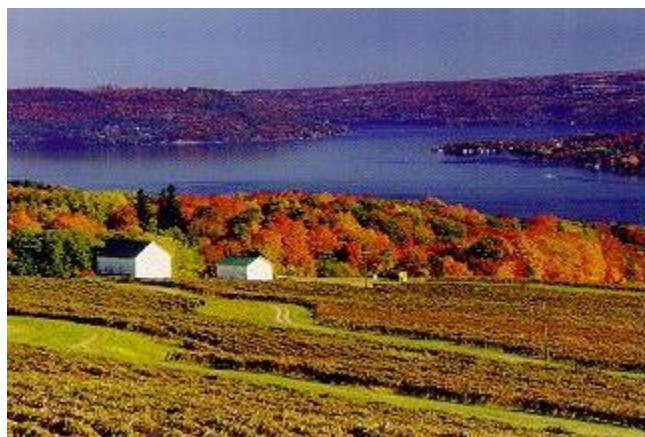


Steuben County, New York

Agricultural Development and Farmland Protection Plan



Pleasant Valley Wine Company's vineyard overlooking Keuka Lake.
Courtesy of Steuben County Industrial Development Agency.

1.0 Why Farming Is So Important to Steuben County

Agriculture is an industry of extraordinary importance to Steuben County and has exceptional potential for the future. Consider the following:

1.1 Farming is big business in Steuben County.

Farming in Steuben County involves some 1,295 business locations, both large and small, generating sales of \$78,665,000 million in 1997. The average value of land, buildings and equipment used in these businesses was \$250,291 for a total investment of approximately \$324,127,000 - the equivalent of several major manufacturing facilities.¹

1.2 Income from agriculture goes further than other sectors in helping the economy.

Agriculture produces much higher economic multipliers than any other sector of the Steuben County economy. Cornell University, in fact, suggests the income multiplier for the dairy industry statewide is approximately 2.29, meaning that every dollar of dairy farm earnings generates \$2.29 in earnings for the Steuben County economy as a whole. These are the two highest multipliers and they compare to 1.66 for construction, 1.48 for services, 1.41 for the next best manufacturing enterprise (that happens to include lumber, wood and wine production commonly viewed as agriculture) and 1.40 for retail trade.²



Applying the dairy multiplier (which represents the bulk of the County's agriculture), indicates farming alone represents a total contribution to the economy of well over \$180,143,000, not including the forestry enterprises or the wineries, both of which also play an important role in Steuben County agriculture.

Moreover, there is a large cheese plant located within the County (Polly-O). The 1992 Economic Census indicates the manufacture of food and kindred products in Steuben County represented \$310,700,000 of sales even then. A reasonable estimate is that, altogether, the agricultural sector generates well in excess of \$500,000,000 of annual economic activity for Steuben County - major dollars for a rural area, even one that includes Corning Glass and the Ceramics Corridor.

1.3 Farms lower taxes.

Farms are tax winners despite preferential assessments afforded by the Ag District Law. A 1995 study of nearby Tompkins County found "agricultural .. uses should be recognized as beneficial because they do not demand a large amount of services and provide other benefits such as employment." The data, in fact, indicate agriculture typically requires only 15¢ to 40¢ of town and school

expenditures for every \$1.00 in tax revenue it generates, whereas residential development costs \$1.09 to \$1.56 per \$1.00 of taxes gathered.³



This is consistent with results of a number of other similar studies done throughout the Northeast including 1992 and 1993 studies done for the Schuyler County Towns of Dix, Hector, Montour and Reading by the League of Women Voters.⁴ The latter studies, while somewhat older, indicated agricultural industries generated costs of only 28¢ to 32¢ for \$1.00 in tax revenue generated as compared to \$1.30 to \$1.80 in costs for residential properties.

1.4 Farming helps in controlling costly urban sprawl.

Maintaining farm as an economically rewarding enterprise for landowners discourages expensive urban/suburban sprawl, steering development instead toward hamlets and villages with existing infrastructure. "Gasoline taxes and other user fees only cover about 70% of the direct cash costs of building and maintaining the nation's road system," according to a recent article on sprawl and hook-up fees for sewer systems within areas of sprawl often cover less than half the real costs of those extensions.⁵ These differences are attributable to the high costs of servicing development spread out along highways and the deficits must be made up by all taxpayers.

1.5 Farming attracts tourists.

Farms and vineyards are essential to the tourism industry in the County. Visitors are attracted to the County not only by its Corning museums but also by various wineries on the Keuka Lake Wine Trail, three major farmers markets and the diverse landscapes and scenic drives that Steuben County farms offer. The County's campground industry builds on these foundations and there are many more opportunities to do so.



The Corning and the Finger Lakes brochure, for example, talks about Hammondsport as the "Wine Capitol of New York State" and devotes two full pages to "Farms and Markets" with tie-ins to local Bed & Breakfasts and references to "rolling hills, vineyards, farm country and forests." Preserving that farm country is essential for the County if tourism is to grow.

1.6 Farms create rural character - a precious asset.

Farms preserve rural character and open space that are also essential to the quality of life for permanent residents. Any number of surveys of rural residents and second-home dwellers indicate the primary reasons people live in such areas have to do with their appreciation of the natural resources and open spaces offered, but the anecdotal evidence is perhaps even stronger and local real estate brochures provide examples. They include references not only to the County's "scenic views" but also the "pastures"" created by its working farm landscapes.⁶

There is a direct relationship between farming and the attractiveness of Steuben County as a place to live. A Business Week article touting the success of the Ceramics Corridor and other high-tech growth regions noted that entrepreneurs value the open spaces and quality of life they find in the Finger Lakes and various "leafy small towns."⁷ Those open spaces are largely farms and the small towns everyone enjoys are supported by the agricultural economy.

1.7 Farms and forests preserve natural environments.

Farms and forests provide working self-sustaining landscapes which preserve and enhance environmental quality. This is particularly important to Finger Lakes Region and those portions of the County within the Chesapeake Bay watershed. A recent study of land use and water quality along 100 Wisconsin streams found that "watersheds with more than 20% of land in urban use had

very poor biological diversity."[8](#) Likewise, use of New York City watershed lands in the West-of-Hudson region of New York State for largely farm and forestry uses have allowed Federal water drinking quality criteria for filtration avoidance to be met.

The suburbanized Croton and other East-of-Hudson area watersheds, by contrast, cannot meet these same standards and demand extraordinarily expensive filtering processes to produce potable drinking water. Forest land, which is a part of nearly every farm, "may reduce sediment, nutrient and other pollutant loadings by as much as 85% by minimizing soil erosion and filtering watershed runoff."[9](#)

1.8 Farms and forests support wildlife and sport hunting.

Farms support wildlife such as deer, turkeys and small-game and thereby sustain hunting as a source of tourism to the area. The 1997 white-tail deer harvest was, in fact, some 16,556 deer, largest of any county in New York State by a wide margin.[10](#) Assuming an average expenditure of \$500 per deer harvested (a commonly used figure) this equates to a \$8,000,000 sport hunting economy. Additionally, Keuka Lake complements this by offering a fishing resource.

1.9 Agricultural opportunities can actually increase with development.

The leading agricultural county in New York is Suffolk County on Long Island - home to 1.3 million people and one of the most highly developed suburban environments in the nation, proving not only that farming and urbanization can co-exist, but also that the demand for agricultural products increases with the latter and raises the value of farming as an economic enterprise.[11](#) Steuben is starting to face some development pressures and farming will, for the same reasons, be ever more important to the County as it develops and grows in population. This is particularly true for the fruit and vineyard industry which depends so much on direct marketing.

1.10 Farmland is an invaluable economic resource for future generations.

Farmland is an invaluable future resource for the County in providing for a healthy and plentiful local supply of food products and generating new sources of farm income. Many new residents of the County and of areas to the North (e.g.

Rochester), as well as visitors to the Finger Lakes Region, are seeking locally grown fresh fruits, vegetables and flowers, both organic and non-organic.



The region is already capitalizing on these opportunities (e.g. organic wine vineyards) but continuing to do so requires the protection of high-quality farmland, so that such enterprises might develop and flourish. They offer tremendous economic potential for the future and, once again, Suffolk County provides an illustration. Its agricultural economy has been reinvented several times with urbanization but, today, yields well over \$167,000,000 in annual sales and its lead as New York's most valuable agricultural producer is lengthening because of the shift to these higher valued products.[12](#)

1.11 Farming provides a year-round business base for many Steuben County enterprises.

Agriculture is much more than farming. A substantial number of non-agricultural businesses supply the needs of farmers. These include processors, vehicle and equipment dealers and other enterprises. Steuben County farmers, for example, own and must maintain and replace 2,134 trucks, 3,425 tractors and numerous other pieces of farm equipment and machinery. They also purchase over \$3,207,000 of petroleum products, \$15,730,,000 of feed, \$6,982,000 of hired farm labor and approximately \$35,397,000 of other products and services from Steuben County and other nearby enterprises, many of which would not be considered farm supply businesses. For these businesses to survive and prosper, a core critical mass of farmers must be preserved and vice-versa. Otherwise, competitiveness cannot be maintained.[13](#)

Steuben County, New York

Agricultural Development and Farmland Protection Plan



New greenhouse type free stall barn, Owen Farm, Woodhull, New York

2.0 Agricultural Inventory

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

- 2.1 Natural Resources for Agriculture**
- 2.2 Agricultural Land and Districts**
- 2.3 Land Use and Development Trends**
- 2.4 The Economics of Steuben County Agriculture**
- 2.5 Relationship to Other Planning**

2.6 Agricultural Innovations and Trends

2.7 The Forestry Sector

2.8 Strengths, Weaknesses, Opportunities and Threats

2.1 Natural Resources for Agriculture

The total area of Steuben County is about 1,408 square miles (approximately 901,120 acres). Elevation ranges from 714 feet along Keuka Lake to 2,400 feet in the southwestern part of the County (the Call Hill area in the Town of Hartsville). The growing season, as a result, varies considerably. It generally ranges from 115 to 120 days in the southwest portion of the County, 135-140 days in the major river valleys (Canisteo and Cohocton) and 140-145 days in the northeast section. Keuka Lake, moreover, moderates temperatures sufficiently along its borders to accommodate vineyards. Precipitation averages 31 to 36 inches per year, with the lower figure common in the river valleys and the latter found in the higher elevations.

County soils as a whole have been classified by the U.S.D.A. Natural Resources Conservation Service according to their capabilities for agricultural use. The 1978 Soil Survey of Steuben County, New York indicates that five soil associations characterized by "dominately deep soils that have a fragipan and that formed in glacial till" represent over 506,400 acres or 56% of the County. These include the Bath-Lordstown, Mardin-Ovid-Lordstown, Mardin-Volusia-Lordstown, Oquaga-Morris-Wellsboro and Volusia-Mardin associations.

The Soil Survey also rates specific soils as to their suitability for growing crops. Tables 2.1 and 2.2 following list soils by their agricultural and woodland capability classifications. There are eight classifications in terms of general agriculture, ranging from Class I to Class VIII (listed as 1 to 8 on table) based on the extent of limitations for cultivating crops and maintaining pastures. Class I soils have few limitations that restrict their use and Class VIII soils are generally unusable. This information is found in the "Suitability Class - Crops" column. There are five forestry classifications ranging from Class 1 to Class 5 based on the woodland management and productivity capacities of each soil.

Generally, the County's soils must be rated as moderate to good. Some 58.3% of the County can be described as good to very good for agricultural production. These include large areas of Class I to Class III soils usable for crops such as silage corn, beans, peas, potatoes and hay plus a few other soils suitable for grape production. It must also be noted that the Soil Survey typically maps soils in units of 5 acres or more. Some smaller pockets of soils that can support specialty

crops may exist within these. Additionally, the wide use of vinifera grafted on native root stock has made still additional soils usable for vineyards where the climate permits the same.

Overall, therefore, the County's soils provide a sound foundation for agriculture although some soils are best suited to permanent sod, pasture or trees because of drainage, stoniness or slope limitations. Those soils listed in Table 2.1 are also threshold candidate areas for a voluntary Purchase or Lease of Development Rights program should the County decide to develop one. There are, in Steuben County's case, other equally important factors but the existence of such prime soils should be a necessary prerequisite to participating in such programs.

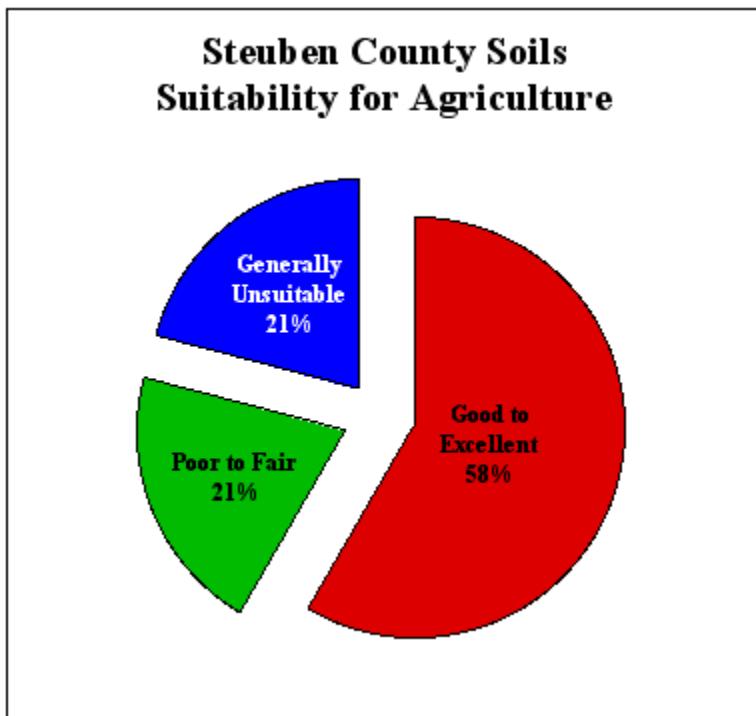


Table 2.1 - Most Productive Steuben County Soils

Symbol	Soil Type	Suitability Class		Acres	Agricultural Uses
		Crops	Forest		
Un	Unadilla silt loam	1	3o	2,715	All crops (including vegetables)
CbB	Carasaraaga silt loam, 2 to 6%	2e	2o	890	Selected crops, hay, pasture & trees
MaB	Madrid fine sandy loam, undulating	2e	2o	1,310	Selected crops, hay, pasture & trees
BaB	Bath channery silt loam, 3 to 12%	2e	3o	9,215	Most crops, vegetables, potatoes, hay, pasture & trees
LaB	Lackawanna channery silt loam, 3 to 12%	2e	3o	1,265	Selected crops, hay, pasture & trees
LoB	Lordstown channery silt loam, 3 to 12%	2e	3o	18,640	Selected crops, hay, pasture & trees
OgB	Quaga channery silt loam, 3 to 12%	2e	3o	5,805	Selected crops, hay, pasture & trees
HoA	Howard gravelly loam, 0 to 3%	2s	2o	3,645	All crops, hay, pasture & trees
HoB	Howard gravelly loam, undulating	2s	2o	12,190	Selected crops, hay, pasture & trees
HrB	Howard-Madrid complex, undulating	2s	2o	11,230	Selected crops, hay, pasture & trees
Ch	Cherango channery silt loam, fan	2s	3o	17,065	All crops, hay, pasture & trees
AlA	Alton gravelly fine sandy loam, 0 to 3%	2s	3o	5,315	Most crops, hay, pasture & trees
AlB	Alton gravelly fine sandy loam, undulating	2s	3o	5,250	Most crops, hay, pasture & trees
Sc	Sciosilt loam	2w	2o	1,480	Most crops (including truck crops)
Mp	Middlebury silt loam	2w	2o	5,750	Most crops, hay, pasture & trees
Tg	Tioga silt loam	2w	2o	6,990	Most crops, hay, pasture & trees
BrA	Braceville gravelly silt loam, 0 to 3%	2w	2o	2,880	Selected crops, hay, pasture & trees
BrB	Braveville gravelly silt loam, 3 to 8%	2w	2o	160	Selected crops, hay, pasture & trees
W oB	2w	2w	2o	3,770	Selected crops, hay, pasture & trees
MdB	Mardin channery silt loam, 2 to 8%	2w	3o	50,010	Selected crops, hay, pasture & trees
MnB	Mardin and Volusia channery silt loams 2 to 6%	2w	3o	485	Selected crops, hay, pasture & trees
W oC	Wellsboro channery silt loam, 8 to 15%	3e	2o	3,100	Selected crops, hay, pasture & trees
CaC	Carasaraaga silt loam, 6 to 12%	3e	2r	665	Selected crops, hay, pasture & trees
CoC	Collamer silt loam, rolling	3e	2r	595	Selected crops, hay, pasture & trees
DuC	Dunkirk silt loam, rolling	3e	2r	845	Selected crops, hay, pasture & trees
MdC	Mardin channery silt loam, 8 to 15%	3e	3o	85,980	Corn, small grain, hay, pasture & trees
MnC	Mardin and Volusia channery silt loams 6 to 12%	3e	3o	4,660	Selected crops, hay, pasture & trees
BaC	Bath channery silt loam, 12 to 20%	3e	3r	7,520	Selected crops, hay, pasture & trees
OvC	Ovid silt loam, 6 to 12%	3e	3w	870	Grapes, selected crops, hay, pasture & trees
YoD	Volusia channery silt loam, 15 to 25%	3e	3w	17,355	Hay, pasture & trees
HfC	Hornell-Fremont silt loams, 6 to 12%	3e	3w	14,965	Selected crops, hay, pasture & trees
MrC	Morris channery silt loam, 8 to 15%	3e	3w	2,845	Selected crops, hay, pasture & trees
YoC	Volusia channery silt loam, 8 to 15%	3e	3w	105,260	Selected crops, hay, pasture & trees
NgB	Niagara silt loam, 2 to 6%	3w	3w	555	All crops, hay, pasture & trees (with drainage)
Rh	Red Hook silt loam	3w	3w	2,250	All crops, hay, pasture & trees (with drainage)
YoB	Volusia channery silt loam, 3 to 8%	3w	3w	66,625	Corn, oats, hay & pasture
OvB	Ovid silt loam, 2 to 6%	3w	3w	625	Grapes, selected crops, hay, pasture & trees
Wa	Wallington silt loam	3w	3w	1,160	Selected crops (with drainage)
FrB	Fremont silt loam, 2 to 8%	3w	3w	17,055	Selected crops, hay, pasture & trees
HfB	Hornell-Fremont silt loams, 1 to 6%	3w	3w	6,655	Selected crops, hay, pasture & trees
MrB	Morris channery silt loam, 2 to 8%	3w	3w	3,075	Selected crops, hay, pasture & trees
Wn	Wayland silt loam	3w	4w	10,755	Pasture & trees (unless drained)
Ca	Canandaigua silt loam	3w	4w	680	Selected crops & pasture (with drainage)
We	Warners silt loam	3w	5w	195	Trees
Cc	Carlisle muck	3w	5w	2,400	Vegetables (with drainage)
MhG3	Mardin-Ovid complex, 3 to 15%	4e	3o	1,120	Grapes
MdD3	Mardin channery silt loam, 8 to 25%, eroded	6e	3r	1,905	Grapes

Good to Excellent Agricultural Soils Acreage = 525,775

Note: * With drainage

Crop class suffices: e = erosion, w = wetness and s = shallow or stony

Forest class suffices: r = steep slope, w = excessive water, x = stoniness and o = no limitations

Table 2.2 - Less Productive Steuben County Soils

Symbol	Soil Type	Suitability Class		Acres	Agricultural Uses
		Crops	Forest		
DuD	Dunkirk silt loam, hilly	4e	2r	250	Hay, pasture & trees
HoC	Howard gravelly loam, rolling	4e	2r	5,000	Hay, pasture & trees
HoD	Howard-Dunkirk complex, hilly	4e	2r	2,855	Hay, pasture & trees
HrC	Howard-Madrid complex, rolling	4e	2r	13,250	Hay, pasture & trees
MaC	Madrid fine sandy loam, rolling	4e	2r	310	Hay, pasture & trees
WoD	Wellsboro channery silt loam, 15 to 25%	4e	2r	845	Hay, pasture & trees
HrD	Howard-Madrid complex, 20 to 30%	4e	2r	10,000	Pasture & trees
HtD	Howard and Alton gravelly soils, 20 to 30%	4e	2r	3,625	Pasture & trees
BaD	Bath channery silt loam, 20 to 30%	4e	3r	5,820	Hay, pasture & trees
LaC	Lackawanna channery silt loam, 12 to 20%	4e	3r	710	Hay, pasture & trees
LoC	Lordstown channery silt loam, 12 to 20%	4e	3r	27,210	Hay, pasture & trees
MdD	Mardin channery silt loam, 15 to 25%	4e	3r	44,795	Hay, pasture & trees
OgC	Oquaga channery silt loam, 12 to 20%	4e	3r	3,655	Hay, pasture & trees
HgD	Hornell and Fremont silt loams, 12 to 20%	4e	3w	11,315	Hay, pasture & trees
ArC	Arnot channery silt loam, 2 to 20%	4e	4d	30,385	Selected crops, hay, pasture & trees
At	Atherton silt loam	4w	4w	845	Hay & pasture
Ed	Edwards muck	4w	4w	715	Not suited unless drained
Pa	Palms muck	4w	4w	1,350	Vegetables (with drainage)
KaA	Kanora silty clay loam, 0 to 2%	4w	5w	330	Corn, hay & grain (with drainage)
KaB	Kanora silty clay loam, 2 to 6%	4w	5w	2,610	Corn, hay & grain (with drainage)
Ck	Chippewa channery silt loam	4w	5w	5,890	Corn, hay & oats (with drainage)
KaD	Kanora silty clay loam, 6 to 20%	4w	5w	9,150	Hay & grain (with drainage)
TuB	Tuller, channery silt loam, 0 to 6%	4w	5w	3,470	Hay, pasture & trees
TuC	Tuller channery silt loam, 6 to 12%	4w	5w	655	Hay, pasture & trees
Aa	Aldensilt loam	4w	5w	3,595	Selected crops, hay, pasture (with drainage)
Poor to Fair Agricultural Soils Acreage = 188,635					
FL	Fluvaquents and Ochrepts	5w	None	25,085	Poorly suited
BaE	Bath soils, steep	6e	3r	11,615	Pasture & trees
OgD	Oquaga channery silt loam, 20 to 30%	6e	3r	2,440	Pasture & trees
HxD3	Hornell and Fremont silty clay loams, 6 to 20%	6e	3r	755	Poorly suited
HeE	Howard and Alton gravelly soils, 30 to 45%	7e	2r	3,485	Trees
HHE	Hornell and Fremont silt loams, steep	7e	3r	15,515	Trees
LRE	Lordstown-Arnold association, steep	7s	3r	39,300	Trees
LRF	Lordstown-Arnold association, very steep	7s	3r	67,785	Trees
MSB	Morris extremely stony soils	7s	3x	4,625	Pasture & trees
LC	Lackawanna-Wellsboro association, extremely stony	7s	3x	2,895	Trees
OC	Ochrepts and Orthents	7s	None	9,360	Not suited
n'a	Cut and fill land, gravel pits & water	n'a	n'a	3,850	n'a
Generally Poor or Unsuitable Agricultural Soils Acreage = 186,710					
Total Acreage = 901,120					

Note: * With drainage

Crop class suffices: e = erosion, w = wetness and s = shallow or stony

Forest class suffices: r = steep slope, w = excessive water, x = stoniness and o = no limitations

2.2 Agricultural Land and Districts

Agricultural land within Steuben is concentrated in the Northwest and Southwest portions of the County with additional pockets of activity in the Addison-Tuscarora, Pultney-Wayne, Caton and Hornby areas. Farmland also follows the I-86 corridor from Corning to Bath.

The Northwest section is an excellent producer of potatoes, other vegetables and grains. It includes several hundred acres of rich muck land in the vicinity of Arkport and approximately 25-30 potato farms. Dairies of all sizes are also found in this area and it supports several corn silage operations. This rolling land is part of the Western New York dairy region known nationwide as a large milkshed. It is an easily accessible area via Routes I-86 and I-390.

The Southwest section of the County is more remote, higher elevation, somewhat colder and less accessible. Land prices are inexpensive. It supports dairy, beef, corn silage, hay and pasture production and grows excellent Northern Hardwood tree species. A substantial and very successful poultry operation is located in West Union Township. This area also includes a significant Amish farm community in Jasper and Woodhull. Many of these families are engaged in wood processing enterprises and farms tend to be much smaller.

The Addison area, too, includes an Amish farm community and a number of small to medium sized dairy operations. Still another is located in the Prattsburgh-Wheeler area. Prattsburgh also includes another smaller muck area. Dry beans, grain, dairy and corn silage production is found along I-86. The Keuka Lake (Pultney and Wayne) area includes a very successful wine and grape industry. Several wineries are found in Hammondsport and along the Lake, the emphasis having shifted from bulk wine and grapes to farm wineries over the last two decades.

The County recognized this activity by establishing 25 official agricultural districts over the years. This large number reflected the sheer size of the County and the diversity of its agriculture. However, it has proven to be an administrative problem with an average of three districts up for renewal every year. The County Agriculture and Farmland Protection Board, as of April, 2000, had reduced the number to 23 by consolidating No.'s 1, 24 and 25. It is now in the process of further consolidation to facilitate future administration, combining No.'s 7 and 8 and No.'s 2 and 15, for example. A map is attached to indicate the present layout of these districts. There is a concurrent effort to recruit additional farms to the districts. Ideally, these will be consolidated into no more than eight districts to allow one renewal per year and more time for education and promotion of district benefits.

The land area included in agricultural districts is constantly changing due to the renewal process. The seven districts renewed in 1999-2000 represented 72,967 acres of land and 231 different farms. There was a combined loss of 73 farms from eight years earlier but district acreage actually increased by 3,085 acres. This reflects farm consolidation taking place across the country and exhibits a

positive effort on the part of the Agricultural and Farmland Protection Board to include as much viable agricultural land as possible within its districts. The following Table 2.3 summarizes data regarding Steuben County's districts.[14](#) It demonstrates that 791 farms, representing 274,304 acres or 30% of the County, are included in agricultural districts. This compares well with the 348,971 acres of farmland the Census Bureau recorded in 1997 but opportunities to expand districts do exist.

Table 2.3 - Steuben County Agricultural Districts

No.	Date	Farms	Acres	Farm Types Predominant in District
1	1997	123	34,999	Dairy, livestock, cash crops, Christmas trees
2	2001	11	7,428	Dairy, livestock, cash crops
3	1999	42	7,082	Vineyards, livestock, cash crop, dairy
4	1999	19	5,108	Livestock, vineyards, dairy, cash crops
5	1999	102	39,357	Dairy, livestock, cash crops, vegetables
6	2001	23	18,545	Dairy, miscellaneous
7	2001	27	18,669	Dairy, Christmas Trees, cash crops
8	2001	64	25,723	Livestock, dairy, Christmas trees, vegetables
9	2001	6	2,985	Hay, pasture, dairy
10	1994	98	24,060	Dairy, livestock, other
11	1999	25	9,440	Dairy, livestock, cash crops, hay
12	1999	16	3,006	Livestock, vineyards, dairy, poultry
13	2000	23	5,030	Dairy, livestock, cash crops, Christmas trees
14	2000	4	3,944	Dairy, livestock, cash crops
16	2001	14	3,988	Dairy, miscellaneous
17	1995	32	9,716	Dairy, vegetables, cash crops
18	1995	25	6,471	Dairy, miscellaneous
19	1995	38	11,384	Dairy, vegetables, cash crops, livestock
20	1995	16	5,882	Dairy, livestock, miscellaneous
21	1995	7	1,278	Dairy, livestock, vegetables, cash crops
22	1996	7	3,444	Dairy, livestock, hay, cash crops
23	1996	69	26,764	Dairy, livestock, hay, cash crops
Totals =		791	274,304	

2.3 Land Use and Development Trends

Steuben County's population has been relatively stable in recent years yielding only limited development pressures on the County. Those that do exist are accounted for by proximity to the Rochester area and Keuka Lake. There has, nevertheless, been a significant loss of farmland within the County, about 7.8 acres per day between 1992 and 1997, some of which reflects new commercial and residential development.[15](#)

Growth patterns within the County are revealed in Table 2.4, which indicates that the towns in the Northwest and Northeast sections of the county, are the fastest growing. Highway interchange development spreading south from the Rochester direction and new development near Keuka Lake accounts for most of

this. It is impossible, however, to describe any section of the County as rapidly growing.

There is new land development in Corning, Erwin and Hornellsville that has displaced some agriculture but it has simply off-set losses in the Cities of Corning and Hornell and is not reflected in overall population growth. Indeed, the County has lost population since 1980 while New York State made very small gains. Farmland conversion pressure, therefore, has been limited to selected areas and the general loss of farmland can probably be attributed more to other factors such as low profitability.

Table 2.4 - Population Growth, 1990-1999 [16](#) [17](#)

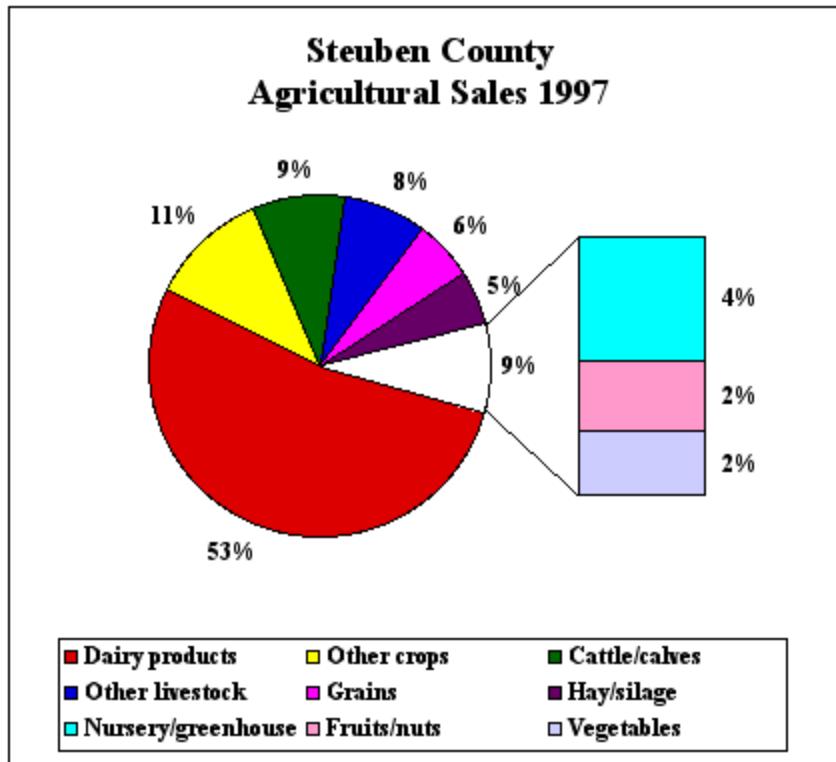
Town/City	1980	1990	% Chg. 80-90	1999	% Chg. 90-99	% Chg. 80-99
Corning and Southeast Steuben Area						
Campbell	3,801	3,658	-3.80%	3,602	-1.50%	-5.20%
Caton	1,847	1,888	2.20%	1,918	1.60%	3.80%
Corning (City)	12,953	11,938	-7.80%	10,944	-8.30%	-15.50%
Corning (Town)	6,846	6,367	-7.00%	6,546	2.80%	-4.40%
Erwin	6,445	6,779	5.20%	6,943	2.40%	7.70%
Hornby	1,786	1,655	-7.30%	1,682	1.60%	-5.80%
Lindley	1,831	1,862	1.70%	1,864	0.10%	1.80%
TOTALS	35,509	34,147	-3.80%	33,499	-1.90%	-5.70%
Hornell-Canisteo Area						
Canisteo	3,991	3,637	-8.90%	3,499	-3.80%	-12.30%
Hornell City	10,234	9,877	-3.50%	9,139	-7.50%	-10.70%
Hornellsville	4,066	4,149	2.00%	4,339	4.60%	6.70%
TOTALS	18,291	17,663	-3.40%	16,977	-3.90%	-7.20%
Bath-Hammondsport Area						
Avoca	2,225	2,269	2.00%	2,257	-0.50%	1.40%
Bath	12,268	12,730	3.80%	12,307	-3.30%	0.30%
Urbana	2,982	2,801	-6.10%	2,805	0.10%	-5.90%
TOTALS	17,475	17,800	1.90%	17,369	-2.40%	-0.60%
Southwest Steuben Area						
Addison	2,734	2,629	-3.80%	2,560	-2.60%	-6.40%
Cameron	917	916	-0.10%	906	-1.10%	-1.20%
Greenwood	883	898	1.70%	883	-1.70%	0.00%
Hartsville	509	552	8.40%	571	3.40%	12.20%
Jasper	1,128	1,232	9.20%	1,246	1.10%	10.50%
Rathbone	913	892	-2.30%	888	-0.40%	-2.70%
Thurston	986	1,054	6.90%	1,085	2.90%	10.00%
Troupsburg	1,005	1,006	0.10%	1,055	4.90%	5.00%
Tuscarora	1,338	1,368	2.20%	1,375	0.50%	2.80%
West Union	431	405	-6.00%	432	6.70%	0.20%
Woodhull	1,460	1,518	4.00%	1,584	4.30%	8.50%
TOTALS	12,304	12,470	1.30%	12,585	0.90%	2.30%
Northwest Steuben Area						
Cohocton	2,466	2,487	0.90%	2,561	3.00%	3.90%
Dansville	1,455	1,811	24.50%	1,714	-5.40%	17.80%
Fremont	865	912	5.40%	1,011	10.90%	16.90%
Howard	1,236	1,331	7.70%	1,329	-0.20%	7.50%
Wayland	3,881	4,328	11.50%	4,314	-0.30%	11.20%
TOTALS	9,903	10,869	9.80%	10,929	0.60%	10.40%
Northeast Steuben Area						
Bradford	724	689	-4.80%	702	1.90%	-3.00%
Prattsburgh	1,657	1,894	14.30%	2,019	6.60%	21.80%
Pulteney	1,274	1,417	11.20%	1,439	1.60%	13.00%
Wayne	1,066	1,039	-2.50%	1,024	-1.40%	-3.90%
Wheeler	1,014	1,100	8.50%	1,156	5.10%	14.00%
TOTALS	5,735	6,139	7.00%	6,340	3.30%	10.50%
STEUBEN COUNTY TOTAL	99,217	99,088	-0.10%	97,699	-1.40%	-1.50%

2.4 The Economics of Steuben County Agriculture

Some 348,271 acres of Steuben County is farmed, approximately 39% of the land mass. About 124,500 acres or 36% of this land is wooded, in addition to 355,400 acres of other forested land, meaning that fully 78% of Steuben County is in farm or forest use and this largely accounts for its character.¹⁸ There were 943 farms generating sales of at least \$2,500 in 1997 and 631 of these produced \$10,000 or more of product. Altogether, these farms produced some \$78,665,000 in sales in 1997, of which \$54,906,000 or 70% was livestock-related. These various products accounted for 2,713 full or part-time jobs (including 698 owner-operators primarily occupied with farming). This is the agricultural economic base of Steuben County and it is fairly diverse with a very strong dairy sector composed of both small and large size farms.¹⁹ Table 2.5 and the chart following provide further data.

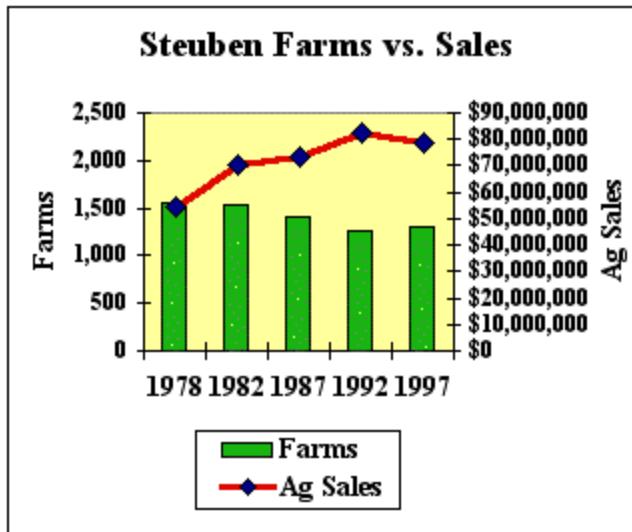
Table 2.5 - Market Value of Steuben County Agricultural Products, 1997

1997 Cash Agricultural Products	% of Receipts	% of Category	No. of Total	Farms
Grains	\$4,470,000	18.80%	5.70%	208
Hay, silage & field crops	\$3,829,000	16.10%	4.90%	428
Nursery & greenhouse crops	\$3,308,000	13.90%	4.20%	87
Fruits	\$1,849,000	7.80%	2.40%	77
Vegetables	\$1,690,000	7.10%	2.10%	50
Other crops	\$8,613,000	36.30%	10.90%	68
Total Crops =	\$23,759,000	100.00%	30.20%	686*
Dairy products**	\$41,806,000	76.10%	53.10%	336
Cattle & calves	\$7,017,000	12.80%	8.90%	744
Other livestock	\$6,083,000	11.10%	7.70%	228
Total Livestock =	\$54,906,000	100.00%	69.80%	827*
Total Agricultural =	\$78,665,000	100.00%	100.00%	1,295*



The three charts following illustrate additional trends with respect to sales of dairy and other agricultural products. Sales of agricultural product increased by 7% between 1987 and 1997 (before adjustment for inflation). Grain sales gained 38% and hay and silage sales increased by 56%. Nursery and greenhouse crops grew by 297%, a major expansion in activity shared with Schuyler County. Miscellaneous livestock operations (e.g., poultry, hogs, sheep) increased by 38% and other crops added 11% in sales for the decade.

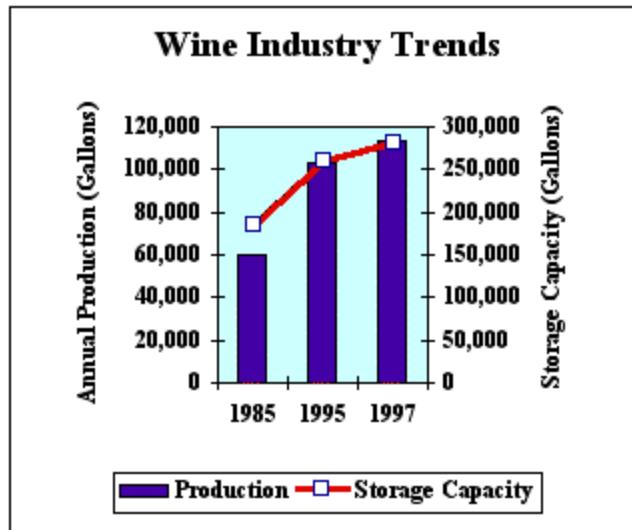
Notwithstanding these increases, there was a 31% decline in fruit sales and a 27% drop in vegetable sales. Also, dairy sales declined by 2% and cattle and calve sales lost 3% although both had experienced significant gains between 1987 and 1992. The fruit decline is attributable to a loss of orchards and movement of grape supplies into wine rather than juice. Wine marketing's do not count as agricultural sales in the Census of Agriculture, a fact which leads to understatement of agricultural activity in Steuben County.



Overall, Steuben County agriculture has fared reasonably well and, as stated above, the numbers above do not account for several positive changes in the wine and grape industry. This is because winery sales are not counted by Federal agencies as agriculture but, rather, as food manufacturing. New York State, however, is the second largest producer of wines in the U.S. with 125 wineries in 1999. Most of these (106) have been established since 1976 when the Farm Winery Act was passed. Moreover, 12 are found on the Keuka Lake Wine Trail and Steuben County is home to 7 commercial and farm wineries.

The farm wineries produce fewer than 150,000 gallons each but are growing and expanding at a steady rate with the success of the wine trails throughout the Finger Lakes. Less than half grow their own grapes, relying instead upon other local growers, broadening the impact of the industry. The Agricultural Census indicates, in fact, there were 62 grape producers and 1,362 acres put to this use in Steuben County in 1997. This includes juice grape operations as well as wine grapes.

Wineries along the Keuka Lake Wine Trail produced 113,000 gallons in 1997 and had storage capacity for 282,000 gallons. This does not include recent gains attributable to expansions at Bully Hill and Heron Hill nor does it include the totals for wineries that didn't report to the surveys conducted for this purpose. Bully Hill indicates on its website that this winery alone produces 200,000 cases (approximately 40,000 gallons) annually and Heron Hill produces 15,000 gallons of estate wines. Wine trail capacity in 1985 was only 185,000 gallons and production was only 60,000 gallons. Capacity has grown by 52% and production has expanded by 88% over the last 12 years, as the following chart indicates:



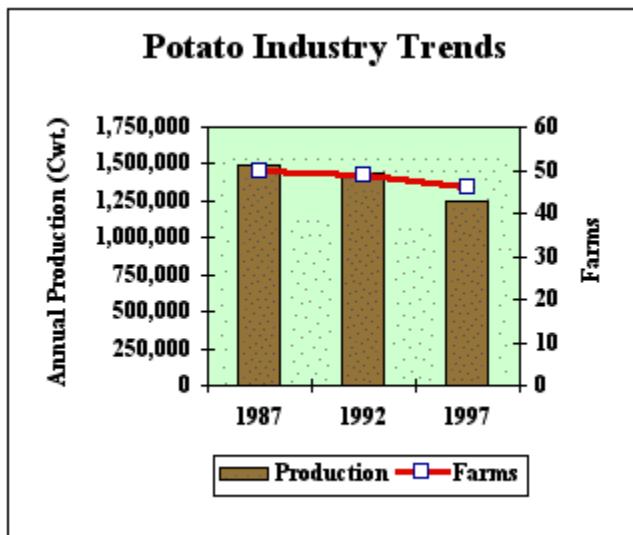
Grapes used were 48% French American, 41% Vitis Vinifera and 11% Native American varieties in 1997. The French-American varieties were first introduced to the region by Steuben County's Dr. Frank. Demand for Native American and Vinifera grapes was expected to grow by approximately one-third by 2002 with a 15% increase in use of French American hybrid varieties. This diversity has helped to stabilize the industry and allowed it to continue to grow by using additional soils.

The New York Wine and Grape Foundation, source of the above data, also indicates the Keuka Lake Wine Trail attracted an estimated 79,000 visitors in 1997 and this was up from a meager 2,000 visitors in 1985, only 12 years earlier. Major expansions at various local wineries over the last 2-3 years suggest that Wine Trail tourism along Keuka Lake is just beginning. Heron Hill, in fact, estimates that visitation was up another 47% since it expanded its tasting rooms last year, according to a recent news article.

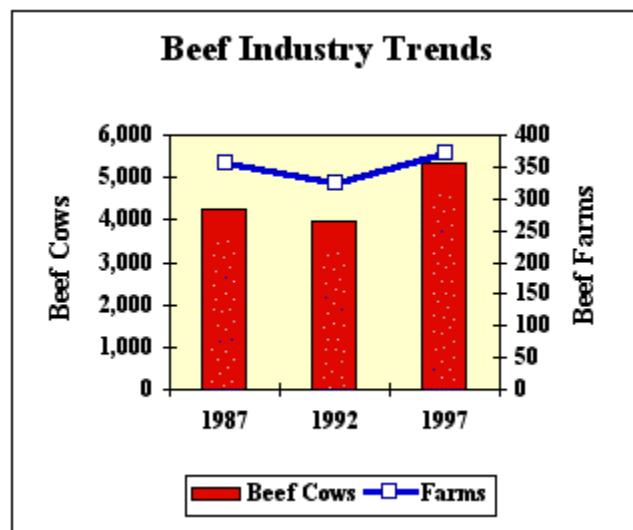
Clearly, this element of the agricultural sector has been a bright success story for Steuben County. Assuming a minimum of \$30 per gallon, the Keuka Lake Wine Trail represented over \$3,390,000 in sales in 1997 and, with 7 out of 12 of those wineries being from Steuben County, this added a minimum of \$2,000,000 activity to the County economy, not including multiplier effects or tourism benefits.

Potatoes are another niche product for Steuben County. It is the second largest producer in the State, with 46 producers using 5,091 acres for this purpose in 1997. Most of these potatoes go into the potato chip market, mainly to

Pennsylvania processors. There is one relatively large table stock producer, however. The market is of a strictly commodity type and is shrinking somewhat, as the following chart indicates. Production per farm has also dropped slightly, from 29,807 cwt down to 27,233 cwt, an 8.6% decline.



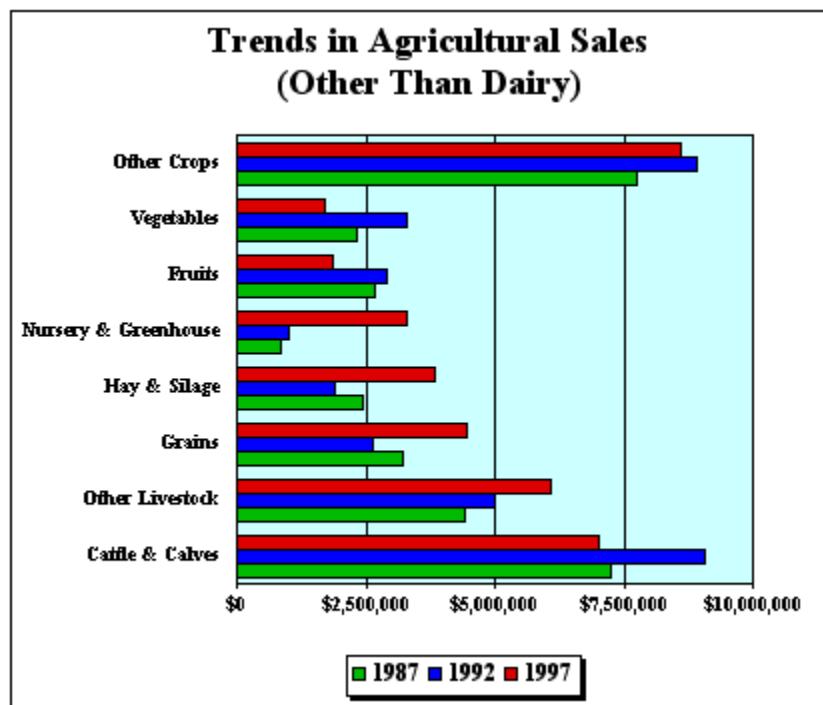
Beef is one of Steuben County's strengths. It is the largest beef producer in the State and the industry has shown some growth recently - helped, no doubt, by the presence of Empire Livestock in the County and the nearby Taylor Packing operation in Wyalusing, Pennsylvania (which slaughters 1,800 cows per day). The average size of beef farms in the County is, however, relatively small at a little over 14 cows per herd, up from an average of 12 beef cows per farm in 1987. The following chart illustrates these patterns.



Given the large numbers of cash crops and substantial population of small farmers, many part of the Amish community, one can assume farm sales are probably being under-reported. This is a problem with the industry in general but the nature of farming in the County suggests it is more widespread in this instance and agriculture is of a significantly larger presence in the County than the numbers alone indicate.

Also, agricultural industries in the Northeast as a whole have faced particularly difficult times over the last 15 years with radical price changes in the milk industry. A number of farmers have, as a result, gone out of business. Others have expanded and some have specialized by raising cattle. Still others have engaged in side businesses ranging from growing pumpkins to recreational leasing.

These changes are responsible for the shifting sales patterns illustrated in the chart following. The most dramatic changes, however, simply reflect responses to opportunities. Steuben County's rapidly growing nursery and greenhouse industry, for example, included 55 Christmas tree growers with \$1,283,000 of sales in 1997, a major agricultural niche. Another individual has developed a full-time business growing medicinal herbs.



Steuben County agricultural activity puts it at or near the top in New York State with respect to several lines of farming. This is partly a reflection of the County's size. Nevertheless, a host of relatively good soils that have supported grape, grain, potato and vegetable production combined with the capacity to grow good corn silage as a dairy feedstuff have given it a very diverse and strong agricultural economy.

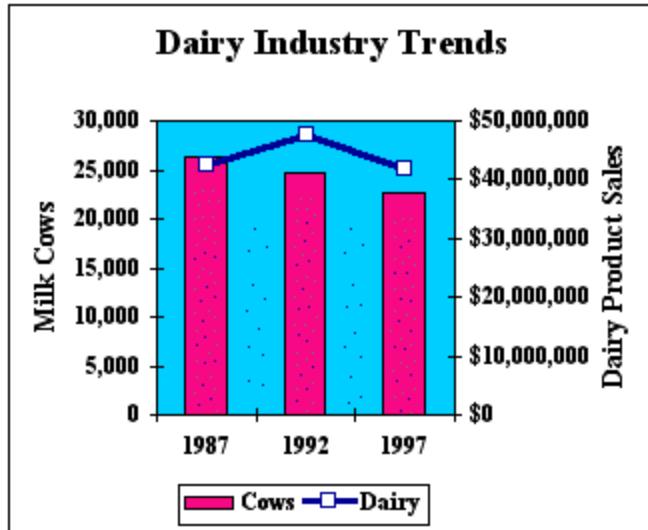
It is also an agricultural economy that is fairly well-balanced between livestock and crop businesses, the County being ranked 11th and 14th, respectively, within the State of New York in these categories, yet ninth in total agricultural sales. The County is ranked as follows among New York State's 61 counties with respect to various agricultural activities:[20](#)

Table 2.6 - Steuben County Agriculture By State Rank, 1997

Agricultural Products	Rank
Beef cattle grown (5,340 cows)	1
Oats grown (10,864 acres)	1
Potatoes grown (5,091 acres)	2
Layers and pullets sold	2
Rabbits grown (4,669 animals)	3
Hay grown (107,902 acres)	3
Layers grown	3
Cattle and calves grown (35,996 animals)	4
Hay, silage and seed sales (\$3,829,000)	4
Dairy product sales (\$41,806,000)	12
All livestock sales (\$54,906,000)	11
All crop sales (\$23,759,000)	14
All agricultural sales (\$78,665,000)	9

New York is one of the top states in the nation in milk production and Steuben County is, in fact, ranked 93rd out of 2,563 producing counties in the U.S. for dairy sales. It is also ranked 25th nationwide in oat acreage, 33rd in hay acreage, 34th in rabbit sales, 35th in corn silage acreage and 54th in potato acreage.

Sales of dairy products in the County have, as the chart below demonstrates, held steady or grown while cow numbers have declined.[21](#) This reveals the substantial consolidation in the dairy industry. Additionally, low milk prices throughout the early 1990's (a trend temporarily reversed in 1998 with some very high pricing) may have distorted the sales trends.



One must also consider the substantial multiplier effects connected with farm sales when evaluating the size and nature of an agricultural economy. Farmers typically purchase most of their goods and services from within a 20-25 mile range of the farm, while their 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.[22](#)

That Cornell research, conducted for 1991, indicates the following range of multipliers, by sector of the New York State economy, for both total income and full-time equivalent jobs:

Table 2.7 - Economic Multipliers by Sector, New York State, 1991

	Total Income	Employment
Production Agriculture Industries:		
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
Agricultural Manufacturing Industries:		
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
Other Economic Sectors:		
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

The data suggests agriculture, forestry (see Section 2.7) and wineries generate \$188,871,000 for the County economy (see Table 2.8 below), not including dairy processors like Crowley's and Polly-O that pull in milk from the larger region. Indeed, the Economic Census indicates \$241,100,000 of dairy products were shipped from the County in 1992.

Table 2.8 - Economic Impacts of Steuben County's Agriculture, Forestry and Wine Industries, 1997

Industry Category	Estimated Sales	Multiplier	Total Impact
Dairy	\$41,806,000	2.29	\$95,736,000
Other Livestock	\$13,100,000	1.64	\$21,484,000
Crops	\$23,759,000	2.28	\$54,171,000
Forestry	\$7,944,000	1.78	\$14,140,000
Wine	\$2,000,000	1.67	\$3,340,000
Totals	\$88,609,000	2.13	\$188,871,000

Agriculture accounts for as many as 4,110 jobs, not including lumber and wood products (discussed in depth in Section 2.7 hereof), wineries or dairy processing that add a minimum of another 1,991 jobs. These are found not only on farms, but also at accountant offices, feed mills, cheese plants, farm stores, automobile and truck dealers, truckers, veterinarians and the like.[23](#)

Steuben County farmers also own and must maintain and replace 1,122 trucks, 3,425 tractors, 2,524 balers, combines and mower-conditioners and numerous other pieces of farm equipment and machinery. They purchase over \$3,207,000 of petroleum products, \$15,730,000 of feed, \$6,982,000 of hired farm labor and approximately \$35,397,000 of other products and services from Steuben County and other nearby enterprises, many of which would not be considered farm supply businesses.[24](#)

Likewise, various out-of-County businesses serving the regional agricultural community depend on Steuben County farm trade including, for example, slaughterhouses, feed manufacturers and equipment dealers. For these various suppliers to survive and prosper, a core critical mass of farmers must be preserved and vice-versa. Otherwise, competitiveness cannot be maintained.

Cornell University also prepares a "Dairy Farm Business Summary" of financial data from participating farms. The 1999 Summary for the Western and Central Plateau Region, that includes Steuben County, breaks down average accrued income and expenses for 68 dairy enterprises.[25](#) This information is included in Table 2.9 following. It illustrates the wide range of contributions each farm makes to rural economic activity, supporting suppliers, technicians, service providers, banks and insurance companies.

**Table 2.9 - Western and Central Plateau Region
Dairy Farm Income and Expenses, 1999**

Average Income	
Milk sales	\$446,468
Cattle, calf & other livestock sales	\$36,952
Crop sales	\$3,254
Governmental receipts	\$12,360
Other revenues	\$6,592
Total Income	\$505,897
Average Expenses	
Hired labor	\$55,631
Feed	\$121,190
Machinery (including repairs & depreciation)	\$69,083
Livestock (including expansion)	\$11,134
Breeding, veterinary and medicine	\$16,414
Milking supplies	\$9,906
Other livestock expense	\$20,966
Milk marketing	\$12,120
Fertilizer and lime	\$10,066
Seeds, plants and other crop expense	\$13,644
Buildings/fence (repairs and depreciation)	\$27,185
Property lease expense	\$10,965
Insurance	\$6,818
Utilities (farm share)	\$10,486
Interest	\$21,118
Taxes	\$7,948
Miscellaneous	\$6,408
Total Expenses	\$431,084
Net Farm Income	\$74,813

The average dairy surveyed (150 cows) ended the year with assets of \$970,753 and an average farm net worth, not including non-farm assets and liabilities, of \$643,657, reflecting the larger sized farms that predominate in the County and throughout Western New York. Dairy farms, therefore, are very significant economic development sites as compared with other manufacturing or service enterprises. There were approximately 60 dairy farmers with roughly 10,000 cows in this size category in 1997.

These milk producers represent major investments in Steuben County, as much as \$58,245,180 based on the average. Also, there are another 300 smaller dairies

who have made major investments in the County. "Farm Business Summary" data for New York State dairy farms of 65 or fewer cows indicated average assets of \$406,242, suggesting there is another \$120,000,000 invested in the Steuben County dairy industry by this group of farmers. Some will, of course, get absorbed into larger farms over the years but those investments will, nonetheless, remain if the industry as a whole is maintained.

2.5 Relationship to Other Planning

Although Steuben County has not formally adopted a county comprehensive plan, it does have an Economic Development Plan that involves agriculture. There have also been some other planning efforts with impacts upon the industry. Some of the most important are reviewed below:

Steuben County Economic Development Plan

The Steuben County Legislature, with leadership from the County Planning Department, has created an economic development strategy. This document gathers essential background data on the local economy, sets forth several specific objectives and establishes an action plan to implement the strategy. Among its goals and recommendations are the following items relevant to agriculture:

- **Maintaining a diverse economy by encouraging use of indigenous resources, promoting tourism and maintaining and "strengthening agriculture and agribusiness as a major sector of the economy."**
- **Supporting these efforts through continued use of the County's Economic Development Fund to finance new projects that will result in the "creation or retention of employment opportunities" or otherwise improve quality of life within the County.**
- **Encouraging County businesses to "market Steuben County products and indigenous resources, especially to consumers purchasing similar goods from outside the County."**
- **Providing "the necessary infrastructure to promote economic development," doing so through the inventory and prioritization of improvements on "primary economic development routes" and the exploration of methods for reducing electricity costs.**
- **Providing "a positive climate for economic growth while maintaining Steuben County's natural environment and quality of life," including education and technical assistance in promoting compact and mixed-use**

development where infrastructure exists to support it, so as to preserve open space and critical environmental areas.

- **Identifying critical environmental areas (that would presumably include prime farmland) using a Geographic Information System (GIS) approach.**
- **Holding a periodic workshop to "familiarize potential applicants with available funding and technical assistance for economic development."**
- **Convening a "task force to explore opportunities to: 1) market products indigenous to Steuben County; 2) develop value-added businesses using County agricultural products and natural resources and; 3) identify opportunities for County businesses to supply other County businesses with needed products and services."**

Southern Tier Central Agri-business Retention and Expansion Project

The Southern Tier Central Regional Planning and Development Board initiated a project in 1996 to "identify and analyze economic development issues critical to the agricultural sector of Chemung, Steuben and Steuben Counties" with a focus on business retention and expansion. It included surveys of both agricultural producers and agri-businesses. A broadly-based advisory committee provided oversight. Recommendations included the following:

- **Supporting establishment and renewal of Agricultural Districts.**
- **Providing information and peer support for non-traditional agriculture.**
- **Coordinating efforts to reduce electrical rates for producers and agri-businesses.**
- **Training producers in marketing and adding value to farm products.**
- **Providing technical assistance in business planning to producers.**
- **Establishing retention of agri-businesses as a regional priority.**
- **Providing further property relief for both producers and agri-businesses.**
- **Linking agri-business retention efforts to those for other businesses.**
- **Identifying and support the expansion of agri-business clusters.**
- **Providing financial incentives for agri-business start-ups and expansions.**
- **Assisting agri-businesses in diversifying product lines.**
- **Linking with other regional and national efforts to improve commodity prices.**

Southern Tier Central (STC) also administers Appalachian Regional Commission (ARC) and Economic Development Administration programs within the three-county including Steuben. These provide grants-in-aid for various economic development purposes.

STC has used these and other sources of financing to establish several revolving loan programs available to agri-businesses and others. These include the low interest loans provided through the affiliated Regional Economic Development and Energy (REDEC) and REDEC Relending Corporations. An example is the Entrepreneurial Micro-Enterprise Revolving Loan program now being established using ARC funds. It will provide low-interest loans of up to \$20,000 to leverage other commercial financing for small business start-ups and expansions. This will specifically include those businesses with the potential to "improve the local economic impact of existing natural resources and outputs" and "diversify the local economy."

STC also serves as the regional economic development agency. It prepared a report in 1993 called Economic Development Overview and Strategy Considerations. This study indicated there was strong inter-county linkages between Schuyler and Steuben Counties insofar as the dairy and wine industries. It also documented the importance of the forestry sector to the economy.

Sullivan Trail Resource Conservation & Development (RC&D) Council

The Sullivan Trail RC&D Council was formed in 1973 to encourage rural economic development in the Counties of Chemung, Ontario, Steuben, Seneca, Steuben and Yates. It has secured numerous grants through USDA and others to address flood protection, agri-tourism, erosion control, rotational grazing and wood products issues among others. It has developed impressive brochures and Internet sites promoting the region's farm markets, wood products and tourism potential. It has funded training of producers in the utilization of intensive rotational grazing to lower the costs of farm inputs and helped to pilot the use of wood in the construction of highway bridges.

Still other programs have addressed the need for assistance with farm nutrient management and on these projects, the Council has worked cooperatively with local Soil and Water Conservation Districts, Cornell Cooperative Extension of Steuben County and the Natural Resources Conservation Service. It has, too, developed a professional marketing piece aimed at consumers and promoting various farm markets and agri-tourism attractions in selected counties. Unfortunately, not enough Steuben enterprises have participated to date to make it feasible to include the County in that particular program.

Local Comprehensive Planning

Local land use planning can be of great impact on agriculture, for example when towns require residential lots sized so large that any new development is bound

to consume excess agricultural land. This is the principle inherent in the County's recommendation to promote compact development in areas with infrastructure and the capacity to absorb it (see discussion above). Towns can also have positive impacts, however, by including impacts on agriculture as part of their site plan review criteria.

Overall, land use planning within Steuben County has tended to operate at a very fundamental level. There are 48 individual municipalities and about half have some form of zoning or site plan review regulation. These are generally found in the Corning, Hornell and northern sections of the County. These regulations do not, for the most part, include strong agricultural protection mechanisms. It is also apparent that many planning Board members could benefit from education regarding the Agricultural District Law, Agricultural Data Statements and farm issues in general. There have been some instances of farm/zoning conflicts (e.g. regarding issues such as the applicability of building setbacks to hog barns and migrant housing) suggesting the need for more knowledge of New York State law on this subject. The County is, however, simultaneously with the preparation of this Plan, considering a proposed Right-to-Farm Law.

Schuyler County Agricultural and Farmland Protection Plan

Steuben County shares many features with its neighbor, Schuyler County (e.g., large dairies, thriving wine industry) and the latter has already assembled an Agricultural and Farmland Protection Plan. That plan potentially impacts on Steuben in several ways because the counties form two-thirds of the Southern Tier Central region and have numerous opportunities to work together. The Schuyler plan goals include the following:

- Preserving a critical mass of both farmers and agri-businesses to support competition and providing a foundation for a sound agricultural economy, through the purchase or lease of development rights and other farmland protection mechanisms.**
- Increasing the economic returns associated with farming to achieve parity with the typical non-farm wage earner and produce a rate of return on farm investments so as to be able to attract private capital.**
- Diversifying and broadening the agricultural economic base to provide new income opportunities, increasing agricultural sales in greenhouse, fruit, vegetable, poultry, sheep, goats, beef and other diversified products.**
- Increasing public recognition of the value of agriculture and farmland and developing a better understanding of farm issues by non-farmers.**

- Attracting new entrepreneurs and younger households to farming ventures and expanding the availability of capital to finance such enterprises.
- Protecting farmers from development and regulatory intrusions that threaten their ability to operate in a normal competitive fashion as agricultural enterprises.
- Integrating agricultural development into town and County economic strategies and land use plans so as to take advantage of the farm opportunities that will inevitably result from growth of the community as a whole.

These strategies are clearly compatible with those recommended herein and the two Counties should pursue opportunities to work together in addressing them wherever possible. Other nearby counties such as Tompkins and Wyoming have also adopted comparable goals and objectives as part of their economic development and agricultural protection programs.

2.6 Agricultural Innovations and Trends

The single greatest challenge facing agriculture today is low profitability. Finding the right niche market in which to make a decent living is every farmer's battle. Some have chosen to leave the farm for other opportunities but recent innovations and trends offer hope for keeping them on the land. These include the following:

- New generation farm cooperatives are being formed across the country to market agricultural products and purchase supplies. These are taking shape around the original concept of cooperatives, which was to serve the narrow but compelling interests of small groups of producers united by specialized needs. Many of the larger cooperatives have failed in this regard by serving too many interests. Producer cooperatives of this sort can secure growing contracts in advance, advertise and promote using a collective theme and, by operating from a narrow scope, focus their efforts on highly profitable lines of business.
- Small-scale agriculture and farm diversification is also regaining favor in some quarters as farmers realize the opportunities to earn higher margins off small crops and enterprises. Specialization can increase profits and is the answer for many farmers but when it is used solely for the purpose of increasing production without corresponding management to lower the costs of inputs, the market can quickly become flooded with too much product.

Only price supports and farm consolidations have allowed farmers to earn reasonable incomes under such conditions and they are now ever more subject to the whims of governmental policies and market prices on a relatively few products. Dependence on the market price of a single commodity can lead to financial ruin, but diversity can help to spread the risk and allow a farmer to address niche opportunities. Indeed, specialization can work in synchronization with diversification (e.g. a beef stocker who also raises vegetables).

- Adding value to farm and forest products before they leave the County is also a method increasingly being used by farmers and others to increase profitability. There are, for example, various international and other firms marketing on-farm equipment which, for investments of \$100,000 to \$300,000, can put a dairy farmer in the business of producing yogurt, ice cream, butter and other added value products. With proper marketing and exploitation of access to the nearby urban markets, this could offer dairy and goat farmers a means of becoming "price-makers" rather than "price-takers." New York State's farm tax breaks and the proposed Steuben County Industrial Development Authority Tax Abatement Program (see Recommendations) could be used to further enhance these opportunities.[26](#)
- A corollary to the above trends is more and more emphasis on direct marketing of farm products. Farm stands have gained in popularity and add to the tourist charm of an area. The Ithaca Farmers Market provides an excellent example of how to do this. Such a market locally could become an ever more important tourist attraction through linkages to other tourist attractions (e.g. the Keuka Lake Wine Trail), thereby providing opportunities for local farmers to earn extra income. Some Southern Tier Central farmers already depend on direct marketing for much of their income by selling farm products to the New York City markets and over the Internet.
- Green-labeling of farm products is another trend which is of particular importance to Steuben County because it sits on the outside edge of the largest environmentally conscious market in the world - the New York City metropolitan area. The County is also poised, of course, to tap the much nearer Rochester market. Green-labeling in this context can take many forms. It can include organic products, fresh produce, pastured poultry, natural beef or firewood taken from forests managed under environmentally friendly conditions.

There are examples and/or opportunities for many of these in Steuben County. One of the challenges, of course, is to avoid diluting the value of the green-label

by employment of lax standards, balancing this concern against setting standards so high that small farmers cannot participate. The organic food industry faces such an issue at the moment with too many farmers claiming to be organic who are really not. A similar problem existed with New York State's Seal of Quality program. It's new "Pride of New York" program, however, appears much more workable and is now being used by some 180 producers across the State. Unfortunately, only two of these are from Steuben County - a Christmas tree grower and a beef producer.

Another interesting and instructive example of green-labeling is the Chesapeake Milk™ program piloted, in 1999, by Penn State University, EPA, the Chesapeake Bay Foundation and others. It labeled milk, produced under water quality programs designed to protect the Bay, with an environmental certification and then added a 5¢ per half-gallon premium onto the price. Those premiums were returned to participating farmers as a profit share and for use in covering the costs of environmental improvements.

The test program indicated there were several difficulties in implementing a green-label program. Convincing retailers that there was value in a consumer-funded environmental initiative was challenging when Chesapeake Milk™ was, in some stores, priced as much as \$0.60 per half gallon over other conventionally produced milk. Consumers, aware that only \$0.05 of the purchase price was actually going to the stewardship fund, were disenchanted. Pre-order requirements from distributors and consumer confusion were also problems.

Consumers will not buy large volumes of green-labeled products with high premiums and the test program indicated that preliminary work with retailers, distributors and processors to market the products and establish a reasonable relationship between price and value are critical. Green-labeling, therefore, must be viewed from a practical perspective. It is simply one of several methods of adding value to agricultural products. No panacea, it nonetheless offers a potential method of recovering some of the costs of environmental regulation.

2.7 The Forestry Sector

Trees are one of Steuben County's most important agricultural crops. Still, their value is often underrated because the crop rotation period is so long and the economic returns not as frequent or obvious as they are with other agricultural industries. Some 479,900 acres or 53% of Steuben County is considered timberland. Sawtimber represents 247,300 acres with the remainder consisting of seedlings, saplings and pole timber.²⁷ A total of 95% of the timberland is owned

by farmers or private individuals. It is a valuable income-producing asset for these landowners. Private corporations own another 13,900 acres of woodland. The State and County governments also own 10,400 acres of forested land..

The following is a breakdown of privately owned woodland in the County by forest type:

**Table 2.10 - Steuben County
Private Timberland by Forest Type, 1993**

Forest Type	Acreage
White-red-jack pine	33,300 acres
Elm-ash-cottonwood	25,800 acres
Oak-pine	30,100 acres
Oak-hickory	105,400 acres
Maple-beech-birch	264,500 acres
Aspen-birch	10,400 acres
Total Timberland	469,500 acres

These largely hardwood forests produce high quality timber and spectacular fall foliages that attract tourism throughout the Northeast. The Forest Service studies indicate the most common species, in terms of numbers of live trees, are Soft Maple, Hard Maple and Ash. However, local industry representatives suggest Red Oak is also the top species. Significantly, some 245,100 acres or 51% of Steuben's timberland is considered by the Forest Service to be either fully stocked or over-stocked and, altogether, the County's timberland represents 583,200,000 cubic feet of growing stock.²⁸ This timberland includes an estimated 1,379,400,000 board feet of sawtimber and is growing by 38,800,000 net board feet per year.²⁹ The following table compares Forest Service estimates of growth compared to average annual removals of sawtimber:³⁰

Table 2.11 - Steuben County Average Net Annual Growth and Average Annual Removals of Sawtimber by Species Group, 1993
 (All figures, except percentages, are in board feet)

Sawtimber Species Group	Annual Base Volume	Annual Growth	Cutting Removals	Rate
Eastern White - Red Pine	124,800,000	6,800,000	300,000	0.20%
Eastern Hemlock	53,000,000	700,000	200,000	0.40%
Other Softwood	7,200,000	400,000	0	0.00%
Total Softwoods =	185,000,000	7,900,000	500,000	0.30%
Select White Oak	60,300,000	1,500,000	10,000,000	1.70%
Select Red Oak	155,000,000	3,700,000	4,300,000	2.80%
Other White Oak	9,200,000	100,000	300,000	3.30%
Other Red Oak	20,600,000	-400,000	900,000	4.40%
Hard Maple	246,800,000	10,500,000	3,800,000	1.50%
Soft Maple	121,600,000	6,400,000	300,000	0.30%
Ash	138,600,000	9,200,000	2,200,000	1.60%
Cottonwood-Aspen	110,300,000	6,300,000	800,000	0.70%
Basswood	98,900,000	4,000,000	0	0.00%
Beech	73,600,000	2,800,000	4,300,000	5.80%
Other Soft Hardwoods	88,800,000	7,700,000	2,200,000	2.50%
Other Hard Hardwoods	70,800,000	900,000	1,000,000	1.40%
Total Hardwoods =	1,194,400,000	52,400,000	21,000,000	1.80%
All Species =	1,379,400,000	60,300,000	21,500,000	1.60%

The 1,379,400,000 board feet of sawtimber suggests average production of 2,874 board feet per acre. Managed stands, according to local industry representatives, typically produce 2,000-3,000 board feet per acre and the Forest Service numbers, therefore, may slightly overstate yields for Steuben's largely unmanaged woodlands. Moreover, annual growth in the case of managed stands is about 100 board feet per year per acre. This suggests a gain in sawtimber of roughly 50,000,000 board feet per year as compared to the Forest Service's estimate of 60,300,000 board feet. The growth and cutting rates for softwoods may also be off the mark somewhat, as these species are, in fact, being cut regularly. Overall, annual growth does appear to exceed removals, but probably not by as wide a margin as indicated in the FIA reports.

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%).³¹ The rates for most species are sustainable, with the exception of Beech (which is low value, often diseased and needs to removed anyway) and 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. Except for the Oak being cut at rates exceeding other species, both hardwoods and softwoods are not being harvested to the extent they could or should be in many cases. 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 and in Steuben County, in particular. The trend has been to "high-grade" 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. The situation is, ironically, exacerbated by the large number of small logging and milling operations that tend not have uses for the low-grade materials. Fortunately, there are companies operating in the County (e.g. Cotton-Hanlon) that have employed sustainable forest management practices and made deliberate efforts to cull or market low-grade materials. Other industry representatives (e.g. DEC) have also helped to highlight the problem and promote practices such as commercial thinning to address high-grading issues.

Hardwood lumber production Statewide is up 50% since 1990. Hardwood lumber is also a niche business from a world-wide perspective. It is less affected by cheap softwood imports from South America, plus little cutting of hardwoods is allowed on Federal lands, giving eastern producers some opportunities. Steuben County is an excellent source and the contributions of the industry to the County economy, if not up to potential, are substantial. The following table summarizes some estimates of economic impact based on the FIA 1996 report on roundwood production in Steuben County:

Table 2.12 - Steuben County Roundwood Products, 1996

Species Group	Saw Logs (MBF)	Average Price*	Value
Hemlock	2,833	\$75	\$212,475
White Pine	638	\$110	\$70,180
Ash	1,484	\$300	\$445,200
Aspen	338	\$40	\$13,520
Basswood	304	\$160	\$48,640
Beech	1,468	\$70	\$102,760
Yellow Birch	1	\$190	\$190
Other Birch	19	\$100	\$1,900
Black Cherry	1,175	\$1,100	\$1,292,500
Elm	26	\$75	\$1,950
Hickory	445	\$95	\$42,275
Hard Maple	2,838	\$660	\$1,873,740
Soft Maple	743	\$180	\$133,740
Select Red Oak	2,839	\$625	\$1,774,375
Other Red Oak	225	\$275	\$61,875
Select White Oak	643	\$275	\$176,825
Other White Oak	69	\$115	\$17,935
Yellow Poplar	64	\$135	\$8,640
Other Hardwoods	44	\$70	\$3,080
TOTALS	16,197	\$387	\$6,271,806
Veneer grades	243	\$1,000	\$243,000
Firewood	19,053 cords	\$75	\$1,428,975
TOTAL SALES			\$7,943,781

* Per thousand board feet (MBF) based on NYS-DEC Stumpage price report for Winter, 2000

The above figures do not include waste chip or roundwood sales for pulpwood. There are a number of Pennsylvania plants still taking these materials from Steuben County, even after Proctor and Gamble stopped doing so. This represents additional economic activity. The economic multiplier for wood products, as indicated earlier, is 1.78 and this suggests the \$7,944,000 in estimated sales (rounded) actually generates a total annual economic impact for Steuben County of \$14,140,000 (some \$6,196,000 of additional activity from related enterprises). These numbers are substantiated by County Business Patterns - 1996 data from the Census Bureau, indicating that the County had 12

lumber and wood products manufacturers, employing over 95 individuals and with a combined payroll of \$1,923,000. The Empire State Forest Association reports, based on 1992 data, that New York State forest-related enterprises produced \$2.25 in valued-added for every dollar of payroll generated, suggesting total additional impact from wood manufacturing in the area of \$6,260,000, almost exactly the same figure as the multiplier data indicates. Not included are many of the single-proprietor sawmills and over 100 portable sawmills (many Amish owned) operating in Steuben County according to DEC representatives.

The forest industry as a whole can fairly be described as somewhat underdeveloped but these statistics indicate it is a very substantial economic asset to Steuben County. The Coastal Lumber and Cotton-Hanlon operations in nearby Schuyler County provide a good illustration. These businesses, separate entities since 1993, account for timber management on approximately 35,000 acres of forest land within the region and pull in timber from a 150-200 mile range for processing as both green and kiln-dried hardwood lumber. They also supply pallet material, sawdust for animal bedding and stove pellet manufacturers, veneer logs, bark for landscape mulch producers and chips and low-grade logs for use by pulp and paper companies. Some sawdust is, too, burned to generate steam and some low-grade lumber is exported to Canada for use as flooring material.

Coastal Lumber is one of the largest hardwood producers in the nation and has over 30 processing and distribution facilities in both the U.S. and abroad, including plywood manufacturing plants and wood treating operations. It processes approximately 20,000,000 board feet of hardwood annually at its Schuyler County facility (more than all the product harvested in Steuben County. Cotton-Hanlon, though a substantial forest industry in its own right with a large presence in Steuben County, supplies less than 10% of this volume. This is an indication of the importance of the Coastal facility and forestry in general to the regional economy.

Moreover, below average cutting rates for certain species within the County suggest there is additional harvest potential. The quality is relatively good at present with 75% of hardwoods rated as Grade 3 or better, just slightly below the State average of 76%. 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, Steuben 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 that would mesh with the County's tourism industry are a distinct possibility. Other niches could include specialty products for marketing to nearby metropolitan areas (e.g., fence boards, quality dimension lumber, wood flooring, wooden lawn furniture). The Gunlocke operation in Wayland, as an illustration, is reportedly the largest user of Walnut lumber in the nation. The Mills Pride company manufactures solid wood doors for the ready to assemble market and is another excellent example.

Unfortunately, Mills Pride chose to locate in Sayre, Pennsylvania rather than New York due to taxes and other considerations. Nevertheless, it does provide an outlet for regional wood products of the sort needed. Other Pennsylvania manufacturers also look to Steuben County for logs and this suggests the opportunity to do more value-added processing locally. A great deal of Steuben's high quality timber also gets exported to Canada and re-imported as construction quality lumber, indicating a regional demand and supply waiting to be matched up.

The key is to approach development from the standpoint of the market first and the resource second. Nevertheless, the resource is available locally and, therefore, Steuben is a natural location for these industries if the County is willing to provide tax incentives to level the playing field with neighboring lower-taxed Pennsylvania. An appropriate vehicle is the agricultural industry tax-abatement program recommended herein. It would offer new secondary processors of agricultural products (including lumber) five years of no real property taxes on improvements and then phase them in at approximately 10% a year such that the property wouldn't be fully taxable until the sixteenth year. Inexpensive electricity can be used as an additional incentive in some instances.

While finding uses for low-grade sawtimber is a challenge (and a necessity), there are some distinct opportunities given the large quantity of growing stock available. These include pallet manufacturing, firewood, wood pellets and wood chips for sale to Western Pennsylvania pulp and paper mills. Mulching facilities are another possibility and the County's geography puts it within reasonable trucking distance to all the major metropolitan markets that would purchase the product. Export opportunities also exist in high-grade products if enough volume can be identified and marshaled on a regular basis.

There are, too, a number of possibilities to complement Steuben County's tourism industry by using its forest land to develop recreational attractions. If

such activities are constructed as recreational leases they also hold the potential to generate added income for forest owners and, thereby, help the industry. Forest land is ideally suited to mountain biking, wilderness camping, hunting and other similar endeavors. If promoted properly in conjunction with area bed and breakfasts and restaurants, such activities can contribute in substantial ways to the economy. Some 20,000 acres of the Cotton-Hanlon acreage is, for example, leased for hunting to help off-set the average \$9/acre/year holding costs associated with the timberland.

Unfortunately, New York has been a high tax state and, while many recent reforms have helped to lower taxes on farmers, seniors and other residents, forest land is still often taxed at rates that exceed the annual income which can be derived from forest management.³² This can produce poor stewardship when farmers and other landowners are forced to do quick harvests to pay taxes. This has, in turn, led to some backlash efforts by individual municipalities to regulate all forest activity with very negative impacts on the industry. The County has, for this reason, been considering a County law that would standardize local regulation and avoid excessive requirements on forest owners and users. The best approach probably involves encouragement of sustainable forest management practices, combined with right-to-forest protection and positive tax relief.

Section 480(a) of the Real Property Law provides a measure of relief for participating landowners, but there is a strong disincentive to promote this program because the tax "costs" (savings to individual landowners) must be made up within the municipality and the strings attached in terms of management are too entangling. Clearly, there are no compelling reasons for private owners to hold onto forest land except for speculative purposes and this poses a substantial threat to long-term maintenance of forest land uses.

A better solution for taxing forest property would be to collect at the time of harvest based on a percentage of sales or some similar measure of productivity. This is a matter that should be pursued by the Agricultural and Farmland Protection Board, working together with organizations such as Farm Bureau and the Empire State Forest Association. At a minimum, more training for local assessors and more effective programs for determining the real economic value of forest land are needed.

2.8 Steuben County Agriculture - Strengths, Weaknesses, Opportunities and Threats

The Steuben County Agricultural and Farmland Protection Board, in the course of preparing this Plan, analyzed the strengths, weaknesses, opportunities and threats applicable to the County's agricultural industry. These are reflected both in the goals and objectives and the recommendations of this report but some of the major items in these categories include the following:

Taxes

Taxes were, for many years, the greatest concern of farmers and a competitive disadvantage for New York State farmers. Agriculture Value Assessment helped but in rural communities it did not solve the problem. Several recent tax laws, however, have had a significant positive impact in lowering farm taxes and actually creating a marketable advantage for New York State. There is, for example, a Refund of School Taxes program for farmers which provides for a full refund of school taxes paid on farmland and buildings for farms of 250 acres or less and a prorated refund for in excess of 250 acres, (not including the residence). The refund is received on farmers' New York State Income Tax returns. While small and part-time farmers who could be a source of future agricultural expansion may not always qualify, this is of extraordinary benefit to production agriculture. The Law was also modified in 1999 and more farms qualified for the program.

The STAR Program, too, provides reduced assessment for school tax on those portions of the property not subject to refund or for farmers not eligible for the school tax refund. This includes substantial tax relief for farmers over age 65 (many Steuben farmers are in this "Enhanced STAR" program) and a \$30,000 assessment break for farmers under age 65. There is need of an educational program to ensure all farmers are getting maximum benefit from the STAR and Refund of School Taxes programs as well as other farm tax incentives. These include a 10 year exemption on all real estate tax on new farm buildings, a requirement that assessors use depreciated values for farm buildings and the exception of certain classes of farm structures from real estate taxation. This applies to silo's, manure storage facilities, bulkhead tanks and greenhouse structures (including those used for raising calves). There is also a New York State Investment Tax Credit on new capital purchases equal to 4% of the purchase price. Many young farm families have large carryovers of Investment Credit and the Board should work with Farm Bureau and others to achieve legislative changes which would make these dollars refundable.

Unique markets

Steuben County, because of its relative proximity to New York City and other urban areas, has access to special markets. These include substantial ethnic populations wanting Kosher, Halal and other comparable goods. There is also a demand among new immigrants for foods traditional to their cultures such lamb and goat and certain breeds of poultry. Likewise, the New York City market is particularly strong for organic products and anything which can be "green-labeled." Finally, Keuka Lake and the Keuka Lake Wine Trail provide access to tourists who could with proper marketing be persuaded to purchase complementary products such as local cheeses.

Low profitability

Agricultural enterprises have been subject to low profitability and this has had a particularly serious impact on Steuben County's dairy farmers. The earlier mentioned Cornell University "Dairy Farm Business Summary" for the Western and Central Plateau Region, indicates the 68 dairy farms surveyed (13 from the County) received a return on average total capital of only 5.5% before asset appreciation, after deducting an average of \$44,655 for unpaid family labor and management income. The return was 7.9% with asset appreciation considered and this was during a relatively good year. Attracting new operators to farming under such circumstances is difficult, though not impossible. Many existing dairy farmers, unfortunately, have been living off their equity and recently adopted changes in milk marketing orders will worsen a situation only temporarily eased by the high milk prices experienced in the latter part of 1998 and early 1999.

Nevertheless, it is clear good management can make an extraordinary difference. Good managers employ assets to lower the costs of inputs, negotiate milk price premiums and secure all available existing premiums for protein, quality, and the like. These measures can increase the margin on milk by as much as 10% with no change in overhead or operating expenses and this can make all the difference in the world. Unfortunately, not all dairy farmers meet the requirements to qualify for milk quality premiums available to them - this represents lost income. Also, too many dairy farmers do not aggressively shop around for the best incentive package available to them; dairy farmers need to actively seek out their best marketing options.

This data indicates dairy farms can be very profitable and do have a future if farmers want it. Specialization in herd management, custom work, high-protein milk, breeding stock and similar ventures can produce the added cost control and value that permit success. This will be even more important in the future

with component pricing of milk. For others the answer may be to diversify into related but complementary fields of agriculture or to grow larger. Still others will need to update practices to increase production using the same overhead. It is instructional in this regard that the majority of successful large western New York State dairy farmers use bST hormone treatments to increase milk production, but many central and eastern farmers do not. Is this due to lack of knowledge or are these farmers unconvinced of the economic value and merely being prudent? Or is it due to a personal belief that the use of bST is harmful to society or consumers? The answer is not clear and this is one of the challenges faced by all dairy farmers - getting information they need to make sound management decisions.

Nutrient management

Pressure on farm operations to do a better job with manure management continues to grow. The emphasis is typically on control of nutrients (phosphorous and nitrogen) as a means of limiting eutrophication of water bodies. Also, the Safe Drinking Water Act, among other State and Federal regulations, has imposed new standards for pathogens and other criteria. The Concentrated Animal Feeding Operation (CAFO) regulations, though now limited to very large farms, could well be made applicable to smaller farms in the future, with very serious economic impacts on the industry. There are, too, ever more strict standards on the use of farm chemicals.

There are benefits in terms of public health and gaining maximum fertilizer value from manure. Nevertheless, the additional costs of installing manure management systems, using integrated pest management techniques and environmental compliance can be enormous and many farmers, already operating at very low margins, could opt to simply go out of business and recover their equity by selling their farms for non-farm purposes. Others may simply be overwhelmed by the prospects of burdensome regulations and bureaucratic oversight. Either way, the threat to agriculture as an economic sector is substantial.

Steuben County, New York Agricultural Development and Farmland Protection Plan



3.0 Agricultural Goals and Objectives

The following goals and objectives have been established for Steuben County's agriculture development and farmland protection program. These are based on the results of interviews with farm community leaders and the agricultural producer, agri-business and agricultural area resident surveys summarized in Appendix 5.3 of this report. The goals are intended to be multi-year in nature and reflect the basic policies of the County for agricultural development and farmland protection, while the objectives spell out more specific criteria by which policy performance can be measured. Measures of success are also suggested. Specific recommendations may be found in Section 4.0 of this Plan.

3.1 Goal: Promote Steuben County for further agricultural development so as to steadily increase the value of agricultural sales within the County, using tourism promotion as a means to attract new farmers and farm enterprises.

Objectives:

3.1.1 Identify Steuben County's marketable advantages for new agricultural endeavors (including agricultural tourism) and promote these both within the farm community and outside the County.

Measure: Development of promotional literature and/or videos around "Reasons to Farm in Steuben County," using funding from the New York State Department of Agriculture and Markets and other economic development and tourism promotion programs.

3.1.2 Actively promote Steuben County as a location for new farm and agri-business enterprises, including additional Amish farms, through use of targeted advertisements and mailings in cooperation with the Sullivan Trail RC&D program, Southern Tier Central and real estate firms.

Measure: Number of new farm enterprises recruited.

3.2 Goal: Develop more strategic alliances among farmers and agri-businesses to expand markets, decrease costs and increase the profitability of farm operations.

Objectives:

3.2.1 Encourage the formation of new generation farm cooperatives for marketing purposes (particularly with regard to crops such as potatoes), financing of new ventures and purchasing of raw materials (e.g., electricity).

Measure: Number of Steuben farmers participating in such cooperatives.

3.2.2 Form less formal bargaining groups to jointly purchase farm supplies, cooperatively advertise farm products, provide better outlets for cull-dairy cows and facilitate use of custom services.

Measure: Number of farmers participating in such bargaining groups.

3.2.3 Work with surrounding Counties to develop meat marketing programs and, if necessary, establish a regional U.S.D.A. slaughterhouse or set up similar arrangements with an existing slaughterhouse (e.g. Taylor Packing, in nearby Pennsylvania, or Wilson's Beef in Allegany County) to accommodate small producers.

Measure: Development of marketing program(s), number of farmers who participate and number of animals processed.

3.2.4 Use Cornell Cooperative Extension (or the Agricultural Development Specialist) to continually maintain lists of product sources for purposes of promoting intra-county purchases, similar to the State's "hayfinder" program but extending the concept to other forages and products (e.g. matching potato farmers with rotational crops to dairy farmers needing them, or grain growers to poultry farmers).

Measure: Lists of products, number of farmers who participate and amount of products sold through lists (consider using the Internet to offer the lists).

3.2.5 Maintain similar lists with regard to custom services and labor pools (e.g. relief milkers).

Measure: Lists of services, number of farmers who participate and amount of services and labor acquired through lists.

3.3 Goal: Protect and promote the abilities and rights of farmers to engage in all sound agricultural management practices.

Objectives:

3.3.1 Increase the level and frequency of farm community communications with the non-farm community by conducting more shared events, use of additional publications and employment of public service announcements and advertising (e.g., establishing an annual "Down on the Farm Day" for Steuben County or publishing a "Steuben County Farm Guide" for either the County as a whole or by regions).[33](#)

Measure: Number of communications to non-farm community and number of non-farm participants in events.

3.3.2 Increase the participation of farmers and agri-business owners in local government and, specifically, on town planning boards by getting all towns with significant agricultural activity to appoint agricultural members under the authority of § 271.11 of the Town Law. Also, conduct training programs for local officials on agricultural planning issues.

Measure: Number of Planning Boards with designated agricultural members and hours of training provided.

3.3.3 Encourage more positive interaction among farmers and their non-farm neighbors by using newsletters to provide examples of successful efforts (e.g. neighborhood pig roasts, free sweet corn, pre-notification when emptying manure pits, etc.) and offering guidelines regarding how to avoid conflicts.

Measure: Number of articles distributed.

3.3.4 Specifically address the lack of public knowledge regarding animal agriculture by promoting farm tours, utilizing videos such as "Feeding the Green Machine" and conducting educational sessions.

Measure: Numbers of showings and tours conducted and number of participants.

3.3.5 Streamline town land use and zoning measures to simultaneously accommodate both agricultural activities and development, incorporating the latest elements of State law affording protection for farmers and agri-businesses.

Measure: Number of towns with specific provisions in their land use regulations to not only allow but also protect agricultural enterprises.

3.3.6 Encourage development of sewer and water infrastructure within town centers rather than agricultural areas and encourage towns to promote hamlet development over highway-oriented suburban sprawl in zoning laws, so as to ensure development within and adjacent to agricultural zoning districts is fully compatible with farm activities.

Measure: Number of towns with strong incentives for hamlet and village development and disincentives for strip development.

3.3.7 Adopt a Right to Farm Law for Steuben County and encourage major agricultural towns to adopt similar or complementary measures at the local level.

Measure: Adoption of Steuben County Right to Farm Law and level of participation by towns.

3.3.8 Raise weight and width limits on local highways through road upgrades and encourage local and State governments to modify those restrictions that too severely restrict agriculture.

Measure: Number of limits raised and regulations modified for agriculture.

3.3.9 Encourage Federal and State agencies to provide small farmers more time to react to changing pesticide rules and develop alternative remedies through research and application.

Measure: Favorable changes in time limits and numbers of alternative remedies developed.

3.4 Goal: Achieve higher levels of management of farm woodlands for additional profit as secondary crops.

Objectives:

3.4.1 Encourage, through landowner education, greater use of best management practices for farm woodlands as a means of increasing value and returns.

Measure: Hours of training provided and number of farm wood lot owners who participate.

3.4.2 Create additional markets for wood products in the County by providing economic incentives for the development of new primary and secondary wood processing ventures (including on-farm enterprises).

Measure: Incentives provided and volume of products processed.

3.4.3 Make forestry-related technical assistance available through the purchase of additional services from existing providers or establishment of a County Forester position.

Measure: Man-hours of technical assistance provided to Steuben County forest owners and number of farm wood lot owners who participate.

3.4.4 Develop a new local chapter of the New York Forest Owners Association, and further alliances with the Sullivan Trail RC&D, NYS-DEC and industry representatives to promote the timber industry and professional management of forest resources, including providing help to municipalities interested in ensuring use of best management practices but avoiding over-regulation of the industry.

Measure: Development of a more active regional forest owners association program within the County, number of promotional materials and/or advertisements developed and sales of forest products.

3.5 Goal: Promote the development of new specialty crops and the establishment of niche markets for other Steuben County agricultural products.

Objectives:

3.5.1 Identify specific new agricultural product lines (e.g. quality hay as a rotation crop for potato farmers) and opportunities to add value to existing products.

Measure: Number of educational programs conducted to disseminate this data.

3.5.2 Provide training and technical assistance to farms and vineyards to develop additional entrepreneurial skills in marketing agricultural products, including identification and/or development of new outlets, pricing strategies and new promotional themes that can be employed with regard to Steuben County agricultural products (e. g. table stock potatoes marketed by variety or intended use such as "baking potatoes").

Measure: Hours of specialist training and technical assistance provided and volumes of new products marketed.

3.5.3 Work with locally owned/operated food stores to market local produce and develop new products such as specialty cheeses produced on a local dairy farm using an on-farm processing facility.

Measure: Number of local or regional stores handling Steuben County products and number of farmers producing for them.

3.5.4 Build on the Keuka Wine Trail success to expand and add other Steuben County farm products.

Measure: Number of wineries promoting locally produced cheeses, jams, syrups and other agricultural products as part of their offering.

3.5.5 Expand farm-based tourism by adding features to wine marketing programs, cross promoting with Bed& Breakfast operators, increasing farm-stand activity and the adding to the variety of offerings with more attractions like the existing draft horse school and corn mazes to take advantage of the existing flow of tourists into the County to see Corning Glass or visit the wineries.

Measure: Number of farm-based tourism enterprises along Wine Trail, number of Bed & Breakfast visitors and farm-stand sales.

3.5.6 Develop additional farmers' markets (e.g. Hammondsport) and new agri-tourism opportunities along the lines of a "farm trail" to take advantage of the Wine Trail tourism market.

Measure: Creation of functioning markets, number of visitors and number of vendors participating.

3.5.7 Establish shared agricultural economic development or marketing staff to work with both farm and non-farm agencies in promoting new farm and agri-business ventures.

Measure: Creation of an Agricultural Economic Development Specialist position serving Steuben County.

3.5.8 Encourage Federal and State governments to press for opening up of nearby Canadian markets for agricultural products from Western New York and simultaneously assist Steuben farmers in developing export markets.

Measure: Rule-making changes made for exports, export training offered and farmers participating in export markets.

3.5.9 Encourage the State to reduce regulatory barriers to the development of on-farm processing and direct marketing operations in New York State (particularly with respect to milk), patterning these efforts after the very successful Farm Winery Act.

Measure: Streamlining of State regulations regarding milk processing.

3.5.10 Develop a regional farm products wholesale/retail distribution center along the lines of the Windmill Market in Yates County or Virginia's "shipping point farmers markets," where fresh fruit and vegetable producers of smaller volumes have the opportunity for their products to be commingled, graded, packed and cooled to meet volume produce buyers' specifications together with a complementary retail sales site.

Measure: Development of a regional market, numbers of farmers participating and volume of sales.



3.6 Goal: Develop agriculture as a valued career path within Steuben County.

Objectives:

3.6.1 Work with schools and their guidance counselors as well as work force development program leaders to add agriculturist training tracks wherever possible and promote the "Ag in the Classroom" curriculum. Develop programs to expand and train the supply of agricultural workers.

Measure: Number of agricultural-related training programs available, number of participants and number of trained workers available.

3.6.2 Develop more broad-based public education efforts, promotional materials and other programs designed to increase public awareness of the value of agriculture as an industry and career opportunity. (Also, see Objective 3.3.1.)

Measure: Numbers of programs conducted, materials developed and non-farm participants.

3.6.3 Encourage more participation in Future Farmers of America and 4-H programs by broadening outreach into both rural and urban areas of the County, increasing the range of offerings to emphasize the high-tech nature of modern agriculture, promoting different forms of membership and extending the opportunities to join.

Measure: Numbers of participants.

3.6.4 Arrange for more on-farm demonstrations to emphasize the high-tech nature of modern agriculture, promoting these to both the farm and non-farm communities as a means of demonstrating the science involved in agriculture and capitalizing on the scientific reputation of Corning and the "Ceramic Corridor," thereby also creating farm tourism opportunities for Corning and other visitors to the area who are seeking to fill out their day with events.

Measure: Numbers of demonstrations and participants

3.6.5 Make it easier and more convenient for farmers to participate in County Fair events.

Measure: Numbers of farm-related events and participants at Fair.

3.7 Goal: Create new economic incentives for the development of agricultural enterprises.

Objectives:

3.7.1 Develop a new tax benefit program targeted to complement the Section 483 of the New York State Real Property Tax Law (10 yr. property tax exemption on newly constructed or reconstructed agricultural structures), by expanding benefits for agricultural support industries such as feed mills, agricultural processing operations and farm marketing buildings.

Measure: Adoption of a agricultural tax-abatement program and use of it by local agri-businesses.

3.7.2 Develop a program to purchase or lease development rights, financed through tax-abatements or by a realty transfer tax with respect to new development, on the most valuable farmland (e.g. vineyard land along Keuka Lake) so as to allow those farmers to capture their equity, reduce their carrying costs and continue farming.

Measure: Number of farmers participating and acres of farmland preserved.

3.7.3 Provide more developed and zoned communities within the County with education regarding the potential for Transfer of Density Rights (TDR) programs as vehicles for creating private markets for these rights that allow farmers to sell them and raise capital to continue in farming.

Measure: Number of educational programs and materials developed and number of communities considering TDR programs.

3.7.4 Develop and promote the availability of financing programs that can provide capital for farm and agri-business ventures, doing so in cooperation not only with farm agencies, but also the County Industrial Development Authority and other economic development entities.

Measure: Dollar volume of loan capacity available to creditworthy farmers. and number of institutions and programs available to help.

3.7.5 Establish and/or promote revolving loan programs specifically targeted at agriculture by working with Southern Tier Central.

Measure: Establishment of program, dollars committed and number of participants.

3.8 Goal: Maintain a comprehensive network of Agricultural Districts throughout the prime farming areas of the County as a means of both protecting farms and highlighting the value of agriculture to the County, consolidating districts as may be necessary to facilitate efficient administration of the program.

Objectives:

3.8.1 Identify Steuben County's most valuable farmland (particularly vineyards and areas within and bordering large dairy farms and muck land) for purposes of providing regulatory protection, defining agriculture districts, purchasing or leasing development rights and offering other incentives to stay in farming.

Measure: Maps produced (Ag District and otherwise) for local government use.

3.8.2 Encourage towns with zoning to enhance agricultural districts by developing agricultural zoning districts to provide for compatible forms of development within these districts.

Measure: Number of communities employing these measures in their zoning laws (if they have such laws).

3.8.3 Encourage farm landowner participation in the Agricultural Districts program by identifying candidate properties and specifically soliciting those persons through regular paid advertisements, FSA and Cornell Cooperative Extension newsletters and other techniques that allow the benefits of districts to be touted.

Measure: Number of landowners asking to be included in Agricultural Districts.

3.9 Goal: Add value to agricultural products by ensuring quality, encouraging maximum participation of the farm community in State and industry quality assurance programs.

Objectives:

3.9.1 Work with surrounding Counties to promote use of the recently developed "Finger Lakes Culinary Bounty" label (the name is one the most highly recognized of U.S. regions) for specialty food products, including wines, potatoes and dairy products.

Measure: Development of a Finger Lakes label and number of farmers and vineyard owners and wineries participating.

3.9.2 Increase Steuben County farmer use of the Pride of New York label as a means of capturing more intrastate as well as tourist sales.

Measure: Increase Pride of New York program participants to a minimum of 50.

3.9.3 Increase participation in other statewide and national quality certification programs, specifically including beef farm involvement in the New York State Cattle Health Assurance Program and similar endeavors.

Measure: Number of farmers participating in quality assurance programs.

3.9.4 Encourage the participation of more farmers and vineyard owners in state, national and international food competitions and the development of more regional competitions as a means of getting attention for products in the world economy in the manner that some of the County's wineries have already used successfully.

Measure: Number of competitions and number of farmers and vineyard owners and wineries participating.

3.10 Goal: Assist Steuben County's farmers in compliance with Concentrated Animal Feeding Operation (CAFO) regulations and other demands of water quality management connected with farming.

Objectives:

3.10.1 Provide farmers with technical assistance in responding to CAFO regulations and potentially turning these practices into profit through participation in water quality certification programs such as the "Chesapeake Milk" model successfully piloted in the Pennsylvania portion of that watershed.

Measure: Hours of training provided, number of farmers who participate in training and/or water-quality certification programs.

3.10.2 Provide farmers with greater financial assistance in responding to CAFO regulations by encouraging New York State to participate in the Chesapeake Bay Program and both the State and the Federal government to make EQIP and related funding available on a more equitable basis across watersheds throughout the County. Note: The Steuben County Legislature has already passed a resolution to this effect.)

Measure: Dollars available in all watersheds to make CAFO improvements.

3.10.3 Encourage greater use of economical and environmentally friendly practices such as rotational grazing as well as complementary management practices, including pasture fertilization programs, planting of turnip crops and similar strategies aimed at reducing costs and increasing yields.

Measure: Funding applications made and resulting increase in dollars available for promotion of rotational grazing and related or similar practices.

3.10.4 Provide for additional flood control measures along the Cohocton River as a means of reducing pollution threats and loss of prime farmland.

Measure: Funding applications made and resulting increase in dollars available for flood control.

3.11 Goal: Facilitate intergenerational farm transfers among and between families.

Objectives:

3.11.1 Promote intergenerational farm transfers by; promoting use of the Farm Link program, conducting intensive educational sessions, providing top-level legal and financial technical assistance in estate/business planning and identifying and/or establishing sources of start-up capital for young farmers; simultaneously providing for the retirement needs of older farmers.

Measure: Hours of training and technical assistance provided, number of participants and number of successful farm transfers.

3.11.2 Encourage Federal and State governments to eliminate all estate taxes, particularly in regard to farm transfers.

Measure: Elimination of estate taxes.

3.11.3 Develop a leased development rights program in return for abatement of local real property taxes as a means of decreasing the cash flow required during the early years while a farm is being purchased. (See also Objective 3.7.2.)

Measure: Development of an LDR program and number of farmers participating.

3.12 Goal: Increase the profitability of all farm enterprises and ability of farmers to deal with vacillating prices in a changing marketplace.

Objectives:

3.12.1 Train farmers in the use of the Dairy Futures Program, forward pricing and similar mechanisms as means of stabilizing milk and other farm prices and securing greater farm control over costs of farm inputs.

Measure: Hours of training provided and number of farmers who participate.

3.12.2 Provide farmers with general information and research findings on innovative and alternative farming practices that can lower the costs of inputs and/or improve quality for a greater return (e.g. rotational grazing, direct commodity purchasing and other least cost feeds programs).

Measure: Hours of training provided and numbers of farmers using methods.

3.12.3 Annually conduct an intensive training programs for farmers and vineyard owners on the availability of farm tax relief under both New York State and Federal law, including agricultural assessments, exemptions and refunds offered to farmers and vineyard owners apparently unaware of many of them.

Measure: Hours of training provided, number of farmers who participate in training and proportion of farmers who take advantage of programs.

3.12.4 Integrate agriculture into a County economic development strategy geared toward the development of additional commerce and industry that will help to achieve a more balance tax base and reduce the burden on farm land.

Measure: Specific inclusion of agriculture in strategy, development of an expanded commercial/industrial tax base in appropriate communities and lowered taxes for farmers in these communities.

3.12.5 Encourage extension of the Northeast Dairy Compact to New York State.

Measure: Passage of required legislation.

3.12.6 Encourage use of bargaining cooperatives as a device to negotiate over-order milk premiums and higher prices for other agricultural products (e.g. potatoes) on the basis of quality and volume.

Measure: Number of groups organized and over-order premiums secured.

3.12.7 Develop "train the trainer" programs for farm agricultural advisors (including bankers, accountants, lawyers and agency personnel), in relation to business and financial planning so that all such advisors are capable of offering farms good advice on issues of taxes and business management.

Measure: Hours of training provided and number of farm advisors who participate.

3.12.8 Conduct an annual agri-business forum for farmers, bankers, Farm Credit, agencies, and others engaging in serving the farm community to exchange information of programs, industry trends and opportunities.

Measure: Establishment of annual forum and number of participants.

3.12.9 Encourage more on-farm specialization within farm industries (e.g. raising high-bred cattle for export) as well as diversification among farm industries (e.g. combining dairy and beef operations).

Measure: Number of farmers adding profitable new lines of business.

3.12.10 Encourage greater use of recreational leasing as a means of supplementing farm incomes (e.g. "Farmer Phil's Cabins").

Measure: Number of farmers engaged in recreational leasing.

3.12.11 Professionalize real property assessment operations through consolidation and training so as to apply agricultural assessment and tax benefits more properly.

Measure: Hours of training provided, number of assessors who participate.

3.12.12 Train farmers in labor management to reduce employee turnover and related costs.

Measure: Hours of training provided and number of farmers who participate.

3.12.13 Directly train more farmers in the use of business planning methods.

Measure: Hours of training provided and number of farmers who participate.

3.12.14 Increase access to veterinary services in the southern portion of the County by providing incentives such as scholarships, guaranteed first-year salaries, office locations or tax-abatements to attract committed personnel.

Measure: Number of veterinarians available to southern Steuben County.

Steuben County, New York

Agricultural Development and Farmland Protection Plan



Loon Lake, Town of Wayland, Steuben County, New York, surrounded by farmland.

4.0 Major Agricultural Development and Farmland Protection Initiatives

Agriculture is a business that contributes nearly \$190,000,000 and over 6,000 jobs to the Steuben County economy. Like any business, it has to change with the times if it is to keep growing. New markets, new products, new ways of doing business and new partnerships are ever needed. The Agricultural and Farmland Protection Board can assist the industry in meeting these challenges. Substantial payoffs in tourism, quality of life and the long-term growth of the Steuben County economy will result if it does so. The success of the Finger Lakes wine industry provides a superb illustration of the possibilities. The preceding Goals and Objectives set forth a comprehensive program in this regard. The following represent major initiatives the Agricultural and Farmland Protection Board should establish as its priorities for the next 5+ years.

4.1 Market Development Initiative

It is recommended that Steuben County initiate a coordinated advocacy effort to market more farm products and develop the skills needed within the farm community to do so on a continuing basis. The first step in this program should be to create an Agricultural Marketing Specialist position. This person should lead a coordinated effort by the Steuben County Agricultural and Farmland Protection Board, Cornell Cooperative Extension of Steuben County, the Industrial Development Agency (IDA), Southern Central Tier and the Steuben County Planning Department to implement the recommendations of this Plan. He or she should help to identify new markets for agricultural products and services and be assigned to provide technical assistance on a circuit-riding basis to farmers and agribusinesses in selling to those markets.

The person hired could be employed by any one of the above organizations but should be assigned specific responsibilities to the Industrial Development Agency and Cornell Cooperative Extension as a resource person. The shared responsibilities are essential to highlighting the value of agriculture and forestry to the local economy and further integrating agriculture into the County's economic development program. Funding for this position 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 (see Appendix 5.3) to help launch the project. The position should, however, be designed to be at least partially supported by producers and agribusinesses over the long-term on a fee-for service or cooperative basis.

The tasks of this Agricultural Marketing Specialist should include, but not be limited to the following projects:

- **Development of new markets, both within and outside the County, for Steuben County's farm products.** This should include direct/technical assistance to farmers, agribusinesses and farm organizations (including cooperatives) in selling, promoting and structuring the distribution of these products as well as the development of new lines. Examples include working with producers to develop markets for table stock potatoes sold by variety, marketing of grass-fed beef and the marketing of specialty wood products. Another could be assisting fruit and vegetable producers in establishing a new Farmers Market along the Keuka Wine Trail in Hammondsport.

- **Training farmers and agribusinesses in marketing practices, including direct marketing, Internet sales and exporting.** There are significant opportunities in each of these areas. Direct marketing is very under-developed in Steuben County despite large number of Wine Trail and Corning Glass visitors and a resident population that includes many upscale buyers with "Ceramic Corridor" managerial positions. Also few farmers are using the Internet to sell product despite many successes in other parts of New York State selling everything from sheepskin gloves to maple popcorn from websites. Still others have been able to take advantage of export opportunities to sell products such as cheese to the large Canadian market next door. 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 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, to compete in a world market.
- **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 and could complement the Wine Trail. The Rochester market is relatively accessible for selling such products. Finally, there is considerable potential for custom-slaughter freezer trade. 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, growing demands for dairy/beef crosses at nearby Taylor Packing, as well as meat goats for the ethnic market buyers at Empire Livestock. Publication of market data from livestock auctions is also important. Dairy farmers, in particular, need more information and training regarding its use to make cost-effective culling decisions. There is, too, a demand for technical information and Extension support for growing niche businesses such as nurseries and greenhouses. Some owners report going to other counties for that expertise.

- **Promoting sales of existing Steuben County farm products.** There is a need to work with surrounding counties in the promotion of Steuben County's major farm products, particularly milk and wine, but also potatoes, vegetables, beef and specialties such as Christmas trees. Not nearly enough of the County's producers are making use of the Pride of New York label, for example, despite heavy demand for "made in New York" products - there are only two local participants. Steuben County farmers also failed to exhibit enough interest for participation in the Sullivan Trail Resource Conservation and Development District's "Harvest Bounty" brochure. The Agricultural Marketing Specialist should be helping to develop the enterprises appropriate for these programs and soliciting participation in them.

Even more important is the promotion of the Finger Lakes label. This region is the second most easily identifiable in the country. Regional branding, therefore, holds the potential to dramatically increase sales of local products. It is important, in this context to link the branding with quality as Dr. Frank's wineries have done by promoting the best wines produced in the region (e.g., Reisling, Pinot Noir, sparkling wines, etc.).

This type of promotion should also be extended to milk by helping to promote New York State cheeses and, specifically, those cheeses produced in Steuben County and the Finger Lakes region. Polly-O is one of the most popular brands of Mozzarella cheese, for example. It is a premier company in its own right and part of Kraft. It is also a very large employer and should be symbolic of Steuben County in the same way Corning Glass is. These types of operations deserve recognition. Promotion of them is a means of selling all of Steuben County's agricultural products. The milk supply continues to grow (despite loss of individual farms) and can only be sustained by increasing demand through these types of efforts. This should be a central focus of the County's Market Development Initiative.

A proposed job description for the Agricultural Marketing Specialist for the Agricultural Marketing Specialist is included as Appendix 5.4 of this Plan.

Implementation Period:

- 1) Start-up 2001
- 2) Demonstration period 2002-2005

Responsible Parties:

- 1) Agricultural and Farmland Protection Board**
- 2) Cornell Cooperative Extension of Steuben County**
- 3) Steuben County IDA**

4.2 Risk Management Initiative

Increasingly, the focus of farm legislation is on developing risk management capabilities in the farm community. This is a natural result of consolidation in the industry and the move toward eliminating agricultural price supports. The gradual elimination of such supports has led to widely fluctuating prices of farm commodities. This, in turn, has created the need for mechanisms to control these risks - particularly in the case of small to medium size farms with limited ability to deal with the cash flow problems inherent in such a system. Risk management therefore, also needs to be a priority consideration for the Agricultural and Farmland Protection Board. Indeed, it is far more important in Steuben County where higher risk small farms are the norm than in some other counties where large farms predominate.

The Board cannot, obviously, absorb the risks itself. It can, however, help to create the tools to do so. More importantly, it can help to ensure that farmers have access to these tools. Among these are futures trading, forward pricing and crop insurance.

- **Dairy futures trading, promoted as part of a special Federal program available to Steuben County, 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, it is clear that farmers who locked in prices in early 1999, for example, gained significant time to adjust to much lower prices later that year. Moreover, at least one experienced farm trader in nearby Wyoming County was able to make money when prices dropped by having sold short earlier. 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 Steuben 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 near Albany, for example, has successfully locked in significant over-order milk premiums for a number of years by negotiating with different processors. Local cooperatives serving Steuben 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 Steuben County and existing cooperatives could gain from assistance in developing their negotiating skills and other technical help.
- **Steuben County also has, in the example of the Keuka Wine Trail, an excellent example of the type of cooperative needed to further agricultural development.** It is a relatively small but highly effective organization with limited overhead that is able to promote the wine industry as a whole within the area despite the competition among members. Another example is the informal buying group several larger dairy farmers in Schuyler have created to bid some of their farm supply purchases.
- **There are additional opportunities of both a formal and informal nature to form selling or purchasing cooperatives in the County.** Such organizations are needed to pursue better pricing for dairy products, potatoes and vegetables, and to secure less costly goods and services through joint purchasing arrangements. Dairy processors such as Polly-O prefer to deal with small to mid-sized groups of farmers. Good examples of such cooperatives may be found in the County (the Addison and Kohoction Dairy Cooperatives). These groups can be loosely knit in some cases while, in others, more structured legal entities will be required but, in all cases, these cooperatives need to be relatively small and narrowly focused to be successful.

- **Technical assistance in forming and administering such cooperatives will be required in most instances.** Help is available from the U.S.D.A. Rural Development Agency insofar as start-up, but on-going activities will demand the aid of the Agricultural Marketing Specialist or some other entity free to get involved in price negotiations and other day to day business activity. Once organized, such cooperatives will, in fact, do well to employ their own personnel on a part-time or consulting basis for this purpose. The Board should initiate discussions with existing farm cooperatives, dairy farmers and potato and vegetable growers with views toward making USDA and other resources available for cooperative development.

Implementation Period:

- 1) Educational work 2001 (Continuing)
- 2) Organization 2002
- 3) Start-up and operation 2004

Responsible Parties:

- 1) Agricultural Marketing Specialist
- 2) Agricultural and Farmland Protection Board
- 3) U.S.D.A. Rural Development Agency
- 4) Cornell Cooperative Extension of Steuben County
- 5) Farm Services Agency

4.3 Agribusiness Expansion Initiative

Growing the agricultural economy demands a core of support businesses. Farmers need competitive outlets for products as well as the purchase of inputs. There are also opportunities for selected agribusinesses now largely missing in the County or needed to fill particular demands. Additional slaughter and meat processing capacity is needed, for instance. A regional dried-milk plant for use as a supply balancing facility would enable more local purchases of raw milk, avoiding the supply sharing problem inherent in Federal orders. There are a number of small sawmill operations that could pursue added value secondary processing opportunities by expanding into craft manufacturing. There are two cheese plants and several feed mills that could have interest in upgrading or expanding. Finally, there are wineries and dairies with opportunities to expand on-farm processing.

The importance of agribusiness enterprises to the County economy was reviewed in Section 2.0. They enjoy extraordinarily high economic multipliers, employ several thousand workers and, in the case of dairy processing, represent hundreds of millions of dollars of sales for the County. Encouraging the continued development of these agribusinesses demands a combination of financial incentives with other recruitment efforts.

- **Agribusiness recruitment should be a priority of the Agricultural and Farmland Protection Board.** This might include advertisements targeted at needed industry sectors, requests to universities to assign student interns to explore new agricultural processing ideas or holding an "Agribusiness Fair" for interested processors where they would be introduced to the supply, the community and economic development assistance they could expect from Steuben County. The County could also emulate Ontario County by creating an agricultural industrial park to which processors would be recruited. It should be complemented with the establishment of an enterprise zone allowing the avoidance of most taxes during the initial years of a plant's operation.
- **It is recommended that the County Industrial Development Agency consider a special tax-abatement program to promote investment in new or expanded agricultural enterprises.** This is necessary because many businesses, particularly those next door to Pennsylvania, are tempted to relocate out of New York State due to high taxes. Additionally, many farm-related enterprises (e.g. wineries) are excluded from agricultural tax benefits in New York State and are also outside the mainstream of manufacturing activity. A targeted tax-incentive program, combined with programs to protect farmland and recapitalize agricultural enterprises, will allow the County to offer unique packages of benefits to such enterprises, making it the place to be for those businesses - an essential ingredient of effective marketing. Individually negotiated abatements cannot substitute because they cannot be promoted. The IDA should consider a targeted tax abatement program with an abatement schedule as follows:

• Proposed Agricultural Industry Tax Abatement Program

• Year	• % Taxes Abated	• % Taxed under PILOT*
• 1	• 100%	• 0%
• 2	• 100%	• 0%
• 3	• 100%	• 0%
• 4	• 100%	• 0%
• 5	• 100%	• 0%
• 6	• 50%	• 50%
• 7	• 45%	• 55%
• 8	• 40%	• 60%
• 9	• 35%	• 65%
• 10	• 30%	• 70%
• 11	• 25%	• 75%
• 12	• 20%	• 80%
• 13	• 15%	• 85%
• 14	• 10%	• 90%
• 15	• 5%	• 95%
• 16	• 0%	• 100%

*** PILOT = Payments In Lieu of Taxes**

This schedule is designed to provide maximum benefits during the period of time when an agribusiness or winery is paying off equipment and start-up loans and, therefore, will be of direct aid in capitalizing these businesses. It is aggressive but not unprecedented. Ontario and Sullivan Counties, for example, have similar programs that have already been used by agricultural processors and feed and farm machinery dealers to expand their operations, increasing their commitment to those respective Counties. An aggressive program is, moreover, required to get attention and market the County as a location with a valuable competitive advantage. Yates County, too, has a similar program for industrial value-added businesses, much more aggressive than Steuben's and open to wineries as value-added food processors.

- **Steuben County should also work with Southern Tier Central to encourage use of its Entrepreneurial Revolving Loan Fund by County agribusiness and establish another revolving loan program specific to agriculture.** The fund should be targeted specifically to agricultural and forestry processing projects (particularly small wood craft operations), financing innovative manure management systems and similar ventures. It should also be promoted through the use of descriptive brochures. Candidate projects will typically need to be identified for the initial round of funding but could include a mini-dairy processing facility or feed mill expansion. The Appalachia Regional Commission, Economic Development Administration, HUD Community Development Block Grant Program should all be considered as a source of funding for such a revolving loan program.
- **A "Funding for Farm and Agribusiness Projects," brochure should be developed to identify various funding sources available to assist agribusinesses and farms.** This 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 include programs such as those offered by Empire State Development Agency, the Department of Agriculture and Markets and the Rural Opportunities Enterprise Center, Inc.. 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. Appendix 5.3 hereof provides a starting point for a funding brochure.

Implementation Period: 2002

Responsible Parties:

- 1) Steuben County IDA**
- 2) Southern Tier Central**
- 3) Agricultural Marketing Specialist**
- 4) Planning Department**

4.4 Next Generation Initiative

Perhaps the most critical challenge in maintaining a vibrant agricultural economy is producing a next generation of farmers and farm workers, to take over the operation of the industry and maintain the critical mass of agricultural activity needed to attract and retain support businesses. There are several measures that can be taken to achieve this initiative including the following:

- **Steuben County has a great deal of vacant farmland that could be put back into production.** A farm solicitation effort is warranted to better use the County's idle farmland. Oneida County, New York has developed an excellent program of this nature. It is relies upon a professional video entitled "The Mohawk Valley - The Agricultural Edge." Lewis County also has a good program. Oneida's program is managed by their Agricultural Economic Development Specialist and a special sub-committee of their Agricultural and Farmland Protection Board.
- A similar approach is warranted in Steuben and it is appropriate to target the Amish and Mennonite communities who have already been moving into both Steuben and Yates Counties. These communities have helped to maintain a strong agricultural base and have demonstrated the benefits of diversification by establishing small sawmills and assorted other niche enterprises that complement farm endeavors. Most importantly, they are helping to maintain a critical mass of farmers and agribusinesses.
- **Preparing future farmers and farm workers with the motivation and skills needed to prosper in agriculture.** This includes agricultural education in schools. There should be increased efforts and agricultural vocational training into BOCES and local high schools. The "Feed the Green Machine" video is a place to start. From this base, a program of seminars and courses should be developed, particularly in the areas of agricultural

diversification and specialization with emphasis on the high-tech nature of agriculture today and the many applications of science that it involves. The "Agri-Core" curriculum programs used in Cortland, Ontario and Cayuga Counties are also excellent models. These programs need to be heavily promoted to build knowledge of current farm practices and an appreciation for agricultural economic opportunities in the County.

- The 4-H program should be used to complement this effort by reaching out to the non-farm community and keying on the science of agriculture. County 4-H staff should review existing agricultural and natural resource programs and identify opportunities to build core business, entrepreneurial and marketing skills in area youth. Rural and farm youth need to be encouraged to explore higher education in agriculture and natural resources, including course work in business, marketing and entrepreneurial skills development. A concerted effort to work with 4-H program leaders and area guidance counselors in this regard is a necessity.
- **Internet user capabilities need developing among younger generation farmers to further trade, create feeding programs, monitor pricing and keep abreast of the latest technology.** Progressive farmers are using this tool to a great degree but many have resisted it. The County Agricultural and Farmland Protection Board needs to promote its use in every way possible to keep Steuben farmers abreast of the available technology. Seminars, demonstrations and hands-on training are all needed. Those farmers who make the effort to become "computer literate" will offer the best potential to grow and attract labor as well as investors.
- **Labor management skills among farm owners also need improving.** Farmers have found it extraordinarily difficult to attract and retain farm workers with the economy at full employment. The work is sometimes unappealing, the hours can be long and benefits have typically not been available. Most farmers have had little experience or training as labor managers. As their farms have grown in size, dealing with farm workers has, therefore been a challenge. Much training is needed, with regard to managing labor, devising attractive benefit packages, offering better working conditions and identifying alternative sources. Where such sources are used (e.g., immigrant labor), several other issues must also be addressed, including language skills, general education and housing. The cultural divide can be troublesome if farmers are not properly equipped to meet the needs of their workers. Those Steuben farmers who have taken the time to learn labor management skills and have invested in their workforce have had little difficulty keeping good help. The Board should use the Pro-Dairy program and other resources to help inculcate this attitude among all farmers.

- Transfer of farms from one generation to the next involves a combination of estate and business planning for which farmers often require professional technical assistance. The Agricultural and Farmland Protection Board needs to take a lead role, together with Cornell Cooperative Extension, in making this assistance available through seminars; other training programs and the formal establishment of the Extension Office as a clearinghouse for resources on farm transfer planning. The Board should also explore the potential for establishing a pilot program in connection with Farm Credit or other lenders to purchase and rent farms on a lease-purchase basis to young farmers, individually or in cooperative fashion. This would make an excellent demonstration grant request and could help lenders address Community Reinvestment Act obligations while developing future agricultural lending business.

Implementation Period: 2002 (Continuing)

Responsible Parties:

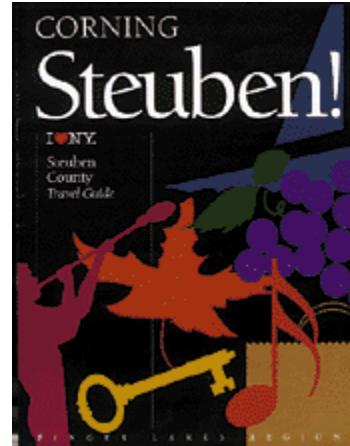
- 1) Agricultural and Farmland Protection Board
- 2) Cornell Cooperative Extension
- 3) Agricultural Marketing Specialist

4.5 Agricultural Tourism Initiative

A Steuben County agricultural and natural resources tourism industry needs to be developed around the Corning Glass and Keuka Lake Wine Trail attractions. Both Corning Glass and the Finger Lakes Region offer tremendous name recognition, but more efforts need to be made to build upon interest in the Ceramic Corridor and wine industries.

- Professional marketing is needed to package these attractions with local bed & breakfast offerings, vineyard/winery tours, visits to farm markets, farm tours and the like. The potential for making tourist attractions out of farm enterprises is considerable. An excellent illustration of the type of appeal that should be made is the brochure developed by the Sullivan Trail RC&D agency for Ontario, Seneca and Yates Counties entitled "The Beat of the Finger Lakes Heartland." Steuben was offered the opportunity to participate but insufficient farmer interest led to it being left out. This suggests the County's farmers are not aware of the tourism assets they

possess and more effort needs to be put into assisting farmers in developing this potential.



- One of the most important assets in this regard is the fact most of the wineries and other farms are family operations. Family history is a great marketing device of much interest to visitors who like to take home wine, cheese and fruits they can tell others they purchased at a little family-owned farm or vineyard in the Fingers Lake. Some of the wineries have begun to take advantage of this but others have not and need to become more receptive to bus tours and other organized group visitation. Professional marketers, therefore, are required to sell the tours at both ends - to visitors and to the businesses who could benefit from their visits. Visitors want to not only buy a bottle of wine but also to see how it's made and know who's making it. They want to know the family and associate with those individuals.
- **The County also very much needs more activities for youth to complement the adult attractions and create a family tourism image for the area.** These might include corn mazes, equine activities, pond or fee-fishing and farm visits, for example. Other farm-related tourism could include tours of a modern high-tech farm. The County tourism brochure now includes 2 pages of farm market information, including a tree farm, organic farm, blueberry farm and similar features but nothing truly recreational or symbolic of present-day agriculture. There is great interest in how working dairy farms, for example, operate today.
- **A demonstration project funded with help from the County and State and/or Federal grant sources to develop and market bus tours centered around a combination of agricultural, wine trail and Corning attractions is needed.** The project should be assumed by the Steuben County Conference and Visitors Bureau over the long-term, but the Agricultural and Farmland Protection Board should encourage the development of additional agricultural tourism ventures such as new fruit and vegetable stands, corn mazes, fishing ponds, farm tours, u-pick operations and the

like through a combination of education (e.g., a seminar on how to set up a corn maze) and financial incentives. Such incentives might, for example, include use of Southern Tier's Micro Enterprise Entrepreneurial Revolving Loan Fund to develop a small on-farm cheese processing facility or small grants could be awarded to make other improvements or to do publicity.

- The keys to a successful agricultural tourism program are two-fold; 1) having enough activities to attract interest and package with other activities, and 2) establishing a price that connects with each activity to generate income. The first of these challenges is addressed above but, as a measure of the County's level of activity, it is worth comparing it to St. Lawrence County where over three dozen farm tours are advertised in addition to the farmers' markets. Steuben County's brochure promotes just 11 agricultural tourism sites altogether and most of these are farm stands. Clearly, more development work is needed. There are attractions to promote (e.g., existing farm bed and breakfast operations, log cabin rentals, pumpkin patches and at least one corn maze) but most do not make into the tourism brochure.
- **Some farms with tourism potential have chosen not to be included in brochures because they do not see a profit in it.** This is why it is so important to have something to sell to agricultural tourism sites. That something can include an admittance, merchandise or schooling, but if a price is not charged then the tourism is just apt to be a bother as an opportunity for the farmer. Many farmers are simply unaware of the level of interest in their activities or the fact that tourists will pay for it. They will, however, and there are good examples locally including "Herb Camps" and "Draft Horse Schools." Similar opportunities exist with recreational leases for hunting and fishing, petting zoos and other activities. Tourists are also likely to be interested in seeing a 22 foot wide potato digger operate, how a modern milking parlor works or a beef farm. These all present tourist opportunities that should be explored and packaged with other attractions. However, rural landowners are unsure of how to manage liability concerns with these types of enterprises and need additional education in this regard if fee hunting and finishing businesses are to develop.
- **Packaging also involves linking the attraction under some common theme.** This could be accomplished in the context of the Wine Trail or the Finger Lakes Culinary Bounty program using attractive brochures and trail signage. A link to Corning Glass is also appropriate, of course, and one concept might be to tie various vegetable producers and farm stands together in a "Corning Cornucopia Trail." Such a trail could also take

advantage of the Steuben County Fair's status as the oldest in the nation, if some regular activities can be developed at the site.

- **The Agricultural and Farmland Protection Board should provide the initial leadership in developing an ag tourism program by assembling a task force of representatives from the farm community, Sullivan Trail RC&D, Corning tour promoters, the Convention and Visitors Bureau, Wine Trail and local lodging places to identify the best opportunities and the measures needed to stimulate interest by providers.** From this a conceptual plan for promotion purposes can be developed. Providers can then be solicited and an advertising campaign launched. It need not be expensive. Bucks County, Pennsylvania, for example, does a very effective job with a plain paper booklet advertising several dozen sites and combines this with a website where such attractions are packaged with bed and breakfast accommodations. This is the type of program Steuben County needs.

Implementation Period: 2003

Responsible Parties:

- 1) Agricultural and Farmland Protection Board
- 2) Steuben County Conference & Visitor Bureau
- 3) Agricultural Marketing Specialist
- 4) Cornell Cooperative Extension

4.6 Good Neighbor Initiative

A major concern of virtually every farmer in Steuben County is maintaining a good relationship with farm neighbors. Farmers are worried about complaints regarding odors, noise, slow-moving traffic and the use of pesticides. Some have opted to buy as much land as possible to buffer their activities, others have informal arrangements to notify neighbors when they plan to spread manure and still others invite their neighbors to barbecue events or provide free vegetables as good will offerings.

- **More important than anything is consumer education.** As one Steuben County farmer succinctly stated it, "people who don't know, don't care." The non-farm resident survey discussed earlier revealed that, even in rural Steuben County, there are large numbers of residents who have not visited a farm in over 10 years (or ever). These individuals need exposure to the agriculture industry, the practices it involves, the science it requires and

the practical difficulties of farming, if they are to be expected to sympathize with the attributes of the farm next door. This requires more events like the Jasper Ag Day, the Addison School's "Grown in Steuben Week" and Tioga County, Pennsylvania's "Farm-City Day."

- **An annual publication similar to Saratoga County's "Saratoga Farms" resource guide to farms in the County should be developed to map Steuben farms and promote agriculture in general.** This might simply be a Farm-City Day newspaper insert or it could be done in the manner of the "Business Journal" publication. The Agricultural and Farmland Protection Board, could also develop such a publication on an annual basis as the vehicle for agricultural promotion, given that so much of the County's economy revolves around agriculture. It should include not only the map but also economic data on agribusiness and farming, excerpts from this plan, descriptions of all significant farms in the County by category, advertising and promotional material. The goal should be to use the piece for education of both the farm and non-farm community and to instill pride among members of the industry.
- **Another very effective tool for good neighbor relations is New York State's Agricultural District program.** Location in an Agricultural District provides farmers with the protection of the State's right-to-farm legislation. Municipalities cannot impose standards that unreasonably restrict farm activities. The same provisions also offer Department of Agriculture and Markets assistance in fighting nuisance suits directed at what are ordinary and sound agricultural practices. Most importantly, sales of property within Agricultural Districts or near farms located in such Districts are subject to a notice requirement. Purchasers receive an Agricultural Data Statement telling them they are in an agricultural district where farm practices creating odors and other impacts are routinely conducted. It also establishes a legal foundation for farming and helps to eliminate causes of action by neighbors against farmers. This feature of the legislation discourages litigation and encourages resolution of disputes by other means that respect the interests of both parties.
- **Steuben County's Agricultural District program, is, therefore, extremely important and participation by every farmer is essential. Public education regarding the value of the Districts must be a continuing process.** Public education regarding the value of the Districts must be a continuing process. The Agricultural and Farmland Protection Board should increase their efforts to solicit farmers to join existing Agricultural Districts as they come up for renewal. All landowners within a district undergoing review should receive a direct mailing that includes the renewal form and a fact sheet concerning Agricultural Districts. Existing districts should be

consolidated where feasible; there are now 23, but a target of about 8 should be set, resulting in one renewal per year. This will allow an efficient annual process with time to prepare maps for public distribution, conduct tours and place paid advertisements to create more interest in the program. All these tools should be employed and the Agriculture and Farmland Protection Board should also develop and distribute Fact Sheets regarding the program.

- **The County Legislature is also now considering a Right-to-Farm Law and similar laws should be encouraged in Steuben County's towns. The proposed County law and a suggested model for town use are included as Appendix 5.5 of this Plan. Representatives of the Agricultural and Farmland Protection Board should meet with local officials of these towns on an individual basis over the next three years to explain the benefits of agriculture and propose the adoption of this model or a close facsimile. It is town government that typically receives agricultural complaints and takes responsibility for mediating these conflicts. Towns also control building and development and, therefore, are the logical entities to administer Right to Farm laws, although the County version is a good failsafe measure.**
- **Right to Farm laws, it should be noted, are intended to complement the New York State Agricultural District Law and provide a means for resolving farm-neighbor conflicts.** They do so by protecting the rights of farmers using sound agricultural practices to continue those practices and to grow and expand within the community. They establish a policy that recognizes agriculture as a priority land use and puts the burden of proof that a farm practice constitutes a nuisance squarely upon those who would oppose such practices. The model law establishes specific criteria that broadly define the nature of a sound agricultural practice and make it extraordinarily difficult for such practices to be declared nuisances. The real strength of such laws, however, is that they create a mechanism to discuss problems, educate the parties and resolve conflicts on a local level. They also serve to establish a statement of town policy which, it is hoped, will carry over to other aspects of local government.

Implementation Period: 2001-2004

Responsible Parties:

- 1) Agricultural and Farmland Protection Board**
- 2) Cornell Cooperative Extension of Steuben County**
- 3) Steuben County Farm Bureau**

4.7 Farmland Management Initiative

Maintaining the supply of farmland in the County demands a management effort by the County that addresses the threat of development of the best parcels while also recognizing the needs of farmers to redeem their equity in the land and the high holding costs of farmland. Accordingly, the following measures are recommended:

- **The County should, together with the Finger Lakes Land Trust, consider establishing a very limited program to acquire at least temporary conservation easements on the most valuable farmland in the County.** The program should be strictly voluntary and limited to high-value farmlands threatened by development (e.g. Keuka Lake tracts suited for vineyards). Conservation easements effectively separate commercial and residential development rights from farming rights. The acquisition of the former is, therefore, often referred to as "purchase of development rights" or "PDR" although a more practical approach for Steuben County is probably a shorter-term program where the rights are effectively leased for a specified period ("LDR"). The values of such programs are two-fold. They preserve farmland with all the attendant benefits of protecting open space, critical mass and future opportunities to farm. They also, and much more importantly, allow a farmer to redeem equity in farmland.
- The program will require funding for easement purchases or leases, administrative assistance and an organization to receive and hold the easements or development rights. The Town of Perinton, Monroe County, program, which uses tax abatements as the payment mechanism for a LDR program, can serve as an excellent model for Steuben County. Appendix 5.6 includes a description of this program. The primary areas for consideration should be those farms, depicted on the map found in Section 2.2 of this Plan, that lie within a New York State Certified Agricultural District and are located within those Soil Groups rated as "most productive" in terms of Agricultural Suitability (see Table 2.1). Areas already protected by designation as regulatory floodway should not be included and emphasis should be on areas that actually bear a risk of conversion to other non-farm uses.
- The receiving organization for the easements could be the County itself through the Agricultural and Farmland Protection Board, the Finger Lakes Land Trust or even individual municipalities. The Land Trust might well also play an administrative role. The American Farmland Trust (AFT) could too, be contracted to provide technical assistance in administering the program. AFT has assisted with the preparation of this

Plan and is, therefore, familiar with the County. Also, regardless of who is chosen to receive easements or administer the program, AFT is a reservoir of valuable information and models of easement or LDR/PDR programs.

- **Funding for the program could come from many sources including the New York State Environmental Bond Act, the Federal Farms for the Future program, the New York State Agricultural and Farmland Protection Program, local and national land trusts and/or private individuals. A landowner might, for example, donate a portion of the easement value for a tax write-off and to provide the match for New York State or other funding. This could work particularly well with wealthier owners of rented farmlands, of which there are an increasing number of buyers for recreational purposes in Steuben County. The Land Trust, if involved in the program, might well also be able to raise private donations for matches. There are, too, other programs such as the Federal Conservation Reserve Program (CRP) and Wetlands Reserve Program (WRP) that can be piggybacked onto the local program as a way of leveraging additional monies. Steuben County, in fact, already has more CRP acreage than any other in the State. Finally, if the development rights were leased, they could be purchased with the tax abatements rather than, or in combination with, cash.**
- **The Agriculture and Farmland Protection Board will need to develop guidelines for dealing with the sensitive issues of how farms are chosen for the program and the management of the conservation easements. These easements should set aside areas for family residential development but limit other commercial and residential development of the farmland itself through negative covenants that confine or prohibit such activity. It will be important to avoid discriminating against small farmers in the selection process. The Agricultural and Farmland Protection Board can help to ensure this. The Board will also need to do a fair amount of preliminary organization before it can solicit easements, but the program can come together quickly with the right help and the Board should establish high goals and publicize them as a way of generating interest in the program, both from farmers and potential contributors.**
- **A critical element in any successful LDR/PDR program is the degree to which it will allow participating farmers to recover and reinvest equity or take it out if the intent is to retire and transfer the farm to a younger generation. If sufficient equity cannot be redeemed, then the downside risk of giving up future returns associated with escalating land values will be too great. There must be a significant difference in agricultural and development value for the program to work and this is lacking in much of the County. If the differential is expanding rapidly, however, the farmer**

may not be wise to sacrifice potential future for present gains. It is difficult to know where one stands on the spectrum in Steuben County because various parts of the County are affected in different ways by growth outward from the Corning and Rochester areas. These areas are in a state of transition where land values could be subject to wide fluctuation over the next 10 to 30 years.

- Given this circumstance, most farmers would not be well-served by a permanent conservation easement program that would eliminate opportunities for a younger generation to also redeem their sweat equity in the land. This is why a Leased Development Rights (LDR) program similar to the one employed in Monroe County and in Vermont would work best for the County. It should be based on a one-generation type easement agreement (say 20-25 years) where some portion of the easement might be purchased with tax relief that is also inappropriate to give away forever. A LDR program would provide an opportunity to recover equity in the short-term, preserve future equity development options for the younger generation and cost much less to implement. Finally, it puts the responsibility for farmland preservation in the only place it ultimately can be - the hands of the farmer who must, using the economic development approaches outlined in this plan or others, be able to generate a profit sufficient to amortize the value of his farm investment. It is a good fit for Steuben County.
- **The Agriculture and Farmland Protection Board should promote further use of the CRP and WRP programs within the County.** These programs are good financial tools for reducing the holding costs associated with farmland. They are also good examples of what is happening in places like Australia, and potentially in the U.S., where farmers are effectively paid for maintaining open space. Those farmers with debts to the Farm Services Agency can also use them as a vehicle for trading open space for debt reduction.
- **Incentives for making productive use of other idle farmland are needed.** Where land doesn't qualify for the CRP or WRP programs, returning it to productive use needs to be a priority from both economic and farmland preservation perspectives. The incentives could be worked into an LDR program, for example, by giving a priority to such circumstances. Other incentives might include short-term tax abatements to encourage recultivation and later placement under the regular Agricultural Assessment program. Technical and marketing assistance could also be made available to farmers interested in taking over abandoned fields and putting them into new agricultural uses.

- **The Agricultural and Farmland Protection Board needs to make a concerted effort to equip farmers with the ability to reduce their property tax burdens.** Despite the Agricultural Assessment and School Tax Refund programs, some Steuben County farmers interviewed in preparation of this Plan have seen their taxes double over the last 10-12 years.
- First, there is a need, within the farm community, for increased awareness of existing tax benefits available to farmers. Surveys conducted as part of this planning process indicated a lack of knowledge regarding fairly generous tax benefits available to New York State farmers and vineyard owners. Presentations are needed on a regular basis to farmers, assessors and the farm community as a whole. A farmers tax guide also needs to be developed along this line with annual seminars and release of reminder notices. A sample guide to farm taxes is attached as Appendix 5.1.
- Secondly, the Agricultural and Farmland Protection Plan needs to become a clearinghouse for technical information on farm taxes. It specifically needs to educate farm tax preparers and should consider an annual seminar or even a certification program just for those individuals.
- Finally, the Board needs to be active, along with Farm Bureau, in speaking to tax issues. The School Tax Refund, for example, shouldn't be limited to small acreage farms (250 acres) when the trend is toward farm consolidation and some the County's best farmers, most worth encouraging in their endeavors, are well above that acreage.
- **A continuing education program is needed regarding leasing of farmland to companies engaged in oil and gas exploration.** New technology has made it possible to drill deeper and economically remove oil and gas that wasn't feasible to mine just a few years ago. Exploration companies are now engaged in leasing Steuben County properties for this purpose. It is an opportunity to capture more economic rent for farmland. There are, however, issues surrounding such leases on which farmers and others may need technical assistance and some training. Understanding the importance of various lease provisions is critical to maximizing revenue over both the short and long-term. Therefore, a program of continuing technical assistance aimed at both farmers and other landowners is essential. It should also include the development and distribution of model lease provisions and educational materials.

Implementation Period:

- 1) LDR 2004
- 2) Other activities 2001 (Continuing)

Responsible Parties:

- 1) Agricultural and Farmland Protection Board**
- 2) Cornell Cooperative Extension**
- 3) Farm Bureau**
- 4) Planning Department**

4.8 Smart Growth Initiative

Purchase of development rights will often be impractical in Steuben County due to limited differentials between agricultural and development values and lack of public knowledge. Other measures are appropriate in those circumstances, including "Smart Growth" land use regulations. Such regulations typically encompass mechanisms such as "conservation subdivisions" that concentrate growth in selected areas in return for preservation of open space, including valuable farmland. The selected growth areas are typically those near existing centers where infrastructure exists to accommodate new development. Both the County Planning Department and the Three Rivers Development Corporation are promoting "Smart Growth" and the Agricultural and Farmland Protection Board should do the same.

As a general matter, farming can be either greatly helped or greatly hurt by land use regulations, depending on how well agricultural interests are incorporated in the land use planning which undergirds those regulations. Recommendations in this regard are outlined below:

- **Where zoning laws exist within the County, the zoning laws should include agricultural zoning districts generally matching the New York State Certified Agricultural Districts within those borders.** The Agricultural Farmland Protection Board should, with the Planning Department, develop a model set of district regulations for this purpose. The regulations should permit a wide range of uses in such districts but only at densities compatible with farm activities so that adequate buffers can be provided and reduce potential nuisances suits. Permitted uses should also be oriented toward compatible activities like campgrounds, farm resorts, light manufacturing and other activities where the potential for conflict with agriculture is minimized. Residential development of any intensive nature should be discouraged.
- **The districts should discourage activities that will require the extension of sewer and water lines into active farm areas but encourage "conservation"**

or "farm-friendly" subdivisions that allow the area to develop in a reasonable and compatible manner and permit farmers to secure extra income from sale of equity in land not essential to their farm operations. Such subdivision regulations typically require clustering of housing and development along the edges of properties or wooded areas to avoid using up valuable farm fields. Some sample language along this line might be as follows:

- "Proposals for subdivision of parcels including active farm or crop land within New York State Agricultural Districts shall include delineation of proposed building sites on each lot, which sites shall be located outside of or along the edges of the active farm and crop lands. Subdivisions of five (5) lots or more shall ordinarily be required to employ conservation subdivision or clustering techniques which provide for presentation of active farm and crop land without reducing overall density of development."
- Some caution must be exercised, however, in planning developments of this nature to avoid creating conflicts between homeowners and farmers engaged in normal agricultural practices such as manure spreading, weed spraying and cattle pasturing. Density of development and buffering are both factors that should be considered in this regard.
- **Local officials and, particularly, planning board members, require continuous education on planning issues in general and agricultural law.** Many planning board members often come from non-farm backgrounds and are unaware of farm issues and the law as it pertains to agriculture. They also need instruction on "Smart Growth" and "Growing Greener" planning options that concentrate growth near existing centers and infrastructure. Schoharie County, together with Shepstone Management Company, has developed an Agricultural Planning Guide to assist in guiding planning officials. A copy is attached as Appendix 5.7. Planning schools, seminars and resource materials for local officials should be prepared and/or conducted to help them understand how the Agricultural Districts Law works and the considerations they should give to development adjacent to farms.
- **A concerted effort is needed to get members of the agricultural community involved in local government and planning.** As an example, Section 271.11 of the New York State Town Law specifically provides towns with the authority to appoint one or more agricultural members who earn at least \$10,000 per year in gross income from agricultural pursuits. Such members can be in addition to the other members the Law specifies each Board must have. All major agricultural towns should take advantage of this provision to designate additional farm members. Such members are

more effective in the long-term than simple appointments of farmers to regular planning board positions because there is no guarantee with the latter that farmers will stay on the boards in the case of reappointments over the years. Getting towns to make such appointments will demand not only some initial persuasion but also continued follow-up and technical assistance.

Implementation Period: 2002-2004

Responsible Parties:

- 1) Agricultural and Farmland Protection Board**
- 2) Cornell Cooperative Extension of Steuben County**
- 3) Planning Department**
- 4) Steuben County Farm Bureau**

4.9 Freedom to Farm Initiative

There has been increasing emphasis from the Federal level in letting private markets direct the future of agriculture. One of the most recent Farm bills, in fact, used the "Freedom to Farm" phrase to describe this policy. While that legislation has resulted in some of the wide fluctuations that have been detrimental to the industry, there can be no doubt that Federal policy will continue in this general direction. Steuben County, like others will have to adapt. However, it should use this opportunity to press for further "Freedom to Farm." This includes the following:

- Encouraging Federal officials to relax provisions of the Food Quality Protection Act as they impact on the availability of pesticides used on small vegetable and fruit crops grown in the County. Many such crops produce relatively small demands for pesticides and the incentives to develop new pesticides simply do not justify fast-tract approvals. Therefore, taking them out of the picture too early can be very detrimental to farmers growing those crops. Programs that do offer incentives for development of alternative treatments for small crops simultaneously need to be supported.**
- New York State Department of Agriculture and Markets and Federal Order rules governing the operation of on-farm and other small-scale milk processing facilities also need to be streamlined. The present rules have caused some on-farm processors to give up milk bottling because they require excess milk to be sold to a cooperative. Regional cheese processors**

suffer similar problems from Federal Order requirements to give up 20% of their supply to fluid milk processors during certain periods when the supply is low. Lifting of these requirements would allow a true private market to develop where farmers would get paid higher prices during those periods and adjust production accordingly in response to the incentive, thereby eliminating the problem and the need for any regulation.

- **Farmers also need relief from overly complex rules on wide load equipment transports in New York State and weight restrictions.** The former are also more strict than adjoining Pennsylvania and equipment dealers find it difficult to move across the borders. Farmers with wide equipment and multiple farms also confront difficulties. Weight restrictions intended for stone trucks have made it very difficult and costly to move product to and from a Bath feed mill. Each of these situations demands a pro-active response by the Board and Farm Bureau to amend the rules and find alternative solutions.
- **Export restrictions need to be eliminated.** Potato farmers, for example, find that access to Canadian markets is closed off until that country's crop is sold. Other industries also find that it is much easier to import than export. All trade barriers need to be removed if truly free trade is to take place. Farm Bureau and the Agricultural and Farmland Protection Board need to continually lobby for this.
- **Industrial hemp is an excellent product for Steuben County and is being grown in Canada in greater amounts every year but Federal regulations effectively prohibit the raising of this multi-use crop and need to be relaxed.** Industrial hemp is strictly controlled because of its genetic similarity to marijuana, but it is a much different product and several states are experimenting with pilot programs to allow cultivation under the Federal rules. New York State is, unfortunately, not one of them. Hemp has a multitude of uses for cloth, paper, oils, food and medicinal purposes. It also grows well in most environments. The Agricultural and Farmland Protection Board and Farm Bureau should press New York State to develop a pilot program.
- **Time periods for complying with Federal regulations regarding Concentrated Animal Feeding Operations (CAFO's) need extending and additional funding is required to design and install the necessary farm improvements.** The State would also benefit by participating in the Chesapeake Bay Program to open up new sources of funding. More equitable distribution of funds from USDA's Environmental Quality Incentives Program (EQIP) is essential. Funds should be made available to farmers, not just those with farms located in priority watersheds. EQIP

requires greater Federal funding and priorities for the Northeast should include erosion control, nutrient management, and rotational grazing.

Planning assistance through Cornell Cooperative Extension and the Soil and Water Conservation Districts needs strengthening by allocation of additional resources to this task.

- **Consolidation and professionalism of governmental services such as real property tax assessment are needed.** Some towns still operate with Boards of Assessors and this typically results in limited knowledge of agricultural assessment rules and much inconsistency from town to town. Tompkins County, like Pennsylvania next door, uses trained county-wide assessors, but even in the absence of this cost saving move, much more professionalism can be introduced through training in matters such as agricultural issues and by encouraging towns to join together in using common assessors.
- **As an alternative to increased Federal involvement, the Northeast Dairy Compact offers a tool for farmers to join together in bargaining for higher prices.** Not all farmers are fans of the Compact because it does distort the private market but, on the whole, most of the County's farmers would probably benefit from New York State's inclusion because it would provide modest additional premiums for local producers. It should be supported.
- **So as to increase coordination among Federal and State agencies serving the farm community, the Agricultural and Farmland Protection Board should sponsor an Annual Agribusiness Forum.** This should be an event where all the agencies can compare program information and requirements. It can be used as a vehicle to share this information with farmers, lenders, agribusiness owners and others. Ideally half a day would be devoted to each purpose.
- Overall, the government role in revitalizing agriculture should be restrained to education, research, promoting some financial and tax incentives and start-up assistance with new enterprises. The private sector has to carry the major part of the burden. Indeed, government's most import role may be to stay out of the way, once things are going.

Implementation Period: 2002 (Continuing)

Responsible Parties:

- 1) Agricultural and Farmland Protection Board**
- 2) Cornell Cooperative Extension of Steuben County**
- 3) Steuben County Farm Bureau**
- 4) Steuben County Soil & Water Conservation District**

5) New York State Department of Environmental Conservation

4.10 Forest Management Initiative

Forestry resources are not especially well managed but the industry offers significant additional profit potential for farms and is extremely important to the County as a whole. Needs that the Agricultural and Farmland Protection Board can help address include the following:

- **Secondary processors of wood products, particularly the smaller enterprises, need to be encouraged with financial incentives.** These include woodcraft industries, cabinet-makers, manufacturers of storage buildings and outdoor patio furniture and similar enterprises. Another critical need at the present time is assistance in developing new markets for low-grade timber (e.g. firewood or pallet manufacturers). Financing and tax incentives are appropriate (see Section 4.3) and programs for both small and large manufacturers are needed, from woodcraft shops to sawmills.
- **Forestry presents significant possibilities for generating additional tourism to the area.** Recreational leasing of forest property for hunting and fishing is the most obvious economic opportunity but there are also possibilities in hiking trails, bird-watching and eco-tourism. Links to eating places, bed & breakfasts and other activities where landowners can earn an economic return are needed. Additionally, education regarding liabilities and insurance is needed to gain the interest of farmers in recreational leasing. Group purchases of insurance should be possible. Marketing will, too, be essential and this is an area where the proposed Agricultural Marketing Specialist can be particularly helpful.



Steuben County Fall Foliage

- **Forestry processors are typically large users of electricity and need help in negotiating special utility rates.** This need is shared with the agriculture sector and can be addressed by organizing farmers and forestry enterprise owners as purchasing cooperatives or consortiums. Consultants who specialize in such negotiations should be made available to these groups to assist.
- **There is a need to pick up on the work of the Sullivan Trail RC&D District and develop an Internet version of a Wood Products Directory to link Northeast wood users with Steuben County or regional producers.** This would involve updating existing data on primary and secondary wood product manufacturers in the area, transferring it to a web page, perhaps conducting a trade show to bring mill owners and manufacturers together and follow-up work in establishing formal communications among buyers and sellers. It would also involve follow-up surveys and web page maintenance. Other types of promotion are also needed. The various small wood processors engaged in producing sheds and furniture, for example, should be jointly marketed by development of a simple brochure giving products, prices and directions. This is done very effectively in Lancaster County, Pennsylvania where many similar enterprises flourish.
- **A comprehensive marketing study is needed to attract users of low-grade forest products by validating the flow of supply within the region.** This involves quantifying the regional supply of wood chips, other mill residues and low-grade standing trees available. It also demands research to identify different products that can be manufactured from these resources including minimum wood requirements, break-even sizes of potential

commercial operations, utility requirements, market evaluations, studies of the competition, probable pricing, financing required and analysis of geographic siting options. An independent forestry marketing consultant should be used to do the study. Funding may be available under the Trade Adjustment Assistance Program if a loss of business to imports can be documented (as is the case with nearby Proctor & Gamble).

- **Woodlot management skills need developing. Many farmers and most new landowners in the County lack understanding of sound forestry management practices.** Accordingly, continued education efforts in cooperation with the Department of Environmental Conservation (DEC) are necessary. Both general education and advocacy type technical assistance are required. Fortunately, Cornell Cooperative Extension of Steuben County has taken a serious interest in this subject and DEC is planning to employ a Forestry Utilization specialist at their Bath Regional Office in the near future . This person will directly aid landowners and mill owners in finding and developing markets for products. It is also important to continue with Forest Owner Workshops and to establish a local chapter of the New York State Forest Owners Association.

Implementation Period: 2002 (Continuing)

Responsible Parties:

- 1) Agricultural and Farmland Protection Board
- 2) Cornell Cooperative Extension of Steuben County
- 3) Sullivan Trail RC & D Council
- 4) Steuben County IDA

4.11 Professional Farm Manager Development Initiative

The principal difference between successful and unsuccessful farm ventures is the level of management. Good managers not only survive, but prosper, and poor ones do not. Development of farm management capacity, therefore, is essential to the success of Steuben County agriculture. The following recommendations are offered along this line:

- **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 many Steuben County farm operations have reached the size where such programs no longer meet their needs. These producers instead rely upon

suppliers, their cooperatives and industry associations for much of the specialized expertise they require. Meanwhile, smaller farmers find that yield-focused programs don't meet their needs either. They typically lack the resources and/or interest to expand.

- 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 hould work with Cornell Cooperative Extension to develop an intensive core training curriculum for professional farm managers and a certification procedure to reward those who finish the program. Cornell's Pro-Dairy Program can serve as one source of trainers and as a model for use with all farmers. The participants in the Dairy Farm Business Summary program provide a logical foundation for such a 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 dairies. 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 dairies.
- Feed costs can also be lowered by substituting alternative products such as beet pulp, sweet corn waste and brewers grains. Whey is another inexpensive food source and finding uses for it also helps the County's dairy processors. Educating farmers on its use in feeding programs should receive continuing attention.
- Prices for inputs can also typically be lowered by 5% or more simply by purchasing in bulk. A small group of Schuyler County farmers 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. Semen and dairy supplies (towels, soaps, dips, etc.) are purchased through the program now. Some chemicals and fertilizers may be added. Clearly, there are opportunities for small groups of farmers in Steuben to do the same thing. There are a few examples of machinery sharing now in the County. There are numerous possibilities for group purchases in other categories. and many ways farmers could work together to reduce costs.

- **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.
- These training efforts should be focused on those farmers with the most management potential.

Implementation Period: 2002 (Continuing)

Responsible Parties:

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

4.12 Diversification/Specialization Initiative

Steuben County's agricultural industry needs to continue to both diversify and specialize along the following lines:

- **There are opportunities in various new products (e.g yogurts) that can be produced on-farm or in cooperation with other organizations.** On-farm dairy processing is a viable option for small to medium sized dairies. Organic dairying has distinct possibilities and is already being pursued.

Agricultural tourism (discussed above) also offers potential. Other farmers can specialize in raising newborn calves and heifers, growing forages, renting out pasture, custom harvesting and similar ventures. Potato growers should explore options for diversifying into other crops, such as silage corn, to reduce financial risks. Corn silage and TMR sales to smaller farmers offer profit potential for the larger operations. Quality hay, frozen embryos, export cattle and high-protein Jersey milk are still additional opportunities for diversification and specialization.

- **Niche marketing is essential for smaller farmers to achieve profit margins needed to survive at their reduced scales of operation, even though the niches may have to be changed from time to time.** Local beef producers indicate they have to reinvent their operations every 8-10 years. Those who do, survive and prosper - those that don't, are soon gone. The role of the Agricultural Marketing Specialist (see Section 4.1) will be to provide some of additional expertise required to pursue these possibilities. Cornell Cooperative Extension can supply the educational support. However, much of the expertise needs to be provided in the context of an advocacy, rather than strictly educational, role.
- **Strategic alliances between small and large farmers and grain/potato/vegetable and dairy farmers also need to be furthered.** Potato farmers need to be encouraged to grow crops for dairy farms as part of their rotation program (done elsewhere but not popular in Steuben County). Intra-County sales of grain and other commodities need to be encouraged with the establishment of a local "forage finder" program and the promotion of commodity sheds.
- **There is a concurrent and related need to encourage alliances among farmers, educational/research institutions, agribusinesses and County government.** A public-private partnership between the County and one or more of the dairy cooperatives, for example, might involve using a single entity to do milk hauling for more than one cooperative, avoiding multiple truck trips past the same farms. Simultaneously, the County could work to upgrade its own roads (and influence the State and towns to similarly upgrade theirs) so as to eliminate weight limits and encourage the most efficient routing of the milk truck traffic. The result would be a win-win for everyone - reduced truck traffic overall, lower road maintenance costs and more profit in the milk for everyone to share.
- **Similar joint ventures among local milk producers and food companies to test new products that will expand the milk market in the manner of the recently introduced "chugs" will also be win-wins for everyone.** The chugs, as an illustration, have resulted in 28% growth in sales of cold door milk products where introduced by Dean Foods as contrasted with 23%

declines where chugs were not available. The Agricultural and Farmland Protection Board can promote these various strategic alliances simply by bringing the parties together through conferences and seminars and by making available financial incentives for agribusinesses such as those discussed in Section 4.3.

Implementation Period: 2002 (Continuing)

Responsible Parties:

- 1) Agricultural Marketing Specialist
- 2) Agricultural and Farmland Protection Board
- 3) Cornell Cooperative Extension of Steuben County

4.13 Quality Assurance Initiative

Many farmers in Steuben County, and elsewhere, do not put enough effort into producing quality products for their markets. This has deprived them of significant additional revenue and lowered their ability to compete. As an example, a recent visit to a regional milk buyer indicated that most dairy farmers can take advantage of premiums for quality, protein and volume that add as much as 70¢ to 90¢ per hundredweight to the price. Yet, less than half this processor's milk suppliers applied the management required to obtain these premiums. The average payout was far less than it could be.

Managing for premiums by culling problem cows, controlling bacteria and using an effective mastitis control program is a relatively easy way to add 5% or more of value to milk without increasing overhead. A cow free of somatic cell problems also produces more milk. Additionally, dairy farmers can take advantage of the component pricing by managing for fat, proteins and solids. Payment based on these components allows farmers to change the nature of your product and add value to it.

Similar challenges exist elsewhere in the agricultural sector. Bruising of potatoes at harvest can result in greater losses due to increased pickouts or even the rejection of entire loads by chip processors. A regional meat packing facility reports that it has extraordinary difficulty buying beef animals locally that are of consistently good quality. Beverage wholesalers and distributors don't want to do business with wineries that don't deliver consistent tasting products. Virtually every agricultural industry suffers with this problem and it is one of the reasons larger processors and food buyers want to deal with larger cooperatives and

they, in turn, want to deal with larger farmers - everyone wants a consistent supply of good quality product. Quality is even more essential for the smaller farmers, however, because they require higher revenues to support their overhead and this requires the added value only quality can offer.



Quality assurance, consequently, is a concept that the farm community must learn and adopt. It is, perhaps, the single easiest way to add value to farm products but the one most often overlooked. Most other industries have focused on quality assurance programs. The Agricultural and Farmland Protection Board needs to address this challenge through a combination of education and the development of a Total Quality Improvement (TQI) program for Steuben County agricultural producers. Such a program should include the following elements:

- **It should include recognition for quality producers via award presentations, news releases and signage.** The dairy industry has done some of this but it needs to be a more formal and widely understood program with credibility outside the farm community. It also needs to include other agricultural sectors. A catchy name with local significance that will attract curiosity should be attached to it for these purposes (e.g., "Pride of Steuben," "Pulteney Prime Producer").
- **It should be linked with the Pride of New York and Finger Lakes Culinary Bounty programs.** This will add credibility to the TQI program and give it promotion value.
- **It should include basic quality indicators for each industry and modestly expand on these with factors unique to Steuben County needs.** The New York State beef industry has a quality assurance program that can be modeled and expanded upon, for instance. Criteria particularly to Steuben

might restrict the use of antibiotics after calf weaning, standards for potato tuber quality, etc..

- **It should include customer service training.** This is needed to equip some farmers with the skills to direct market products. It is also important for farmers to view processors as their customers - buyers they need to cultivate by offering consistently high quality products. Quality delivered is the best tool for ensuring future markets and the possibility of negotiating for better prices.

Implementation Period: 2003

Responsible Parties:

- 1) Agricultural and Farmland Protection Board
- 2) Cornell Cooperative Extension of Steuben County
- 3) Steuben County Farm Bureau

Steuben County, New York

Agricultural Development and Farmland Protection Plan

Appendix 5.1 - Lowering Farm Taxes, by G. J. Skoda

Farmers typically identify taxes as one of the most significant factors affecting the future of their farming operations. They are affected by three major categories of taxes: the real estate/school tax; income tax; and estate tax.

This analysis addresses the real estate school tax, which is typically three or four different taxes (Town, Village, County and School). These taxes are levied on the value of real property and are determined by local taxing jurisdictions. Their impacts on farmers and other landowners, however, are also affected by various exemption and tax benefit programs.

Real estate tax breaks for farmers began in the early 1970's with the New York State (NYS) Agricultural Districts law. The most significant gain for farmers took place in 1997 with the Farmers School Tax Refund Program. There are three distinct categories of breaks; tax refunds, tax exemptions and reduced assessments; and each is dealt with separately below:

Tax Refunds

There are three (3) programs that can result in tax refunds for farmers. Applications for these as well, as all refunds and credits, are made through the preparation of a NYS income tax return.

A. Farm Property School Tax Credit (Form IT-217)

A very important tax relief program was included in the 1996 New York State Budget Bill and was modified in 1997 and 1998. As a result of those modifications, New York taxpayers whose federal gross income from farming equals at least two-thirds of excess federal gross income for the 1999 and future tax years, will be allowed a credit against personal income tax, or corporation franchise tax, equal to the school property taxes they paid on certain agricultural property. Gross income from farming includes gross farm income from Schedule F, gross farm rents (Form 4835) and gains from livestock (Form 4797). It also includes gross income from farming under a partnership, S corporation, estate or trust.

The tax credit is limited to 100% of the school taxes paid on a base acreage of qualified agricultural property plus 50% of the school taxes paid on land exceeding the base acreage. The current base acreage is 250 acres. The credit is claimed against NYS personal income tax, corporate franchise tax, S corporation tax liabilities or LLC income tax liabilities. Refunds can be claimed or carried over.

Qualified agricultural property is land, located in New York State, that is used for agricultural production. The credit is not allowed for a farm lessee, as the operator must be the owner of the leased land. Lessors of farm land, however, may or may not qualify depending upon their qualifications as farm taxpayers. If agricultural property is converted to a non-qualified use, no credit is allowed that year and recapture is triggered for the previous two taxable years.

Recent legislation resulted in some changes in definitions that made more farmers eligible for the school property tax credit. Effective for the 1998 and future tax years, NYS taxpayers whose federal gross income from farming equals at least two-thirds of excess federal gross income are allowed to receive the School property tax credit. Previously, the credit was only available to those farmer households who made two-thirds of their total income from the farm operation and this disqualified many households with extra off-farm income. Excess federal gross income is federal gross income from all sources for the taxable year in excess of a special \$30,000 subtraction. The special \$30,000 subtraction can be earned income (wages, salaries, tips and items of gross income included in computation of net earnings from self employment), pension payments (Social Security), interest and dividends. For 1998 and thereafter, the federal gross income of a corporation may, likewise, be reduced by up to \$30,000. A special ruling, for this section of law, also now includes gross income from the

production of maple syrup and cider, and from the sale of wine from a licensed farm winery, in the term "federal gross income from farming."

If the modified NYS adjusted gross income of the taxpayer exceeds \$100,000 the credit is phased out and completely lost at \$150,000. Modified NYS adjusted gross income is the NYS gross income for the taxable year reduced by the principal paid on farm indebtedness during the tax year. Farm indebtedness is the debt incurred or refinanced that is secured by farm property, where the proceeds of the debt is used for expenditures incurred in the business of farming.

Effective for taxable years after January 1, 1999, the farmer's school tax credit has been expanded to farmers who pay school taxes under a contract to buy agricultural land. This means an eligible farmer, who is the actual property taxpayer on a contract for deed, can now claim the credit against NYS corporate franchise (income) tax and personal income tax.

B. New York State Investment Credit (NYIC Form IT-212)

New York State offers an investment tax credit for new business related capital expenses. The credit for farmers is 4% of the purchase price of qualified real estate, equipment, livestock and other tangible business property acquired, constructed, reconstructed or erected during the tax year. For corporations, the rate is 5% on the first \$350,000,000 of qualified base and 4% on any excess.

Qualified real estate includes single purpose livestock structures (most barns); storages (silo's, manure and grain); fences and roadways; but not land or multi purpose buildings (garages, shops). This type of property must have a depreciation life of 5 or more years.

Qualified 3-year depreciation class property can also be used for the credit if kept in use for 3 years and will earn the full credit (over-the-road tractors, certain breeding livestock). Pick-up trucks do not qualify; heavy trucks do qualify. The credit can be used to offset NYS Income Tax in the year earned or can be carried forward for 10 years. There is no carryback, however. If property on which NYIC was taken is disposed of or removed from qualified use before its useful life or holding period ends, the credit is prorated and recaptured. However, there is a 12 year limit.

New businesses can receive a refund of unused NYIC. The election to claim a refund of unused NYIC can be made only once in one of the first four years. Therefore, tax management can be very important. A business is considered new during its first four years in New York State. The business cannot be of similar

operation and ownership to a previously operated business for the refund. Only sole proprietorships and partnerships qualify for the new business refund.

Businesses that qualify for NYIC can also receive an employment incentive tax credit if they increase employees by more than 1% during the year. The credit is 1.5% of the investment credit base if the employment increase is less than 2%. It is 2% if the increase is between 2 and 3% and 2.5% if the increase is 3% or more for each of the two years following the taxable year in which NYIC was allowed. Effective January 1, 1998 this credit was expanded from corporations to sole proprietorships, partnerships and S-corporations. The credits are available in the years following the qualified increase in investment and expansion of employee numbers.

C. Real Property Tax Credit (Form IT-214)

Few farm or nonfarm real estate owners will qualify for this benefit because owners of real property valued in excess of \$85,000 are excluded. Nevertheless, there are some very small agricultural operations that could take advantage of it. The requirements for 1999 tax year are as follows.

- 1) The household gross income limit is \$18,000.**
- 2) The maximum adjusted rent is an average of \$450 a month. The taxpayer must occupy the same residence for 6 months or more to claim rent paid to qualify for the credit. Credit for renters is computed the same as for owners.**
- 3) The real property tax credit is the lesser of the maximum credit determined from the table following or 50% of excess real property taxes. Taxpayers age 65 and older who elect to include the exempt amount of real property taxes will receive no more than 25% of excess real property taxes. Excess real property taxes are computed by multiplying household gross income times the applicable rate from the table following and deducting the answer from real property taxes. This tax credit is reduced by any other personal income tax credit to which the taxpayer is entitled.**

Partial Table for Computing Real Property Tax Credit, 1999			
Household Gross Income	Applicable Rate	Credit Allowed	
		Under 65	65 & Over
\$0 - 3,000	3.5%	\$75-71	\$375-341
3,001 - 5,000	4.0%	69-67	324-307
5,001 - 7,000	4.5%	65-63	290-273
7,001 - 9,000	5.0%	61-59	256-239
9,001 -11,000	5.5%	57-55	222-205
11,001 -14,000	6.0%	53-49	188-154
14,001 -18,000	6.5%	47-41	137 - 86

Real Estate Tax Exemptions

The following categories of Real Estate Tax Exemptions (explained below) are in place for farmers:

A. New York State School Tax Relief ("STAR Program" - Form RP 425)

This program provides a partial exemption from school property taxes for owner-occupied primary residences. Senior citizen property owners must be 65 years of age or older, and their income on their latest available federal or state income tax return cannot exceed \$60,000 adjusted gross income reduced by any distributions from an IRA or individual retirement annuity. The "enhanced" STAR senior citizen program amends the original phased-in tax benefits to provide seniors an immediate \$50,000 exemption off the full value of their property. The eligible senior citizen must apply with the local assessor for the "enhanced" STAR exemption by March 1 in most towns. This is the "taxable status date" but deadlines vary so most taxpayers should apply earlier.

Age requirements were amended in 1999. Previously, to qualify for the enhanced exemption all owners had to have satisfied the age requirement excepting the spouse of a 65 year old owner. Age is determined on December 31. However, for the 2000-2001 school year, only one of the owners must be 65 years old for residential property owned by siblings. Also, in the case of a property owned by a husband and wife, one of whom is at least 65, the exemption will not be rescinded solely on the death of the older spouse if the other is at least 62 years old.

The "basic" STAR program is available to all primary residence homeowners and farmers regardless of age, starting with school year 1999-2000. An assessment exemption will be phased in from \$10,000 to \$30,000 by the school year 2001-02. An owner, to be eligible, must own and live in a one, two or three-

family residence, mobile home, condominium, cooperative apartment or farm house. The exemption for persons with disabilities and limited incomes will, for 1999, also be deducted from assessed value before applying the STAR exemption.

STAR Property Tax Exemption Table

School Year	1998-99	1999-00	2000-01	2001-02+
Eligible Senior Citizen Homeowners	\$50,000	\$50,000	\$50,000	\$50,000
All Primary Residence Homeowners	None	\$10,000	\$20,000	\$30,000

B. New Farm Buildings (Form RP 483)

For newly constructed or reconstructed agricultural structures, New York's Real Property Tax Law (Section 483) allows a 10-year property tax exemption.

Application for the exemption must be made within one year after the completion of such construction. The agricultural structures and buildings are exempt from any increase in the property's assessed value resulting from the improvement.

Once granted, the exemption continues automatically for ten years. The exemption terminates before the ten-year period if (1) the building or structure ceases to be used for farming operations, or (2) the building or structure or land is converted to a non-agricultural or non-horticultural use.

Eligibility is determined by the assessor or board of assessors with whom the application is filed. If denied, the applicant has the right to an administrative review by the Board of Assessment Review. The following requirements must be met.

- 1) The structure or building must be essential to the operation of lands actively devoted to agricultural or horticultural use.**
- 2) The structure or building must be actually used and occupied to carry out the agricultural or horticultural operations.**

3) The farmland must be actually used in bona fide agricultural or horticultural production carried on for profit.

4) The farmland must be not less than 5 acres in area.

5) An application for exemption must be filed within one year of completion of construction.

A structure, building or any portion qualifies for the exemption when it is used directly and exclusively either: (1) in the raising and production for sale of agricultural or horticultural commodities, or necessary for their storage for sale at a future time; or (2) to provide housing for regular and essential employees and their immediate families who are primarily employed in connection with the operation of lands actively devoted to agricultural and horticultural use.

A structure, building or any portion cannot qualify if it is used for: (1) the processing of agricultural and horticultural commodities; (2) the retail merchandising of such commodities; (3) the storage of commodities for personal consumption by the applicant; or (4) the residence of the applicant or his immediate family. The word "agricultural" means the art or science of cultivating the ground, the raising and harvesting of crops and the feeding, breeding and management of livestock, poultry, or horses. The traditional meaning of the word "horticultural" is the cultivation of a garden or orchard, the science and art of growing fruits, vegetables, and flowers or ornamental plants from seed, cutting, or rootstock.

A farm commodity is processed whenever something is done to the commodity to prepare it for market, as distinguished from raising or producing it. For example, a building on a dairy farm in which cows are fed and milked would qualify as used directly and exclusively in the raising and production for sale of milk. However, buildings used for processing milk -- in which the milk is pasteurized or put into containers that are ultimately sold to the consumer -- would not qualify nor would a winery. The slaughtering of cattle is processing, as is the cleaning, sorting and packaging of fruits and vegetables. When the processing carried on in a building is only incidental to the main use of the building or the building is used for processing only on a limited basis, the building may be eligible for the exemption.

Any agricultural structure or portion that is used for the retail sale of an agricultural or horticultural product cannot qualify. A roadside stand or any store or building in which agricultural products are sold to the public is not eligible for the exemption.

If only a portion of a building meets the requirements of the statute, then only that portion is eligible for the exemption. If a single building or structure combines both a farm use and a non farm use but the activities are so commingled that the portions devoted to each use cannot be separated, the building would not qualify since the law requires that the building or portion be exclusively used for agricultural purposes. However, when the "non farm use" carried on in a building is only incidental to the main use of the building or the building is used for "non farm use" only on a limited basis, then the building may qualify for the exemption.

Some counties have developed a special IDA tax break for added-value industrial or farm processing and marketing buildings excepted by this program. In most taxing jurisdictions these buildings would qualify for RP 485-b - Exemption for Commercial, Business or Industrial Real Estate (see below).

C. Exemption for Commercial, Business or Industrial Real Property (Form 485-b)

Farm processing and marketing buildings that do not qualify for the 10 year exemption on Form RP 483 qualify for the 485-b program unless the town or school district has opted out of this program (most remain eligible).

The building receives an exemption for 10 years under this program. The first year 50% of the increase in assessed value attributable to the improvement is exempted from taxation. The exemption then decreases 5% in each of the next nine years. The improvement, therefore does not become fully taxable until the 11th year.

The 485-b program covers all taxes except pertaining to fire districts. Improvements must exceed \$10,000 unless a higher minimum has been set by local law. The exemption continues as long as eligibility requirements continue to be satisfied.

D. Reconstruction or Rehabilitation of Historic Barns (Form RP 483-b)

A barn must have been at least partially completed prior to 1936 and originally designed and used for storing farm equipment, agricultural products, or for housing livestock to qualify as a historic barn for this exemption. The increase in assessed value due to reconstruction or rehabilitation is totally exempt in the first

year and the exemption is phased-out over the next succeeding nine years by 10% per year.

A major limiting factor of this program is that the county, city, town and villages must adopt local laws to permit the exemption. School districts must also authorize the exemption by resolution.

E. New Orchards and Vineyards (Form RP 305-c)

This law further exempts new orchards and vineyards from taxation. It applies on top of Agricultural Assessment benefits (see later discussion).

Newly planted or replanted orchards or vineyards received 100% exemption in the first four years following planting. A maximum of 20% of the total orchard or vineyard acreage may be eligible in any given year.

F. Complete Exemptions on Certain Structures

1) Silo's, Grain Storages, Bulk Tanks and Manure Facilities (Form RP483-a)

Adopted by New York State in 1996, this law exempts farm silos, farm feed grain storage bins, commodity sheds, bulk milk tanks and coolers (bulk heads), and manure storage and handling facilities from all taxation, special ad valorem levies and special assessments. There is no requirement that the structures be in current use by a farmer.

2) Temporary Greenhouses (Form RP 483-c)

Adopted in 1998, this law exempts temporary greenhouses used for agricultural production from full real property taxation, special ad valorem levies and special assessments. Once the exemption has been granted, the exemption continues provided the eligibility requirements continue to be satisfied. It is not necessary to reapply for the exemption after the initial year in order for the exemption to continue.

To qualify, the temporary greenhouse must be specialized agricultural equipment having a framework covered with demountable polyethylene or polypropylene material or materials of a polyethylene or polypropylene nature. The equipment must be specifically designed and constructed and used for agricultural production. The temporary greenhouse may include, but is not limited to, the use of heating devices, water and electrical utilities and embedded

supporting poles. Greenhouse cattle barns and storages also appear to qualify. A number of assessors have agreed to this interpretation.

Reduced Assessments on Farm and Forestry Land

A. Agricultural Value Assessment on Farmland (Form RP 305)

One of the provisions of the New York State Agricultural District Law allows owners of eligible land to file for Agricultural Value Assessment on their property. This establishes the taxable value of the land based on its soil quality and agricultural value rather than market value or other locally determined criteria.

The following criteria must be met to be eligible for an Agricultural Value Assessment.

- 1) The land must be in a state certified Agricultural District or be placed under Individual Agricultural Commitment.**
- 2) The land must have been farmed for the last two years.**
- 3) A minimum of 10 acres must be involved a (higher gross applies if less land is involved).**
- 4) The farmer must make at least \$10,000 in gross sales from crops or animals produced on the land or \$50,000 in gross sales on acreage under 10 acres.**
- 5) Renters must have a 5 year lease agreement and be renting to a farmer who makes \$10,000 from his total operation.**
- 6) Crops may include field crops, vegetables, fruits, and horticultural specialties such as nursery stock, flowers, ornamentals and Christmas trees, and maple sap.**
- 7) Livestock and livestock products may include cattle, sheep, hogs, goats, horses, poultry, ratites, farmed deer, farmed buffalo, fur bearing animals, milk, eggs, fur, and honey.**
- 8) Aquaculture products (added in 1992) may include fish, fish products, water plants, and shellfish.**

9) Commercial horse boarding was made eligible in 1994. This category, however, requires local legislative approval. Most counties have provided such approval.

10) Fifty (50) acres of woodland can be included.

11) Support land including ponds qualify.

12) This program does not include buildings.

Agricultural (Ag) Value Assessment must be applied for each year by the taxable status date (March 1). The initial application is somewhat involved. A farmer must obtain copies of tax parcel maps from either the Real Property Tax Office or from the local Town Clerk to begin the process of filing for Ag Value Assessment. An appointment with the Soil and Water Conservation District Office to have a Soil Group Worksheet completed is the next step. This is a listing of the various soil types on your property along with the acreage of each. Since the Ag Value Assessment is based on the relative productivity of soils, this is critical information. An RP 305 Form must be completed along with the Soil Group Worksheet and returned to the Town Assessor. These forms are available through the local assessor or Cornell Cooperative Extension.

Provided there are no additions or deletions in property, an RP 305-r Form should be filed for subsequent years. This is a short form that reports any changes in the status of your land or farming operation.

There are certain penalty payments incurred when land is converted to non-agriculture use. The penalty is charged to the converter of the land and is assessed only to that portion of the parcel taken out of production. The seller and converter may not necessarily be the same person and the act of selling does not automatically constitute a conversion. The current penalty is five (5) times the amount of taxes saved during the last year of participation, plus a six percent interest charge compounded annually for each year during the last five years that the land received an ag value assessment.

B. Woodlots over 50 Acres (Form 480-a)

This program reduces the assessed value of woodland by 80%. It requires a 10 year commitment renewed annually along with a management plan that requires forestry management.

Woodlot owners in the program must thin and/or harvest based on the plan written by a certified forester and approved by the Department of Environmental Conservation. A six percent (6%) stumpage fee is paid to the town when a harvest takes place. There is a rollback penalty for conversion or if the management plan is not followed. Overall, this program requires a substantial long term commitment (30+ years) to benefit from the tax savings.

More information about these program, forms and updates are available from:

- Your town or county assessor**
- Your county Department of Real Property Tax Services**
- Cornell Cooperative Extension in your county**
- New York State Offices of Real Property Services**

**16 Sheridan Avenue,
Albany, NY 12210**

www.orps.state.ny.us

This summary explanation of tax benefits related to farming has been prepared by Gerald J. Skoda, an Agricultural Consultant with an extensive background in farm taxation and farm income tax preparation. It was edited by Thomas J. Shepstone, AICP of Shepstone Management Company, an agricultural, environmental, planning and transportation consulting firm that provides service throughout New York, Pennsylvania and the Northeast. Also included are excerpts from New York State Office of Real Property Services publications.

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Steuben County, New York

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Appendix 5.3 - Potential Funding Sources

The following is an overview of potential sources of implementation funds for this Plan:

1) USDA Business and Industry Loan Guarantees

USDA Rural Development joins together with local banks and other commercial lenders to provide financing for businesses located in rural areas. Lenders are able to offer larger loans and better terms with a guarantee which may cover up to 80% of the lenders exposure on the loan. Guarantees are available in all parts of New York except for cities of more than 50,000 population and the urbanized areas surrounding them. Eligible lenders include all State or Federally chartered banks, savings banks, savings and loan associations, credit unions and Farm Credit System. Eligible applicants include individuals, corporations, partnerships and cooperatives. Loans can be used to finance real estate purchases, equipment, rolling stock, working capital, expansions and new locations. Purchase of an existing business is included only if it is necessary to preserve jobs or will result in new jobs being created.

The lender determines the repayment term of the loan and the interest rate. Rural Development allows maximum terms of 30 years for loans for real estate purposes, 15 years for machinery and equipment and 7 years for working capital. Revolving credits cannot be guaranteed. Interest rates are not subsidized by the Government and are usually the prevailing commercial rates. Variable or fixed rates are allowed and separate rates can be charged on the guaranteed and unguaranteed portions of the loan. There is no minimum loan size, but

applicants eligible for guarantees through the Small Business Administration program are encouraged to also explore the possibility of obtaining assistance through that program. Guarantees of 80% are available for loans up to \$5 million.

A test for other credit is not required. The program seeks to promote long-term job development through guarantee of quality loans to businesses which have the resources to survive and prosper. All applicants must have a positive tangible net worth of at least 10% of tangible assets (20% to 25% for new businesses), adequate collateral to secure the loan, cash flow based on either historical results or well supported projections which is adequate to repay the debt, and good management. Personal guarantees are usually required of the owners. Feasibility studies may be required for new businesses or when past results do not support the projections. A one-time only guarantee fee is charged to the lender and may be passed on to the borrower. The fee is equal to 2% of that portion of the loan which is guaranteed and is payable when the guarantee is delivered.

The guaranteed portion of the loan is considered to be an investment and does not have to be included in determining the bank's maximum loan. Guaranteed loans often help the bank to meet its CRA requirements. The guaranteed portion of the loan can be sold to investors providing more liquidity to the bank. Banks can also participate out part of the unguaranteed portion as long as they retain at least 5% of the loan, all unguaranteed. Application forms and information about the program can be obtained from USDA Rural Development.

2) USDA Rural Cooperative Development Grants

The 1996 Farm Bill revised the Rural Technology and Cooperative Development Grant program to make it available only for cooperative development. The program provides grants for establishing and operating centers for cooperative development. The primary purpose is to improve economic conditions in rural areas. Grant funds can pay up to 75% of the costs for establishing and operating such centers. Grants may be made to public bodies or not-for-profit institutions. The Watershed Agricultural Council used such a grant to help set up the Catskill Family Farms Cooperative.

The Cooperative Services branch of the USDA Rural Business-Cooperative Service also provides a wide range of assistance for people interested in forming new cooperatives. This help can range from an initial feasibility study to the creation and implementation of a business plan. Cooperative Services staff includes cooperative development specialists who do everything from identifying

potential cooperative functions through the development of bylaws and business plans. They also provide training for cooperative directors. The overall goal of Cooperative Services is to provide a realistic view of what it will take to make a new cooperative succeed. Recent examples of rural cooperatives. New York Rural Development now has a Cooperative Development Specialist on staff at the Rural Development State Office in Syracuse. He is available to provide assistance to any rural group in New York State that is interested in forming a cooperative organization.

3) Rural Business Enterprise Grants ("RBEG")

Rural communities can receive assistance in promoting the development of small and emerging businesses through the RBEG program. Grants are made to public bodies or not-for-profit organizations. Grantees use the funds to promote the development of small and emerging private businesses which are defined as having 50 or fewer new employees, less than \$1 million in projected gross revenue, or will use innovative technology to produce/manufacture new products in rural areas. Rural communities include cities with up to 50,000 population and cannot be within the urbanized area of a larger city. Eligible applicants for RBEG grants include public bodies and private not-for-profit corporations.

Funds can be used to acquire property such as land, buildings, machinery or equipment which will be owned by the grantee, but will be made available for use by the private business or businesses. Grantees can also use funds to provide technical assistance to private business enterprises, make loans for startup operating costs or working capital or to establish a revolving loan fund. Reasonable fees for professional services necessary for planning and development of the project and training in connection with technical assistance can also be eligible uses of grant funds. Agricultural production is not an eligible type of business to benefit from a grant.

Interested applicants file a preliminary application with the USDA-Rural Development office serving their area. Rural Development will analyze applications and determine their priority score based on the factors in the program regulations. If funds appear to be available for an application the applicant will be notified and requested to complete the full application. Application forms and information about the program can be obtained from USDA Rural Development.

4) Rural Business Opportunity Grants

Rural Business Opportunity Grant funds provide for technical assistance, training, and planning activities that improve economic conditions in rural areas. Applicants must be located in rural areas. Nonprofit corporations and public bodies are eligible. A maximum of \$1.5 million per grant is authorized by the legislation. RBS is designing the program to promote sustainable economic development in rural communities with exceptional needs.

5) Resource Conservation& Development Program (RC&D)

The purpose of the Resource Conservation and Development (RC&D) program is to accelerate the conservation, development and utilization of natural resources, improve the general level of economic activity, and to enhance the environment and standard of living in authorized RC&D areas. It improves the capability of State, tribal and local units of government and local nonprofit organizations in rural areas to plan, develop and carry out programs for resource conservation and development. The program also establishes or improves coordination systems in rural areas. Current program objectives focus on improvement of quality of life achieved through natural resources conservation and community development which leads to sustainable communities, prudent use (development), and the management and conservation of natural resources. Authorized RC&D areas are locally sponsored areas designated by the Secretary of Agriculture for RC&D technical and financial assistance program funds. NRCS can provide grants for land conservation, water management, community development, and environmental needs in authorized RC&D areas.

The local RC&D is the South Central New York Resource Conservation and Development Project. Its main priorities include "retention and expansion of the number of farms, farmers, and acres of farmland." The partnership of federal, state, local and private organizations/agencies results in dollars brought into the region and the empowerment of rural residents. Funding and support for RC&D projects typically is obtained from the Natural Resource Conservation Service, Appalachian Regional Commission), Empire State Development, counties and private organizations supporting similar objectives.

Importantly, the South Central New York Resource Conservation and Development Project's specific objectives include the following:

- Marketing education and assistance for all types of livestock products to increase sales and prices received;
- Providing animal husbandry technical assistance to producers;
- Educating the general public and students on the importance of livestock agriculture in our region, and accompanying environmental issues;
- Promoting performance evaluations of all classes of livestock to ensure uniform quality for greater industry acceptance;
- Supporting the grass fed and natural livestock product option.

6) Small Business Administration 504 Loan Program

The SBA's 504 loan program provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings. It relies upon the use of Certified Development Companies (CDC) which are nonprofit corporations set up to contribute to the economic development of a community or region. Typically, a 504 project includes a loan secured with a senior lien from a private-sector lender covering up to 50 percent of the project cost, a loan secured with a junior lien from the CDC (a 100 percent SBA-guaranteed debenture) covering up to 40 percent of the cost, and a contribution of at least 10 percent equity from the small business being helped. The maximum SBA debenture generally is \$750,000 (up to \$1 million in some cases). The CDC's portfolio must create or retain one job for every \$35,000 provided by the SBA.

Proceeds from 504 loans must be used for fixed asset projects such as: purchasing land and improvements, including existing buildings, grading, street improvements, utilities, parking lots and landscaping; construction of new facilities, or modernizing, renovating or converting existing facilities; or purchasing long-term machinery and equipment. The 504 Program cannot be used for working capital or inventory, consolidating or repaying debt, or refinancing.

Interest rates on 504 loans are pegged to an increment above the current market rate for five-year and 10-year U.S. Treasury issues. Maturities of 10 and 20 years are available. Fees total approximately three (3) percent of the debenture and may be financed with the loan.

7) Farmer/Grower Grant Program

The Farmer/Grower Grant Program is an initiative of the Northeast Region Sustainable Agriculture Research and Education (SARE) program. Its goal is to develop, refine, and demonstrate sustainable techniques, and to help farmers

shift to production and marketing practices that will enhance the viability of agriculture in the region. Proposals may address any food, production or marketing issue. Project activities may involve small research trials, demonstrations, farmer/grower workshops or surveys. Proposers must show that the problem is one faced by other producers and that the project results will be of general benefit. Grant recipients are required to share information about their projects, including all results, with other farmers and members of the agricultural community. To this end, each proposal must include an outreach plan. Successful applicants must submit a final report summarizing the project upon its completion.

It is requested that proposals address ways to:

- reduce environmental and health risks in agriculture**
- prevent agricultural pollution**
- reduce costs and increase net farm income;**
- conserve soil, improve water quality, and protect natural resources;**
- increase employment opportunities in rural areas; and/or**
- enhance the quality of life for farmers and society as a whole.**

The local contact for this is the Northeast Region SARE office at the University of Vermont (802) 656-0471. This program could be a source of financial support for marketing and, in particular, crafting a natural certification program.

8) Federal-State Marketing Program

The Federal-State Marketing Improvement Program (FSMIP) provides matching funds to State Departments of Agriculture and other State agencies for 20-30 projects per year. These funds have been used by States to conduct marketing studies or assist in developing innovative approaches to the marketing of agricultural products. FSMIP funds can be requested for a wide range of marketing research and marketing service activities, including projects aimed at:

- Developing and testing new or more efficient methods of processing, packaging, handling, storing, transporting, and distributing food and other agricultural products;**
- Assessing customer response to new or alternative agricultural products or marketing services and evaluating potential opportunities for U.S. producers, processors, and other agri-businesses, in both domestic and international markets; or**

- Identifying problems and impediments in existing channels of trade between producers and consumers of agricultural products and devising improved marketing practices, facilities, or systems to address such problems.

USDA encourages the State department of agriculture or equivalent agency to assume the lead role for FSMIP activities, using cooperative or contractual linkages with other agencies, organizations, and institutions, including producer or industry organizations, as appropriate. Federal funds requested for FSMIP projects must be matched, at least equally, from non-Federal sources. Matching requirements may be met in the form of cash or properly valued, in-kind resources. FSMIP funds are most commonly allocated to projects of approximately 1-year duration. Priorities include:

- Increasing the base of marketing research and marketing services of particular importance to small-scale, limited-resource farmers and rural agri-businesses.
- Identifying and evaluating opportunities for producers to respond directly to new or expanding consumer demands for products and value-adding services.
- Encouraging the development of marketing channels and methods consistent with maintaining or improving the environment, with emphasis on projects aimed at expanding consumers' choices with regard to the environmental impact of alternative production and marketing technologies.

9) Community Development Block Grant (CDBG) Program

New York State now administers CDBG funds from HUD under this Federal program for non-entitlement areas. Non-entitlement areas include those units of general local government which do not receive CDBG funds directly from HUD as part of the entitlement program (Cities and urban counties). The State will award grants to units of local government that carry out development activities. Local governments have the responsibility to consider local needs, prepare grant applications for submission to the State, and carry out the funded community development activities.

The primary statutory objective of the CDBG program is to develop viable communities by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for persons of low- and moderate-income. The State must ensure that at least 70 percent of its CDBG grant funds are used for activities that benefit low and moderate-income persons. Communities receiving CDBG funds from the State may use the funds for many kinds of community development activities including, but not limited to:

- acquisition of property for public purposes;
- construction or reconstruction of streets, water and sewer facilities, neighborhood centers, recreation facilities, and other public works;
- rehabilitation of public and private buildings;
- planning activities;
- assistance to nonprofit entities for community development activities; and
- assistance to private, for profit entities to carry out economic development activities (including assistance to micro-enterprises).

This program has been used in nearby Sullivan County to establish an Agricultural Revolving Loan Program used to help finance several poultry processing facilities. It could have applicability to similar projects in Steuben.

10) Environmental Quality Incentives Program (EQIP)

The Environmental Quality Incentives Program (EQIP) provides a source of funding for manure management systems as does the Watershed Agricultural Council's whole farm planning program. EQIP provides technical, financial, and educational assistance primarily in designated priority areas-half of it targeted to livestock-related natural resource concerns and the remainder to other significant conservation priorities. It helps to install or implement structural, vegetative, and management practices called for in 5- to 10-year contracts for most agricultural land uses. USDA also offers the Conservation Reserve Program (CRP), which puts sensitive croplands under permanent vegetative cover for 10 to 15 years. CRP contract holders receive annual rental payments. Other USDA, federal, State, and local programs provide additional tools for producers to care for our private lands-a shared commitment between public and private interests.

EQIP works primarily in priority areas identified through a the local Soil and Water Conservation District, Natural Resources Conservation Service (NRCS) staff, Farm Service Agency (FSA) county committees and key staffs, Additional emphasis is given to areas where State or local governments offer financial or technical assistance and where agricultural improvements will help meet water quality and other environmental objectives. The FSA County Committee approves for funding the highest priority applications. Applications are ranked according to environmental benefits achieved weighted against the costs of applying the practices. Higher rankings are given to plans developed to treat priority resource concerns to a sustainable level. EQIP seeks to maximize environmental benefits per dollar spent.

Cost sharing may pay up to 75 percent of the costs of certain conservation practices, such as grassed waterways, filter strips, manure management facilities, capping abandoned wells, and other practices important to improving and maintaining the health of natural resources in the area. Incentive payments may be made to encourage a producer to perform land management practices such as nutrient management, manure management, integrated pest management, irrigation water management, and wildlife habitat management. These payments may be provided for up to three years to encourage producers to carry out management practices they may not otherwise use without the program incentive. Total cost-share and incentive payments are limited to \$10,000 per person per year and \$50,000 for the length of the contract.

Eligibility is limited to persons who are engaged in livestock or agricultural production. Eligible land includes cropland, rangeland, pasture, forestland, and other farm or ranch lands where the program is delivered. The 1996 Farm Bill prohibits owners of large confined livestock operations from being eligible for cost-share assistance for animal waste storage or treatment facilities. However, technical, educational, and financial assistance may be provided for other conservation practices on these "large" operations. In general, USDA has defined a large confined livestock operation as an operation with more than 1,000 animal units.

There are several additional funding programs available through the Mohawk Valley and Southern Tier East regional planning and economic development agencies and from Empire State Development. These include Economic Development Administration programs, Appalachia Regional Commission initiatives, linked deposit programs and matching state economic development funding. These programs have been well discussed in various forums, including the Farmland Protection Conference held in connection with this planning effort and are well known to Steuben County officials.

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Footnotes:

1 Source: U.S. Census of Agriculture, 1997. It should be noted, however, the New York Agricultural Statistics Service, a Division of the New York State Department of Agriculture and Markets, estimates the County actually had 1,400 farms in 1996. The difference is attributable to the Department of Commerce not making allowances for incompleteness of its 5-year Census counts. Market value of land and buildings averaged \$200,320 in 1997 and machinery and equipment was valued at an average of \$49,971.

2 Source: Policy Issues in Rural Land Use, Cornell Cooperative Extension, December 1996.

3 Source: Costs of Community Services Study, Tompkins County, Cornell Cooperative Extension of Tompkins County and Tompkins County Agricultural and Farmland Protection Plan, August, 1995.

4 These include studies by American Farmland Trust, Cornell Cooperative Extension and Commonwealth Research Group, Inc. of communities in Dutchess and Oneida Counties in New York and various other Connecticut and New England areas.

5 "Who Pays for Sprawl?," U.S. News and World Report, April 27, 1998.

6 Advertisements in The Courier, Bath New York, September 19, 1999.

7 Business Week, October, 1992, p. 82-83.

8 Source: Land Works Connection, October, 1998, American Farmland Trust.

9 Source: Watershed Agricultural Council.

10 Source: New York State Department of Environmental Conservation.

11 Source: Cornell Cooperative Extension of Suffolk County.

12 Source: Cornell Cooperative Extension of Suffolk County and U.S. Census of Agriculture, 1997.

13 Source: 1997 U.S. Census of Agriculture.

14 Source: Reports on Agricultural Districts prepared by Steuben County Planning & Community Development Office.

15 Source: U.S. Census of Agriculture

16 Population estimates for 1999 developed by U.S. Census Bureau.

17 Town data includes Village portions.

18 Source: USDA Forest Service Northeastern Forest Industry Analysis

19 Source: 1997 U.S. Census of Agriculture. It must be noted that State Agricultural Statistics Service surveys indicate higher numbers in certain instances (e.g. 1405 farms versus the 1,295 counted in the Census). This is attributable to the State's more frequent data analysis and follow-up. Nevertheless, Census numbers are more complete overall and, therefore, more suitable for planning purposes. 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.

20 Source: 1997 U.S. Census of Agriculture.

21 Dairy farms dropped from 479 in 1987 to 336 in 1997, while cows declined from 26,414 to 22,372 over the same period. Sales since 1997 have grown by 9% with \$49,716,000 of products sold in 1999 according to the New York State Department of Agriculture and Markets. This is based on 1997 Department-estimated sales of \$45,586,000 in 1997. As noted earlier, the State figures tend to run ahead of the Census numbers because they employ more follow-up analysis. The trend, however, is what is important and it was clearly up for 1998 and 1999 due, in no small measure, to some high pricing during 1998 and early 1999. That

is, of course, no longer the case and the 2000 numbers are likely to be lower, although production as a whole has been growing. According to the Department of Agriculture and Markets, it grew from 344,400,000 pounds in 1997 to 367,500,000 pounds in 1999 - a 7% gain.

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

23 The 1997 Ag Census indicated there were 2,015 hired employees and 698 operators principally employed in farming. Multiplying these 2,713 jobs by the average employment multiplier of 1.515 for dairy/crop production yields 4,110 jobs. The New York State Wine and Grape Foundation's 1998 study of the industry indicates that, on average, one job is created for every 1,750 gallons of wine produced in the state and another 1.5 jobs are indirectly supported.

Steuben County's estimated 66,000 gallons of production yields 94 jobs on this basis. Dairy processing accounted for 500 direct jobs in 1992 according to the Economic Census and this times a dairy processing multiplier of 3.53 yields 1,765 jobs. Lumber and wood products manufacturers accounted for 95 jobs in the County in 1997 according to the Census Bureau's "County Business Patterns" report and this times an employment multiplier of 1.39 (see above) yields 132 jobs. Altogether , therefore, agriculture accounts for a minimum of 6,101 jobs - 4,110 directly created and 1,991 indirectly created.

24 Source: 1997 U.S. Census of Agriculture.

25 The survey included 13 dairies from Steuben County.

26 The IDA has not yet agreed to this program.

27 The source of all forestry data, unless otherwise indicated, is the USDA Forest Service, Northeastern Station, "Northeastern Forest Inventory and Analysis Project," 1993 and 1996. Unfortunately, although this is the only official source of the data available, it is based on sampling of a mere 90 plots and is often prone to error as a result. So as to correct for this wherever possible, interviews were conducted with local representatives of the forest industry including forest owners and the Department of Environmental Conservation.

28 Growing stock generally refers to all usable portions of trees, those portions which exceed 4" in diameter.

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

30 Average annual removals refers to the net growing stock harvested, killed in logging operations, cleared or reclassified from forest to non-forest land. Totals may not agree, due to rounding.

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

32 A recent analysis of real estate taxes on private forest land in the Catskill counties of New York State indicated annual tax rates of \$7-\$33/acre compared to forest revenues averaging less than \$5/acre. Local timber managers indicate the cost is approximately \$9/acre and needs to be less than half that.

33 One the best resources in this regard is the Steuben County Fair, the oldest continuous such event in the nation. Additional exhibits and demonstrations along the line of Farm Bureau's very positive youth exhibit at Empire Farm Days are very appropriate in conjunction with the Fair.