

Yates County, New York

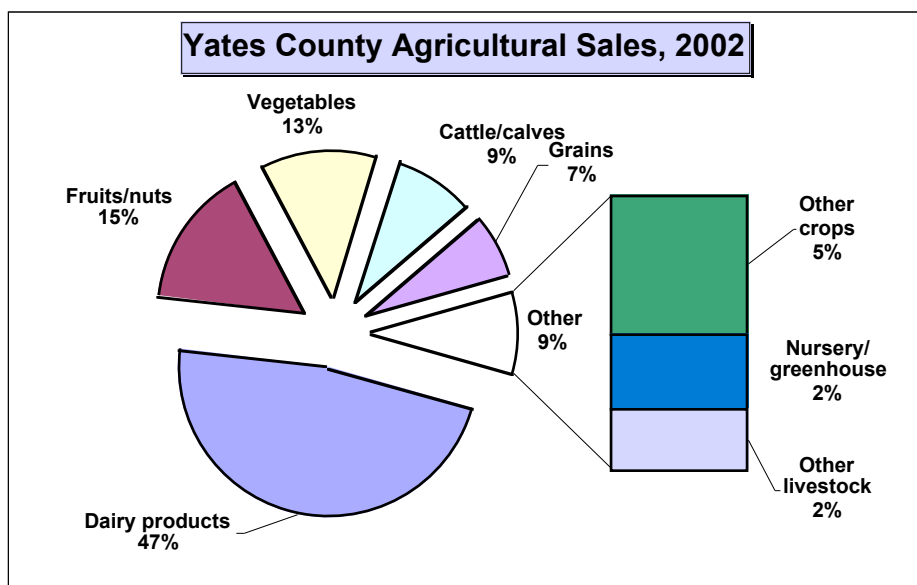
Agricultural Development and Farmland Enhancement Plan

2.0 Agricultural Inventory

The following represents an overview and inventory of the agricultural industry sector of the Yates County, New York economy.

2.1 The Economics of Yates County Agriculture

Some 115,113 acres of Yates County was farmed in 2002, up from 104,790 acres in 1997. About 22,300 acres or 19% of this land was wooded, in addition to 88,600 acres of other forested land, indicating 93% of Yates County was in farm or forest use.¹ There were 455 farms generating sales of at least \$10,000. Altogether, Yates County farms produced some \$50,373,000 in sales in 2002, of which \$29,333,000 or 58% was livestock-related, indicating a fairly balanced agricultural economy. These various products accounted directly for 1,341 full or part-time jobs (including 487 owner-operators primarily occupied with farming). This is the agricultural economic base of Yates County. It is extraordinarily diverse with strong grain, dairy, vegetable, wine and other livestock sectors composed of both small and large size farms.² Table 2.4 and the chart following provide further data.



1 Source: USDA Forest Service 1993 Northeastern Forest Industry Analysis.

2 Source: 2002 U.S. Census of Agriculture. New York State Agricultural Statistics Service numbers often differ. This is attributable to more frequent data analysis. Nevertheless, Census numbers are more complete overall and, therefore, more suitable for planning purposes. Also, 2002 Agricultural Census data is much more complete than 1997. Totals may not agree due to rounding, however, and because multiple products are often produced from the same farm, numbers of farms overlap and cannot be directly totaled.

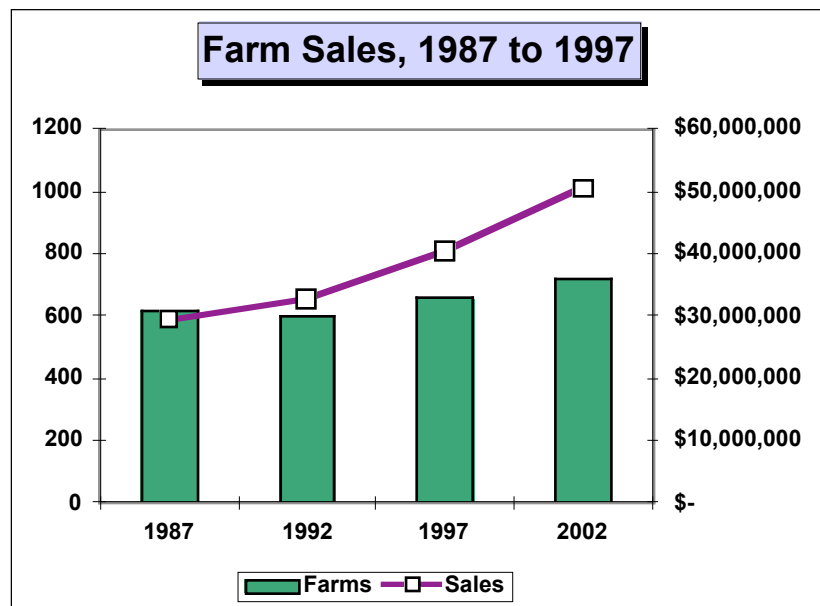
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Market Value of Yates County Agricultural Products, 2002

<u>Agricultural Products</u>	<u>2002 Cash Receipts</u>	<u>% of Category</u>	<u>% of Total</u>	<u>No. of Farms</u>
Dairy products	\$23,918,000	81.54%	47.48%	210
Cattle/calves	\$4,421,000	15.07%	8.78%	291
Other livestock	\$994,000	3.39%	1.97%	185
Livestock Sub-total	\$29,333,000	100.00%	58.23%	375
Fruits/nuts	\$7,716,000	36.67%	15.32%	197
Vegetables	\$6,367,000	30.26%	12.64%	79
Grains	\$3,440,000	16.35%	6.83%	225
Nursery/greenhouse	\$1,225,000	5.82%	2.43%	50
Other crops	\$2,292,000	10.89%	4.55%	229
Crops Sub-total	\$21,040,000	100.00%	41.77%	527
Total Agricultural =	\$50,373,000	100.00%	100.00%	722

Charts that follow depict additional agricultural products sales patterns. The 2002 Census uses somewhat different criteria than the USDA applied in 1987 through 1997, but long term trends are, nonetheless, readily apparent.

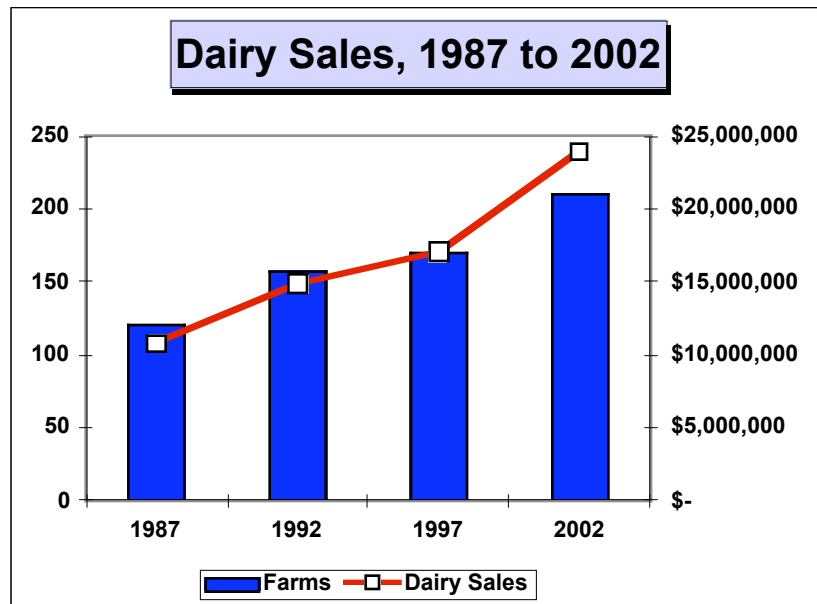


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Sales of agricultural product increased by 72% between 1987 and 2002.³ Dairy sales gained 123% over this period. Vegetable sales grew by 65%. Fruit sales gained only 10%, but sales of agricultural products by "vertically integrated operations through their own processing and marketing operations" are excluded from all estimates of market value of products sold. Therefore, wine sales are not included in this figure - only the fruit itself.

Both dairy farms and sales have steadily increased. However, while there has been major consolidation in nearly all segments of the agricultural sector and price fluctuations have had a large impact in driving out less efficient producers nationwide, the average Yates County farm (dairy or other) decreased in size from 184 acres in 1987 to 159 acres in 2002 as the full-time farms (where the owner's principal occupation was farming) increased from 374 to 487. This trend toward a larger number of smaller farms, with expanding milk production, is attributable to the in-migration of large numbers of the Mennonite or "plain" community into the County. Well over 90% of dairies are now owned by the plain community, accounting for the simultaneous shrinking of farm sizes and growth in production. The average number of cows per farm has increased only slightly, from 40 in 1987 to 47 in 2002, while milk cow numbers have grown from 5,953 to 10,406, a 75% gain for the period.



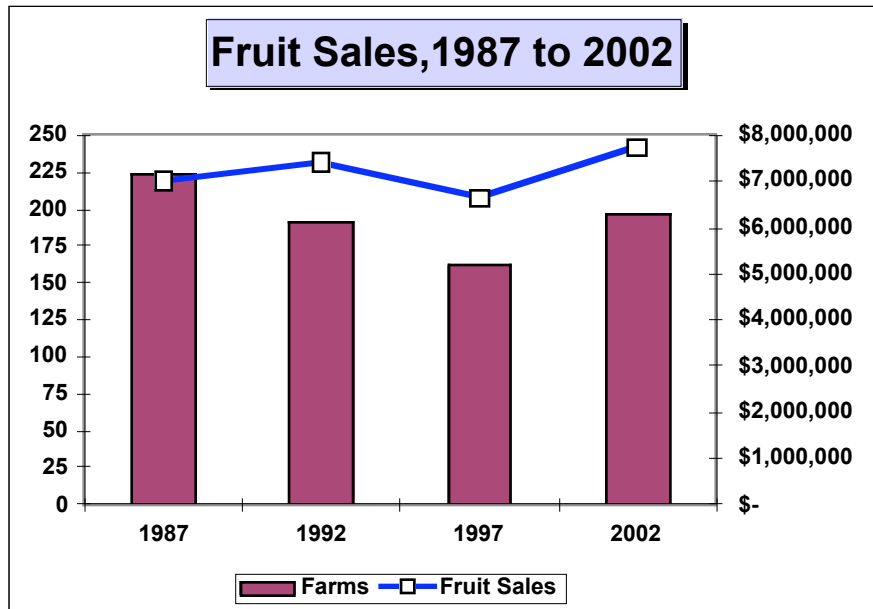
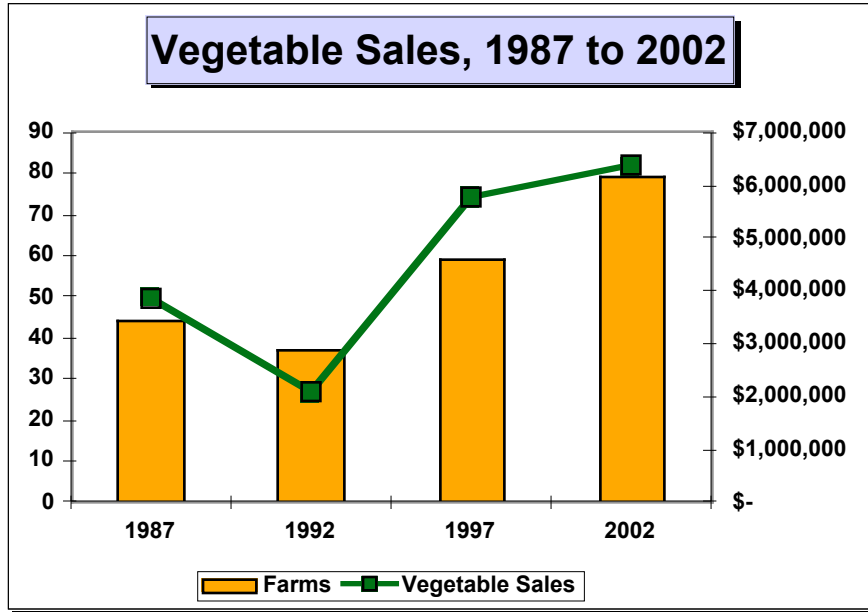
Vegetable production is also growing, with major increases in both farms and sales since

³ The 2002 Census used a different standard than the one applied through 1997. Incomplete Census mailing lists were sampled for missing names in study areas. Data was then weighted for undercounting. Therefore, the 1987 and 2002 figures are not directly comparable, although long-term trends are discernable. The 2002 Census also includes adjusted 1997 data. Farm sales for 1997 were estimated at \$46,985,000 using the new criteria. The 2002 figure of \$50,373,000 represented a 7% increase in this case, but the heavy use of imputation methods and other evidence suggests the adjusted 1997 figure is unreliable. It was decided, for this reason, to use the actual Census data for all years without regard to adjustments in methodology.

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1992. It can further expand given nearby Corning and Rochester, regional farm markets and the Finger Lakes Produce Auction. Acreage has varied, dropping from 6,050 acres in 1987 to 2,273 acres in 1992 and settling at 3,519 acres in 2002. Vegetables include beans, cabbage, peas, onions, pumpkins, sweet corn and tomatoes.



Fruit production grew by 10% from 1987 to 2002 (not including wine sales). Land used for grapes fell from 6,237 acres to 4,920 acres in 1997, a 21% loss. However, grape acreage

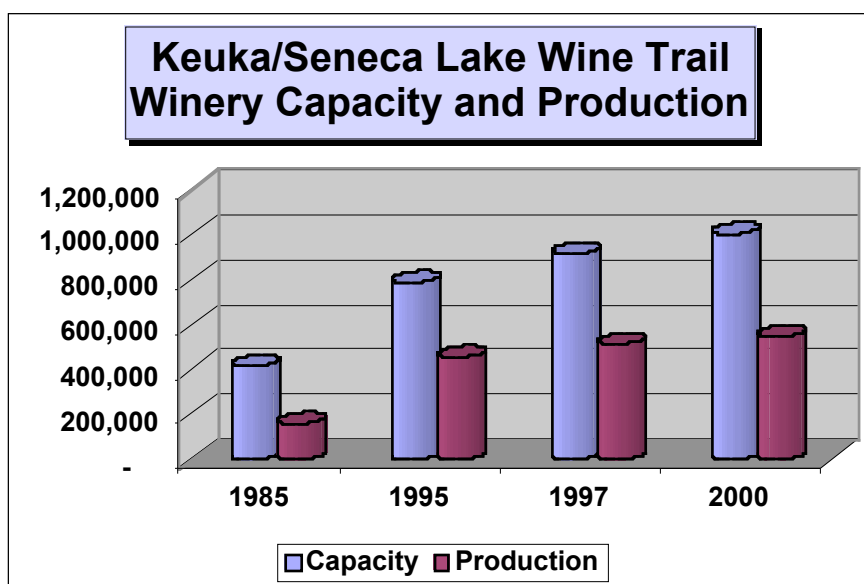
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jumped to 5,387 acres in 2002. Dramatic shifts took place in the regional grape industry over this period. Demand for grapes used in bulk wine production fell as the Taylor Wine operation in Hammondsport ceased. Juice grapes also became a commodity subject to wide price fluctuations. The demands for traditional varieties of grapes (e.g. Catawba and Delaware) declined and many old vineyards growing these varieties were abandoned.

The New York State Farm Winery Act stimulated a rebirth of the wine industry and new vineyards were established to grow additional French hybrid and vinifera varieties to complement native selections suited to estate wine production. Many of these vineyards and wineries were just hitting their stride in 1997 and there have been major gains since then that are reflected in increased 2002 sales. Yates County, with its frontage on three of the Finger Lakes, has the most farm wineries of any county in New York, 15+ at last count.

The 2000 Winery Survey by the New York State Agricultural Statistics Service and New York Wine and Grape Foundation indicates that Keuka Lake and Seneca Lake Wine Trail wineries increased capacity from 417,000 gallons in 1985 to 1,006,000 gallons in 2000, a 141% increase. Actual production grew from 160,000 gallons (38% of capacity) to 709,000 gallons (70% of capacity), an incredible 343% gain over the 15 year period. If Yates County represents half, a reasonable assumption, this is worth \$10,000,000+ of sales at \$30/gallon. Continued development of better wines has engendered further growth since 2000, with several new wineries. The main challenge is securing grapes to meet demand.



There are major multiplier effects connected with farm sales. Farmers typically purchase most of their goods and services from within a 20-25 mile range of the farm, while their

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product is marketed outside the region. This export of product and import of dollars puts them on the high side of multiplier scales according to a Cornell University study.⁴

That Cornell research, conducted for 1991 and since generally confirmed by numerous U.S. Department of Commerce Bureau of Economic Analysis regional input-output reports conducted for counties throughout the State, indicates the following range of multipliers, by sector of the New York State economy, for both total income and full-time equivalent jobs:

Economic Multipliers for Agriculture and Other Economic Sectors, New York State, 1991

	<u>Total Income</u>	<u>Employment</u>
<u>Production Agriculture Industries</u>		
Dairy	2.29	1.52
Crops	2.28	1.51
Nursery and wood products	1.78	1.39
Poultry and livestock	1.64	1.37
<u>Agricultural Manufacturing Industries</u>		
Dairy processing	2.61	3.53
Grain processing	2.16	2.58
Fruits and vegetables processing	1.67	2.09
Meat processing	1.65	1.99
<u>Other Economic Sectors</u>		
Construction	1.66	1.57
Services	1.48	1.39
Manufacturing (non-food)	1.41	1.62
Retail and wholesale trade	1.40	1.30
Finance, insurance and real estate	1.19	1.54

These economic multiplier effects provide a reasonable measure of the combined impact of the agricultural sector. They suggest, based on a rather conservative analysis, that the agriculture, forestry (see below) and winery industries generate over \$100,000,000 for the Yates County economy in total.

⁴ Cornell University Department of Agricultural, Resource and Managerial Economics, Policy Issues in Rural Land Use, December, 1996, "Economic Multipliers and the New York State Economy."

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Total Economic Impacts of Yates County's Agriculture, Forestry and Wine Industries

Industry	Estimated Sales	Multiplier	Total Impact
Dairy	\$23,918,000	2.29	\$54,772,220
Other Livestock	\$5,415,000	1.64	\$8,880,600
Crops	\$21,040,000	2.28	\$47,971,200
Forestry	\$1,645,000	1.78	\$2,928,100
Wine	\$10,000,000	1.67	\$16,700,000
Totals	\$62,018,000	2.12	\$131,252,120

Agriculture accounts for as many as 2,030 jobs, not including lumber and wood products (discussed below) or wineries that add a minimum of another 170 or so jobs. These are found not only on farms, but also at accountant offices, feed mills, farm stores, automobile and truck dealers, truckers, veterinarians and the like.⁵

2.2 The Forestry Sector

Trees are a crop. Their value is often underrated because the crop rotation period is long and the economic returns not nearly as frequent as is the case with other crops or agricultural enterprises. Some 110,900 acres or 51% of Yates County is considered timberland. Sawtimber represents 38,400 acres with the remainder consisting of seedlings, saplings and pole timber.⁶

A total of 82% of the timberland is owned by farmers or private individuals. It is a valuable income-producing asset for these landowners. Private corporations own another 5,200 acres of woodland. The State also own 14,400 acres of forested land.

The following is a breakdown of private woodland by forest type:

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- 5 The 2002 Ag Census indicated there were 854 hired employees and 487 operators principally employed in farming. Multiplying these 1,341 jobs by the average employment multiplier of 1.515 for dairy/crop production yields 2,032 jobs. The Census Bureau's "County Business Patterns" report indicates that wineries directly employ between 43 and 98 persons in Yates County. Assuming a similar employment multiplier yields 65 to 150 jobs (say 100) in this sector. There is another 30 to 63 persons directly employed in logging and wood products manufacturing, suggesting 45 to 90 (say 70) in total. Altogether, therefore, agriculture accounts for a minimum of 2,200 jobs - 1,450 directly created and 750 indirectly created.
- 6 The source of all forestry data, unless otherwise indicated, is the USDA Forest Service, Northeastern Station, "Northeastern Forest Inventory and Analysis Project," 1993. Unfortunately, although this is the only official source of the data available, it is based on sampling of a mere 25 plots and is often prone to error as a result.

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Yates County Private Timberland by Forest Type, 1993

<u>Forest Type</u>	<u>Acreage</u>
White-red pine	5,300 acres
Spruce-fir	3,100 acres
Elm-ash-cottonwood	4,300 acres
Oak-pine	5,200 acres
Oak-hickory	28,900 acres
Maple-beech-birch	45,500 acres
<u>Non-typed</u>	<u>4,300 acres</u>
Total Timberland	96,500 acres

These largely hardwood forests produce high quality timber and spectacular fall foliages that attract tourism throughout the Northeast. Significantly, some 50,300 acres or 45% of Yate's timberland is considered by the Forest Service to be either fully stocked or overstocked. Altogether, the County's sawtimber represents an estimated 309,300,000 board feet of sawtimber and is growing by 11,800,000 net board feet per year.⁷ Annual removals of this sawtimber have averaged only 4,700,000 board feet (an average cutting rate of only 1.5%, meaning that the stock is steadily growing :⁸

The Forest Service data indicates cutting rates within the County are twice New York State's 0.8% average and well above those of neighboring Pennsylvania (1.0%) and the New England region (1.3%).⁹ Rates for most species are sustainable, with the exception of high-quality Oak (particularly Red Oak). Indeed, the ratio of annual growth to removals as well as other evidence, indicates a continually maturing forest within the County. Generally, both hardwoods and softwoods are not being harvested to the extent they could or should be. This is not good for wildlife management, the long-term vitality of woodlands or the forest industry. Too many large trees crowd out the understory vital to regeneration and to the animal populations for cover and as food. More timbering using best management practices would create a healthier forest for the long-term.

There are, nevertheless, serious concerns with the harvesting patterns that have been taking place throughout much of the hardwood-rich Northeast. The trend has been to "high-grade"

7 Sawtimber refers to the net volume of saw logs in trees.

8 Average annual removals refers to the net growing stock harvested, killed in logging operations, cleared or reclassified from forest to non-forest land.

9 Source: "Cutting Activity in New York's Forests," USDA Forest Service, Northeastern Forest Experiment Station, Radnor, PA.

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forests to remove the better quality trees while leaving behind the less-valuable stock. This is what is happening with the Oak. It is a result of the general lack of demand in the region for low-grade logs and species. There is a threat that local forests will be taken over by these species or simply prevented from regenerating if markets are not identified for them as well.

Hardwood lumber production Statewide is up 50% since 1990. Hardwood lumber is also a niche business from a world-wide perspective. It is not much affected by imports, plus little cutting of hardwoods is allowed on Federal lands, giving eastern producers some opportunities. Yates County is a source and the contributions of the industry to the County economy, if not up to potential, are significant. The 4,700,000 board feet of timber removed each year, assuming an average value of approximately \$350 per thousand board feet (typical for the mix of species and grades in the area), represents annual sales of as much as \$1,645,000.

The economic multiplier for wood products, as indicated earlier, is 1.78 and this suggests these estimated sales generates a total annual economic impact for Yates County of \$2,028,000. County Business Patterns data from the Census Bureau, indicates that the County had 14 wood products manufacturers, including 11 non-employers with a combined receipts of \$538,000. These are the single-proprietor and portable sawmill operations (many Mennonite owned) that exist throughout Yates County.

Moreover, below average cutting rates for certain species within the County suggest there is additional harvest potential. The County's hardwood stock also primarily consists of lighter-colored woods, which have been more in demand in recent years. It represents a self-replenishing resource if managed correctly. Farm and woodlot owners in the County can, if they want to do so, generate income from it and this, in turn, benefits the tourism industry by helping to maintain the County's appealing character.

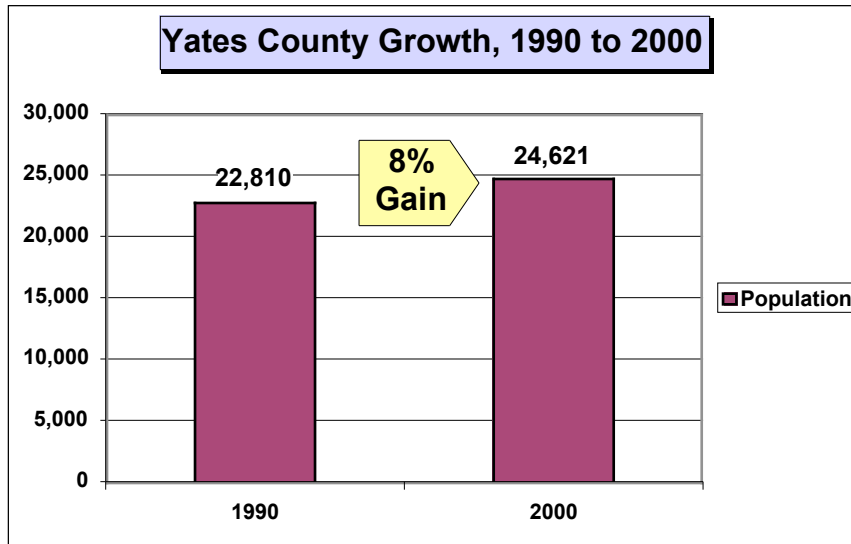
Much like the remainder of the agricultural sector, Yates County's forest industry would benefit by the development of secondary processing and value-added industries that would utilize locally produced wood. Craft-related enterprises (e.g. wooden lawn furniture) that would mesh with the County's tourism industry are a distinct possibility and several have been created already by the Mennonite community. Other niches could include specialty products for marketing to nearby metropolitan areas (e.g., furniture, novelties, storage buildings). The County offers tax incentives (five years of no real property taxes on improvements with slow phase-in thereafter) that can be used to help attract such new secondary processors of agricultural and forestry products but with the smaller operators the best incentive may be in the form of marketing assistance.

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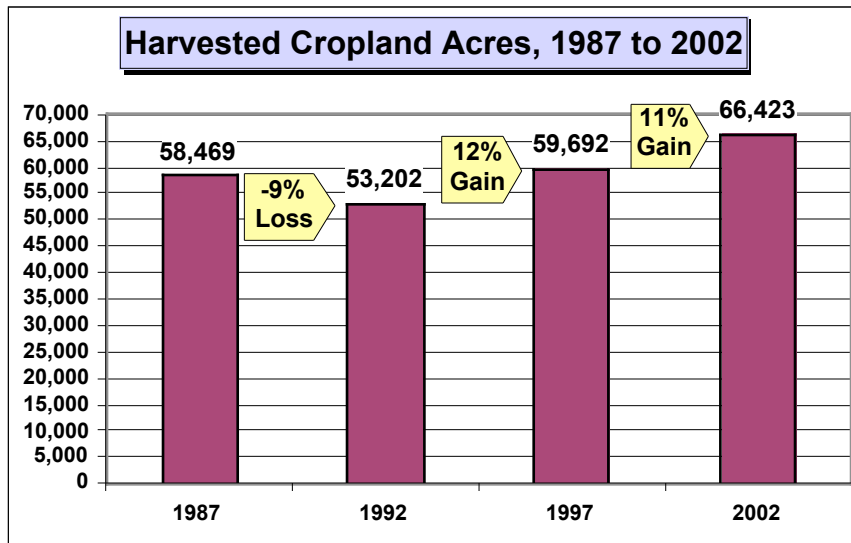
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2.3 Land Development Trends

Yates County offers a high quality of place that attracts new residents. It is gaining farm families also. This has resulted in above average population growth for New York. The County population grew by 8% between 1990 and 2000, compared to 5% for the State.



Notwithstanding these rates, the U.S. population grew by 13%. Therefore, Yate's growth is far from rapid and has had relatively little impact on agriculture. Indeed, the amount of harvested cropland in the County grew by 25% between 1992 and 2002.



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The growth of agriculture could, nonetheless, be affected by continued population growth if the community does not remain supportive of agriculture. The experience in some towns with calls for restrictions on large farms illustrates the importance of continued community education. It likewise documents the importance of the protections afforded against unreasonable restrictions on sound agricultural practices within New York State Agricultural Districts. Maintaining of Agricultural Districts that include all viable farmland is critical to the support of agriculture in this growing County. Growth of both farming and other forms of development can both be accommodated, but the movement of new residents from less agricultural areas into the County raises the prospect of increased conflicts among land uses without these measures being taken.

The growth influences on the County can be assessed from Census migration data for the period 1995-2000. It indicates that the major sources of in-migration of population to Yates County during that period were as follows:

YATES COUNTY, NEW YORK POPULATION MIGRATION, 1995 to 2000			
County/Region/State	IN	OUT	NET
Ontario County, New York	899	737	162
Monroe County, New York	438	346	92
Onondaga County, New York	122	42	80
Cayuga County, New York	79	25	54
Other New York	1,411	2,276	-865
Lancaster County, Pennsylvania	128	0	128
Union County, Pennsylvania	81	0	81
New Jersey	75	17	58
Other Regions and States	872	783	89
Total Population Migration	4,105	4,226	-121

The above table indicates there has been some net growth from the Rochester, Geneva and Syracuse directions in recent years but that it has been far more than offset by population outflows to other parts of New York. Pennsylvania contributed some population but nearly all of it came from the two areas with large plain communities. Therefore, one can reasonably conclude that as much of Yates County's growth is derived from the movement of new farm families into the region as any other source. Moreover, the migration numbers suggest all of the 1990-2000 growth took place in the first half of the decade, given the net out-migration of population for 1995-2000.

Overall, it does not appear, on closer examination, that Yates County is currently threatened by suburban or exurban sprawl in any major way. There is, nevertheless,

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increased consumption of land for non-agricultural purposes (as noted in some recent land use studies of Upstate New York). The number of housing units increased by 435 in the 1990's, with 70 of those being new second homes. Each new house creates a potential conflict and, if constructed on good agricultural soils, potentially limits future expansion of agriculture as an industry. Significantly, certain major agricultural towns are growing at faster paces. These include Jersusalem (20% gain), Barrington (17%), Potter (13%) and Benton (11%). Barrington, unfortunately, is one of the areas that conflicts have arisen and this probably no coincidence

While these trends have not, to date, impinged upon the ability of the agriculture industry to grow, given the major increases in harvested cropland, maintenance of Agricultural Districts will be ever more important in managing the potential conflicts. The County Agricultural and Farmland Protection Board has done a good job with this, most of the County now being included in its single Agricultural District. Details with respect to that District may be found in a separate report prepared at the time it was last renewed in 2002.