INTRODUCTION

The Working Lands Initiative (WLI), outlined in Wisconsin State Statute 91, identifies multiple farmland preservation tools and techniques that farmland owners may utilize to protect their lands and to make themselves eligible to claim tax credits. Specifically, the WLI is based upon three preservation techniques; farmland preservation zoning, establishment of agricultural enterprise areas, and the purchasing of agricultural conservation easements. This chapter describes these farmland preservation tools in detail, explores other preservation techniques not specifically outlined by the WLI, and explains local programs and marketing techniques that support local farmland preservation efforts.

PART I: PRESERVATION TOOLS OF THE WORKING LANDS INITIATIVE

There are three WLI's programs – farmland preservation zoning, agricultural enterprise areas (AEAs), and the purchase of agricultural conservation easements (PACE) that were established to achieve preservation of areas significant for current and future agricultural uses. These programs are intended to preserve farmland but should not be considered tools for preventing annexation.

Farmland Preservation Zoning

Farmland preservation zoning is a preservation tool that may be implemented by the local zoning authority (town, village, city or county) if it voluntarily chooses to adopt a farmland preservation zoning ordinance. A farmland

\[1\] The only zoning authorities in Washington County able to adopt and enforce a farmland preservation zoning ordinance through the Working Lands Initiative for tax credit purposes are the towns and villages participating in the farmland preservation planning process that have designated farmland preservation areas within their municipal boundaries. The County does not have zoning authority outside of shoreland, wetland, and floodplain zoning.
preservation zoning ordinance and its corresponding zoning map should identify any districts zoned for farmland preservation and describe the uses permitted within such districts.

Local zoning ordinances must be consistent with a county’s certified farmland preservation plan. Therefore, only land within a farmland preservation area, as designated within a certified county farmland preservation plan, is eligible for farmland preservation zoning. Farmers covered by the ordinance may claim State farmland preservation tax credits if the ordinance is certified for compliance with State farmland preservation standards. Landowners of farmland within a certified farmland preservation area and zoned for farmland preservation are eligible to collect $7.50 per acre as a tax credit.

Farmland preservation zoning serves to maintain agricultural activity and is designed to protect large contiguous blocks of land. Such large areas can provide landowners with assurance regarding the continued agricultural and agriculturally-related use of land. Benefits from this security include contributing predictability to farm management decisions, limiting land use conflicts with neighbors, and encouraging agricultural investment, all of which are diminished when land is removed from agricultural use.

Six local governments within Washington County, including the Towns of Barton, Hartford, Kewaskum, and Trenton and the Villages of Germantown and Richfield had exclusive agriculture zoning ordinances encompassing a total of 10,459 acres in 2010. These ordinances, which were created under the former farmland preservation program, expire December 31, 2012. Any zoning authority that wishes to continue or pursue farmland preservation zoning must adopt a new farmland preservation zoning ordinance that has been certified to meet WLI standards.

**Rezoning**

Section 91.48 of the *Statutes* outlines the conditions to rezone land out of a certified farmland preservation zoning district. Though rezoning may be done without penalty, special procedures apply for removing individual parcels from a certified farmland preservation district.

State law requires a zoning authority to do all of the following before rezoning land out of a certified farmland preservation zoning district at the request of any person:

- Hold a public hearing on the requested rezoning.
- Make all of the following “findings” after public hearing:
  - The rezoned land is better suited for a use not allowed in the farmland preservation zoning district.
  - The rezoning is consistent with any applicable comprehensive plan.
  - The rezoning is substantially consistent with the *county’s* certified farmland preservation plan.
  - The rezoning will not substantially impair or limit current or future agricultural use of surrounding parcels of land that are zoned for or legally restricted to agricultural use.
By March 1 of each year, a political subdivision must provide a report to DATCP of the number of acres that the political subdivision has rezoned out of a farmland preservation zoning district with a map that clearly shows the location of those areas. A copy of the report must also be submitted to the County.

**An Alternative to Rezoning**
A zoning authority concerned over landowner resistance to rezoning procedures has another option for farmland preservation. Upon the recognition that most rezoning requests seek to rezone agricultural parcels for residential construction, the new farmland preservation law allows residential construction within a farmland preservation district, without the need for rezoning, pursuant to a conditional use permit. Conditional use permit standards ensure that approved residences are compatible with the farmland preservation district.²

A zoning authority could take advantage of this option by adopting a simple zoning ordinance text amendment that allows residential construction that meets the State standards under *State Statute* 91.46 to occur within a farmland preservation district under a conditional use permit. Such an amendment would not take away any existing landowner rights in farmland preservation districts. An amendment would allow farmers in the affected district to continue claiming tax credits and permit compatible residential construction within the farmland preservation district without the need to rezone. The text amendment alternative can protect farmland and does not require any official zoning map changes.

**Nonfarm Residences and Residential Clusters**
By State law, utilization of conditional use permits for the creation of nonfarm residences within farmland preservation zoning districts is an option only if all of the following apply:

- The ratio of nonfarm residential acreage to farm acreage on the base farm tract on which the residence is or will be located will not be greater than 1 to 20 after the residence is constructed or converted to a nonfarm residence.
- There will not be more than four dwelling units in nonfarm residences, nor, for a new nonfarm residence, more than five dwelling units in residences of any kind, on the base farm tract after the residence is constructed or converted to a nonfarm residence.
- The location and size of the proposed nonfarm residential parcel, and, for a new nonfarm residence, the location of the nonfarm residence on that nonfarm residential parcel, will not do any of the following:
  - Convert prime farmland from agricultural use or convert land previously used as cropland, other than a woodlot, from agricultural use if on the farm there is a reasonable alternative location or size for a nonfarm residential parcel or nonfarm residence.
  - Significantly impair or limit the current or future agricultural use of other protected farmland.

A zoning authority may issue one conditional use permit that covers more than one nonfarm residence in a qualifying nonfarm residential cluster. A nonfarm residential cluster qualifies if all of the following apply:

- The parcels on which the nonfarm residences would be located are contiguous.
- The zoning authority imposes legal restrictions on the construction of the nonfarm residences so that if all of the nonfarm residences were constructed, each would satisfy the requirements listed above for nonfarm residences.

² See *State Statute* 91.46 for more information regarding conditional uses.
Farmland Preservation Zoning Ordinance Certification
DATCP may certify a farmland preservation zoning ordinance for a period that does not exceed 10 years. Upon the time of certification expiration, the zoning authority may make necessary amendments and submit its farmland preservation zoning ordinance for recertification. If land is rezoned to a nonagricultural use, the landowner is no longer eligible to claim tax credits through the Working Lands Initiative for the acres rezoned.

Agricultural Enterprise Areas (AEAs)
Whether or not a local zoning authority adopts a farmland preservation zoning ordinance, owners of land within a farmland preservation area may petition for the establishment of Agricultural Enterprise Areas (AEAs). An AEA is a contiguous land area which is devoted primarily to agricultural use and locally targeted for the preservation and development of agriculture. DATCP is authorized by administrative rule to designate up to 1,000,000 acres as AEAs statewide. Only land within a certified farmland preservation area, as designated in the county's certified farmland preservation plan, is eligible for DATCP's consideration for AEA designation. AEAs offer an option for farmland owners to claim tax credits if their local zoning authority chose not to implement a farmland preservation zoning ordinance through the Working Lands Initiative.

To have an area designated as an AEA, a petition must be submitted to DATCP for consideration. Petitions must be jointly filed by owners of at least five eligible farms in the area and any political subdivision (town, village, city, or county) in which any part of the proposed AEA is located. By working together, local farm owners and local governments can better ensure adequate interest in establishing and maintaining an AEA if selected for designation. Petitions are expected to address participating landowners' and local governments' goals regarding the preservation of agricultural land use and agricultural development for the proposed AEA. Petitioners must also identify the activities and the existing or future land use controls that will aid in achieving those goals.

The boundary of a proposed AEA must enclose a contiguous land area, containing land owned by each of the farm owners petitioning. However, the land owned by the petitioning farm owners need not be contiguous. As a result, the boundary may include land owned by others who are not petitioners. While AEAs are oriented towards agricultural preservation and agricultural development, they may include other compatible land uses such as environmental preservation, or compatible infrastructure that supports agriculture.

It is important to recognize that the designation of an AEA does not restrict or control land use within the designated area, though local regulations and restrictions within the designated area are still applicable. Designation of an AEA does not specifically protect areas from encroaching development or land use conflicts. Instead, designation of an AEA identifies the area as valuable for current and future agricultural use, with the potential to promote investment in agriculture and agricultural-related businesses. It is up to local governments to establish or enforce land use practices to preserve, protect and promote agricultural enterprises as appropriate.

Farmland Preservation Agreements
If an AEA is designated, landowners are not automatically eligible to claim tax credits. Eligible farm owners within the area must voluntarily sign a farmland preservation agreement with the State to collect tax credits. A

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3 “Contiguous” means parcels that meet at more than one point and are only separated by a lake, stream, or transportation or utility right-of-way.
farmland preservation agreement requires the land to be in agricultural use for a minimum of 15 years. The designation of an AEA remains in effect unless the designation is terminated by the State through administrative rule, an action which requires a public hearing.

Tax credits available to farmers in an AEA are:

- $5 per acre for land that is covered by a farmland preservation agreement, or
- $10 per acre for land that is covered by a farmland preservation agreement and located in a certified farmland preservation zoning district.

**Agreement Conversion Fees**

A landowner under a farmland preservation agreement may terminate the agreement on any or all acres of land outlined in the agreement prior to the expiration date (minimum 15-year term) by paying a “conversion fee”. Conversion fees involved with the termination of farmland preservation agreements are equal to three times the Grade 1 Agricultural Land Assessment Value. That product is then multiplied by the number of acres being released from the agreement. In 2010, the Grade 1 Value averaged approximately $286 for rural Washington County communities and termination fees averaged $858 per acre. Table T-35 shows termination fees calculated for rural Washington County communities for the year 2011. Figure T-11 shows how the conversion fee would be calculated for the Town of Addison. Land located within a designated AEA can only be removed from the AEA through the State administrative rule process. Even if the land is sold, it remains a part of the designated AEA.

**Purchase of Agricultural Conservation Easement (PACE) Program**

The PACE program provides State funding for the purchase of agricultural conservation easements. An agricultural conservation easement prohibits development that would make the land unavailable or unsuitable for agricultural use. Easements are voluntary and allow a landowner to be compensated for limiting development on his or her farmland. Easements are permanent and are carried over to subsequent landowners if the property is sold. With an agricultural conservation easement, a landowner continues to pay property tax on the land at the current required rate.

Through the PACE program, DATCP will provide funding to cooperating local entities (local governments or non-profit organizations) for the purchase of easements from willing landowners. Local entities purchase the

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4 This is based on the Wisconsin Department of Revenue Use Value Guidelines for Agricultural Land Assessment, available online at: http://www.revenue.wi.gov/report/a.html.
easements and may be reimbursed for up to 50 percent of the easement cost by the PACE program. The State and local entities will then be co-holders of the easement.

During the finalization of the State budget plan in 2011, the future of the PACE program was put into question. The 2011 WI Act 32, 2011-2013 State Biennial Budget Bill required DATCP to evaluate the PACE program, including but not limited to the local administration of the program, source of funding, State participation and requirements for local match. DATCP was required to include options to replace PACE with a less costly and more efficient program for preserving farmland and report its findings to the State Joint Financing Committee and the standing agricultural committees in each house of the Legislature by June 30, 2012. The statutory references to PACE remain, but the provision requiring DATCP to annually solicit applications was deleted. Please visit DATCP’s website (http://datcp.wi.gov/) or contact DATCP for information on the status of the PACE program.

To be eligible for PACE funds, the land must be within a farmland preservation area, as designated within a certified county farmland preservation plan. PACE funded easements are intended to strengthen areas that have been planned and designated as local farmland preservation areas in a certified county farmland preservation plan. Landowners must be willing to relinquish the easement or development rights. Proposed easements must protect or enhance waters of the State or other public assets and the location of the easement should be consistent with county and local farmland preservation plans. Agricultural conservation easements may also provide additional protection to areas that have been designated as agricultural enterprise areas.

Land with an agricultural conservation easement cannot be developed for any purpose that would prevent the land from being used for agriculture. Land with an agricultural conservation easement will remain on property tax rolls. With an agricultural conservation easement on the property, a landowner will continue to:

- Privately own and manage the land
- Keep farming the land
- Keep the title to the property
- Be eligible for the farmland preservation income tax credit (if standards are met for tax credit eligibility through farmland preservation zoning or in designated AEAs)
- Control public access

**Applying for Easements**

After DATCP makes its annual request for proposals, the cooperating local entity can submit easement proposals to DATCP. Landowners should contact their cooperating local entities if they are interested in an agricultural conservation easement for their land.

In order to be eligible for consideration for a grant under the PACE program, an application must meet all of the following:

- The entire property must be located in a farmland preservation area designated in the county’s certified farmland preservation plan.
- The entire property must be located in an area consistent with a local comprehensive plan.
- A qualified farm conservation plan must be in effect for the property.
- At least 50 percent of the property must be cropland, pasture, or grassland.

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\(^5\) PACE application materials are available on-line at: http://www.datcp.state.wi.us/workinglands/pace.jsp.

\(^6\) A qualified farm conservation plan means a plan prepared by local, state or federal conservation agency staff for the purposes of compliance with state or federal Soil and Water Conservation Standards including ATCP 50.
The landowner must sign a statement indicating that they produced at least $6,000 in Gross Farm Revenue\(^7\) during the relevant tax year or $18,000 during the last three years, including the relevant tax year.

The application must be submitted by a qualified cooperating entity (a political subdivision or a qualified non-profit conservation organization).

All landowners must sign an agreement indicating that they are willing to convey the proposed agricultural conservation easement.

Easements considered for PACE funding will be also judged based on the ability to:

- Preserve agricultural capacity and conserve important or unique agricultural resources
- Be consistent with local farmland preservation zoning
- Enhance an agricultural enterprise area, as designated by the State
- Be practical and consistent with other methods of land preservation
- Be close to other protected lands or enhance other protected lands
- Be cost effective
- Be in danger of conversion from agricultural use

### Easement Approval Process
An interested landowner applies to the local cooperating entity for easement consideration. A local government or non-profit organization submits a proposal for an easement.

### Tax Credit Eligibility Requirements

There is $27 million available statewide annually to provide farmland preservation tax credits to landowners beginning in the 2010 tax year. There is no cap on the amount of credit that an individual can claim or on the amount of acreage eligible for a credit. However, if the total amount of claims exceeds $27 million in a given year, the State is obligated to prorate the value of the credits available to individuals. Though a property's location within a certified farmland preservation area is the principal criterion, the WLI requires landowners to meet multiple criteria in order to be considered eligible to claim farmland preservation tax credits. These criteria include the following:

- Acres claimed must be located in a farmland preservation area identified in a certified county farmland preservation plan. Eligible land includes agricultural land or permanent undeveloped natural resource areas or open space land that is:
  - in an area certified for farmland preservation zoning, and/or
  - located in a designated agricultural enterprise area and under a farmland preservation agreement
- The land is operated as part of a farm that produced at least $6,000 in gross farm revenue during the preceding tax year or $18,000 in the past three years. Income from rental receipts of farm acres does not count toward gross farm revenue. However, gross farm revenue produced by the renter on the landowner’s farmland can be used to meet this eligibility requirement.

\(^7\) “Gross Farm Revenues” means gross receipts, excluding rent, from the land’s agricultural use, less the cost or other basis of livestock or other items purchased for resale that are sold or otherwise disposed of during the taxable year. If a landowner rents out farmland, “Gross Farm Revenues” may include farm revenues received by the renter but produced from the owner’s farmland.
• Claimants must be able to certify that all property taxes owed from the previous year have been paid.

• Farmers claiming farmland preservation tax credits must certify on their tax form that they comply with State soil and water conservation standards. New claimants must also submit a certification of compliance with soil and water conservation standards that has been issued by the county land conservation committee.

If the above criteria are met, landowners may be considered eligible to collect tax credits in one of the following per acre amounts:

• $5.00 for farmers located in an agricultural enterprise area with a farmland preservation agreement signed after July 1, 2009

• $7.50 for farmers in an area zoned for farmland preservation

• $10.00 for farmers in an area zoned for farmland preservation and in an agricultural enterprise area, with a farmland preservation agreement signed after July 1, 2009

Soil and Water Conservation Compliance

Under the Working Lands Program, farmers who claim a farmland preservation tax credit must comply with State soil and water conservation standards. Starting with tax year 2010, farmers cannot claim the farmland preservation tax credit under the new program, unless they certify on their tax returns that they are in compliance with State conservation standards. In order for a claimant to certify compliance on a tax return, the claimant’s farm:

• Must comply with the NR 151 State agricultural performance standards and prohibitions incorporated into ATCP 50, or

• Have a schedule of compliance designed to meet State conservation standards by a specific deadline set by the county (which cannot extend beyond December 31, 2015).

For those farmers who do not know their compliance status, they can remain eligible for tax credits only if they contact a conservation professional to assess their farm’s compliance status and take further actions to come into compliance if needed.

Counties have new responsibilities to monitor compliance with the standards including farm inspections at least once every four years. If a claimant is found out of compliance with the standards, the County will take appropriate actions to address this concern, and in certain cases may issue a notice of noncompliance to the Department of Revenue. Once the claimant is back into compliance, the County will notify the Department of Revenue that the claimant is again eligible to receive the tax credit.

PART II: ADDITIONAL PRESERVATION TECHNIQUES

The preservation tools listed in this section represent existing and potential strategies for the protection of farmland and open space within Washington County. These preservation tools offer other farmland preservation options for communities. Details of how each tool works, including the benefits and limitations of each, can

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8 See State Statutes 91.80 and 91.82 for more information regarding soil and water conservation compliance. Additional information is also available on-line at: http://www.datcp.state.wi.us/workinglands/soil-water_compliance.jsp.

9 NR 151 of the Wisconsin Administrative Code establishes and prescribes runoff pollution performance standards and prohibitions for agricultural facilities, operations and practices.

10 ATCP 50 of the Wisconsin Administrative Code implements Wisconsin’s soil and water resource management program found under Chapter 92, Wisconsin Statutes.
be found in a document published by the Washington County Planning and Parks Department in 2005 titled *Farmland and Open Space Preservation Tools* (FOSP) report.

Preservation tools included in the FOSP report are grouped into two categories; regulatory and incentive-based. Regulatory based tools control or define the activities or modifications that a landowner may conduct on his or her land, through the regulation of ordinances. Incentive based tools support or encourage a specific activity or modification that a landowner may conduct on his or her land and although some of these tools may be incorporated into an ordinance, they are voluntary. The FOSP report can be obtained at the office of the Planning and Parks Department and is also available on-line at [www.co.washington.wi.us/pln](http://www.co.washington.wi.us/pln).

The following preservation tools are discussed in the FOSP report:

**Regulatory Based Tools**
- Agricultural Protection Zoning (Exclusive Agriculture Zoning)
- Conservation Development
- Lot Averaging
- Incentive Zoning (Density Bonus Incentives)
- Mitigation Ordinances and Policies
- Sliding-Scale Zoning
- Transfer of Development Rights
- Right-to-Farm Laws

**Incentive Based Tools**
- Fee-simple Purchase
- Donations
- Bargain Sale
- Conservation Easements
- “Options Review” for Developers
- USDA Programs

**Recommendations to Increase Housing Density**
Increasing housing density can help preserve farmland by reducing the amount of land needed for nonfarm development, which will in turn, reduce the pressure for agricultural land conversion for residential, commercial, and industrial development.11 *A Multi-Jurisdictional Comprehensive Plan for Washington County: 2035* serves as a long-range guide for officials, staff and citizens to address future development and protect agricultural and natural resources through the year 2035. The following represents a sample of the adopted goals, objectives, policies, programs, and suggested actions for local governments from *A Multi-Jurisdictional Comprehensive Plan for Washington County: 2035* that identify ways local governments can accommodate growth while preserving existing farmland.

*From Pages 303-305 of Chapter VIII (Agricultural, Natural, and Cultural Resources Element)*
- **Policy:** Encourage more compact development within sewer service areas to minimize the development of farmland for urban uses.
- **Program:** Continue to encourage intergovernmental cooperation to protect farmland. Strategies include boundary agreements and more regular and compact city and village boundaries.
- **Suggestions for Local Governments:** Cities and villages should use the County LESA analysis and Farmland Preservation Area analysis (Map T-7) to direct future growth away from highly rated parcels where possible. Cities and villages should promote the protection of agricultural lands in the County by accommodating urban development at medium or higher densities within their adopted sanitary sewer service areas. Cities and villages should also grow in a logically planned manner and attempt to keep their boundaries as compact as possible to limit urban development adjacent to agricultural areas.

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From Pages 356, 363, 364, 369 and 371 of Chapter IX (Land Use Element)

- Where rural-density residential development is accommodated, local governments are encouraged to require the use of conservation subdivision design or lot-averaging techniques to help preserve rural character and provide a buffer between adjacent farmland and residential uses. In some cases, the common open space in conservation subdivisions may be used for agriculture.

- **Objective:** Encourage land uses and densities that promote efficient development patterns and relatively low costs to all levels of government and private utilities.

- **Suggestion for Local Governments:** It is also suggested that local communities that wish to accommodate additional urban development locate urban density residential uses within neighborhoods or hamlets. The neighborhoods or hamlets should contain necessary supporting local services, such as park, retail, and elementary school facilities.

Local governments are encouraged to renew and redevelop older, underutilized urban areas that are in need of revitalization, and encourage infilling of undeveloped land within existing urban service areas, to accommodate additional urban growth before developing land on the outskirts of urban service areas.

- **Policy:** In communities with sewer service areas and other urban services, encourage local comprehensive plans and ordinances that support the provision of a full range of housing types and sizes, including single-family, two-family, and multi-family dwellings, at appropriate densities.

- **Suggestion for Local Governments:** It is also suggested that new urban density residential land uses and major commercial and industrial land uses be located within planned urban service areas, where such uses can be served more efficiently by utilities and community facilities.

From Pages 443 and 452 of Chapter X (Housing Element)

- **Suggestion for Local Governments:** Communities with sewer service areas and other urban services should provide for a full range of housing structure types and sizes including single-family, two-family, and multi-family at densities that can be economically served by sanitary sewers.

- **Suggestion for Local Governments:** Local ordinances should be revised as necessary to be consistent with the local comprehensive plan. Areas with higher residential densities should be located in sewer service areas. If towns desire higher density developments, cooperative methods should be studied with neighboring cities and villages, which may be able to extend urban services to portions of the town.

PART III: SUPPORTING FARMLAND PRESERVATION

In recent years, many local governments, schools, and various business and non-profit organizations throughout the State have been developing or promoting an increasing variety of programs that support local agriculture. Such programs include the implementation of various marketing strategies geared to promote locally produced agricultural products through marketing and tourism opportunities. The success of these programs depends on the acceptance of local consumers. Consumers may adopt lifestyles that embrace locally produced agricultural products which may, in turn, help the consumers understand the importance and community value of locally protected farmland.

This section describes programs that promote local agriculture acknowledging the need to preserve local farmland. Although these programs will not directly preserve the land itself, they may help generate awareness of local farmland preservation needs and create a sustainable environment for existing agriculture.

**Promoting Locally Grown Foods**

The concept of promoting locally grown foods is somewhat subjective due to the varying interpretations as to how “local” is defined. Congress addressed the issue in the 2008 Farm Bill which developed a definition to use in the
regulation of food production which the USDA acknowledged in 2010.\textsuperscript{12} As a result, foods can be marketed as local if the final product is raised, produced, and distributed within 400 miles of its origin or within the State in which it was produced.\textsuperscript{13,14} Businesses with specific retail and production focuses may still have varying definitions of local, accounting for the distance travelled by a product, the size or character of the locality in which it was produced, or even by an ecoregion, which may be determined by ecological units referencing anything from topography, soil, or climate to a local watershed.\textsuperscript{15}

Buying locally grown foods has become increasingly popular for a number of years now, and many predict the trend will continue. Supporting the growth of local food positively impacts farmers, communities, and Wisconsin's economy.\textsuperscript{16} Buying locally-produced goods results in more money remaining within the community and efforts to promote local purchasing have been increasing in popularity over recent years. Due to the varied positive impacts of supporting local economies, the trend extends to industries outside of agriculture as well.

Buying locally produced goods can also increase the efficiency of money by directing the maximum amount of money to the purchased product instead of to costs incurred through transportation, distribution, and various marketing services that often include packaging, fuel, electricity/energy, corporate profits, general labor costs, and many others.

The efficiency of America's consumer dollar in the purchasing of food is calculated by the U.S. Department of Agriculture's Economic Research Service (ERS). According to the ERS, as of 2006, nearly 19 cents of every consumer dollar spent on food went towards the value of the initial farm products. The remaining 81 cents of every dollar spent on food in the U.S. was directed to the marketing share. In such, the farm share of the consumer dollar was at its lowest point in the history of conducting the ERS marketing bill analysis. The decline in farm value share from 1965 to 2006 can be attributed to a large agricultural supply which has the effect of holding down farm prices. Meanwhile increased expenditures for food marketing services have caused the cost of retail food to rise.

Despite its overall decline, the farm share remained fairly steady, fluctuating only one cent between 1998 and 2006. At the same time, the proportion of consumer spending on food intended for consumption away from home has increased to account for over 70 percent of total consumer spending on food. The proportion of consumer spending which was directed towards energy costs, corporate profits, and miscellaneous costs has also increased.\textsuperscript{17} Efforts to buy locally are among the measures that can be useful in preventing the decline of farm value share as marketing costs rise in the future.

Embracing the State concept of local production promoted by the USDA, support for local agriculture is available throughout the nation. DATCP offers a variety of educational, funding, and marketing initiatives, including The Buy Local, Buy Wisconsin (BLBW) initiative, which strives to stimulate the State's agricultural economy through consumers' increased purchase of locally grown or produced food.\textsuperscript{18} In addition to a grant program, BLBW has a travelling workshop program to assist small and medium size farmers statewide in developing the tools they need

\textsuperscript{17} Labor, transportation, and packaging costs, on the other hand, fell between 1998 and 2006.
\textsuperscript{18} Web. 8 December. 2010. (http://www.datcp.state.wi.us/mktg/business/marketing/val-add/directmktg/blbw/blbw_grants.jsp).
to capitalize on local and regional markets. The BLBW initiative also publishes the Wisconsin Local Food Marketing Guide, providing agricultural producers with information for use in capitalizing on local markets through direct sales, including farmer's markets, consumer promoted agriculture, or other venues.19

**Community Supported Agriculture**20

Community supported agriculture (CSA) is the partnership of agricultural producers and consumers, who contribute membership dues to cover the upcoming season's anticipated labor and supply costs. In return, a farm participating in CSA distributes shares of harvested food to members each week of the season.21 Instead of independently shouldering the risks associated with farming, including detrimental weather, pests, and the changing prices of the marketplace, farmers who operate CSA farms share whatever bounty or scarcity comes of their crops with their members. While relieving some of the burdens and uncertainties of conventional marketing, this arrangement can provide farmers with a more equitable return for their investments and labor. CSA farms may even request that members volunteer to assist with planting and harvesting crops, distributing shares, or with marketing efforts to allow farmers to focus on food production and farm maintenance. The viability of many CSA farms has, in fact, been attributed to such member involvement.

Farms taking part in community supported agriculture are highly diversified and differ in their goals. CSA farms are often devoted to ecologically sound farming, using organic, biodynamic, or sustainable practices. Much of the demand for such responsibly-produced food stems from urban areas. Across the nation, CSA has converted urban lots into productive lands to address social problems, providing fresh vegetables and community service opportunities to meet local needs. Though primarily family-operated, the second national CSA Farm Survey completed in 2001 found that the 63 percent of CSA farms operating under an individual operator or sole proprietor is low compared to the percent of total farms operating under an individual or sole proprietor nationwide (86 percent). CSA farms have been organized as partnerships, corporations, non-profits, or cooperative businesses more often than farms nationwide.22

This effort of community supported agriculture is recognized for promoting rural-urban connections. Urban members establish relationships with local farmers and rural land through farms participating in CSA. Known to host field days, festivals, and potlucks, or to produce newsletters, provide recipes, and hold workshops, CSA educates the community about farming practices and food. By participating in community supported agriculture, members can direct their food dollars towards agriculture that ensures their food is grown, processed, and distributed in a favorable manner. This inherent community involvement is part of a growing social movement calling for urban and rural citizens to share responsibility for the land. Community supported agriculture was initiated in the 1960s by European citizens and farmers to fund the full costs of ecologically sound, socially equitable agriculture that would address public concerns regarding food safety and the conversion of agricultural land for urban uses.

Though classified with and subject to similar financial challenges as small farms, farms participating in community supported agriculture can provide farmers with a variety of benefits. CSA farmers have typically had

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20 Unless otherwise cited, this section was adapted from information provided by the Center for Integrated Agricultural Systems at UW-Madison: Web. 13 December. 2010. (http://www.cias.wisc.edu/farm-to-fork/community-supported-agriculture-growing-foodand-community/).
21 Wisconsin farms employing greenhouses and root cellars or conducting successive plantings to extend the growing season can provide their members with fresh shares of food up to eight months of the year.
greater gross income from production compared to the value of such sales for farms nationwide in general. In addition, with the proportion of incomes in agricultural households across the country increasingly coming from non-farm sources, farmers nationwide tend to depend on non-farm income, while CSA farmers are less dependent on non-farm income. Of those surveyed, more than 55 percent of CSA farmers had non-farm income of less than $10,000. Comparably, less than 10 percent of farms nationwide had non-farm income of less than $10,000 and nearly 80 percent had non-farm income between $10,000 and $99,999. CSA farmers also indicate tendencies towards satisfaction with their financial abilities, workload, stress levels, quality of life, and community involvement.

**Farm to School Programs**

Farm to School is broadly defined as a program that connects schools (K-12) and local farms with the objectives of serving healthy meals in school cafeterias, improving student nutrition, providing agriculture, health and nutrition education opportunities, and supporting local and regional farmers. Since each Farm to School program is shaped by its unique community and region, the National Farm to School Network does not prescribe or impose a list of practices or products for the Farm to School approach.

In summary, Farm to School brings healthy food from local farms to school children nationwide. Farm to School is a comprehensive program that extends beyond farm fresh salad bars and local foods in the cafeteria to include waste management programs like composting, and experiential education opportunities such as planting school gardens, cooking demonstrations and farm tours. The program teaches students about the path from farm to fork, and instills healthy eating habits that can last a lifetime. At the same time, use of local produce in school meals and educational activities provides a new direct market for farmers in the area and mitigates environmental impacts of transporting food long distances. The Farm to School approach helps children understand where their food comes from and how their food choices impact their bodies, the environment and their communities at large.

**Community Gardens**

Community gardens have a broad definition. It can be urban, suburban, or rural. It can grow flowers, vegetables, herbs, and fruits. It can be one community plot, or can be many individual plots. It can be at a school, hospital, or in a neighborhood. It can also be a series of plots dedicated to "urban agriculture" where the produce is grown for a market.

There are many benefits to community gardens, a few of which include:

- Improving the quality of life for people in the garden by creating opportunities for recreation, exercise, therapy, and education
- Providing a catalyst for neighborhood and community development
- Beautifying neighborhoods
- Producing nutritious food
- Reducing family food budgets
- Preserving green space

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23 2001 survey findings in comparison to 1997 Census of Agriculture findings.
The concept of community gardening is not new in Washington County. As of 2010, there were three community gardens established in Washington County. One garden is operated by the Ozaukee Master Gardeners and is located in the City of West Bend. Another garden is operated by the Master Gardeners of Washington County and is located in the Village of Kewaskum. A third garden was established on the property of St. Aidan’s Episcopal Church in the City of Hartford.

**Farmers’ Markets**

Farmers’ markets provide competitively priced, high-quality fresh produce and inspire millions of people to consciously choose fresh, high-quality, and farm-friendly food. While surveys indicate that the pricing and quality of food are primary reasons for patronizing farmers’ markets, consumers agreed that direct contact with farmers was among the main draws to attend farmers’ markets. Farmers’ markets allow farmers to create relationships with individuals in the community that results in the development of consumer loyalty.

Consumers are also attracted to farmers' markets because they value the community aspect and festive atmosphere of markets. Markets allow consumers to be in contact with farmers and knowledgeable vendors who generally provide visitors with exceptional customer service. Knowing local farmers can provide the community with an understanding about farming practices and about the produce offered. In gathering answers to their cooking questions and insight on the agricultural industry, consumers can become proponents for their farming neighbors, having value in the opportunity to know what they are purchasing and who they are purchasing it from.

Farmer’s markets are an important source of revenue as they offer the unique opportunity to obtain better profit margins by selling directly to the consumer, a critical element for small and medium-size farmers. On average, farmers only receive about 20 cents on the dollar for products sold wholesale, which is often less than the cost of production on small and medium-size farms. Farmers' markets can capture about 90 percent of retail value, a proportion of consumer spending otherwise unavailable to farmers.

Becoming a vendor at a farmer's market typically does not subject a grower to high start-up costs, allowing farmers' markets to serve as business incubators, helping prospective and existing farmers to develop crucial business skills and a viable business strategy. Farmers have an opportunity to test new products and ideas without a lot of risk as they discover consumers' needs and interests through one-on-one interaction with market visitors. The relatively small size of the average farm providing produce to the local market allows a farmer to quickly adjust production to meet consumer needs and capitalize on new market niches.

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Consumer trends show an ever-increasing demand for fresh, healthy, locally grown food from farmers' markets. While the number of farmers' markets across the country has experienced an average annual increase of 8 percent from 1994 to 2010, growth in the value of products purchased through direct sales has been increasing at an accelerated pace, as shown in Figure T-12. In addition to the various value-added products available at farmers' markets, some markets incorporate educational components or special events.

**Culinary Incubators**

Culinary incubators are establishments designed to allow individuals to develop a business in the food industry by making use of shared kitchen facilities, supplies, and equipment. Along with food preparation and storage space, culinary incubators may provide users with space to accommodate cooking demonstrations as well as meeting or gathering space, which enable the incubator to be used for food service, whether for catering parties, serving users’ products, or for community events. Culinary incubators may make facilities available to individuals or groups through contracts or hourly rates.

In order for food produced within an incubator to be lawfully sold to the public, culinary incubators must be commercially licensed, meeting state and local health and safety ordinances. Because of the significant expense of licensing, the availability of a licensed facility for flexible and independent use can ease one of the primary challenges faced by prospective culinary entrepreneurs. In turn, incubators may place a variety of requirements on users including knowledge of and certification in safe food handling, appropriate state or local licensing, liability insurance, or a security deposit.

Often established to encourage economic development, incubators may be operated by local non-profit organizations or designed to fill a gap in the local market. Either way, the services provided by culinary incubators offer members of the community the opportunity to expand upon and capitalize from the skills which they may otherwise lack the mechanisms to further develop. In such, incubators may incorporate education or training programs that can provide users with business planning, marketing, and networking skills. Programs may be developed or offered through a partnering organization with the goal of helping users to confidently produce and market their products. Incubators may expect that facility and programs users should achieve independence from within a certain time frame.

Additional amenities that incubators can provide can fulfill a range of purposes. In order to support the convenient transition of an individual into a business owner, incubators may incorporate computer labs or day-care facilities. The provision of on-site distribution sites through retail establishments, cafés, or restaurants within or affiliated with the incubator can be a great benefit to incubator users. Such facilities can offer a variety of opportunities including the chance to source one's ingredients and supplies, gain experience marketing products to the public, and the ability to collect revenue.

As of late 2010, at least three culinary incubators are offering opportunities to prospective entrepreneurs in Wisconsin. One of these, The Farm Market Kitchen in Algoma, Wisconsin, a regional food processing business incubator run by a non-profit organization, has a number of altruistic goals associated with its facilities. The Farm Market Kitchen seeks to promote unique cultural heritage of the area and to enhance tourism. Noting the value of

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the rural landscape, The Farm Market Kitchen also seeks to promote the economic and agricultural riches of the region while upholding the sustainable balance of its environmental treasures.

Culinary incubators are prime locations for the development of business partnerships and collaborations. For example, local youth may be able to gain paid on-the-job experience providing service and hospitality work through an incubator. Local community gardens may provide incubator users with the opportunity to support an individual or neighborhood group growing produce that provides the incubator with needed ingredients.30

These collaborators receive additional support from the community as their culinary creations are also available within local stores. Collaborations such as these have the potential to strengthen the local agricultural industry as well as contributing significantly to the overall economic well-being of the community.

Marketing Farming and Products31
As noted by the Department of Trade, Agriculture, and Consumer Protection (DATCP) in its promotion of Wisconsin’s local foods market, there are a wide variety of means through which producers can market their goods. Direct and intermediate marketing opportunities enable farmers to have an active role in determining the sale price of their products. Farmers must be able to evaluate their interests, preferences, and capabilities when determining which market to pursue for his or her agricultural products. Some such considerations include whether the farmer is willing and interested in complying with State inspections, having direct customer contact, participating in food preparation, and taking on varying degrees of risk.

Direct Marketing
Two means through which farmers can make their products locally available include direct and intermediate marketing. Direct marketing allows farmers to sell their products directly to consumers for their personal use. Products sold through such sales, referred to as direct sales, are not intended for resale. Farmers’ markets, community supported agricultural (CSA) farms, agri-tourism, Pick Your Own opportunities, and on-farm stores account for the most commonly recognized direct sales, due to their increased visibility.

Direct sales customers are willing to pay a higher purchase price directly to farmers because they expect that farmers are capable of providing food that is fresher and more nutritious than food available through other venues. Thus, farmers can achieve success in direct marketing through consumer loyalty. Farmers can expect consistency in customers’ direct purchasing by providing a high-quality product at a value that meets or exceeds their expectations. According to DATCP, direct marketing can have positive economic and social impacts on urban and rural communities. By encouraging entrepreneurship and innovation, attracting agricultural tourists, and promoting alternative forms of agriculture, direct marketing can promote desirable rural development while enhancing the regional quality of life.32

Intermediate Marketing
Intermediate marketing enables a farmer to sell his or her products to agricultural buyers for resale. Wholesalers and distributors are among a variety of establishments and institutions that can be considered potential customers for intermediate sales. Grocery stores, super-markets, and other food retailers are becoming increasingly interested in offering locally-produced foods. Similar trends are prevalent in restaurants, hospitals, and schools who find value among the variety of advantages in using local agricultural products in the foods they make available to their customers, patients, students, and staff. Trends rely upon consumers' perceptions of and

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30 See footnote 29.
preferences for locally-produced foods, whether attributed to their freshness, increased nutritional value or their decreased environmental impact.

Selling one's products through such establishments enables farmers to receive exposure to multiple markets in various locations with the potential to increase a farmer's consumer base. Intermediate sales have increased potential to ensure that farmers have consistent orders from buyers that may amount to larger quantities of products that a farmer can sell. The predictability of orders and higher sales volume can result in more highly efficient farm operation.

As previously noted, State efforts to promote local agriculture include a variety of tools and programs available to producers to capitalize on local and regional markets, many of which are available through DATCP and the UW-Extension. Along with the Wisconsin Apple Growers Association (WAGA), these groups worked together to establish Savor Wisconsin, an initiative to make Wisconsin's unique and specialty agricultural products available both locally and globally. The initiative emphasizes the purchasing of locally grown, produced, and manufactured products by connecting its website users to registered producers, businesses, and farmers' markets in the State.

Savor Wisconsin offers users the opportunity to identify only products which have at least 50 percent of its ingredients, production, or processing activities from or done within the State. This specification, Something Special from Wisconsin, was devised by DATCP's Division of Agricultural Development in 1983 to guarantee that consumer dollars could be measurably directed towards the livelihood of local farmers, food processors, entrepreneurs, and communities. Other marketing strategies offered by DATCP include the Buy Local, Buy Wisconsin Program, a Value-Added Agriculture Initiative, and development of the Wisconsin Local Food Marketing Guide, the primary source for the information above on direct and intermediate marketing.

Agriculture in Washington County can benefit from diversification to provide the large metropolitan population base of the region with specialty farm products and services. Examples provided by the regional planning commission include the ready market for fresh, high value produce in suburban supermarkets and restaurants, demand for organically produced dairy products, meat, fruit, and vegetables, the greater viability of “U-Pick” farms, and an increased demand for nursery stock and horse stabling services.  Local agri-businesses can find assistance with planning and marketing, management, finances and budgeting, and research and development through the UW-Extension Washington County Agriculture program.

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33 More information is available at: www.savorwisconsin.com.
34 “Farmland and Open Space Preservation Tools” Washington County Department of Planning & Parks, 2005; available online through the County's website (http://www.co.washington.wi.us/departments.iml?mdl=departments.mdl&ID=PLN).
35 Web. 15 December. 2010. (http://washington.uwex.edu/agriculture/farm-management/).