

Greene County, New York

Agricultural Development and Farmland Protection Plan

4.0 Major Agricultural Initiatives

The following are major initiatives recommended in implementation of the Goals and Objectives laid out in Section 3.0 of this Plan. Each includes a suggested initial implementation date. Most are intended to be continuing in nature, however. Suggested parties responsible for implementation are also provided with the first listed being the proposed leader of the effort.

4.1 Tax Reduction and Management Initiative

Surveys conducted in the course of this planning effort and input received at public meetings both suggest that reducing and managing the farm tax burden is necessary. It is important to profitability and to ensuring the capacity to transfer farms from one generation to the next. The following recommendations are offered in this regard:

- **Provide annual tax training for farmers and tax preparers.** Survey results, in particular, indicate many farmers are unaware of tax benefits available to them or fail to take advantage of those programs. An intensive training seminar should be conducted every January to equip farmers and tax preparers with detailed knowledge of tax benefits and recent changes in State and Federal law that may affect those benefits. This training should be of a workshop nature and highly focused to create value for participants. Certificates of recognition for participation in the training should also be given and publicized to add value to the program. Training should be given using experienced professionals with agricultural backgrounds so as to avoid giving incomplete or misleading information. Agricultural agency and farm group leaders also need to be included in the training for two reasons; 1) providing these individuals with skills to be mentors to their farm clients or members on tax issues; and 2) creating peer pressure that will stimulate attendance at the training workshop(s).
- **Develop an agricultural tax informational publication that can be reissued each January to provide written guidance on these issues.** This annual publication can build on the "Lowering Farm Taxes" handout appended hereto. It should be developed using a skilled tax preparer familiar with both real estate and income tax laws at both the State and Federal level.
- **Work with Farm Bureau and others to eliminate all estate taxes on farm transfers and develop training programs and publications related to estate planning.** Farm transfers demand extensive planning even in those situations where estate taxes are not a major issue. Professionals from organizations such as Farm Credit should be used to conduct this training.

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- **Work with the County Legislature, local governments and schools to consolidate and streamline services wherever possible.** This is a subject that demands across the board cooperation but one in which the Agricultural and Farmland Protection Board needs to be actively engaged as a participate.

Responsible Parties:

- 1) Cornell Cooperative Extension Service of Greene County
- 2) Greene County Agricultural and Farmland Protection Board
- 2) Greene County Office of Real Property Tax Services
- 3) Greene County Legislature

Implementation Date: 2002

4.2 Profitability and Risk Management Initiative

Increasing the profitability of farm enterprises is essential but, even more important in some respects, is the management of the widely vacillating prices so prevalent in agricultural markets.

The Agricultural and Farmland Protection Board cannot, obviously, create higher profits or absorb the risks itself. It can, however, help to create the skills and the tools to do so. Professional farm manager training and business planning are among the skills needed. Tools for risk management include futures trading, forward pricing and crop insurance. The following measures are recommended:

- **Professional farm manager training, directed at managing for profit, not simply production, is needed.** University extension and farm service agency programs nationwide have traditionally been yield-focused but these often fail to meet the needs of smaller farmers interested in diversifying into niche areas of business. They are also of little help to larger farmers specializing in various enterprises where highly technical sources of information are required.

This demands a focus of educational efforts on those needs that cannot be fulfilled elsewhere. These include training in water quality management, labor management, business planning, forward pricing, managing for premiums, Internet use, marketing, estate and tax planning, quality assurance, and low-cost input farming, with an overall objective of improving the profit-making skills of farm managers. The Agricultural and Farmland Protection Board should work with Cornell Cooperative Extension to develop an intensive core training curriculum for professional farm managers and a certification

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procedure to reward those who finish the program.

- **Managing costs in a commodity business is the best and often the only way to increase profits. Intensive education along this line is critically needed.** As an example, while intensive grazing is not for everyone, it has the potential to dramatically increase the profitability of small to medium sized operations. Cornell Cooperative Extension recently published a comparison of Dairy Farm Business Summary program data for grazing and non-grazing dairy farms. Three years of financial data were examined. The 36 farms that engaged in some form of rotational or intensive grazing enjoyed average net farm incomes per cow of \$463 before taking appreciation of value into account, while the 77 non-grazing farms averaged only \$339/cow. Results can obviously vary greatly from farm to farm, and year to year, but the potential for lowering costs through grazing is quite apparent. It is an economic option for small and medium sized farms.

Prices for inputs can also typically be lowered by 5% or more simply by purchasing in bulk. A small group of farmers in another county have, for example, banded together as an informal buying cooperative. They meet monthly to determine their needs, solicit bids from regional farm suppliers and award annual contracts that members can then buy under individually throughout the year. It is a simple, yet very effective, program with no overhead. Machinery sharing and alliances among farmers to grow products for each other offer additional opportunities to lower costs and increase profits by eliminating middlemen.

- **Increasing production per cow and yields per acre are far more important than growing overall production.** Culling low milk producers regularly and replacing them with higher producers, for instance, typically increases profits if heifer growing expenses are controlled. Replacement costs will not vary as much as milk prices. Moreover, earlier culled animals yield better slaughter prices. Dairy farmers need training in using the information available from the Dairy Farm Business Summary program and their own particular experience to develop culling guidelines that balance these various economic factors. The Dairy Farm Business Summary program involves 300 dairies in New York State and provides extremely valuable data for evaluating costs of inputs. There are also separate summaries for small and large dairies and intensive grazing farms. Enrollment in this program needs to be heavily promoted for the advantages it offers.
- **Dairy futures trading, promoted as part of a special Federal program, provides an opportunity to assure future revenues.** Interest has been very limited (particularly while prices have languished at low levels) and results have been mixed. Nevertheless,

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it is clear that farmers who locked in prices in early 2001, for example, gained significant time to adjust to lower prices later in the year. Other farmers have used forward pricing to stabilize prices of purchased feed ingredients. These tools will become increasingly important, as the means to even out cash flows and stabilize income and expenses going forward, allowing the opportunity to adjust to changing circumstances through good management. Intensive training is needed to equip Greene farmers with a full understanding of the benefits and logistics of these programs.

- **Crop insurance is another vastly underutilized risk management tool.** It costs very little (\$50/crop typically) and provides significant protection against the risks of crop loss due to natural disasters. The program is not popular because crops must be registered in multiple jurisdictions where farms cross political boundaries. Additionally, USDA has repeatedly provided disaster payments to all farms after having indicated that only those with crop insurance would be compensated, thereby undermining the program. Nonetheless, it guarantees compensation on a timely basis to prudent managers. There can be no such assurance of aid dependent on political decisions. Crop insurance is, therefore, a useful mechanism in protecting small farms from the hazards of drought and other natural conditions that can raise havoc with cropping plans and cash flows. The Board needs to include this tool in its risk management education initiative.

- **The most effective tool for managing risk, however, lies in farmers banding together to negotiate pricing in the form of long-term contracts.** This is the role of farm cooperatives. The best illustrations are often found with smaller groups. The Schoharie Farm Cooperative, for example, has successfully locked in significant over-order milk premiums for a number of years by negotiating with different processors. Local cooperatives serving Greene County farmers need to review and strengthen their bargaining efforts on behalf of their memberships. Opportunities exist for cooperative work by farmers marketing livestock, field crops and vegetables, particularly potatoes, so that farmers can take advantage of collective bargaining. New cooperatives are needed in Greene County and existing cooperatives could gain from assistance in developing their negotiating skills and other technical help.

Responsible Parties:

- 1) Greene County Agricultural and Farmland Protection Board
- 2) Cornell Cooperation Extension Service of Greene County

Implementation Date: 2002-2003

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4.3 Right to Farm and Good Neighbor Initiative

Protecting the ability of farmers to engage in sound agricultural practices is a critical legal need of the industry. Equally important, however, is the engendering of a good neighbor policy between farm and non-farm neighbors that allows agriculture to prosper without leading to legal disputes. This demands two-way communication and the exercise of consideration between the farm and non-farm neighbors. The following actions are recommended:

- **Right to Farm Laws are needed to ensure the legal rights to engage in sound agricultural practices.** Such laws (see model attached as Appendix 5.3) establish effective methods of dispute resolution. Use of Agricultural Districts is also essential.
- **A broader Greene County Good Neighbor Farm Policy is needed to establish effective two-way communication between farm and non-farm neighbors.** It should include encouragement of;
 - 1) Farmer communications to neighbors of impending activities such as manure lagoon emptying that could create temporary odors.
 - 2) Regular pronouncements of the value of agriculture as an industry and the need to be tolerant of odors, slow-moving equipment and other farm activities.
 - 3) Farm-city events and farm tours that bring farm and non-farm neighbors together.
 - 4) Distribution of brochures that highlight the value of agriculture.
 - 5) Farm events for non-farm neighbors (e.g., corn roasts).
 - 6) Farmer participation in local government and community organizations.

This policy should be crafted by an ad hoc group of farmers, homeowners, realtors and others to ensure it is broad-based and two-way in nature. It should then be heavily publicized.

Responsible Parties:

- 1) Greene County Planning Department
- 2) Greene County Agricultural and Farmland Protection Board
- 3) Cornell Cooperative Extension Service of Greene County

Implementation Date: 2002-2003

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4.4 Specialty Enterprise and Market Development Initiative

It is recommended that Greene County initiate a coordinated advocacy effort to market more farm products and develop the skills needed within the farm community to pursue specialty agricultural enterprises. This should be accomplished using Cornell Cooperative Extension of Greene County staff resources working closely with surrounding counties, particularly Schoharie, Ulster and Columbia, all of whom also have significant specialty agricultural industries.

The agroforestry activities of the Extension staff provide an excellent base to build from and should be expanded upon by developing these resources into a center of research and technical help that can be extended to other areas. The staff should help to identify new markets for these and other agricultural products and services and provide technical assistance to farmers and agri-businesses in selling to those markets. This will require a somewhat different approach, one of advocacy and direct technical support, as opposed to the typical Extension education role.

Funding to support these activities could come from a variety of sources including the County but, initially, this endeavor should be approached as a demonstration project. It should be possible to secure grant funds from State and/or Federal sources to help launch the project. Over the long term, however, the goal should be to obtain direct support from producers and agri-businesses on a fee-for service or cooperative basis. Tasks should include, but not be limited to the following projects:

- **Development of new markets, both within and outside the County, for Greene County's farm products.** This should include direct/technical assistance to farmers, agri-businesses and farm organizations (including cooperatives) in selling, promoting and structuring the distribution of these products as well as the development of new lines. A promotional example might include a "Ginseng Festival."

One example might include establishing a permanent farmers market in one of the I-87 Visitor Centers to complement the Catskill Point Farmers Market or at least direct people to it. This would offer excellent opportunities to market products and there are several successful examples of such markets to draw upon for experience. The Visitor Centers should, at a minimum, be used as a location to promote Greene farm products with brochures, displays and directions to the Catskill Point Farmers Market.

A concerted effort should also be put into the creation and support of additional Consumer Supported Agriculture (CSA) groups serving both the Albany and New York City urban areas.

- **Training farmers and agri-businesses in marketing practices, including direct**

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marketing, Internet sales and exporting. There are significant opportunities in each of these areas. Nearby urban markets and already successful specialty enterprises in the County suggest the potential for more direct marketing is large. Some farmers are already using the Internet to sell product from websites and much more can be done in this area by helping to develop those websites on a cost-effective basis.

Special opportunities abound because New York State can supply more demand for a niche product than found for ordinary products in most states. The skills required to tap these markets need developing, however, because much of agriculture has been commodity driven where farmers have essentially been "price-takers." They must be converted to "price-makers," though better marketing.

- **Identifying opportunities for adding value to existing farm products before they are sold.** Forestry products for instance, offer possibilities to craft patio furniture, storage sheds and wooden novelties in the manner of so many Lancaster, Pennsylvania enterprises. On-farm dairy processing of cheeses, yogurts and ice cream also offers opportunities. The Albany market is immediately accessible to such producers if someone can help them exploit it. Additional work is involved but, where combined with quality assurance and relatively low-key marketing, farmers can deliver added value to customers for higher income and better cash flow. The key is to establish relationships with end-users, vertically integrating the industry wherever possible.
- **Disseminating information on market opportunities.** A key element in development of new markets is the communication of information on demand, supply and prices. No market is forever and farmers need to continually adapt and respond to developing opportunities. These include, for example, meat goats for the ethnic markets.
- **Promoting sales of existing Greene County farm products.** The Greene County Farm Markets Brochure and Map should be regularly updated and used effectively to promote local farm products. Additionally, too few of the County's producers are making use of the Pride of New York label.

Responsible Parties:

- 1) Greene County Agricultural and Farmland Protection Board
- 2) Cornell Cooperative Extension Service of Greene County
- 3) Greene County Promotion Department

Implementation Date: 2003-2005

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4.5 Agricultural Economic Development Initiative

Greene County's location along I-87 between Albany and New York City make it an excellent location for added-value agricultural processing operations pulling product from across the upstate region, the North Country and across the Hudson River. Additional efforts should be made to target these industries for solicitation and development, through creation of improved sites, promotion of tax abatement programs and use of other incentives.

Short-term incentives should be used to initially attract such enterprises to Greene County. These must be competitive with other regions and help to off-set some of the capital costs relating to investment by these new businesses in Greene County. The most important incentives, however, are inherent. They relate to location, access to raw products and markets and relatively inexpensive land. Documenting and promoting these marketable competitive advantages is essential. While this is largely the task of Greene County's economic development agencies, the Agricultural and Farmland Protection Board must be an active partner to ensure that added-value agricultural processing get the attention they deserve. The County made an excellent effort to attract the Fern Lea poinsettia operation which, although it has not come to fruition for unrelated reasons, still provides a model for future endeavors. The site also now has sewer and water service and is available for another agricultural enterprise. Similar opportunities will become available in the future and should be met in the same way.

The County IDA offers a 20 year tax-abatement program specific to agricultural processing that phases in real property taxes at 5% of normal for the first year, 10% the next year, 15% the third year and so on, at an additional 5% per year, transitioning to taxation at 100% of value in the 20th year. Special arrangements can and have been negotiated with industries providing additional benefits to Greene County. This program is excellent and needs to be heavily promoted to agricultural enterprises with potential interests in Greene County.

The following are the additional recommended elements of this initiative:

- **A continuing education program to help farmers identify and capitalize on opportunities in various new products that can be produced on-farm (e.g yogurts) should be launched by Cornell Cooperative Extension of Greene County.** This should include a combination of seminars, field trips and consultations designed to equip farmers with the knowledge to know what types of on-farm processing may be economically feasible as well as the skills to be successful should they pursue these opportunities.
- **The Agricultural and Farmland Protection Board should work with the Greene**

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County Planning Department to encourage use of its Quantum (typically >\$100,000) and Micro-enterprise (<\$25,000) Revolving Loan Funds by County agri-businesses. An additional revolving loan fund targeted to businesses needing \$25,000 to \$100,000 would also be appropriate. These funds can be used for agricultural and forestry processing projects as well as other agribusiness ventures. A "Funding for Farm and Agri-business Projects," brochure should also be developed by the Planning Department. It should be distributed by the Agricultural and Farmland Protection Board and Cornell Cooperative Extension of Greene County to promote various funding sources available to assist agri-businesses and farms. It would differ from existing handouts in that it would be more focused on agriculture and also identify additional programs not available to non-farm entities. It should, for instance, include programs such as those offered by Empire State Development Agency, the Department of Agriculture and Markets and USDA Rural Development. The Agricultural and Farmland Protection Board should also meet with local financial institutions to explore ways to enhance this fund with leveraged below-market rate or market rate financing that would help to meet their Community Reinvestment Act obligations.

- **The Agricultural and Farmland Protection Board should also work with the Natural Resources Conservation Service, the Greene County Soil and Water Conservation District, the Greene County Planning and Economic Development Department, USDA Rural Development and others to pursue grant funds for agricultural economic development.** The agricultural sector of the economy needs to be brought into the mainstream of development efforts. Securing grant assistance from non-agricultural as well as conventional funding sources for agricultural economic development initiatives should be part of that.

- **As the County develops additional industrial sites it should designate some for potential agricultural use with special attention to removing any local zoning or restrictive covenant barriers.** Ontario County provides a model in this regard. It offers agribusiness sites within a designated agricultural industrial park designed to attract food processors and similar industries that use regional farm products.

Responsible Parties:

- 1) Greene County Planning Department
- 2) Greene County Agricultural and Farmland Protection Board
- 3) Cornell Cooperative Extension Service of Greene County
- 4) Greene County Industrial Development Authority

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4.6 Strategic Alliances Initiative

An excellent opportunity for agricultural industry expansion lies in promoting more strategic alliances between farmers. As some farmers diversify and others specialize, opportunities for small farmers to forge alliances with one another and larger operators where equipment and services are shared or one provides products and services for the other. Some farmers in other areas of the State rent fields to neighbors to use and then buy back the final products for their own use,. Others are purchasing TMR from their neighbors, raise heifers or grow forages.

The best opportunities exist where alliances between crop and dairy farmers are made. The former can rent land from the latter and sell products back to the dairy farms. Custom harvesting is another niche possibility and should be promoted through the generation and distribution of custom services lists. This initiative requires a combination of hands-on assistance in bringing parties together and education in the business benefits of strategic alliances. It should be a specific assignment of the Cornell Cooperative Extension Service of Greene County's agricultural economic development staff.

Responsible Parties:

- 1) Greene County Agricultural and Farmland Protection Board
- 2) Cornell Cooperative Extension Service of Greene County

Implementation Date: 2003-2005