

Agriculture and Forestry Industries Development Fund Advisory Board

Agriculture & Forestry Strategic Plan 2015 - 2020



Essex County Economic Development Authority
Essex County, Virginia

Essex County, Virginia

DRAFT Agriculture & Forestry Industries Strategic Plan 2015 - 2020



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Logging operation cover photo courtesy of Tidewater Lumber Corporation
Log truck and pallet cover photos courtesy of O'Malley Timber Products, LLC

Introduction

In 2014, the Essex County Economic Development Authority launched an initiative to develop a strategic plan for the agriculture and forestry industries within Essex County, Virginia.

The plan establishes three essential goals that serve as a roadmap for supporting, expanding, improving and sustaining agriculture and forestry industries based in Essex County and preserving the land to support these industries. Each goal is supported by specific and practical strategies that lay the groundwork for success.

The plan will be used by the Essex County Economic Development Authority and stakeholders in the agriculture and forestry industries to attract new industries to the county, develop value-added strategies for existing industries and present ideas on expanding and improving these industries. The plan will also help to communicate how Essex County and its citizens benefit from the presence of these industries.

Grant funding for the development of the plan was awarded to Essex County by the Virginia Department of Agriculture and Consumer Services (VDACS) through its Agriculture and Forestry Industries Development Fund (AFID).

ADVISORY BOARD MEMBERS

The completion of the *Essex County, Virginia Agriculture and Forestry Industries Strategic Plan* was possible because of the leadership of the members of the AFID Fund Strategic Plan Advisory Board.

- Keith Balderson, Extension Agent, ANR (Advisor to the Board)
- N. Page Ball, Tidewater Lumber Corporation
- Barry Bates, Mount View Farm, Inc.
- Bill Croxton, Essex County Economic Development Authority
- Benjamin Ellis Jr., Benjamin B Ellis Inc.
- Winston Ellis, Ellis Farms
- Ronnie Gill, Colonial Farm Credit
- Jay Hundley, Cloverfield Enterprises
- John Magruder, Three Rivers Forestry
- Mike O'Malley, O'Malley Timber Products, LLC
- David Taliaferro, Montague Farms, Inc.

Industry Overview

The agriculture and forestry industries are a major component of the economic landscape in Essex County in many quantifiable aspects.

In 2011, the annual economic impact of these industries was almost \$90 million¹ in Essex County. While there are no comparable statistics readily available for the economic impact of other industries in the county, it is clear that agriculture and forestry are very significant. When comparing agriculture and forestry economic impacts, Essex County agriculture finds itself third behind Gloucester County and Middlesex County in the Middle Peninsula Planning District Commission six-county area and Essex County forestry is second behind King William County (2011).² This indicates that growth is perhaps possible in the area of value-added products.

The majority of agriculture production on 38,720 acres of land is in corn, wheat, barley, and soybeans with minimal acreage in other crops. Many of these acres are double-cropped which equates to 56,705 acres of harvested land.³ There may be opportunities to produce more value-added commercial products to fuel a local foods movement and industry growth.

In 2012, there were 98 farms. There is diversity in the size of Essex County's farms with about one-third having 50 or fewer acres and one-quarter having 500 acres or more.⁴ Local, state, and national policies would impact these operations in different ways. This creates a challenge for decision makers to treat all equitably.

Only 29 farms had sales of \$100,000 or more.⁵ The market value of agriculture products sold has increased in recent years due to more favorable crop prices and weather. The challenge to farmers is that these two conditions are both subject to change from year to year.

The growing of pine and hardwood trees on 86,940 acres is a long-term investment and commitment by the landowner.⁶ National and global economic conditions, such as housing and export markets, drive the eventual harvest value.

In the Virginia Employment Commission's list of the 50 largest employers in Essex County,⁷ there are five agriculture and forestry businesses. Three are forest products manufacturers, one is a nursery, and one is a value-added farm export business. There are opportunities for skilled, interested and motivated workers in Essex County, but there does not appear to be an established path for educating and attracting them to the agriculture and forestry industry.

Geographically, Essex County has 75 percent of its land in agriculture and forestry production.⁸ However, recognizing that there are only 98 farms, only a small percentage of the county's 11,151 residents live on the farms and forested land. The agriculture and forestry population therefore needs to be active in both educating the public about the value of their industries and participating in local government decision-making processes.

Essex County in 2008 adopted the Use Value Taxation Program for agricultural, horticultural, forest, and open space lands. As authorized by Virginia law, the program results in a tax treatment that is more commensurate to the use value of these lands. This more equitable tax treatment is based on a calculated lower land use value (the actual land value assessed by the County remains the same). The locality's cost of providing public services is considerably lower for these lands than other land uses such as residential or commercial. Numerous studies completed nationwide and in Virginia report that *the median cost per dollar of revenue raised to provide public services* for working and open land (agriculture and forest land) is \$0.35 compared to the much higher rate of \$1.16 for residential land.⁹ The Use Value Taxation Program not only fosters the conservation of agricultural, horticultural, forest, and open space lands but also the rural character of Essex County to the benefit of all. These benefits assist with maintaining or improving water quality, wildlife habitat and scenic beauty (aesthetics) as well as promoting the retention of productive lands managed to provide renewable resources for use by other industries. Eligible landowners make application and pay a fee to voluntarily participate in the program and are subject to roll-back taxes up to five years at full assessed value if they choose to leave the program. This Program is one of several tools available to localities and landowners that support the sustainability of agriculture and forestry. In Essex County, it is the one currently chosen by the Board of Supervisors and supported by the industry. Should other programs be considered in addition to or in place of the Use Value Taxation Program, the impact to agricultural, horticultural, forest, and open space landowners should be at least as equitable.

Overall, the agriculture and forestry businesses in Essex County share many strengths, opportunities and challenges. The industries provide jobs and produce revenue, generating good value for taxpayers. One of the primary challenges is how to sustain these businesses over time. This will require efforts to encourage continued ownership and reduce barriers that make it difficult to start and maintain the businesses. Additional challenges include current and potential legislation, changes in the economy that affect prices and land use. There are also infrastructure issues such as technology limitations for Internet access and the lack of availability of deep water or rail to move products to market.

Countering the challenges are many opportunities that can help to sustain and expand these businesses and find new markets for their products. This includes such things as the local foods movement, wood use for co-generation of electricity, production and export of wood pellets, aquaculture and agritourism. Ensuring that agriculture and forestry business leaders are attuned to the opportunities will be a one of the keys for continued success and sustainability.

For additional industry analysis details, refer to the following document: *Current State & Trend Analysis Report August 2014*, available from the Essex County Economic Development Authority.

Footnotes

1. The Economic Impacts of Agriculture and Forest Industries in Virginia - June 2013.
<http://dof.virginia.gov/print/econ/2013/weldon-cooper-Economic-Impact-Of-Ag-Forestry-2013.pdf>
2. Ibid
3. USDA Census 2012

4. Ibid
5. Ibid
6. Virginia Department of Forestry – Forestry Inventory Analysis
7. Virginia Employment Commission
8. USDA Census 2012, U.S. Census 2010
9. American Farmland Trust, Cost of Community Services Studies, August 2010

Strategic Goals

The overarching goal for this plan is to ensure economic growth and sustainability of the agriculture and forestry industries in Essex County, Virginia. Three strategic goals have been developed as a focus for the next five years.

Goal 1: Improve local leadership's understanding and support of the agriculture and forestry industries.

- **STRATEGY 1.A**

Establish a permanent county-appointed advisory committee to the Board of Supervisors for agriculture and forestry, with membership composed of representatives from these industries.

People who lead and work in Essex County agriculture and forestry industries have a long history of cooperation and collaboration and have been well supported by the local Virginia Cooperative Extension and Farm Bureau. Over the years, various temporary committees and councils have been formed to address specific industry issues. A permanent county-appointed advisory committee will create a sustainable voice for people involved in the agriculture and forestry industries and will enable farmers, foresters and owners of related businesses to more easily work together to address challenges and opportunities and to advance issues of benefit to the industries to local government. This, in turn, ensures local elected officials receive the input and information they need to make decisions affecting the industries.

- **STRATEGY 1.B**

Engage the Essex County economic development director in activities of the advisory committee.

The structure of the Essex County Economic Development Authority changed late in 2014 with the appointment of its first economic development director. Building and maintaining a strong relationship between the advisory committee (Strategy 1.A) and the director will provide a foundation for both parties to work collaboratively for the good of the industries. The director can serve as the point person for identifying economic opportunities for the county's extensive agriculture and forestry industries.

- **STRATEGY 1.C**

Encourage and provide opportunities for county leadership to be well-informed and knowledgeable about local agriculture and forestry businesses.

The agriculture and forestry industries are complex. Farms and forest land require extensive natural resources and are completely sustainable. Economic success benefits the locality, but can be affected by uncontrollable factors such as weather, global conditions and political decisions. Farming and forestry operations are capital intensive and highly regulated. Owners and employees must possess high-level and varied skills. Agriculture and forestry lands require fewer community services than other lands. Each agriculture and forestry business is unique based on its location, crop diversification, and ownership.

To govern effectively in a rural county like Essex County where agriculture and forestry are prominent, leaders should be fully educated on the diversity, challenges, opportunities, and economic impacts of these industries. The effect of every program, ordinance and regulation must be considered in order to sustain these important industries. Essex County leadership and the agriculture and forestry industries must partner to ensure an appropriate level of understanding and appreciation exists.

- **STRATEGY 1.D**

Publish a directory of economic development resources (e.g., government contacts) for agriculture and forestry businesses.

There are a multitude of local, state, and federal resources, both private and public, available to the agriculture and forestry industries. These include, but are not limited to, regulations, domestic and international marketing, taxation, research, transportation, data collection and analysis, and education. A directory of these resources will provide agriculture and forestry business owners greater awareness of and quicker access to agencies and organizations that can provide support to their businesses.

- **MEASURING PROGRESS**

Initially, the following will be used to track progress:

- The establishment of a permanent, county-appointed agriculture and forestry advisory committee that meets on a regular basis and actively involves the economic development director
- The creation of a directory of resources for the industries

Goal 2: Increase the public's understanding of and appreciation for the agriculture and forestry industries.

- **STRATEGY 2.A**

Identify and evaluate programs for educating and involving students and the public in the agriculture and forestry industries.

The focus of this strategy is on conducting research for outreach to the public. There are many ways to connect with students and the public to help them understand and appreciate the agriculture and forestry industries. Before developing new programs to make this connection, it is important to identify, understand and use the programs that are currently available, active and successful. Two examples of program that teach students and/or their instructors about agriculture and forestry and stimulate interest in these industries are listed below.

- Agriculture in the Classroom from the Virginia Foundation for Agriculture in the Classroom and promoted by the Virginia Farm Bureau
- Project Learning Tree from the American Forest Foundation, sponsored by the Virginia Department of Forestry, and Virginia Tech College of Natural Resources and the Virginia Forestry Association

Broadening the public's interaction and understanding could also take place through agritourism activities.

- **STRATEGY 2.B**

Collaborate with industry and education groups to develop new or use existing programs to provide selected agriculture and forestry education and experiences for students and the public (e.g., on-farm programs, school gardens).

Based on research conducted in strategy 2.A, programs will be adopted or developed to provide students and adults with experiences that can help them better understand and appreciate the agriculture and forestry industries. Engagement with the K-12 school system (public and private), community colleges, and four-year colleges will determine the extent to which natural resource-based education is being provided and also identify opportunities to expand existing programs of study. An ongoing dialogue between the agriculture and forestry industries and the educational system will enable the industries to promote and support programs that provide the students and teachers with a positive understanding and appreciation of agriculture and forestry. Additionally, local leadership including the Board of Supervisors and School Board members will be invited to visit farms and forest operations to learn first-hand.

- **STRATEGY 2.C**

Explore ways to expand agriculture and forestry internships and work experiences for students from Virginia Tech, Virginia State University, Rappahannock Community College, and K-12 school systems (e.g., FarmLink from the Virginia Department of Agriculture and Consumer Services, mentorship programs, and professional and student associations).

To sustain these industries, younger generations need to view farming and forestry as viable, interesting and attractive career choices. Exposure to farm and forest operations during their formative years is important. Internships for high school and college students could develop into permanent full-time positions in the future. The focus of this strategy is to create agriculture

and forestry work experiences for students interested in careers in these industries as well as for those who may not have considered career opportunities in the industries.

- **STRATEGY 2.D**

Develop, monitor and contribute agriculture and forestry information to the Essex County website.

Providing up-to-date, accurate and relevant information on Essex County's agriculture and forestry industries is another way of making a connection with students and the public. This information will be easily accessible, highlight the agriculture and forestry industries in Essex County and serve as a resource for agriculture, forestry and other businesses.

- **MEASURING PROGRESS**

Initially, the following will be used to track progress:

- Completion of a report on the availability and success of agriculture and forestry educational and informational programs aimed at students and the public
- Development and implementation of a plan to provide specific and ongoing agriculture and forestry education and experiences for students and the public
- The number of work experience or internship positions filled
- Creation of an easily accessible and current agriculture and forestry webpage on the Essex County website

Goal 3: Promote financial investment and expand economic opportunities for agriculture and forestry businesses.

- **STRATEGY 3.A**

Diversify and create new agriculture and forestry products.

The development and production of new products helps to sustain these important industries for current business owners, the next generation of business owners and for the benefit of Essex County. Diversification opportunities will be identified through new research by universities and agribusinesses and by involvement with those already engaged in new production and value-added products. It is also important to provide an attractive business climate that may involve the use of either public or private lands for new and expanding businesses that use agriculture and forest products.

- **STRATEGY 3.B**

Establish viable local foods programs (e.g., farm to school, farm to restaurant, food bank, outreach to neighbors) that benefit the community and agriculture businesses.

Food programs provide a mutual benefit. They create customers for farmers' crops and healthy products for restaurants, schools and food banks. In addition, these programs create a connection between the people who produce the food and those who consume it. This strategy focuses on identifying opportunities to establish local foods programs, disseminating information about the programs to local farmers and determining support systems needed to ensure success.

- **STRATEGY 3.C**

Define and communicate information about the required skills for agriculture and forestry careers and the available jobs in the industries to the current and future workforce.

Twenty-first century farming and forestry require a skilled labor force. To secure jobs in these industries, individuals must have information about the skills, knowledge and education needed to qualify for the jobs. Similar jobs in other industries (i.e., manufacturing) may provide a basis for the development of job descriptions and targeted job search criteria. Educating school and college career coaches along with the enhanced educational opportunities identified in Strategy 2.B will generate future employees from Essex County.

- **STRATEGY 3.D**

Establish a process with the Virginia Department of Agriculture and Consumer Services, the Essex County Economic Development Authority and related organizations to obtain information on emerging markets, relevant research, grant funding and companies moving to or expanding their presence in Virginia.

Business opportunities can emerge at any time and from any place. By providing farmers and foresters with consistent and timely access to economic development activities, industry trends, new markets and research findings, they will be better positioned to take advantage of the opportunities. Organizations and agencies that can provide a direct link to economic opportunities for Essex County agriculture and forestry will be identified and contacted. Funding resources through programs such as Virginia's Agriculture and Forestry Industry Development Fund will benefit new and expanding enterprises.

- **STRATEGY 3.E**

Support continuation of the Use Value Taxation Program in Essex County and provide information to support public understanding of the program's benefits to the county and its citizens. Promote with state legislators a change in the composite index formula so localities with the Use Value Taxation Program are not disadvantaged.

The Use Value Taxation Program was implemented by the Board of Supervisors in 2008. The Program establishes values for agriculture, forest and open-space land based on the current use of the property rather than its marketable value thereby reducing the amount of real estate taxes paid by the landowners to Essex County. Eligible landowners make application and pay a fee to voluntarily participate in the program and are subject to roll-back taxes if they choose to

leave the program. While the deferred tax revenue on these properties amounts to approximately ten percent of the total real estate tax collected annually (analysis available from the Essex County Commissioner of Revenue), the benefits of the program far outweigh the cost. Studies conducted by The American Farmland Trust nationally and in certain Virginia localities conclude that the estimated cost of community services for residential property is \$1.16 and open land (agriculture and forestry) is much less at \$.35. Agriculture and forest land comprise almost 75 percent of the total acres in Essex County. Should all or even a majority of those acres convert to residential use, the cost of community services provided by Essex County would be astronomical in comparison to the minimal reduction in real estate taxes incurred through the Use Value Taxation Program. The lower cost allows agriculture and forest landowners to continue operating their sustainable businesses in Essex County thereby allowing the locality to retain its valuable rural character.

There is one downside to Essex County. The state's composite index formula for educational funding uses the market value of properties in the Use Value Taxation Program rather than the adjusted value. This causes a decrease in the amount of state funding to support public education in Essex County. A solution to this issue needs to be addressed by the Virginia General Assembly so that property in the Use Value Taxation Program is treated the same as land in conservation easements.

- **STRATEGY 3.F**

Support continued funding and tax credits from state and federal sources for land conservation by collaborating with other organizations to expand general public knowledge.

Land conservation easements and Purchase of Development Rights are programs that provide compensation to an agriculture or forest landowner in exchange for his/her ability to develop the property. These programs are encouraged by the Commonwealth of Virginia and the federal government to sustain agriculture and forestry for the future. Both provide certain funding support and tax credits for land conservation efforts. The local Essex County Countryside Alliance and similar organizations promote and support these programs and, at the same time, help to educate the general public on the value to their locality and lifestyle.

- **MEASURING PROGRESS**

Initially, the following will be used to track progress.

Quantitative Measures of Production and Employment

- Annual volume of pine and hardwood produced (in millions of board feet)
- Stumpage value of pine and hardwood
- Ranking in economic impact of industries in the Middle Peninsula Planning District Counties
- Number of employees and businesses in forestry and forestry-related businesses
- Number of employees and businesses in agriculture and agriculture-related businesses

- Number of new agriculture and forestry businesses; associated revenue
- Number of agriculture and forestry business expansions; associated revenue
- Number of farms with over \$100,000 in annual sales

Qualitative Measures that Indicate Completion of a Specific Task

- Development of a process to establish local foods programs
- Development and dissemination of information about agriculture and forestry careers
- Development of a process by which farmers and foresters can obtain useful information on relevant trends, research and economic development activities
- Request made to the General Assembly to amend the composite index formula related to the Use Value Taxation Program