

# **Enterprise Zoning for Solano County Agriculture**

## **(A Concept Study in Progress)**

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### **Introduction**

Agricultural Enterprise zones are not unique to land use policies in the USA, only to California. Throughout California there are several examples of isolated local adaptations of enterprise zones for agriculture (6, 15, and 16); however, there are no county-wide attempts to establish agricultural zones as an enterprise zone for economic development.

Agriculture in Solano is a robust and diversified business producing over 80 different crops with a current farm gate value in excess of \$250,000,000. This economic impact has been studied several times in the past (5, 7, 8, 9, and 11) and led to the same conclusions – the agricultural economy is vital to the overall economic well-being of the county, but the added value of the production is exported to other areas and not retained locally. This economy has the potential to impact the county by over \$1.5 billion in value added production. The problem with this economic engine for the county is the lack of adequate land zoning regulations to utilize the concept of added value to local production. Presently it is difficult, but not impossible to rezone land for the purposes of establishing an Ag related industry. Marin and El Dorado Counties (6, 15) have made attempts to simplify regulations in order to assist the industry in its internal economic development.

Economic zones for agriculture are also not unique to the USA. Notably, several Southeast Asian countries (21) have developed agriculture economic zones to enhance their economy and maintain the industry. The European Union (EU) is another example of the establishment of economic zones. Historically, the European countries have valued agriculture and gone to great lengths to maintain its viability. This has been done through heavy subsidies to maintain a competitive market edge. With the establishment of the EU this concept was maintained and expanded as the EU began to absorb Eastern European countries of the former Soviet Union. Presently, there are efforts to reduce or otherwise eliminate the heavy subsidies paid to European farmers. As it has become a burden on the EU economy. Unfortunately farmers have become dependent on these government payments and without these subsidies, farming in Europe may cease to exist as a major economic addition to the European economy. European farmers have become addicted to the subsidy system for their farming profit/loss.

### **Solano County Issues**

A few assumptions concerning land-use planning as an economic tool for Solano County Agriculture are necessary.

- Agriculture is a major economic force for Solano County.
- The County of Solano has many responsibilities to serve the public. Primary among them is the preservation of an economically viable agricultural industry.
- Preservation of agricultural land for the sake of preservation does very little to preserve farm land and nothing to enhance economic viability.
- Current zoning ordinances are a relic of past attitudes towards land use and do not reflect current needs and issues facing farming.
- Any effective land use plan should contain a component for economic enhancement.
- Agriculture in California is the most regulated industry in the nation. Solano County should develop concepts that reduce the regulatory load (12) on farmers and assist them in their economic development.

The basic problem facing Solano agriculture is that there has been a failure to recognize the agricultural industry as an economic force in the county. There are lots of possible reasons for this, but it is probably due to its diversity of production and dispersion throughout the county as well as competition with the cities for land and the notoriety of Travis Air Force Base. Agriculture needs to be thought of as a supplier of jobs, industrial development and economic opportunity, not just as open space, something to be preserved for posterity or something that enhances the quality of life for urban residents. These are important concepts, but do nothing to add profit to farming operations.

Another problem, with seeing agriculture as an economic engine, is that most governing authorities rarely look at agriculture as a business designed to make a profit and provide a way of life for its entrepreneurs. Agriculture is generally looked at as vast amounts of open space ripe for development or ripe for preservation for the pleasure of the public. We have vast amount of preserved farm land in California and Solano County that is on the eve of economic destruction along with the farmers who operate on these preserved farm lands. A valid argument can be put forward that the tax-paying public should be willing to pay the full cost of the preservation of land, but we all know this is not in the realm of political and practical action. The urban public wants open space, green fields with wild flowers, and the like, but is not willing to pay for this improvement in their quality of life. It is left it up to the farmers to make a living under these conditions.

## What are Economic Zones

The concept of an economic zone is nothing new. The simplest one is the **Duty Free Zone** found at most international airports. The governing authority sets these up as a service to travelers and to enhance economic opportunities for local business. More complicated are **Tax Free Zones** (23) used to stimulate the import/export of goods into a community or country or to encourage business development. Many communities have set up **Enterprise Zones** to encourage business operations (13, 14, 18, and 19) with the local governing body reducing the cost of certain services such as hook-up fees, reduced taxes, or other costs associated with the establishment of a commercial or industrial business. An economic enhancement zone is designed to 1) promote business and industry, 2) provide jobs, 3) add to the governing authorities' treasury and 4) help a community grow and prosper.

A literature review reveals that **Agricultural Enterprise Zones (AEZ)** are scattered throughout the country. Most have a common theme – development of agriculture as an economic engine to the area through the concept of value-added. Colorado has examples of excellent AEZ's along with Michigan, New Jersey, Illinois, New York, Ohio, Indiana, and Iowa. There are also examples of some very poorly managed AEZ's. Poorly managed AEZ's are generally large state bureaucracies, filled with cumbersome regulations or subsidized in some manner that does not enhance the farmer's economic development in the region.

In the more successful AEZ's, farmers and ranches are allowed to develop their farming operations based on the economic needs of the industry rather than on the esthetic or social needs of society. If the zone requires industrial support for the processing or distribution of their products then it is allowed. If farmers need to down-size or increase the size of their zoning they can do so, as long as it meets the need of the industry. Additional housing for farm families is generally allowed. Housing development is not generally allowed unless it is in proximity or adjoining an incorporated city (such as what we have in Solano with the *"what is urban shall be municipal"* concept). Regulations are conceptual in nature and designed to fit the needs of the local industry. Additionally, zoning and planning regulations are relaxed and the process' to make changes are streamlined (reduced paperwork) at a reasonable cost.

## AEZ's in Solano County

When we examine Solano County closely you see that we have a very diverse and yet regionalized agriculture. Winters/Pleasants Valley, Suisun/Green Valleys, Dixon, Main Prairie and Rio Vista all feature unique type of agricultural production and could be developed into a specific AEZ with their own unique land use regulations. Winters and Pleasants Valley are dominated by small farms that produce a variety of fruit and nut crops. There are also a number of smaller "hobby" farms. Additionally, many of these smaller farms have outside sources of income by the owners. Dixon and Main Prairie could be considered as a single enterprise zone since the farms tend to be larger, more isolated and generally free from the threat of urban expansion. The city of Dixon is unique in this zone because it has no place to grow except on to prime farmlands. Rio Vista and the Montezuma Hills are unique in that the area is defined by larger farms, usually dry-farmed to cereal grains, and a dominant producer of sheep and lambs. This could also be said for the Main Prairie area. In the Suisun/Green Valley area you find an intensively farmed area dominated by wine grapes and other fruit crops. This is interspersed with row crop production of vegetables and other annually planted crops destined for sale at farmers markets or local fruit stands.

The justification for having several different enterprise zones in Solano County is due to the concentration of production in geographic areas; extreme variations in farm size; and the divergence of farmer needs within these geographic areas. In the San Joaquin Valley, for example, an AEZ could cover an entire county and encompass hundreds of thousands of acres due to many areas of similar farming practices and cultures. In Solano the task would be a little more complicated due to this regional diversity of production, the lack of value-added industries and the need to be creative in our land use policies.

## Benefits of AEZ's to Solano County

The over-riding goal of any AEZ is to enhance the economic viability of agriculture by limiting interference from the government and allowing the markets economic conditions and cropping patters dictate the structure and scope of agriculture. The following is a partial list of value-added industries that could develop in any one of these zones and provide the needed agricultural industrial development to agriculture to increase its economic value:

- Meat Processing and Packing Facility
- Cold Storage Facilities
- Dry Yards for Prunes and other Fruits
- Huller and Sheller for Nut Crops
- Vegetable Processing Facilities
- Bed and Breakfast Operations to Promote Agro-Tourism
- Grain Storage and Brokerage Facilities
- Wineries to Process Local Production
- Uniform Labeling of Local Products (***Solano Grown*** sounds nice)

Solano County has the opportunity, with the coming update of the general plan, to be innovative, creative and provide a real service to a major economic engine for the county and invest in its future. It could be the time to look for unique ways to improve the profitability of agriculture without the use of large subsidies. With expanding world-wide markets available it seems illogical to maintain the same old way of land-use planning for the future. All other private industries are constantly changing to meet new and demanding consumer and market needs, so why should agriculture have to be economically strapped with antiquated land-use policies in doing their business?

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