program, a statewide program that provides cap-and-trade funds through agricultural conservation easement acquisitions, planning grants, and capacity grants for programs intended to reduce greenhouse gas emissions. Initiated in 2020, SALC 1.0 assessed the needs of producers in San Diego County and identified how local jurisdictions and non-profits can support local agriculture to address three key concerns: land access, water access and affordability, and workforce development. SALC 1.0 identified a need to build on the findings from the first phase of work through analysis of costs and benefits of small farms.

SALC 2.0 (the Project) is a collaboration between the San Diego County Local Agency Formation Commission (LAFCO) and the County of San Diego Planning & Development Services Department (County). LAFCO, supported by consultant Agricultural Impact Associates, is tasked with analyzing the present and emerging market conditions in the local agriculture industry and identifying the gaps between marginal and economically sustainable farms. The County, supported by consultant RICK, is responsible for outreach and education throughout the Project, gathering best practices for local governments and regional entities to consider, and compiling the final report.

1.1 Project Outreach Schedule

Outreach Phase	Timing	Outreach Events
Project Kickoff/Crop Selection	Fall 2023	Public Workshop #1
Market Analysis	Summer 2024	Public Workshop #2
Gap Analysis	Fall 2024	Public Workshop #3
Strategic Plan	Fall/Winter 2024	Working Group Meetings
	Spring 2025	Public Workshop #4
Final Report	Fall 2025	Public Workshop #5

2.0 SALC 2.0 Public Workshop #2

Workshop #2 (Workshop) for SALC 2.0 was held on July 24th, 2024, from 4:30-7:30pm at the San Diego County Farm Bureau (420 S Broadway, Escondido, CA 92025). The Workshop aimed to collect market data from producers and gather input regarding key costs that affect local producers of the project's four focal crops: avocados, strawberries, tomatoes, and lemons. Additionally, the Workshop sought to inform local producers about the Project, share the preliminary findings of the market analysis, how their input would be used, and how they can stay involved in the Project. Twenty-one stakeholders attended the workshop, along with County and LAFCO staff. Attendees included local producers of avocados, dragon fruit,

strawberries, wine grapes, nursery crops, and olives. Avocado producers made up the majority of producers. Also in attendance were prospective producers, local officials, and representatives from non-profit groups including the San Diego County Farm Bureau.

The Workshop objectives were as follows:

1. Share preliminary results of the market analysis with local producers
2. Drive participation in the gap analysis data collection
 - Inform local producers about the project process and upcoming opportunities to get involved
 - Gather input from local producers



Figure 1 - Workshop participants engaging in discussion at Station 3

2.1 Notification

Producers were notified of the meeting through a variety of methods listed in Table 1 below. The Workshop flyer is featured in Appendix A of this document.

Table 1 - Workshop Notifications

Notification/Task	Responsible Party	Target Date(s) for Post/Distribution
Post on LAFCO/County Website	LAFCO/County	7/15/24
Social Media Post	County/LAFCO	7/15/24
Planning & Development Services GovDelivery Email Notification	County	7/19/24
San Diego Farm Bureau Meeting	County	7/11/24
San Diego Farm Bureau Members Email Notification	County	7/8/24
Stakeholder List Email Notification	County	7/11/24
Regional Partners Email Notification	County	7/17/24
SDFSFA Summer Social	County	7/19/24
Agriculture, Weights and Measures GovDelivery Email Notification	County	7/22/24

3.0 Workshop Overview

The Workshop was an open house format, allowing attendees to drop in at their convenience. Upon entry, attendees were greeted by a LAFCO representative at the welcome table. Attendees were able to sign-up to receive email updates for future project activities as well as sign-up for farm visits for in-person data collection. The Workshop featured five stations listed in the section below.



Figure 2 – Workshop attendee in discussion with LAFCO representative

3.1 Station 1: SALC 1.0

Station 1 provided attendees with information about the SALC 1.0 project, which was completed in 2023. As seen in Figure 3 and Figure 4, poster boards at this station provided background information and recommendations from SALC 1.0. Copies of the final report, as well as QR codes for the final report, were available at this station. A representative from LAFCO was present at this station to answer any questions and further discuss SALC 1.0 with attendees.



1 SALC 1.0

What is SALC?

SALC stands for the **Sustainable Agricultural Lands Conservation Grant Program** which was created in 2014 as a component of the California Strategic Growth Council and administered by the California Department of Conservation (DOC).

The Program invests in agricultural land conservation with revenue from cap-and-trade auction proceeds (emissions trading) via the California Climate Investments (CCI) Fund, made available for projects that help reduce greenhouse gas (GHG) emissions.

Collaboration

The SALC 1.0 project was performed in collaboration with the Resource Conservation District of Greater San Diego County as well as several local producers and stakeholders.

Objectives

1. Mapping of historical, current, & potential agricultural lands in San Diego County
2. Facilitate producer needs assessments and working group discussions to understand local concerns
3. Take inventory of existing policies at local, regional, and state level

Goals

- Protect at-risk agricultural lands from sprawl development to promote growth within existing jurisdictions, ensure open space remains available, and support a healthy agricultural economy
- Further the purposes of Assembly bill 32 by avoiding increases in greenhouse gas emissions associated with the conversion of agricultural land to more GHG-intensive nonagricultural uses

Results

- Feedback from producer needs assessment identified 3 main issues: land access, water availability and efficiency, and workforce development
- Identified 10 policy recommendations spanning across multiple crop types, demographics, and regions of producers across San Diego County

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Figure 3 - Poster board #1 from Station 1



1 SALC 1.0

Timeline

- April 2021: LAFCO awarded \$250,000 grant in collaboration with the Resource Conservation District of Greater San Diego County
- Oct 2021 - April 2022: Outreach Phase Identified priority concerns among agricultural producers via a producer needs assessment and several listening sessions
- Dec 2021 - May 2022: Mapping Phase Mapped extent of agricultural lands and quantified co-benefits
- March 2022 - Sept 2022: Policy Phase Drafted Strategic Plan for addressing priority policies
- Oct 2022 - May 2023: Vision Phase Supported stakeholders to address priority policies
- May 2023 - Dec 2023: Provided presentations to several stakeholders at the conclusion of the grant

Policy Recommendations

1. Assign agricultural liaisons for city and county governments
2. Design lease agreements that invest in working lands
3. Create a regional land use plan to prioritize agriculture
4. Fund growers to transition to low water-use crops and irrigation
5. Equip and incentivize producers to adopt climate-smart practices
6. Streamline construction of farmworker housing
7. Develop advanced water treatment facilities with priority for agricultural use
8. Inform small farming opportunities through analysis of costs and benefits of small farms
9. Expand technical assistance by providing more vocational training
10. Build capacity of farmers and farmworkers with training and services

Additional Analysis Needed

SALC 1.0 concluded -- via recommendation no. 8 -- a quantitative analysis of trends and opportunities of key cost centers for small-farmers is needed. SALC 2.0 aims to accomplishing this by way of a market analysis while also identifying government opportunities to help bridge economic gaps.

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Figure 4 - Poster board #2 from Station 1

3.2 Station 2: SALC 2.0

Station 2 provided background on SALC 2.0. As seen in Figure 4, this station detailed the Project's grant funding, project objectives and the expected deliverables. A representative from the County of was available at this station to answer questions.

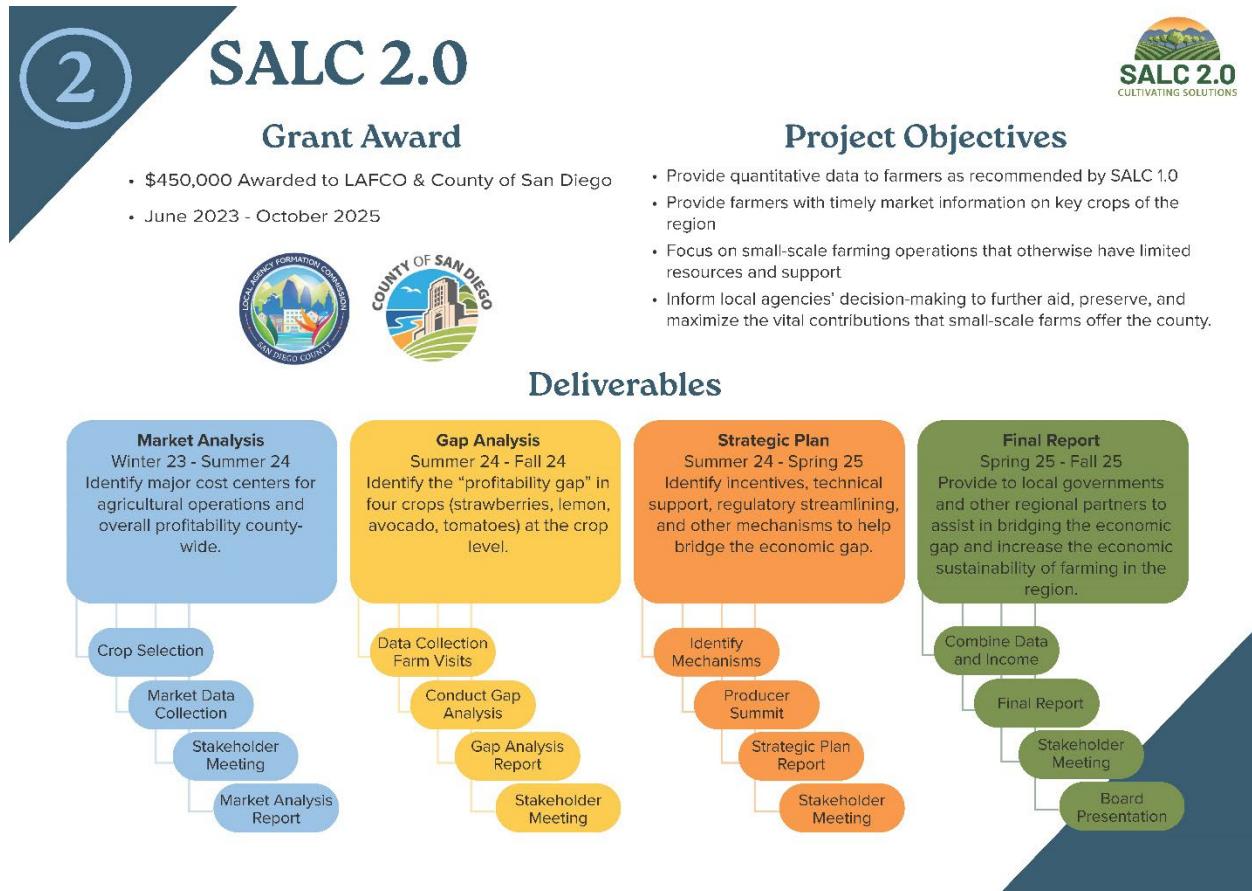


Figure 5 - Poster board from Station 2

3.3 Station 3: Preliminary Findings

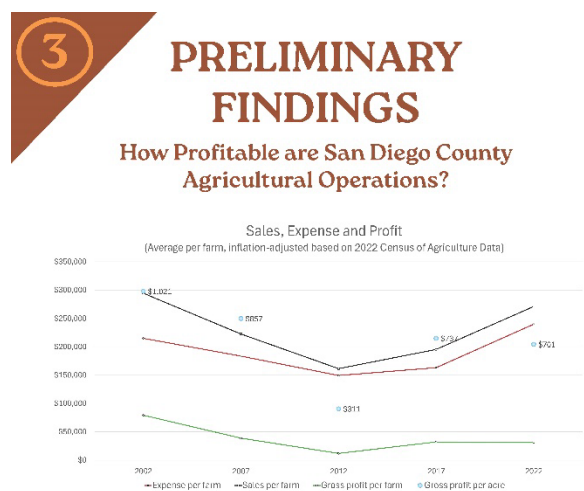
Station 3, led by consultants from Agricultural Impact Associates, provided three boards with preliminary findings from the draft market analysis, as seen in Figure 6, Figure 7, and Figure 8. Consultants from Agricultural Impact Associates responded to questions related to the market analysis and the gap analysis.



Notes

- Source: 2022 USDA Census of Agriculture, San Diego County.
- This analysis does not reflect livestock-related expenses such as animals, feed, and veterinary services.

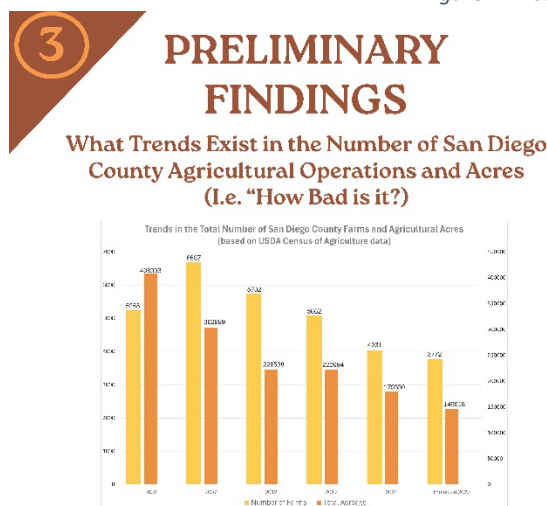
Figure 6 - Poster Board #1 for Station 3



Notes

- This analysis examines gross profitability, defined as total income minus total operating costs, as reported by growers in the 2022 Census of Agriculture. The project's next phase will explore other measures of profitability, as well as profitability among specific focal crops.
- The average per-farm gross profit margin for 2022 was 13% (\$31,194 divided by \$239,935).

Figure 7 - Poster Board #2 for Station 3



Key Points

- FARMS:** The number of farms has dropped from 5,255 in 2002 to 4,031 in 2022. If this downward trend continues, then the predicted number of farms in 2027 will be 3,772.
- ACRES:** The number of agricultural acres has dropped from 408,003 in 2002 to 179,330 in 2022. If this downward trend continues, then the predicted number of agricultural acres in 2027 will be 146,016.
- WHY THIS MATTERS:** People have long had a sense that farming is on the decline in San Diego County. This analysis not only confirms and quantifies that decline, but also projects what will happen if current trends continue unabated.

Also

- SMALL FARMS:** The percentage of small farms (under 10 acres) held steady from 2002 to 2022, between 60% to 70% of all farms.
- AVERAGE SIZE:** The average farm size in 2002 was 78 acres. Since 2007, the average farm size has stayed in narrow range of 38 to 45 acres. It is predicted to be 39 acres by 2027.

Figure 8 - Poster Board #3 for Station 3



Station 4 facilitated the collection of producer data in the form of a questionnaire. LAFCO staff and Agricultural Impact Associates were available to support the data collection task and respond to questions as needed. If an attendee was unable to complete the questionnaire during the Workshop, they were provided with a return address to finish the questionnaire at home and mail it in or drop it off at the LAFCO office. The questionnaire was also made available online via Google form. Along with the questionnaire, a poster board as seen in Figure 9, described how respondent input was going to be used. Participants who completed the questionnaire at the workshop will be compensated for providing their farm operating expenses.

[illegible]

- Each row in the survey corresponds to one of the aggregation categories:

- Yield
- Operations
- Labor
- Utilities
- Financial



Figure 9 - Poster board for Station 4

3.5 Station 5: Input

At Station 5, attendees were asked to provide input on their highest cost centers. RICK staff provided attendees with sticky-dots that were color-coded based on the crop they produce. Using the sticky-dot corresponding with their crop type, attendees were asked to indicate how much money they spend by cost category using the poster board shown in Figure 10. The results of attendee input and conversations are discussed in the next section.

5

PROVIDE YOUR INPUT

Using sticky dots, please indicate where you spend your money by cost category

Cost Category	Not that much of my Money	Some of my Money	Most of my Money
Car, ATV, and truck expenses			
Chemicals			
Conservation Expenses			
Custom Hire (Machine Work)			
Employee Benefits Program			
Fertilizers and Lime			
Freight and Trucking			
Gasoline, fuel, oil			
Insurance (other than health)			
Mortgage Interest			
Labor			
Pension and profit sharing plan			
Rent of lease of vehicles, machinery, equipment etc.			
Rent of lease of farmland			
Repairs and maintenance			
Seeds and plants			
Storage and Warehousing			
Supplies			
Taxes			
Water			
Electricity			
Other (please specify)			

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Figure 10 - Poster board from Station 5

4.0 Input Summary

The results of the poster and sticker activity are displayed in the figure below:

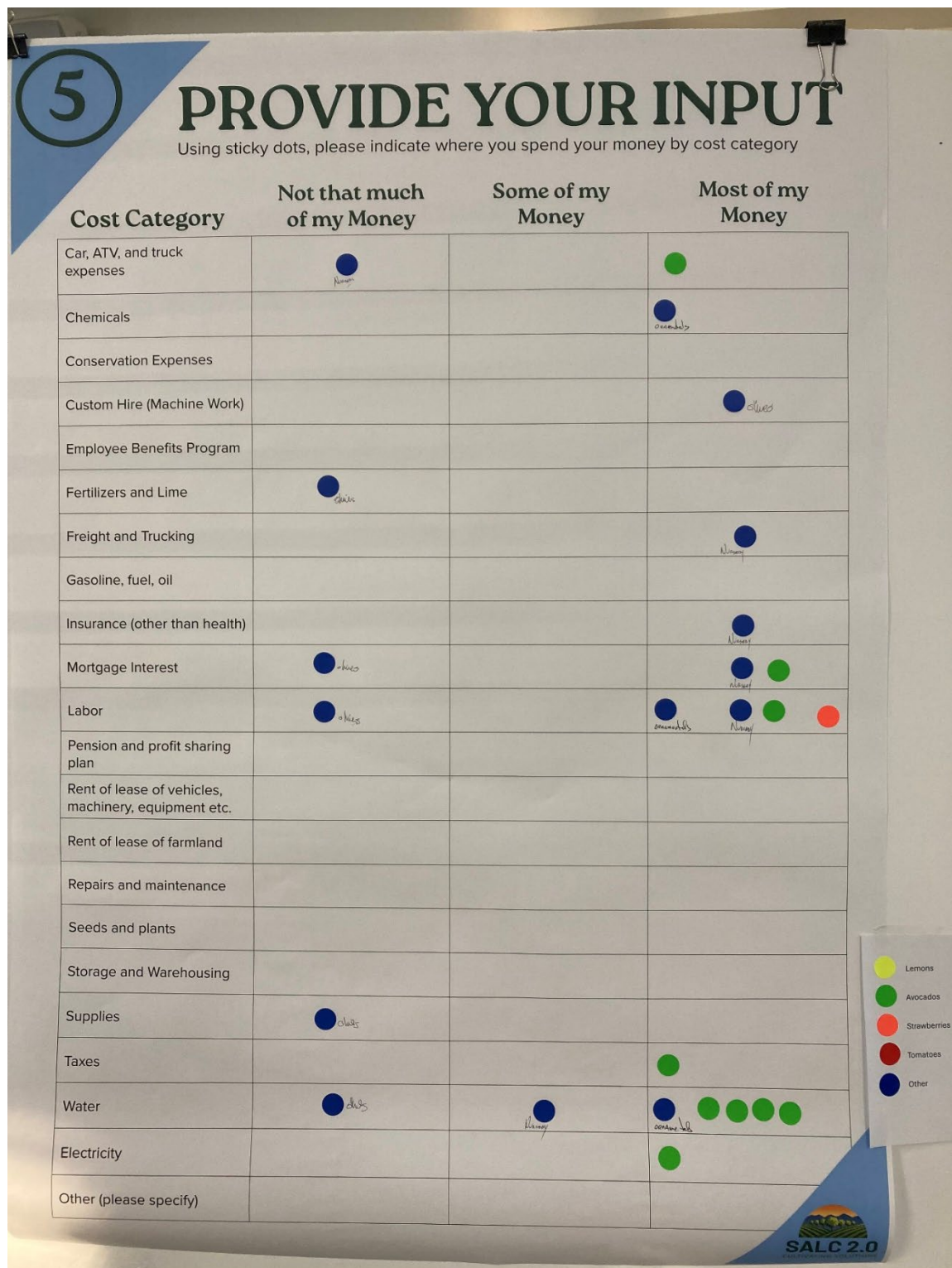


Figure 11 - Results of Attendee Input Activity

According to the poster/sticker dot activity, the largest cost for local producers are **water and labor**. Based on the results of this activity as well as verbal testimonies from attendees, stressors that impact the financial viability of local farms can be summarized into four key issue areas: Water, Foreign Competition, Low Profit Margin, and Communication. Producers input, feedback, and general observations or statements received at the workshop is summarized below:

Key Concern #1: Water

- Water is one of the highest expenses for local producers:
 - Local water districts and regulations have a huge impact on farm operations
 - Producers communicated that the San Diego County Water Authority has higher rates than other local authorities, leading growers to want to farm in other water districts
 - Local producers should be representatives on water district boards to advocate for local producers' need
- The cost of agricultural water needs to be separate from residential water
- The water quality from State Water Project, particularly increased salinity, influences avocado production
 - The increased rates from water authorities disproportionately affects producers in comparison to residential users.
 - There is a lack of groundwater availability in North County for producers outside of the County Water Authority

Key Concern #2: Foreign Competition

- Observation was noted that Mexico is the largest producer of avocados worldwide, producing 3 billion avocados compared to 317 million in all of California
- Grocery stores are not distinguishing Mexican/foreign avocados from California avocados
- Foreign producers are held to the regulations of their own countries and not subject to the same California standards as local producers
 - Similarly, avocado imports and exports are being inspected/tracked by foreign agencies rather than domestic agricultural agencies
- Dependency on imports affects local food security

Key Concern #3: Low Profit Margin

- Expenses in local farming often exceed revenue and many local producers are exploring other native crops that could yield a net profit
 - Increase in water salinity from Lake Skinner/Riverside Reservoir is decreasing avocado yields
- High costs of water and labor coupled with low avocado yields result in extremely low profitability for local avocado producers, causing many avocado producers to cease avocado farming and transition to a native crop

- Many avocado producers have moved toward growing wine grapes to reduce costs for irrigation, but ran into issues surrounding the high labor cost

Key Concern #4: Communication

- Prospective producers expressed a need for an agricultural advocate to inform producers about and assist them in receiving grant opportunities that are available to them.
- An agricultural advocate could help facilitate programs to install solar panels on farm property to reduce energy bills.
- Producers provided feedback on the preliminary market analysis findings. Producers advised the consultants to calculate the projections based on a trendline that starts in 2007 rather than 2002.

5.0 Key Takeaways




Local producers, specifically avocado producers, continually stressed the challenges with the cost of water, water availability, and water quality. Farming within the jurisdiction of the San Diego County Water Authority is getting more expensive, and the use of wells to save on water district costs has been unsuccessful due to the lack of groundwater available in northern San Diego County. The issues surrounding water, coupled with the high cost of labor, contribute to an unsustainable profit margin for local producers.

Foreign competition, especially from Mexico, further impacts local producers. Grocery stores do not separate domestic and foreign avocados, so some sort of signage or a sticker indicating California grown avocados will help market local avocados. Attendees noted that more attention to imports by domestic agencies instead of leaving inspections to foreign agencies could help lessen the dependency on foreign exports and improve domestic profits.

Due to these challenges, many avocado producers were looking at moving away from avocado farming altogether and exploring native crops to save on irrigation expenses. Attendees with smaller farms were interested in what crops were financially viable for small farms and disappointed by the lack of resources for small farms. Producers expressed interest in a sort of agricultural advocate to facilitate communication between producers and regulatory agencies as well as assist producers in receiving any grants/resources available from agencies.



Figure 12 - Attendees discuss with Project Team members



SALC 2.0

Open House

Wednesday, July 24
4:30 PM - 7:00 PM

(Visit anytime)

San Diego County
Farm Bureau
420 S. Broadway
Escondido, CA 92025

Topic: Economic Costs and Returns for San Diego County Farms

Review key findings from the 2022 Census of Agriculture

Get paid to provide data for the gap analysis*


Learn about the next steps

Activities for Kids!

What is SALC 2.0?

Grant project between the County and LAFCO to provide timely market information to San Diego County farmers.

Scan to find out more.



Email AgConservation@sdcounty.ca.gov if you have any questions.

*Must grow avocados, tomatoes, strawberries, or lemons. Bring your latest Schedule F tax form.

Funded by:

