



CENTRAL VALLEY FARMLAND TRUST LEGACY

**SUMMER
2015**

Machado Family Farm... A Father's Legacy



The 160-acre Machado family farm sits just south of Linden in San Joaquin County, where it will remain a farm forever now that an agricultural conservation easement (ACE) has been placed over the property with the help of Central Valley Farmland Trust (CVFT). This picturesque property produces walnuts, cherries, peaches and field crops. The Machado farm is near four other CVFT easements, making a large tract of conserved farmland in the region.

This project was funded with 50 percent mitigation dollars provided by CVFT, 25 percent by the Department of Conservation's Farmland Conservancy Program, and 25 percent via the landowner's bargain sale agreement. The agreement to a bargain sale by a landowner is their acceptance to receive less than the fair market value of the asset (land) they are selling. In the case of an ACE this means the appraised value of the property at its highest and best use before the ACE is placed versus its appraised value as an agricultural operation after the ACE is placed, is the amount typically paid to the landowner for the sale of their development rights. To ensure the fruition of their conservation easement, the Machado family accepted less than this difference value.

"This project is an example of how a family can accomplish conserving their land for future generations by agreeing to a bargain sale," said CVFT Executive Director Bill Martin. "The Machado family had a strong desire to ensure their property remained intact and in production, protecting their father's legacy of good stewardship on the land and his wish to conserve it."

A Father's Wish

Mike Machado is William Machado's son who now owns and operates the Machado family farm with his brother Greg and was the main contact for the conservation project. "My grandparents established this farm in 1906," said Mike Machado. "Dad always felt those parcels should have remained intact and he later learned, after acquiring each one, that a conservation easement could help in joining them together forever. My dad had seven siblings and when his parents passed away the property was split into eight parcels."

"Dad wanted our family to have the option to farm this land forever or at least keep it farmable forever," said Mike. "He wanted our family's farming legacy to remain and his final signature in this life was to ensure that it did."

William Machado passed away shortly before the closing of the conservation easement on his property. "My father held strong to the idea that the family farm was the heart of the American spirit," said Mike. "He was a determined man who made sure this happened. All my father's actions were a partnership with my mother, which my sister Sue and brother Greg and I supported. I think it's that partnership that provided the strength for my father's determination especially in seeing this happen." (Continued on page 3)

Save the Date

*All Board California –
October 9, Sacramento*

*An Evening at the Carnegie
October 24, Turlock*

Inside this Issue – Hear From our Experts:

*Paul Wenger, president, California
Farm Bureau Federation
Karen Ross, secretary, California
Department of Agriculture
Darla Guenzler, PhD, executive
director California Council of
Land Trusts*

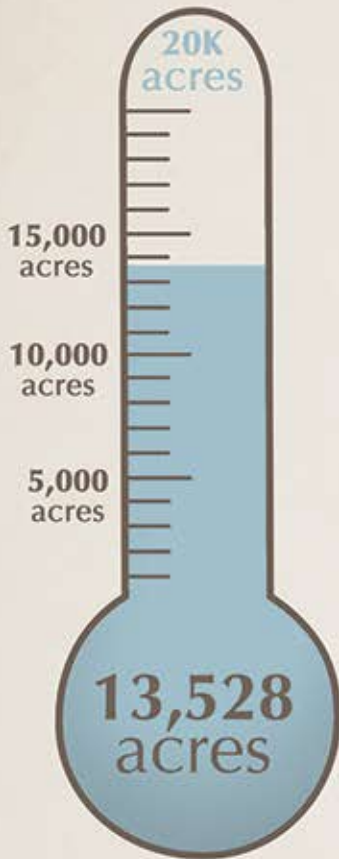


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Executive Director Message

By Bill Martin



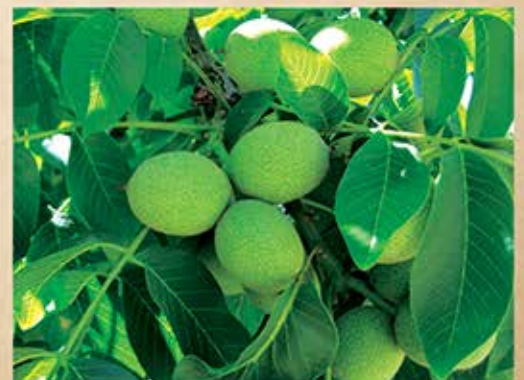
Some of you read my last Legacy message regarding the trials and tribulations of agricultural conservation easements (ACE) funding and were wondering if I got up on the wrong side of the bed. After a bit of reflection, I can see how that message may have been interpreted as negative and even counterproductive. I guess that's why the butcher never tries to describe how sausage is made! But the point of the article was really intended to highlight how important it is for the landowner to have a 360-degree view of the implications of placing an ACE on his/her property. Without that perspective a landowner could easily make the decision to abandon the process at the first sign of trouble. Which brings me to the substance of this article.

I also indicated in my last article that the ACE funding landscape is rapidly changing. The good news is CVFT is in a strong financial position and better prepared to handle funding challenges than we have ever been. Our experience and creativity in developing viable funding opportunities is serving us well. As an example, we recently closed an ACE near Linden in San Joaquin County. The Machado family is a well-respected, long standing farming family in the area and the property has enjoyed several generations of productive agriculture under their stewardship. During the process it became apparent that one of the three funding sources would not be available. Thankfully, we had prepared the family for this potentiality. So, instead of folding up our chairs and going home, we put our heads together and came up with a solution. Ultimately, it ended up being a combination of increasing CVFT's internal funding contribution and the landowner providing a portion of the funding by way of a bargain sale (e.g., donating a portion of the ACE value). The ACE closed in early June and the Machado family is delighted.

Another viable funding option is an outright donation of the ACE. We are currently working on our second donated ACE, located in San Joaquin County and adjacent to one of our other ACEs. In this instance, we have internal funds to cover the transactional and stewardship endowment costs. Other than having to pay his/her own attorney's fees, the landowner will have no other out-of-pocket costs. This option is most viable on projects which are strategic (i.e., adjacent to another ACE property) but may not meet agency funding criteria for other reasons. There are also significant tax advantages in donating an ACE. (Please check with your accountant for advice as to your specific circumstances.)

It is important to also make you aware that CVFT recently entered an agreement with multiple entities in Madera and Merced counties to facilitate acquisition of ACEs. This will be accomplished utilizing funds generated as the result of a settlement agreement with the California High Speed Rail Authority. In conjunction with the Department of Conservation, we are in the process of developing a comprehensive strategy to provide outreach and education on how the process will work and how best to prioritize the most important areas for conservation. Sometime this fall, watch for more information on this important initiative.

This is an exciting time for CVFT, and over the next few years will likely be very productive in helping conserve the most unique and productive agricultural region in the world. Please join us in the journey by becoming a member of CVFT. We are all stewards of the land, whether we are living on it or benefiting from it! Get involved! ♻



Next Steps

"As farmers, we are faced with some tough decisions ahead, succession to the family operation being the biggest and most difficult. With a changing agricultural economy, water and environmental challenges are significant and another challenge is finding the most sustainable crops to grow here," said Mike. "We are utilizing new technology and pursuing solar farm power to contribute to California's renewable energy goals and to provide power for irrigation pumps. But ultimately being good stewards of the land, like my dad, is our highest goal."

"Working with CVFT and Bill Martin to accomplish this easement was easy," said Mike. "He explained everything and was compassionate throughout the process. This was a partnership effort that was fostered from working together in the past."

"Seeing the legacy of such a great man like William Machado as seen through the eyes of his family makes all this work worth doing and pursuing again and again," said Bill. "Through creative funding and the pursuit of bargain sale agreements we hope to see many more projects like the Machado's leave more legacies like theirs on the land." ❧

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Commitment to Excellence in Board Governance

By Tim Byrd, CVFT Board Member



Since our founding board started the Central Valley Farmland Trust (CVFT) more than 10 years ago, the all-volunteer CVFT board has strived to practice the highest standards of board governance. The board understands that to achieve our mission to protect the best farmland in the world for future generations, we must have strong board governance policies and practices. Our focus on high board standards was a key factor in being one of the first land trusts in the country to achieve accreditation by the national Land Trust Accreditation Commission (LTAC), which demonstrates that CVFT meets the LTAC's high standards for land conservation.

At the direction of our board president, Ron Dolinsek, last year our board reemphasized our commitment to strong board governance by dedicating time at each board meeting to discuss an important governance issue.

One of our most important governance issues is to avoid any potential conflict of interest. Each board member places the broader interest of the trust – to protect the best farmland – above any individual's interest. This ensures that we continue to focus on our nonprofit mission and garner the public's trust and the confidence of our many private and public financial supporters. Along

these lines, we have adopted and we implement rigorous conflict of interest of policies. For each project, every board member is asked to state out loud if he or she has a conflict with the project. If no conflict exists, a No Conflict of Interest Certification is signed by the board president. If a conflict does exist, the board president signs a No Conflict of Interest Certification with Exception. This document explains the conflict, and confirms the board member with the conflict is not allowed to participate in any discussion or decision regarding the project.

Another key governance issue is the expectation of each board member to personally contribute and take a very active role in CVFT. We understand that our small and dedicated staff, and not the board, carries out the day-to-day operations of the trust and implements the board's policies. However, we expect each volunteer board member to:

- **Contribute financially to CVFT;**
- **Review all board material (including regular updates to board policies) and regularly attend and actively participate in board meetings; and**
- **Actively participate in at least one of our working committees.**

I am blessed to serve with board members who share their time, talent and financial resources to protect our valley and who work to achieve the highest standards of board governance. ❧

It's All About the Water...and the Land

By Paul Wenger, president, California Farm Bureau Federation



As we work our way through this fourth year of drought, it's hard to focus on much beyond the challenges of adapting to reduced surface water supplies, while reflecting on the implications of last year's passage of the Groundwater Sustainability Management Act. Both are unprecedented and both will have profound impacts on California's agricultural landscapes. The culmination of a lack of water infrastructure improvements is now being realized, as for too long we've counted on rain and snow to be abundant and timely. Call it climate change or call it weather, by its very nature agriculture is challenged and often constrained by the elements. Farmers and ranchers have always been masters at adapting to the vagaries of those elements, but never as successfully as they are today, especially here in the great agricultural state of California.

In order to be the most effective and efficient at adapting to changing elemental conditions, farmers must rely on the best land that can accommodate a diversity of crops and growing conditions and still be productive. That's where the Central Valley Farmland Trust comes in

and the need to plan and protect the very best land resources. Irrigation technologies have allowed for agricultural production to expand into areas that had not been previously farmed intensively. Current conditions may accommodate some crops, but these agricultural lands do not possess the same resiliency of our prime agricultural lands with fertile soil profiles that reflect high Storie Index ratings.

Farmers and ranchers have always been masters at adapting to the vagaries of those elements, but never as successfully as they are today, especially here in the great agricultural state of California.

As urban expansion continues to pressure the development of the best agricultural soils, which also provide the greatest options for cropping diversity, it is extremely important that we protect our most productive soils. The most productive growing regions usually have the best water resources as well and this element alone will create greater urban development pressures as builders are forced to look to existing water availability when starting new projects. As California continues to grow its population and as the world's population continues to rely on the most productive agricultural regions for its food supply, it is imperative that we support efforts to protect our best agricultural soils and grow our water infrastructure at the same time. One without the other will result in a future much different from the one we were given by our parents and grandparents.

The drought is gripping the attention of media and politicians alike. We need to be resolute in our recognition of the importance of agriculture, not only to our immediate region, but our state and nation's economy as well. Food security will be a growing factor for every nation in the world.

We are fortunate to live in an area and a state graced with the natural attributes to grow a diversity of unique food crops, not seen anywhere else in the world. It is vital that we protect our most productive land and advocate for increasing water reliability for growing food, our urban needs as well as a healthy environment. It's all about the land...and the water!!! ☺



What Happens to Ag Water? Eventually, People Eat it and Drink it An op-ed by Secretary Ross in the Modesto Bee

Originally Posted on April 28, 2015 by Office of Public Affairs, California Department of Food and Agriculture, Reprinted with Permission

By Karen Ross, secretary, California Department of Food and Agriculture



A recent survey by the Farm Water Coalition indicated that 41 percent of California's irrigated farmland will lose 80 percent of its surface water in 2015 due to cutbacks because of the drought. Add that to a reduction of more than 30 percent last year and it's obvious that farmers and ranchers have suffered the brunt of drought-related losses, so far.

That's why the reactions to Gov. Jerry Brown's announcement of urban water cutbacks earlier this month were eye-opening, with the farming community now finding itself under the spotlight in an entirely new way. While there are moments of discomfort with some of the assumptions that have emerged, I see this new attention as an opportunity to explain the significance of California food production – especially in the Central Valley.

I tell people all the time about the uniqueness of California – that we have one of the few Mediterranean climates necessary to produce a truly astounding array of nutritious, healthy foods sought by people around the world. You might have heard the statement that roughly half the nation's fruits, nuts and vegetables come from California – it's also true that 25 percent of that comes from just eight counties in the Central Valley.

It is clear that the water our farmers and ranchers use is actually consumed by the people they feed. In my mind, that's the most critical point to consider through the avalanche of information and positioning that's developed over the last several weeks.

Critics point to the Central Valley as a desert made artificially fertile by irrigation. Allow me to explain why that's not true.

Pulitzer Prize-winning author John Macphee wrote in his book "Annals of the Former World" that there are 10 types of soil on Earth, and that nine are in the Central Valley. Each soil is suited to different crops, so we have plums, kiwifruit, apricots, oranges, olives, nectarines, beets, peaches, grapes, walnuts, almonds, cantaloupe, prunes, tomatoes, and much, much more. Macphee called the Valley the "North American fruit forest," and pointed out the only places on this planet possibly similar to it are in Chile and Pakistan.

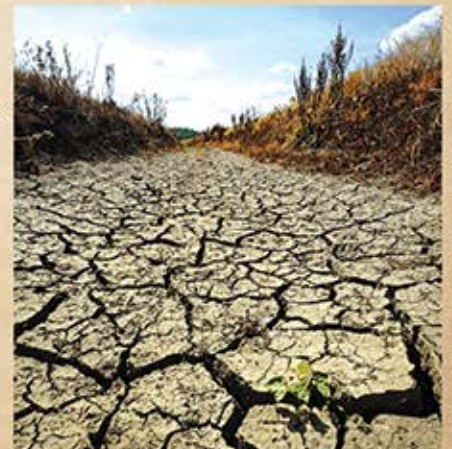
That is definitely a definition of unique.

So as the court of public opinion outside of farming considers fundamental shifts like California growing less food or different food, let's all remember why it's not that simple. Additionally, the Central Valley has a well-established infrastructure to support its farm production, through manufacturing, food processing and other essential services along the supply chain.

Having said all that, it's also very clear that farmers and ranchers must continue working with other state water interests to use every precious drop as carefully as possible. Agriculture has an impressive track record in that regard – using 5 percent less water with 96 percent more economic efficiency and a substantial increase in yield over the last 50 years.

However, agriculture will be asked to do more, and there is room for improvement. More than half of farmers and ranchers in California have moved to modern, more efficient irrigation techniques. That still leaves a little more than 40 percent that hasn't, and it should be apparent that the time for change is now. Gov. Brown, the state legislature and CDFA are helping to facilitate that with the State Water Efficiency and Enhancement Program, \$20 million in greenhouse gas reduction funds provided through emergency drought legislation for on-farm projects that save water and reduce harmful gasses.

As we move further into these unprecedented times, it's critical that California farmers and ranchers tell their stories of water efficiency and conservation, and continue with their unparalleled record of innovation to find new and better ways to manage this precious, ever-more-scarce resource. ♡



We Would Be Powerful

By Darla Guenzler, Ph.D., executive director, California Council of Land Trusts



We have a complex paradox in California today concerning agriculture and our food systems.

California is the leading agricultural producer by most measures. Our agricultural sector is the nation's largest, (\$44.7 billion) and nine of the nation's top 10 agricultural counties are in California. Led by Fresno County, California's top 10 counties include San Joaquin, Stanislaus and Merced. We unquestionably dominate production of the nation's fruits and vegetables.

Sadly, we are also facing threats to the roots of this productivity. We are losing farm and grazing lands at a face pace. In the 25-year period of 1984-2010, the California Department of Conservation estimates that California has lost 1.4 million acres farm and grazing lands – or about one square mile every four days. Prime farmland accounts for more than half of the loss. Projected population growth estimates that 29 percent of it will occur within our top 10 agricultural counties. Renewable energy development prizes the flat agricultural lands of the Central Valley. And, the current drought has created yet another fundamental challenge to farmers and ranchers.

We also have problems on the consumption side of our food system. In a state that produces so much of the nation's food, 5 percent of Californians (1.9 million) are both low income and do not have access to healthy and affordable food within a mile of their residence. In the very

midst of an agricultural Eden, the Central Valley has more "food deserts" than any other area of the state. Tulare County, for example, has 19 food desert areas within its borders. Existing side-by-side with this deprivation, we waste prodigious amounts of food. Studies have shown that over 6 million tons of food products is dumped each year, and the California Integrated Waste Management Board estimates that 15.5 percent of the state's waste stream is food. Finally, most Californians – especially our youth – do not know where our food comes from or how it is grown and produced.

In the 25-year period of 1984-2010, the California Department of Conservation estimates that California has lost 1.4 million acres farm and grazing lands - or about one square mile every four days.

The great news is that we have tools to address these challenges. Central Valley Farmland Trust and other land trusts offer a pathway for conserving land and keeping it in agriculture by working with landowners who choose to dedicate their lands to continued agricultural production. Community-based groups are working with neighbors to build community gardens to grow healthy, affordable food. Farmers in Yolo County are working with the local food bank to produce fresh, local food for residents in need. Five of the top 10 agricultural counties have agricultural elements in their general plans, and some are adopting agricultural mitigation and other policies.

What is holding us back from broadening and expanding these initiatives? A tremendous limiting factor is that the people, communities and industries concerned with these issues are largely acting in silos. Yet, the success for each area of endeavor is dependent upon a viable agricultural sector that is economically productive and able to provide fresh, healthy food accessible to all Californians. We need each other. No matter how small the community garden, it still needs land and water. Industries need people to appreciate and support the role of agriculture. We must recognize and act on the common ground we share: our ability to grow and feed all Californians and the nation. If our currently disparate voices came together, we would be powerful.

We need to build a bigger force for conserving the land that feeds us. Farmers and ranchers provide a strong flow of food at a volume on which we all depend. Although the output is not as large, the local and organic food movements are generating energy and interest around where our food comes from. Similarly, community gardens are on the rise. Let's bring everyone working on different areas of agriculture to the proverbial table to build a deep, broad and comprehensive voice for agriculture in California.

In October, Californians across the agricultural spectrum will gather in Sacramento at a first-ever event, All Aboard California – Savoring the Best of California, to begin growing a broad-based movement for agriculture in California. It will feature California food and craft beverages, entertainment and a short program about the work we have to do together.

Visit www.calandtrusts.org/all-aboard/ to learn more and get your tickets. ♪



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Newsletter Contributors:

Editor/Design:
Erin Davis

Editing Team:
Monica Bianchi
Ron Freitas
Meredith Rehrman Ritchie

Content:
Tim Byrd
Darla Guenzler
Susan Hooper
Mike Machado
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Savoring California's Bounty

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6 PM to 9 PM
California Railroad Museum
Old Sacramento
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Central Valley Farmland Trust is a sponsor of All Aboard California, an event open to anyone who is interested in California agriculture. This will be a great opportunity for attendees to gain a better understanding of agriculture and the linkage between California food producers and world food supply, including food safety and security. But as important is the awareness of the fact the San Joaquin Valley is unique and arguably the most robust agricultural region in the world, boasting of over 350 crops grown with 20-30 crops only grown here.

For more information visit
www.calandtrusts.org/all-aboard/



CENTRAL VALLEY FARMLAND TRUST

8788 Elk Grove Blvd, Bldg 1, Ste I
Elk Grove, CA 95624
916-687-3178 phone
916-685-1041 fax
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