March 8, 2013

Chairman Mary Nichols
California Air Resources Board
1001 "I" Street
Sacramento, CA 95814

Dear Chairman Nichols,

On behalf of the agricultural and conservation organizations and businesses listed below, we write in support of the state's efforts to invest cap-and-trade auction proceeds in our communities and to recommend investment opportunities in California agriculture.

AB 32 recognizes that climate change will have detrimental effects on some of the state's largest industries, including agriculture. Much is at stake – California agriculture is a $43 billion per year industry, and supplies 90 percent of the nation's nut tree crops, more than half of the country's fruit and vegetables and is the country's leading supplier of dairy products.

California agriculture can take steps to reduce greenhouse gas emissions and sequester atmospheric carbon, helping to meet the objectives of AB 32. The Agriculture Climate Action Team (AgCAT) and the Economic Technology Advancement Advisory Committee (ETAAC) estimated that agriculture can reduce GHG emissions by 9.1 to 16.7 MMTCO2E**,** accounting for between 31 to 57 percent of the industry's total emissions[1]. AB 1532 recognizes this opportunity by authorizing use of allowance auction fees "…to reduce greenhouse gas emissions associated with water use and supply, land and natural resource conservation and management, forestry, and sustainable agriculture[2]."

When funded with cap-and-trade revenues, the recommendations we offer below can:

- Fund on-the-ground projects in agriculture that can reduce GHG emissions and sequester carbon
- Generate new jobs in some of our most economically depressed rural communities, especially in the Central Valley[3]
- Provide additional environmental and health benefits such as cleaner water, wildlife habitat, pollinator services and open space protection
- Produce transformative projects, making the benefits of AB 32 tangible to our rural and peri-urban communities
- Assure the on-going food production capacity of the state and increase the resilience of our agricultural economy

[1] Forecast GHG emissions from agriculture, without actions to reduce emissions, are 29.1 MMTCO2E.
http://www.arb.ca.gov/cc/inventory/data/forecast.htm
[2] AB 1532, Sec. 2, 39712. (c) (3). Leginfo. 2012. http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_1501 1550/ab_1532_bill_20120930_chaptered.html.
[3] http://www.bls.gov/ro9/lausjoaq.htm
http://www.centralvalleybusinesstimes.com/stories/001/?ID=22125

In addition to our specific recommendations regarding agriculture, we also urge CARB to add investment principles to the draft plan to ensure that investments will result in GHG reductions that are supported by sound science, consistent accounting methods, and a level of transparency which ensures benefits outweigh potential adverse impacts.

Below we respond to the investment plan concept paper presented by CARB and we recommend existing agriculture programs that can further the goals of AB 32, AB 1532 and SB 535.

1. Invest in Farmland Conservation to Achieve Transportation GHG Emission Reductions, Sustainable Communities

Protecting farmland — particularly lands near urban areas where development pressures will be highest — has a direct nexus with avoided development-related GHG emissions. Recent studies by CSU Sacramento[4] and UC Davis[5] find that preserving farmland and preventing sprawl development avoids increases in GHG emissions associated with transportation and developed land. The UC Davis study finds that GHG emissions from the acre of farmland are 70 times less than the urban land.

Cap-and-trade investments in farmland conservation will assist urban and suburban communities in achieving the objectives of their regional Sustainable Community Strategies, as required by SB 375. The Regional Targets Advisory Committee (RTAC) recognizes the importance of farmland conservation in achieving the state's SB 375 goals. They state:

> *There are greenhouse gas benefits inherent in conserving land-based resources including farm and forest land. They play a vital role in California's agricultural economy and maintaining biological health and diversity in the state. These resources also are capable of sequestering carbon in plant and tree matter as well as in soil[6].*

Without cap-and-trade investments many communities will lack resources to protect farmland at the urban edge and will be at risk of increased GHG emissions and loss of food production capacity. We recommend investing in the following existing farmland conservation programs.

A. California Farmland Conservancy Program (CFCP)

The state Department of Conservation coordinates a farmland conservancy program that helps fund permanent conservation easements on eligible farmland. The CFCP provides financial support for the permanent protection of agricultural lands through the voluntary use of agricultural conservation easements. The CFCP provides grant funding for

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[4] Wassmer, R.W. Sept. 2008. California's Farmland Preservation Programs, Taxes, and Furthering the Appropriate Safeguarding of Agriculture at the Urban Fringe to Reduce Greenhouse Gas Emissions. CSU Sacramento. http://www.csus.edu/indiv/w/wassmerr/CAFarmLandUse.pdf

[5] Jackson, L.E., F. Santos-Martin, A.D. Hollander, W.R. Horwath, R.E. Howitt, J.B. Kramer, A.T. O'Geen, B.S. Orlove, J.W. Six, S.K. Sokolow, D.A. Sumner, T.P. Tomich, and S.M. Wheeler. 2009. Potential for adaptation to climate change in an agricultural landscape in the Central Valley of California. California Energy Commission, PIER. CEC-500-2009- 044-F. http://www.energy.ca.gov/2009publications/CEC-500-2009-044/CEC-500-2009-044-F.PDF

[6] RTAC. Final Report. Page 43. http://www.arb.ca.gov/cc/sb375/rtac/report/092909/finalreport.pdf

projects which use and support agricultural conservation easements for protection of agricultural lands. As of January 2012, more than 53,000 acres of the state's best farmland were permanently protected with CFCP-funded easements.

The program was funded with bond allocations at $4.8 million in fiscal year 2011-12. In recent years program was funded at $7 million annually. However, the Governor's FY 2013-14 budget proposal cuts all funding for the program.

Recommendation: Allocate $5 to 8 million annually in cap-and-trade revenue to the CFCP and target permanent easements on lands adjacent to urban/suburban areas that are most at risk of development.

B. Farmland Mapping and Monitoring Program (FMPP)

Currently funded by the Williamson Act cancellation fees via the Soil Conservation Fund, the FMMP provides local government and other stakeholders with maps and data for analyzing impacts on agricultural resources. This is a crucial technical service that provides information about the state's agricultural lands to inform planning decisions at the local level. Fiscal year 2011-12 funding for the program was well below the full cost of carrying out the program, which is approximately $1 million.

Recommendation:
Allocate $1 million annually in cap-and-trade revenue to fund the FMMP.

2. Invest in Agricultural/Climate Research to Advance Mitigation Opportunities

Agricultural research is essential for advancing our understanding of farming systems and practices that offer GHG emission reduction opportunities and environmental and health co-benefits, as outlined in AB 1532.

In recent years the scientific understanding of opportunities within agriculture to reduce GHG emissions (including the potent GHGs methane and nitrous oxide) and sequester carbon has advanced. This year, the Air Resources Board will consider the adoption of a rice production protocol, aimed at providing offset credits for activities in rice fields that reduce methane emissions. The state is also supporting a multi-year research project to investigate nitrous oxide emissions from agriculture and methods of reducing emissions from nitrogen fertilizer. The only existing agriculture protocol for the state's carbon market is for dairy digesters.

The draft concept paper released by the Air Resources Board in February gives several examples of agriculture projects for investment — rice production, nitrogen fertilizer and dairy digesters. However, as described in the previous paragraph, these projects have received considerable state and/or federal funding and have existing or pending offset protocols that theoretically will provide sources of incentives for growers to implement them. Instead of emphasizing these activities that have already been relatively well-examined, our limited cap-and-trade research dollars should be focused on identifying agricultural management practices and farming systems that show the greatest promise for obtaining climate and other co-benefits but that lack sufficient resources needed to further our understanding of their value.

Recommendation: We recommend a competitive grants research program, modeled on the climate change and agriculture funding that was formerly provided

by the California Energy Commission's PIER program. The grants program should put an emphasis on research projects on farming systems and agricultural management practices that reduce GHG emissions while providing additional environmental and health benefits, such as improved air and water quality. To inform the research initiative, we recommend that CARB work with California Department of Food and Agriculture and the Department of Conservation to assemble an advisory committee of outside experts from academia, nonprofit and industry organizations to advise on needed areas of research (i.e., where research gaps exist).

3. Invest in Grower Technical Assistance and Farm Project Implementation to Achieve GHG Reductions and Co-Benefits

California farmers and ranchers can reduce GHG emissions by adopting on-farm conservation practices that reduce fossil inputs, sequester atmospheric carbon in soils and woody plants and manage land and livestock resources in ways that limit the emissions of potent GHGs, including nitrous oxide and methane.

Two existing state programs described below provide technical assistance and project implementation assistance for farmers and ranchers seeking to improve their conservation and natural resource protection practices. The programs can fund climate-focused projects and deliver GHG emission reductions.

A. Statewide Watershed Program

The Statewide Watershed Program, a program of the Department of Conservation, supports natural resource conservation projects implemented in coordination with landowners within targeted watersheds in the state. The program funds watershed coordinators and on-the-ground, conservation projects that provide tangible and significant natural resource conservation benefits.

The program is funded through diminishing bond allocations. It can be scaled up to target projects statewide to reduce GHG emissions and sequester carbon. Examples of eligible activities include planting of riparian zones to increase carbon sequestration, changes in livestock management to reduce GHG emissions, and changes in soil management practices to increase soil carbon sequestration and reduce nitrous oxide emissions. There is a strong nexus between agricultural water use and energy use, and the program could be expanded to include energy audits and technical assistance for growers on implementing energy and water efficiency measures and renewable energy projects. The Statewide Watershed Program has been instrumental for Resource Conservation Districts facilitating local and watershed technical assistance. Full implementation of the Watershed Program would run between $25 and $50 million annually. Current funding levels are between $3 and $5 million.

Recommendation:
Allocate $30 million annually in cap-and-trade revenue to the Watershed Program to fund watershed coordinators and the implementation of land-based conservation projects that focus on achieving GHG emission reductions and carbon sequestration. Seek to expand the program to include renewable energy and energy efficiency projects and outreach in future years.

B. Resource Conservation District (RCD) Assistance Program

RCDs are special districts established in California to work with landowners on land stewardship and natural resource conservation activities. The Department of Conservation has a RCD assistance program that offers technical and financial assistance to RCDs to support their work with local landowners. General fund support for the program has declined in recent years and currently funds only one half-time position to work with all 99 RCD districts in the state.

Recommendation:
Allocate a minimum of $1 million annually for state technical assistance, to be coordinated with the California Association of RCD's, for Resource Conservation Districts to deliver conservation projects focused on climate change mitigation.

4. Invest in Transformative Projects in Agriculture: State Climate and Agriculture Program

In the later years of the investment plan, we strongly recommend that the state develop a climate change and agriculture program, funded by cap-and-trade revenue, that coordinates agricultural research, grower technical assistance and grower financial incentives for agricultural practices that reduce GHG emissions, sequester carbon and provide additional benefits such as improved air and water quality and wildlife habitat. Such a program would provide a coordinated effort to realize the potential of climate solutions offered by California agriculture and benefiting the health and economy of our communities, especially the Central Valley. We would welcome the opportunity to discuss this further with you.

In sum, cap-and-trade investments in California agriculture will provide significant climate benefits by avoiding transportation and development related GHG emissions, sequestrating carbon in our soils and woody plants and reducing emissions of some of the most potent greenhouse gases.

By investing in agricultural solutions to climate change, we can also improve air and water quality, providing multiple benefits, especially in the Central Valley, home to some of our most disadvantaged communities.

As Wendell Berry, Kentucky farmer and writer, once noted "Eating is an agricultural act." It is also a climate act. We encourage CARB and the Administration to invest in our agricultural future by investing in agricultural solutions to climate change.

Sincerely,

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Farmers and Ranchers:

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Bill and Kay Burrows
Burrows Ranch (Tehama County)

Bruce Rominger
Rominger Brothers Farms (Yolo County)

Craig McNamara
Sierra Orchards (Solano County)

David Gates
Ridge Vineyards (Sonoma, Napa, Santa Cruz and San Benito counties)

Jim Cochran
Swanton Berry Farm (Santa Cruz County)

Joe and Julie Morris
Morris Grassfed Beef (San Benito County)

John Anderson
Hedgerow Farms (Yolo County)

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