



County of Monterey Planning Commission

Item No.7

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Agenda Item No. 7

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REF220044 - AGRICULTURAL CONSERVATION MITIGATION PROGRAM

- a. Conduct a public workshop to review policy options and receive public feedback for the development of the draft Agricultural Conservation Mitigation Program regulations;
- b. Consider establishing an Ad Hoc Committee; and
- c. Provide direction to staff.

Project Location: Countywide (Inland Only)

Proposed CEQA action: The workshop is an early planning activity that is not a project under CEQA. The ordinance will be subject to a CEQA determination in the future.

RECOMMENDATION:

It is recommended that the Planning Commission:

- a. Receive a presentation summarizing public feedback, policy options, and recommendations;
- b. Establish an Ad Hoc Committee; and
- c. Provide direction to staff.

SUMMARY:

The 2010 General Plan included an Agricultural Element in recognition of agriculture's importance to the County's economy. Agricultural Element Policy AG-1.12 requires the County to develop an Agricultural Conservation Mitigation Program (Program) to mitigate the loss of agricultural land to non-agricultural use. Development of this Program is one of the priority projects identified in the 2022 annual General Plan implementation report, and it has grant funding timelines. Development of the Program implements the 2010 General Plan, and as such, it will be applicable in the inland areas of unincorporated Monterey County.

The County was awarded a State of California Department of Conservation State Agricultural Lands Conservation (SALC) Program grant to fund the development of the Program. The grant was awarded in 2020 and is still active. Work on the Program was delayed for several years due to staffing constraints, but work has resumed, and substantial progress has been made. Staff completed its initial policy research and mapping activities in the spring of 2022, and the stakeholder and community outreach process commenced in earnest in May 2022.

Public outreach began with the County's Agricultural Advisory Committee (AAC) on May 26, 2022, where staff gave them an overview of the policy's requirements and requested feedback. County staff held two workshops with the AAC in July and August 2022 to obtain specific policy direction. Three public workshops were held in July 2022, informing the public of the policy's development and seeking feedback. Staff met with Salinas Valley cities (including Greenfield, Gonzales, King City,

Salinas, and Soledad) and LAFCO to discuss consistency with existing agreements, discuss coordination with each city, and obtain policy feedback from the cities. County staff met with various organizations and agencies to solicit input, including the Ag Land Trust, Big Sur Land Trust, the Building Industry Association, California Department of Conservation, California Department of Food and Agriculture, the Center for Community Advocacy, Communities Organizing for Relational Power in Action, Elkhorn Slough Foundation, Grower-Shipper Association, the Land Trust of Santa Cruz County, Monterey County Farm Bureau, Natural Resources Conservation Service (NRCS), the Resource Conservation District of Monterey County, Salinas Valley Basin Groundwater Sustainability Agency (SVBGSA), California Department of Conservation, California Department of Food and Agriculture, and the United States Department of Agriculture (USDA). Staff has incorporated the feedback and policy input received to-date into its policy recommendations and options that will be presented to the Planning Commission (Commission).

Staff has prepared policy recommendations and options for the Commission's consideration, feedback, and direction. Staff has grouped the policy areas into the following broad categories and provides further detail in the attached discussion: 1) Policy Purpose and Goals; 2) Key Definitions and Clarifications; 3) Mitigation Methods; 4) Mitigation Timing; 5) Agricultural Land Valuation and Receiving Mitigation Sites; 6) Mitigation Ratios and Special Considerations; and 7) Exemptions.

Staff requests that the Commission provide preliminary input on the policy options and recommendations detailed in the attached discussion. Staff further requests that the Commission establish an Ad Hoc Committee of the Planning Commission that can work with staff to further refine the policy options and return to the Commission with recommendations in the form of a draft agricultural conservation mitigation ordinance.

DISCUSSION:

To read the full discussion and background for the policy options and staff recommendations, please refer to the Detailed Discussion included as Exhibit A. Below is a summary of staff recommendations which are discussed more fully in Exhibit A. Accompanying the detailed discussion is an Annotated Index where staff references the sources informing their recommendations including research, community feedback, and other sources.

Recommendation 1 - Staff requests that the Commission provide preliminary input to staff on the following policy options and recommendations. Staff further requests that the Commission establish an Agricultural Conservation Mitigation Program Ad Hoc Committee, that can work with staff to further refine the policy options and return to the Commission with recommendations in the form of a draft agricultural conservation mitigation ordinance.

2) Key Definitions and Clarification

Recommendation 2 - Staff recommends that a process be developed for reviewing outdated FMMP categories and potential subcategories for prime farmland be developed in consultation with representatives from the agricultural industry and agencies with expertise in agricultural farmland and soil classification.

Recommendation 3 - Staff recommends that a definition be developed for what constitutes

development and conversion of agricultural land to non-agricultural use.

Recommendation 4 - Staff recommends that a definition be developed for a qualifying entity and criteria/requirements pertaining to a qualifying entity's role related to implementation of the agricultural mitigation policy with a developer or project applicant be established.

Recommendation 5 - Staff recommends that a clear definition of applicable projects be developed to include annexations, land use changes, and other projects that require discretionary approvals (such as subdivisions or non-agricultural dependent development) that will impact agricultural lands.

3) Mitigation Methods

Recommendation 6 - Staff recommends that projects impacting 20 acres or more, including all phases or portions of a project, be required to mitigate the loss of agricultural land through direct purchase of agricultural conservation easements, with the option to mitigate via in-lieu fees only after providing evidence that a "good faith effort" was made but was unsuccessful in securing a mitigation site. Staff recommends that the requirements and criteria for determining what constitutes a "good faith effort" be developed in the draft policy. (See Recommendation 7 for projects less than 20 acres)

Recommendation 7 - Staff recommends that projects impacting less than 20 acres be required to mitigate the loss of agricultural land through the direct purchase of conservation easements or payment of an in-lieu fees. Staff further recommends that the draft policy establish criteria for in-lieu fee payment.

Recommendation 8 - Staff further recommends that the draft policy encourage the use of the alternative and complementary mitigation methods with criteria and limitations of their applicability.

4) Mitigation Timing

Recommendation 9 - Staff recommends that the draft policy establish specific timing by when clear and enforceable agricultural land mitigation measures must be implemented. Timing will vary depending on the type of project and should occur at the time of entitlement or prior to the project impact (building phase), as appropriate based on project type. For annexation projects, staff will consult with LAFCO regarding appropriate mitigation measure timing.

5) Agricultural Land Valuation and Receiving Mitigation Sites

Recommendation 10 - Staff recommends that they identify and consult with experts in the field of agricultural real estate, conservation, and agricultural land appraisal and valuation to advise on the development of a valuation methodology to be included in the draft policy.

Recommendation 11 - Staff recommends that the draft policy prioritize mitigation within a planning area but include criteria and options to allow flexibility when appropriate.

6) Mitigation Ratios and Special Considerations

Recommendation 12 - Staff recommends that the farmland categories and mitigation ratios [identified in the attached discussion] apply for unincorporated areas of the County except in Community Plan Areas, Rural Centers, and for projects proposed to be annexed into a city.

Recommendation 13 - Staff recommends additional meetings with the various Salinas Valley cities and LAFCO to develop policy alternatives relative to annexation projects that help encourage city-centered growth and prioritize mitigation that establishes agreed upon urban-agricultural edges.

Recommendation 14 - Staff further recommends that policies be developed for growth within Community Plan Areas or Rural Centers be like or consistent with policies developed to encourage city-centered growth and establish urban-agricultural edges.

7) Exemptions

Recommendation 15 - Staff recommends that the agricultural mitigation policy include the required exemptions in policy AG-1.12. Staff further recommends that the following project types also be exempt: a) agricultural support facilities and services; and b) agricultural worker and family housing.

Recommendation 16 - Staff recommends policy language be drafted to clarify that renewable energy projects that require discretionary approval, except projects or portions thereof that directly support the agriculture operation, are considered “non-agricultural uses” and are subject to the agricultural mitigation policy.

Recommendation 17 - Staff recommends that additional research be conducted to explore a possible exemption or special consideration for certain water conservation, improvement or land repurposing projects that may be included in the draft policy.

OTHER AGENCY INVOLVEMENT:

Housing and Community Development Department staff are working in collaboration with the Agricultural Commissioner’s Office to develop the Agricultural Conservation Mitigation Program.

Prepared by: Taylor Price, Assistant Planner, x5730

Reviewed by: Melanie Beretti, AICP, HCD Principal Planner, x5285

Reviewed by: Craig Spencer, Chief of Planning, x5233

Reviewed by: Kelly Donlon, Assistant County Counsel, x5045

Reviewed by: Lori Woodle, Finance Manager I, x6682

Approved by: Erik Lundquist, AICP, HCD Director, x5154

The following attachments are on file with the HCD:

- Exhibit A - Detailed Discussion

Exhibit A

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MONTEREY COUNTY POLICY BACKGROUND

The County of Monterey (County) elected to include an Agriculture Element as part of the 2010 General Plan because agriculture is the largest industry in the County, contributing significantly to the County's economy. Goal AG-1 of the 2010 General Plan Agricultural Element is to preserve, protect, and enhance farmland to maintain the productivity and viability of the County's agricultural industry. Loss of farmland to development is irreparable and can negatively impact the region's economy. Population growth in Monterey County is predicted to continue, and Monterey County has a severe housing shortage, especially affordable housing units. While additional housing and commercial developments will be required to support the increased population, there is time to facilitate both growth and the continued success of the agricultural industry, which will likely continue to provide income for a significant part of the County's population.

Agricultural Element Policy AG-1.12 specifically requires that the County prepare, adopt, and implement a policy that requires that projects involving a change of land use designation resulting in the loss of Important Farmland¹ mitigate the loss of acreage. AG-1.12 will be implemented as part of an Agricultural Conservation Mitigation Program (Program) being developed by the County. AG-1.12 further states:

“For such land to be annexed to incorporated areas, the County shall work in consultation with the cities to mitigate the loss of Important Farmland resulting from annexation. The program may include ratios, payment of fees, or some other mechanisms. Mitigation mechanisms established through this program shall be based upon a graduated value of the Important Farmland, with mitigation for loss of prime land having the highest agricultural value. The County shall support private, non-profit land trusts and conservation organizations to promote the policies of this General Plan, facilitate the implementation of the program, and to receive, by voluntary donation or purchase, development rights on any lands to be preserved as part of this program's implementation strategy.”

The Agricultural Mitigation Conservation Program (AG-1.12), being part of the 2010 General Plan, is currently intended to apply only in inland (non-coastal) areas of unincorporated Monterey County. Staff will be providing this Planning Commission Staff Report to the California Coastal Commission (CCC) staff for input regarding the potential applicability of the Program in the coastal zone. Based on feedback staff receives from CCC staff, staff will consider if expanding the Program's applicability to coastal areas of unincorporated Monterey County is feasible and desirable at this time.

RESEARCH AND MAPPING

As a part of Program development, staff created a mapping tool that details existing agricultural conservation easements and Williamson Act parcels in the County. The completed mapping tool also shows State of CA Department of Conservation farmland categories and jurisdiction boundaries in the County. The completed mapping tool allows staff and the public to see where

¹ Important Farmland as mapped by the California Department of Conservation Farmland Mapping and Monitoring Program. Important Farmland categories include Prime Farmland; Farmland of Statewide Importance; Unique Farmland; Farmland of Local Importance; and Grazing Land.

agricultural land may be threatened by development and ensures that staff and the public are aware of parcels that may be eligible for future agricultural conservation easements. The mapping application will help inform future policy development discussions and give the public and staff a sense of where future development pressures may occur and where effective mitigation opportunities may be available. The mapping tool can be found online using this link: <https://maps.co.monterey.ca.us/portal/apps/webappviewer/index.html?id=2210e74f59684b7db87cf19293707956>.

OUTREACH

Staff has conducted a series of public and targeted-stakeholder outreach meetings and summarizes outreach efforts below. The feedback received has been incorporated into policy recommendations presented to the Planning Commission. Staff considered all feedback received throughout the public/stakeholder outreach process. However, not all ideas and opinions received to date rose to a level for inclusion in the policy options and recommendations discussed below in this report. Feedback that was not specifically included will still be referred to by staff and taken under advisement during the policy development process.

Public Meetings

Staff conducted three public meetings in July 2022 focused on engaging agricultural landowners, leaseholders, and the public. Staff conducted one meeting in North County, one meeting in South County, and one hybrid meeting in Salinas. Staff conducted these meetings to inform the public and agricultural interests in the County of the development of the agricultural conservation mitigation program and to receive feedback from agricultural interests and the public. Two of the meetings (South County and Salinas) offered Spanish translation to ensure broad participation.

Jurisdiction and Agency

Staff conducted multiple meetings with local jurisdictions within Monterey County as well as public agencies. Staff has held multiple meetings with the Cities of Greenfield, Gonzales, King City, Salinas, and Soledad to discuss the status of each respective city's agricultural mitigation regulations, current agreements between the Cities and the County, and concerns local jurisdictions have related to the County developing agricultural mitigation regulations.

Staff met individually with the Local Agency Formation Commission (LAFCO) to understand how the County's agricultural mitigation regulations would impact annexations and future boundary changes of cities and special districts. LAFCO also participated in the meetings with the Salinas Valley cities.

Staff met with representatives of the United States Department of Agriculture (USDA) and the Natural Resources Conservation Service (NRCS), Department of Conservation, California Department of Food and Agriculture, and the Resource Conservation District of Monterey County to generally discuss agricultural mitigation policy and more specifically, to understand methodologies used by those organizations to classify or value agricultural land.

Organizations

Staff held multiple meetings with agriculture industry associations, including the Grower-Shipper Association and the Monterey County Farm Bureau. Staff held outreach meetings with

the four conservation land trusts known to be operating in Monterey County: Ag Land Trust; Big Sur Land Trust; Elkhorn Slough Foundation; and the Land Trust of Santa Cruz County. Local conservation land trusts assisted the County by providing their existing agricultural conservation easements for the development of the mapping tool and providing feedback regarding the development of the agricultural mitigation regulations. The Ag Land Trust participated in multiple public and committee meetings throughout the past few months.

Staff met with the Monterey County Center for Community Advocacy and Communities Organized for Relational Power in Action to inform them of the development of the agricultural mitigation policy and understand if their organizations would be interested in following the policy's development. Neither organization identified a strong nexus between their organization's goals and mission to the agricultural mitigation policy being developed.

Staff met with the Salinas Valley Basin Groundwater Sustainability Agency to better understand local groundwater concerns and their potential impact on the agricultural mitigation regulations.

Committees and Commissions

Staff presented to the Agricultural Advisory Committee (AAC) three times during the spring and summer of 2022.

May 25, 2022 - Staff presented to the AAC. Staff received preliminary feedback from the AAC and received direction that staff should return to the AAC to conduct a policy workshop to solicit AAC feedback.

July 28, 2022 - Staff conducted the first of two AAC workshops. Staff received feedback from the AAC regarding farmland viability, classification, and mitigation ratios. The AAC recommended that staff continue the workshop at the next AAC meeting in August.

August 25, 2022 - Staff conducted the second of two AAC workshops. Staff received feedback from the AAC related to specific policy input questions that were posed by staff.

POLICY DISCUSSION, OPTIONS, AND RECOMMENDATIONS

Following is a summary and discussion of the policy options and recommendations that staff has developed to date as a result of staff research and outreach efforts. This section will present a series of general policy areas for consideration, present staff's policy recommendations or options for the Planning Commission's consideration and summarize the nature and general level of public or stakeholder consensus related to the policy option(s). In addition, an annotated index is included to supplement this summary document to provide further detail of background information or input that contributed to the policy option(s) presented below.

Recommendation 1 - Staff requests that the Commission provide preliminary input to staff on the following policy options and recommendations. Staff further requests that the Commission establish an Agricultural Conservation Mitigation Program Ad Hoc Committee that can work with staff to further refine the policy options and return to the Commission with recommendations in the form of a draft agricultural conservation mitigation ordinance.

1) **Policy Purpose and Goals**

The following draft purpose and goals were presented to the public and stakeholders throughout the outreach process. Public input received primarily supported the draft purpose and goals, and no notable concerns were raised.

- a) *Purpose* - Provide clear and consistent policies to mitigate the loss of agricultural land due to development or conversion to non-agricultural uses [A].
- b) *Goals*
 - i) Promote the long-term protection, conservation, and enhancement of productive and potentially productive agricultural lands.
 - ii) Ensure the commercial viability of Monterey County's agricultural industry [B]
 - iii) Encourage growth in or near developed or developing areas and away from valuable agricultural land [C].

2) **Key Definitions and Clarification**

Early in the outreach process and consistent throughout, public input identified the need for certain terms, as used in the agricultural mitigation policy, be specifically defined or clarified within the policy.

- a) *Prime Farmland* – The County General Plan Agricultural Element relies on the farmland classification categories utilized by the California Department of Conservation's Farmland Mapping and Monitoring Program (FMMP), including the FMMP's definition of Prime Farmland [D]. However, based on feedback received [E] and staff research of other jurisdictions' agricultural mitigation policies [F], an approving authority may need to conduct a review; in cases where the FMMP category may be outdated based on an on-site assessment by an agricultural land appraiser. Additionally, there may be merit to identifying sub-categories of prime farmland that considers the land value and characteristics for purposes of the agricultural mitigation policy.

Recommendation 2 - Staff recommends that a process be developed for reviewing outdated FMMP categories and potential subcategories for prime farmland be developed in consultation with representatives from the agricultural industry and agencies with expertise in agricultural farmland and soil classification.

- b) *Development and Conversion to non-agricultural uses* – Staff will develop a clear definition of what constitutes development and conversion of agricultural land to a non-agricultural use.

Recommendation 3 - Staff recommends that a definition be developed for what constitutes development and conversion of agricultural land to non-agricultural use.

- c) *Qualifying Entity* – A qualifying entity is a private, non-profit land trust or conservation organization that will work with the developer during the mitigation process. The qualifying entity will receive in-lieu fee payments from developers. The qualifying entity will use the in-lieu fees to locate and purchase conservation easements from willing agricultural landowners. The qualifying entity may also assist developers in locating and obtaining an agricultural conservation easement. An example of a qualifying entity would be a nonprofit 501(c)(3) corporation operating in Monterey County with the purpose of conserving and protecting natural, rural, or agricultural land.

Recommendation 4 - Staff recommends that a definition be developed for a qualifying entity and criteria/requirements pertaining to a qualifying entity's role related to implementation of the agricultural mitigation policy with a developer or project applicant be established.

- d) *Applicable Projects* – An applicable project is a project that is subject to the Program. AG-1.12 requires that annexations and land use changes from agricultural to non-agricultural land be subject to the mitigation requirements in the Program. Projects that require discretionary permits are subject to CEQA and are required to mitigate the project's impacts on agricultural land pursuant to CEQA. This Program will establish mitigation requirements that may be relied upon in CEQA mitigation, but through the CEQA process, additional mitigation measures may be required on a case-by-case basis as determined through the CEQA process.

Recommendation 5 - Staff recommends that a clear definition of applicable projects be developed to include annexations, land use changes, and other projects that require discretionary approvals (such as subdivisions or non-agricultural dependent development) that will impact agricultural lands.

3) **Mitigation Methods**

The County has, since the adoption of the 1982 General Plan, required mitigation for the loss of agricultural land through either or both purchase of an agricultural conservation easement or payment of in-lieu fees into an exclusive farmland preservation and mitigation fund or to a conservation organization for the same purpose.

- a) *Purchase of an Agricultural Conservation Easement* – To mitigate the loss of agricultural lands, a party may purchase the development rights (or otherwise restrict development) associated with agricultural land so that it is permanently preserved and set aside for farming. While the purchase of the conservation easement would be required for the developer of a project involving conversion of agricultural lands, the sale or offering of such an easement or restriction by existing agricultural landowners is voluntary. Staff received strong feedback [G] that direct mitigation through the purchase of an easement

is the preferred method for mitigation and should be strongly encouraged in the policy, allowing for some flexibility.

Recommendation 6 - Staff recommends that projects impacting 20 acres or more, including all phases or portions of a project, be required to mitigate the loss of agricultural land through direct purchase of agricultural conservation easements, with the option to mitigate via in-lieu fees only after providing evidence that a “good faith effort” was made but was unsuccessful in securing a mitigation site. Staff recommends that the requirements and criteria for determining what constitutes a “good faith effort” be developed in the draft policy. (See Recommendation 7 for projects less than 20 acres)

- b) *Threshold and Applicability* - Research and feedback generally supported that a conservation easement should be required for development projects that meet or exceed a minimum size threshold; however, there was no consensus on the approach [H]. The General Plan policy standard for parcels in the Farmland and Permanent Grazing zones is a 40-acre minimum size. Staff identified other jurisdictions [I] that require mitigation via easement for project sizes of 5 acres or more *or* 20 acres or more.
- c) *Payment of In-Lieu Fees* - Another method of mitigating for development of agricultural land is the payment of fees to the County or a Qualifying Entity to be exclusively used to purchase a conservation easement or fee title of agricultural land for agricultural conservation or in limited cases to be used for alternative mitigation methods included as part of a project’s approval. Strong feedback was received to require that payment of in-lieu fees be paid prior to planning approvals and include additional fees to fund costs associated with the acquisition of conservation easements and related transaction and administrative costs [J].

Recommendation 7 - Staff recommends that projects impacting less than 20 acres be required to mitigate the loss of agricultural land through the direct purchase of conservation easements or payment of an in-lieu fees. Staff further recommends that the draft policy establish criteria for in-lieu fee payment.

- d) *Alternative and Complimentary Mitigation Methods* – There are other farmland protection measures that are utilized to a far lesser extent by other Counties. These measures may be considered as supplements to the purchase of conservation easements and contribution of in-lieu fees. Staff presented as options and received feedback that conservation of soil at development sites [K] and the improvement or creation of farmland through preservation and relocation of prime soils are viable [L] alternative mitigation measures. Staff received feedback that the policy could reward higher-density development by reducing mitigation ratios for denser development, such as a density bonus [M].

Recommendation 8 - Staff recommends that the draft policy encourage the use of the alternative and complementary mitigation methods with criteria and limitations of their applicability.

4) Mitigation Timing

Staff heard strong consensus that mitigation for the loss of agricultural land must be implemented either by the time a project is entitled or issuance of building permits to break ground on the development [N].

Recommendation 9 - Staff recommends that the draft policy establish specific timing by when clear and enforceable agricultural land mitigation measures must be implemented. Timing will vary depending on the type of project and should occur at the time of entitlement or prior to the project impact (building phase), as appropriate based on project type. For annexation projects, staff will consult with LAFCO regarding appropriate mitigation measure timing.

5) Agricultural Land Valuation and Receiving Mitigation Sites

It was the general consensus that land identified to satisfy mitigation requirements should be of a similar value and farming quality (e.g., soil, productivity, water) to the lands impacted by a development. Ideally, the property would also be in the vicinity of the parcel to be developed and promote the definition and creation of a permanent agricultural-urban edge. Determining the relative “equivalency” of a proposed mitigation parcel compared to the farmland being lost should be tailored to the unique characteristics of the County’s agricultural lands.

- a) *Determining the Value of Agricultural Land for Mitigation* - General Plan policy requires that the mitigation mechanisms established through this program shall be based upon a graduated value of Important Farmland, with mitigation for the loss of prime land having the highest agricultural value. Staff received strong feedback that an acre-for-acre approach to mitigation, particularly for prime farmland, may not be sufficient to account for the loss of agricultural land and in determining an appropriate mitigation receiving site or fee. Feedback strongly suggests that instead of a straight acre-for-acre mitigation approach, the policy could establish an acre-value approach to mitigation that takes into consideration fair market value [O] as well as key farm productivity characteristics [P] (e.g., water, soils, and climate).

Recommendation 10 - Staff recommends that they identify and consult with experts in the field of agricultural real estate, conservation, and agricultural land appraisal and valuation to advise on the development of a valuation methodology to be included in the draft policy.

- b) *Location of Receiving Mitigation Sites* – Staff received generally strong support for requiring that mitigation occur within the same General Plan Planning Area where the

development is proposed [Q]. Recognizing that the sale of an agricultural conservation easement is voluntary on behalf of a landowner, feedback received supported the agricultural mitigation policy, allow for flexibility [R] in meeting mitigation requirements of the policy. Some feedback was received to support that mitigation could be provided outside a planning area at a slightly higher mitigation rate [S]. Throughout the outreach process, staff received significant feedback that water is a critical limiting resource to be thoughtfully considered in the agricultural mitigation policy.

Recommendation 11 - Staff recommends that the draft policy prioritize mitigation within a planning area but include criteria and options to allow flexibility when appropriate.

6) Mitigation Ratios and Special Considerations

There are two general types of agricultural land use conversions that occur within the County specifically mentioned in AG-1.12: 1) Development of parcels of land within the County, and 2) Annexation of farmland by cities. The policy will need to establish whether to mitigate for the loss of agricultural land at the same rate for each type of conversion or whether to have different requirements for private parties and cities. One of the reasons for consideration of a separate mitigation criteria for annexations is that annexations often represent planned and orderly city-centered growth. An important factor in determining the success of a mitigation program is the degree to which the loss of Important Farmland is mitigated as determined by a mitigation ratio. Policy AG-1.12 specifically calls for mitigation mechanisms established through this Program shall be based upon a *graduated value of the Important Farmland*, with mitigation for the loss of prime land having the highest agricultural value.

a) *Mitigation Ratio by Farmland Category* – Staff presented and received feedback on options for developing a graduated value for mitigation throughout the outreach process. General consensus supports that the following farmland categories and mitigation ratios be applied (Figure 1).

Recommendation 12 - Staff recommends that the farmland categories and mitigation ratios in Figure 1 above apply for unincorporated areas of the County except in Community Plan Areas, Rural Centers, and for projects proposed to be annexed into a city.

Figure 1: Farmland Categories and Mitigation Ratios

Farmland Category	Ratio [T]
Prime [U]	2 : 1
State/Unique/Local [V]	1.5 : 1

- b) *City-centered growth and development within Community Plan Areas and Rural Centers*
 - To encourage the goal of development near developed or developing areas and away from valuable agricultural land, it may be beneficial for the agricultural mitigation policy to provide options that allow lower mitigation ratios or other alternative policies for development within a Community Plan Area, Rural Center, and city growth boundaries. The General Plan prioritizes that growth within unincorporated areas of the County occur in designated Community Plan Areas or Rural Centers.

Since 2010, the County has worked with the cities of Salinas, Greenfield, Gonzalez, and Soledad and the Local Agency Formation Commission of Monterey County (LAFCO) to enter into agreements that memorialize collaborative efforts to plan and implement orderly, city-centered development in a manner that is protective of agricultural land productivity and viability of the industry [X]. The County's agricultural mitigation policy should be consistent with these agreements. Staff have met with the Salinas Valley cities and will continue to coordinate with the cities as the agricultural mitigation policy is developed relative to annexation projects.

Recommendation 13 - Staff recommends additional meetings with the various Salinas Valley cities and LAFCO to develop policy alternatives relative to annexation projects that help encourage city-centered growth and prioritize mitigation that establishes agreed upon urban-agricultural edges.

Recommendation 14 - Staff further recommends that policies be developed for growth within Community Plan Areas or Rural Centers be like or consistent with policies developed to encourage city-centered growth and establish urban-agricultural edges.

7) **Exemptions**

There are cases where the agricultural mitigation policy, or portions of it, may not apply. Exemptions are applicable to all types of discretionary projects and agricultural land use designation changes, even in annexation proposals.

- a) *General Plan Policy AG-1.12 Required Exemptions* – The agricultural mitigation policy will exempt acreage within a project or annexation that is used for inclusionary housing. Additionally, a Community Plan or Rural Center that includes an agricultural mitigation program will be exempt from this agricultural mitigation policy in favor of the area specific program.

Recommendation 15 - Staff recommends that the agricultural mitigation policy include the required exemptions in policy AG-1.12. Staff further recommends that the following

project types also be exempt: a) agricultural support facilities and services; and b) agricultural worker and family housing.

- b) *Renewable Energy projects* - Recognizing the need and push for renewable energy projects (e.g., solar, wind) in the State (and nation), strong interest was expressed that the agricultural mitigation policy explicitly requires that renewable energy projects on agricultural land mitigate for the loss of and impacts to the County's productive farmland resulting from such renewable energy projects [Y].

Recommendation 16 - Staff recommends policy language be drafted to clarify that renewable energy projects that require discretionary approval, except projects or portions thereof that directly support the agriculture operation, are considered "non-agricultural uses" and are subject to the agricultural mitigation policy.

- c) *Additional Non-Required Exemptions* - Strong input was received to support an exemption from the policy for agricultural support facilities or services; however, concerns were expressed by some to establish maximum size limitations to such exempt development [Z]. In addition, there was strong support for exempting agricultural worker and family housing [ZA] from the agricultural mitigation policy.

Recommendation 17 - Staff further recommends that additional research be conducted to explore a possible exemption or special consideration for certain water conservation, improvement or land repurposing projects that may be included in the draft policy.

- d) During the outreach process, some additional exemptions were suggested; however, staff received mixed feedback regarding the following additional exemptions: acreage in the required agricultural buffer [ZB]; public benefit portions of development projects, such as regional roads, parks, or open space [ZC]; and acreage with water conservation/improvement projects that benefits the agricultural industry [ZD].

Annotated Index

A	The County of Monterey 2010 General Plan Agricultural Element Policy AG-1.12	4
B	The County of Monterey 2010 General Plan Agricultural Element Goal AG-1, AG-2, AG-3, AG-5, and AG-6.....	4
C	The County of Monterey 2010 General Plan Land Use Element Policy LU-2.14, 2.20, and 2.26	4
D	The County of Monterey 2010 General Plan Agricultural Element Policy AG-1.12	4
E	Staff received feedback from members of the public at the North County, South County, and Salinas community meetings that the County should develop a definition of Prime Farmland that was more comprehensive than the State of California Department of Conservation’s definition of Prime Farmland. The Agricultural Advisory Committee expressed support for Staff to develop a definition of Prime Farmland that was more comprehensive than the State’s definition. Staff received feedback from agricultural industry representatives that the definition should consider changes in land use due to water and climate impacts that the FMMP may not address in a timely manner.	4
F	City of Woodland Title 15 Chapter 33; Yolo County Sec. 8-2.404.	5
G	Staff received feedback from the Agricultural Advisory Committee that direct mitigation should be the preferred method of mitigation. The Agricultural Advisory Committee raised a concern that in-lieu fees do not ensure agricultural land is protected immediately. Staff heard from agricultural industry representatives that direct conservation easements are preferred, if flexibility is allowed, for instance, if direct conservation easements cannot be found after good faith acquisition efforts have been made.	6
H	A few members of the Agricultural Advisory Committee expressed support for direct conservation easements being required for development above 5 acres. Some agricultural industry representatives expressed support for direct easements being required for development above 20 acres. Other agricultural industry representatives were concerned that the 5-acre threshold would further limit housing construction. Some members of the public in the South County and Salinas community meetings and building industry representatives expressed concern that a too low acreage threshold could impede housing development.	6
I	Butte County requires direct conservation easements for development greater than 5 acres. Yolo County and the City of Woodland require direct conservation easements for development greater than 20 acres. The City of Morgan Hill requires direct conservation easements for development greater than 10 acres.	6
J	The County of Yolo and the City of Woodland require that the payment of in-lieu fees also cover all administrative costs incurred for the purchase of the agricultural easement. The City of Morgan Hill requires that in-lieu fees cover administrative costs and ongoing management and monitoring of the easement. Butte County requires that in-lieu fees include the purchase of the agricultural easement and related administrative, monitoring, and enforcement costs.	7
K	Soil at Prime agricultural sites may be required to be removed from development sites and relocated to improve and enhance the productivity on permanent agricultural conservation easement sites. For example, the Ag Land Trust of Monterey County recently negotiated an agreement with Lowe’s. If construction goes forward, topsoil from the farmland at its future Salinas location would be moved to a ranch under permanent conservation easement to improve the quality of that soil, thereby increasing the productive capability of that ranch. While this method may provide a partial mitigation and preserve productive soils, it does not constitute satisfactory mitigation in and of itself, because while productivity may increase on the ranch receiving the soil, it is unlikely to match the productivity of the developed parcel of Prime farmland. Each project would need some review and determination of equivalency of land impacted versus land preserved/improved via topsoil transfer.	7
L		

When development is planned on Prime agricultural land, the topsoil from the development site shall be removed and placed on another site (ideally under permanent conservation easement) where it can be used for agricultural production. 7

M
Under a strategy recommended by the American Farmland Trust, the amount of mitigation required, whether through direct purchase of a conservation easement or payment of in-lieu fees, would be based on the density of the development proposed for farmland. The purpose is to reward higher density developments, the logic being that if the developed acreage is utilized by more people, it will reduce the pressure to build on additional farmland, thereby preserving more farmland than just through a simple ratio. Although this strategy may be effective, it seems more appropriate for a city to implement as cities have their own land use plans and generally want to determine the relative densities of different areas themselves. A density bonus system may be a practical compromise. Staff received strong support for moving topsoil from the site of the development to a receiving site from members of the public during the North County, South County, and Salinas community meetings. The Agricultural Advisory Committee, land trusts, and agricultural industry representatives were strongly in support of topsoil mitigation too. Staff received support for the concept of a density bonus from land trusts and conservation organizations during community meetings in North County and Salinas. Building industry representatives also expressed support for the density bonus concept. 7

N
The Agricultural Advisory Committee and agricultural industry representatives supported that the timing of mitigation is specified in the policy. Staff received input from the Agricultural Advisory Committee and agricultural industry representatives that the timing of mitigation should be at the time of building permit issuance, the time of site disturbance, or the time of the zoning change. 8

O
Staff received feedback at community meetings held in North County, South County, and Salinas that fair market value must be used as a method to value agricultural land. Staff received support from the Agricultural Advisory Committee that fair market value should be the method used to determine land values. Building industry representatives expressed support for the fair market value method being used to determine mitigation valuation. Agricultural industry representatives were supportive of the fair market value method being required for mitigation. 9

P
Staff received feedback from agricultural industry representatives and the Agricultural Advisory Committee that fair market valuation methods may be able to capture site-specific variations such as soil type, weather conditions, water availability, and crop productivity. Staff received feedback at public meetings in North County that fair market value could capture site-specific variations. Staff received feedback at the public meetings in North County and Salinas from agricultural industry representatives and the AAC that fair market value could capture the impacts of climate change, water availability, and changes in regulations. Further, staff heard from agricultural industry representatives and at community meetings in North County, South County, and Salinas that the key method to determine the value of the agricultural land being converted or developed, as well as the appropriateness of the receiving site for mitigation, is to obtain the fair market value of the site based on removing the development rights of the site and conserving the land for agricultural uses. 9

Q
Members of the Agricultural Advisory Committee voiced strong support for requiring mitigation to occur within the same Planning Area. At community meetings in South County, support was expressed for requiring mitigation to occur within the same Planning Area..... 9

R
Staff received feedback from the building industry representatives and agricultural industry representatives for allowing geographic flexibility. Further, staff heard flexibility was important, especially if multiple good faith offers were made to find mitigation within the same Planning Area. Staff heard concerns during community meetings in South County and Salinas and from agricultural landowners that requiring mitigation to occur within the same Planning Area could potentially diminish the value of the agricultural land, especially if agriculture was no longer possible on the land. 9

S
Some members of the Agricultural Advisory Committee were supportive of allowing mitigation to occur outside the Planning Area but with increased mitigation ratios required. During community meetings in South County and North County, support was expressed for requiring higher mitigation ratios if the mitigation could not occur within the same Planning Area..... 10

T
Some California counties and cities require that the loss of agricultural land is mitigated at a 1 1 ratio. Other municipalities, such as the City of Davis, require higher mitigation ratios 2 1 for Prime Farmland. Staff received feedback at community meetings in North County, South County, and Salinas and from agricultural industry representatives that mitigation ratios should be higher for Prime Farmland. Staff presented three ratio options to the Agricultural Advisory Committee and

	agricultural industry representatives for feedback. The ratio presented in the staff report is the ratio that received the support of the Agricultural Advisory Committee and agricultural industry representatives.	10
U	The State of California Department of Conservation defines Prime Farmland as <i>Farmland with the best combination of physical and chemical features able to sustain long-term agricultural production. This land has the soil quality, growing season, and moisture supply needed to produce sustained high yields. Land must have been used for irrigated agricultural production at some time during the four years prior to the mapping date.</i>	11
V	The State of California Department of Conservation defines Farmland of Statewide Importance as <i>Farmland similar to Prime Farmland but with minor shortcomings, such as greater slopes or less ability to store soil moisture. Land must have been used for irrigated agricultural production at some time during the four years prior to the mapping date.</i> The State of California Department of Conservation defines Unique Farmland as <i>Farmland of lesser quality soils used for the production of the state's leading agricultural crops. This land is usually irrigated, but may include non-irrigated orchards or vineyards as found in some climatic zones in California. Land must have been cropped at some time during the four years prior to the mapping date.</i> The State of California Department of Conservation defines Farmland of Local Importance as <i>Land of importance to the local agricultural economy as determined by each county's board of supervisors and a local advisory committee.</i>	12
W	The State of California Department of Conservation defines Grazing/Range Land as <i>Land on which the existing vegetation is suited to the grazing of livestock. This category was developed in cooperation with the California Cattlemen's Association, University of California Cooperative Extension, and other groups interested in the extent of grazing activities.</i>	12
X	Memorandum of Agreement City of Gonzales and County of Monterey, Adopted April 2014; Greater Greenfield Area Memorandum of Agreement, Adopted June 24, 2013; Memorandum of Agreement Between the City of Soledad and the County of Monterey, adopted March 15, 2016.....	13
Y	The Agricultural Advisory Committee and some agricultural industry representatives expressed strong support for not exempting renewable energy development projects that were not in support of agricultural operations.	13
Z	Strong support was received from the Agricultural Advisory Committee for exempting agricultural support facilities. Support was expressed for exempting agricultural support facilities by members of the public during community meetings in North County and Salinas, but a concern was voiced in the North County community meetings that it may be appropriate to limit the size of the facility. Agricultural industry representatives expressed strong support for agricultural support facilities to be exempted from required mitigation.	14
ZA	The Agricultural Advisory Committee expressed strong support for exempting agricultural worker and family housing. Agricultural industry representatives and members of the public during community meetings in North County, South County, and Salinas expressed strong support for exempting agricultural worker and family housing.	14
ZB	Support for exempting agricultural buffers from the required mitigation was received during a meeting with building industry representatives. In the North County community meeting, land trusts and agricultural landowners supported exempting agricultural buffers. The Agricultural Advisory Committee did not support exempting agricultural buffers. Agricultural industry representatives did not support exempting agricultural buffers.	14
ZC	There was strong support for exempting parks and open space by building industry representatives. In meetings with Greenfield, Gonzales, King City, Soledad, and Salinas, there was general support for exempting parks and open space. The Agricultural Advisory Committee and agricultural industry representatives did not support exempting parks and open space.....	14
ZD	Conservation organizations were supportive of exempting water conservation/improvement projects. Agricultural industry representatives were somewhat supportive of the idea but that the exemption should be worded carefully to ensure that issues of food safety and habitat restoration are dealt with appropriately. Building industry representatives were supportive of exempting restoration projects that improve water quality. Some members of the Agricultural Advisory Committee expressed support for the concept of water conservation/improvement projects being exempt but felt that these projects must benefit the agricultural industry to be exempt from the policy.	14

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