



Collaborative Farming

A Toolkit for
Farming in Community



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Cover images (clockwise from top left): Hawaii Agricultural Park; Green Valley Community Farm + Mill; Sunol Agricultural Park; Center for Land Based Learning.

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Introduction

What do we mean by Collaborative Farming?

The idea of farming in community is almost synonymous with farming. In so many ways, farming entails sharing information and resources with friends, neighbors, colleagues and business associates. This kind of supportive spirit is part of an ethic that attracts people to start farms and stay in farming. Such sharing can be informal, a matter of being cooperative or helpful with others, often in a reciprocal way and often in a community context.

Sharing can also be formal, based in business agreements and a legal framework. Farming involves at the least, a relationship between the farmer, the land, and the customer, but most often there are numerous parties and agreements involved. Where the land is owned by one entity and the farming business by another entity, there is a lease agreement to document the farm business entity's rights to access the land. Where more than one person is the farmer, there is some sort of business agreement between the farmers. If services are needed or labor is hired, there is either a service contract or an employment contract. A direct sale is a simple sales contract, but where product is aggregated and packed or processed before sale there may be different layers of contracts.

As members of numerous kinds of associations and organizations – place-based, commodity-based, farming practice-based and more – farmers participate in structured collaborations dealing with all aspects of farming from production to marketing. And in this era of the sharing economy, farmers are getting reacquainted with time-honored models such as cooperatives; they are also creating and exploring new models for collaboration, such as Agricultural Parks. This Toolkit focuses on these collaborative farming models.

The Purpose of this Publication

The purpose of the Collaborative Farming Toolkit is to help beginning farmers make business decisions that best support their financial, social, and operational goals. The Toolkit presents the business basics that underlie all successful farming businesses, regardless of business structure, and also the tested models of collaborative farming for farmers who want options for formal and legal structures of farming in community. In the process, this Toolkit also describes a few informal approaches to collaborative farming that can potentially impede farmers' success.

The Toolkit is organized in six sections. Following the Introduction, Section 1, Business Entity: Basics & Collaborations, summarizes the basics of business ownership of a variety of types ranging from a sole proprietorship to a cooperative. Section 2, Land Ownership or Leasing: Basics & Collaborations, describes the foundational agreements around land, from one-on-one to more complex agreements. Section 3, Labor, Equipment, Inputs, Services and Training: Basics & Collaborations, outlines basic business arrangements for each of these aspects of farming, as well as opportunities for formal collaboration. Section 4, Marketing and Logistics: Basics & Collaborations, touches on the basics of

these elements and primarily describes various collaborative marketing systems. Section 5, Collaborative Farming Environments, outlines four types of models that provide more comprehensive structures for collaboration: AgParks, farm incubators with extended leases, farming in conservation communities/agrihoods/eco-villages, and complex models. Section 6, Profiles of Collaborative Farming Models, presents more detailed profiles of the models outlined in Section 5.

The Toolkit is written primarily for beginning and small farmers: beginning farmers are those who have farmed on their own for 10 years or fewer; and small farmers are those who are small in acres or revenues relative to the average size of farms in California. The category of beginning farmers may include are those who are new to farming in this country, but perhaps not new to farming. Ranchers and commodity-crop farmers may benefit from many of the concepts in this publication, but most of the information and examples are for farmers, specifically of produce and specialty crops.

A secondary audience for the Toolkit is organizations engaged in helping beginning farmers get established by facilitating critical access to land, infrastructure, knowledge, capital, and markets. Such organizations include those developing training programs, collaborative farming environments and marketing collaborations. They are part of the larger network of entities and programs that are addressing the larger issues in the U.S., including the aging farmer population, loss of agricultural land due to urbanization, and high startup costs associated with farming.

This publication is written with a focus on California law and federal tax law. Federal tax law is applicable everywhere except in a few very limited instances for individual Native Americans farming on certain allotments or reservation lands.¹ Most of the state-law concepts will have parallels in the laws of other states, but specific statutes will be different in each state.

Readers of this Toolkit may also benefit from the publication, “Cooperative Farming: Frameworks for Farming Together” by Faith Gilbert, which this work builds upon.²

Background and Acknowledgments

The Toolkit was inspired in part by SAGE’s work at the Sunol AgPark where for many years we have worked with small and beginning farmers to address issues of scale through creative collaborations. The Sunol AgPark was established to demonstrate the model of an AgPark on public land which provided small and beginning farmers with accessible land tenure, production and business technical assistance, support for land stewardship, and opportunities for public engagement and, overall, facilitated a farming community. This publication also extends from SAGE’s long-time exploration and dissemination of the agricultural park model in publications such as the Agricultural Parks Feasibility Study and the Urban Edge AgParks Toolkit.

SAGE’s participation in the multi-partner project, *Growing Roots: Deepening Support for Diverse New Farmers and Ranchers in California*, provided the opportunity to document a range of collaborative farming environments, including AgParks. The Growing Roots project was organized around the idea

of Learning Hubs for beginning farmers, so it made good sense to integrate into the descriptions and profiles of collaborative farming environments, additional information about farming business basics.

This publication was supported by the Beginning Farmer and Rancher Grant of the USDA-NIFA program titled, Growing Roots: Deepening Support for Diverse New Farmers and Ranchers in California, Grant # 2015-70017-22868. The publication owes a great deal to the Growing Roots collaboration, with the University of California Berkeley as the lead, and the partners: Alameda County Resource Conservation District, A National Sustainable Agriculture Assistance Program/ National Center for Appropriate Technology (ATTRA/NCAT). Poppy Davis, Sibella Kraus, Lizzie Urie, Cynthia Martinez, and Betty Winnacker contributed to this publication.

Section 1: Business Entity: Basics & Collaborations

This section looks at business entities. In effect, all business entities that are not sole proprietorships are formal collaborations, which can range in complexity from a two-person partnership to a global corporation.

If only one person owns and operates the farm business, the business is automatically created by the act of getting to work.³ The owner can choose to form a corporation, but is automatically a sole proprietorship. When more than one person owns and operates a farm business, the business is automatically a partnership as a matter of law.⁴ Even if the owners do not take any steps to formally create a partnership, certain obligations are created as soon as they begin to work together.⁵ A corporation can never be informal or accidental, it can only be created by filing papers with the State.

An informal partnership may not have a written partnership agreement, but it is still required to file a separate informational federal income tax return for the partnership with the IRS.⁶ In California and most other states, some version of the Uniform Partnership Act will govern where there is no written partnership agreement, or where the terms of the written partnership agreement are not allowed under the Act. An informal verbal agreement may still be a legally binding contract, so it is best to get an agreement in writing.⁷ Farming with others also means liability is shared, whether an agreement to farm together is formal or informal.

Critical questions for any business owned by more than one person include: how to account for unequal contributions of cash and property, how to account for unequal expenditures of labor or cash, how to share the profit or loss, under what circumstances an owner can take cash or equipment out of the business, and how an owner can sell their ownership interest.

Sole Proprietorship

An individual becomes a “sole proprietor” just by starting a business. There is no separation between ownership and management. The sole proprietor is personally responsible for all of the debts and other liabilities of the business. This may mean that a creditor can seek a judgment against the personal property or wages of the sole proprietor, and possibly also against a spouse who does not work on the farm. For accounting and tax purposes a sole proprietor does not receive a salary and it does not matter how much cash is left in the business or taken out of the business. The sole proprietor’s income is the net profit or loss from the business, and the sole proprietor must report all of the income and expense of the business on their individual income tax return. Other local business and business property tax issues may also apply.

General Partnership and Limited Partnership

A general partnership is formed when two or more individuals farm together, whether they intend to form a partnership or not.⁸ All partners in a general partnership are personally responsible for all

of the debts and other liabilities of the business, including debts or liabilities incurred by the other partners.⁹ This responsibility extends to the partner's personal property or wages, and may also extend to the personal property or wages of a non-partner spouse.

Under California law a partnership may become a limited partnership by filing the appropriate papers with the Secretary of State.¹⁰ In a California Limited Partnership the General Partners still have unlimited personal liability, but the Limited Partners liability is limited to their investment in the partnership (similar to the liability protections of a corporation, see below).¹¹

For accounting purposes the total value of each partner's contribution to form the partnership is the partner's capital. The partner's capital is increased by the partner's cash contributions and the partner's share of the net income of the business, and is decreased by the partner's cash withdrawals and the partner's share of the net losses of the business. Partners do not receive a salary from the partnership, but if the partnership agreement so specifies they may receive a guaranteed payment. A guaranteed payment is deducted before the net income or loss is distributed according to partnership ownership percentages. Guaranteed payments work well to account for a situation where partners originally make equal capital contributions but thereafter make unequal contributions of their own time and labor.

A partnership is a "pass-through entity" for tax purposes. A partnership is required to file a separate federal income tax return reporting all income and expenses, but the partnership does not owe or pay federal income taxes. Instead, the net income or loss "passes through" the partnership to the owners. The individual partners report their share of partnership income or loss on their personal income tax returns, where they calculate total taxable income and income tax owed.¹² Thus one of the costs of forming a partnership is the increased cost of accounting and income tax preparation. This is true whether the partnership is formed in writing or by a verbal agreement, and it is true even if the partners are unaware of the requirement to file separate income tax returns for the partnership. However, the costs of not maintaining a formal accounting system, filing necessary paperwork for a partnership, or preparing partnership tax returns properly, can be high.

Corporation

A corporation is a legal entity formed under state law to be legally distinct from its owners. The word incorporation means to literally take form in a body, so when a business is incorporated, it becomes an entity distinct from its owners. The laws of the state where the incorporation papers are filed grant the corporation legal status; this means the business is legally embodied as a corporation with most of the same rights and responsibilities as an individual person. A corporation can own property, conduct lawful business, sue and be sued. A court may enforce a judgment against the assets of the corporation, but usually not against the personal assets or wages of the owners of the corporation. This is called "limited liability," and it is an important reason why people form corporations, sometimes even when there is only one owner.

There are several different types of incorporated entities, each with different benefits and requirements for ownership, management, and taxation. For accounting and tax purposes, some types of corporations function like partnerships (see above) and others function like corporations. For regular corporate accounting and tax purposes the earnings (or losses) of a corporation are either retained within the corporation, or passed out to owners in the form of dividends. The corporation files its own tax return and pays taxes on its net earnings. The owners also pay taxes on any dividend earnings received from the corporation, meaning dividend earnings are subject to double taxation – a disadvantage to forming a regular corporation. However, most small businesses that form as corporations are not subject to double taxation – the corporation files tax returns, but only the owner pays taxes.

For accounting purposes, an owner of a corporation is considered an investor. Typically, the original investment of cash in the corporation results in the investor owning some or all of the stock of the corporation. If the corporation is profitable and has earnings to distribute, it may distribute cash to the owners based on the amount of shares each owns. If an owner also provides management services to the corporation the owner may become an employee of the corporation and be paid according to regular labor laws (See Section 3 below.) Salaries paid as payroll to owners are deducted as expenses of the corporation and reported as wage income by the owners.

Most small businesses are incorporated with a small number of owners and no shares made available for public sale. These types of corporations may make a federal tax election regarding how the profits are taxed to the owners. The owners may elect to be taxed as a partnership or as an S-corporation. Either way, the corporation files a tax return but does not pay tax; instead it reports the taxable income passed through the corporation to the owners, and then the owners are responsible for reporting that income on their individual tax returns and paying taxes owed when they file their individual tax returns. For larger corporations that do not make this federal election, the corporation itself pays tax on its earnings.

When forming any type of corporation, the owner-investors will make decisions about the terms and conditions under which each owner invests in the original capitalization of the business, participates in business management, is compensated, participates in sharing profit or loss, the circumstances under which owners may or must contribute additional capital, and the circumstances and methods under which an owner may exit.

Under state law, each of the different types of incorporated entities have different mandatory characteristics with respect to critical events in the life of a business: formation, management, sharing profit or loss, additional capital contributions, and exiting or dissolving the entity.

Cooperatives

Cooperative associations (co-ops) have a significant role in American agriculture. Cooperatives are special types of corporations. They are businesses or organizations owned by and operated for the

benefit of those using its services. Members can become part of the cooperative by purchasing shares, but the amount of shares they hold does not affect the weight of their vote; cooperatives are owned by members under a one-member, one-vote management structure. There are many excellent resources on how to develop and manage cooperatives, and even on how to do tricky co-op accounting.

Member Owners

Profits and earnings generated by the cooperative are distributed among the members, also known as user-owners. Profit, loss and tax liability follow financial investment and the degree to which each member utilizes the co-op, so calculating how financial benefits flow through a cooperative can be very complex. One of the interesting things about a co-op structure is that one-member-one-vote governs management, but financial investment and return may be very unequal. Typically, an elected board of directors and officers run the cooperative while regular members have voting power to control the direction of the cooperative.

The International Co-operative Alliance has accepted seven principles that guide cooperative organizations:¹³

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, Training and Information
6. Cooperation among cooperatives
7. Concern for community

Types of Co-ops

There are several different types of co-ops:

- Worker co-ops facilitate workers in sharing in the profits of the business where they work
- Service or retail co-ops facilitate those who use certain types of services or purchase a particular type of goods to establish and run the business and to participate in any net profits
- Housing co-ops facilitate group ownership of common structures
- Producer or marketing co-ops facilitates sales, particularly as in agriculture where individual farms have little market power, but collectively can secure good contracts and prices
- Marketing co-ops are businesses owned by producers that use the co-op to sell their goods

Taxation

Net income of cooperatives may be taxed at the corporate level or may be passed down and taxed to individual owners. Patronage dividends (also called patronage refunds) are the amount of net co-op income the board elects to return to members. The cooperative does not pay taxes on the amount of net income allocated to members, provided the allocations comply with the requirements of

Internal Revenue Code (IRC) Section T. For compliant allocations, members are responsible for paying tax on the amount of net profit attributed to their patronage.

Net income not passed on to membership is taxed at the regular corporate rate. Payments to members that do not qualify as patronage dividends under IRC Section T are taxable to the recipients – i.e. double taxed, as with dividends from C-Corporations.¹⁴

Specialty Co-ops

Agricultural cooperatives are either purchasing co-ops (to buy inputs at more favorable prices) or marketing co-ops (to sell bulk commodities at good prices and to manage the supply of bulk commodities). Some non-commodity operations have also experimented with the co-op model, notably Tuscarora Organic Growers Co-op in the mid-Atlantic and the smaller Siskiyou Sustainable Co-op in Oregon (see Spotlight on page 22), which both operate multi-farm CSAs using a co-op ownership model. A multi-farm CSA is a marketing model, whereas a co-op is an ownership model. A multi-farm CSA could be formed as any number of different entity types, but the co-op model is useful for keeping management and voting rights equal though different farms may sell different volumes of products through the co-op.

Associations and Non-Profit Corporations

A non-profit association is a type of corporation with no owners. It is formed under state law and granted tax-exempt status under IRS Section 501. There are 29 different types of exempt entities listed under 501 Subsection C. The six most common types are:

- C (3): charitable organization
 - Example: organizations dedicated to public education, such as City Slicker Farms, an urban agriculture organization¹⁵
- C (4): most membership associations, including homeowner's associations
- C (5): labor, agricultural and horticultural organizations
- C (6): business leagues
 - Example: some farmers market organizations, such as the Pacific Coast Farmers' Market Association¹⁶
- C (7): social clubs
- C (8): fraternal beneficiary societies, orders or associations

An important caveat: an informal group working together for some purpose other than profit is generally referred to as an “unincorporated association.” An unincorporated association may have difficulty opening a bank account, so often the tendency is for one of the members to run any financial transactions through their business. This is not a problem if the amounts are small and infrequent, but as transactions grow in size or frequency, they begin to skew the accounts of the person who is accounting for them, and they may even create a tax liability for that person.

Section 2: Land Ownership or Leasing: Basics & Collaborations

Farmland is an asset distinct from the farm business. Farmland owners may also farm the land they own – in which case it may appear that land ownership and farm business ownership are the same, but in fact there may be a corporation owned by the same people who own the land leasing the land from the landowners. It may sound circular, but as explained above, the corporation limits the liability of the owners, so by owning the land outside of the farming corporation the landowners are able to farm and limit their risk of losing the farmland.

Under California law, contracts for the sale of land must be in writing in order to be enforceable.¹⁷ Most states have similar statutes. Contracts for financing land purchases are also governed by state law, and generally must be in writing to be enforceable.¹⁸

While it is not uncommon for farmers to lease land without a written agreement, such verbal agreements may not be enforceable under California Law.¹⁹ Most states have similar statutes. In the event of a dispute, a court of law will look to customary practice to determine the terms of an unwritten lease.

Owning Land

Multiple people may own land together without automatically creating a business partnership, since owning land is not the same as owning and operating a business. Land can be owned using one of the non-business forms below or it can be owned by a business.

Tenancy in Common and Joint Tenancy

The default form of ownership for more than one owner is called tenancy in common. In a tenancy in common, each co-owner has an undivided interest in the whole property, but the ownership interests may be unequal. This means each may use and enjoy the whole of the property even though each may have invested different amounts and be entitled to a different share of profit or loss upon sale.

A joint tenancy must be deliberately created. The main difference between a tenancy in common and a joint tenancy is that in a tenancy in common any owner's shares pass to their heirs upon their death, but under a joint tenancy upon the death of any owner, that owner's interest passes automatically to the other owners regardless of any will.

A tenancy in partnership is created when a partnership purchases land. Interests are held in proportion to partnership interests and the partnership agreement governs all the other terms and conditions of ownership.

A corporation may purchase and own land in California. Some states have restrictions against corporate ownership of farms and ranches. Owning land through a corporation can create difficult tax problems not faced by individuals and groups of individuals who own land directly. Therefore, it

is critical to consult with a knowledgeable Certified Public Accountant about the type of corporation to form to own land, and about the federal tax elections to make in the first year of ownership.

Leasing Land

Lease

A lease is a contract between a land owner and a renter for the temporary use of the land in exchange for rent. A lease specifies the rights and expectations of each party and names other terms such as the amount of rent, and the condition in which the property must be returned to the owner at the end of the lease. Some leases specify that rent is paid in cash (a cash lease) and others specify that rent is paid either with a percentage of the crop itself or with a percentage of the proceeds from the sale of the crop (crop-share leases).

In California, and in most states, a land lease must be written if the lease term exceeds one year. A valid written lease must include:

1. A description of the property location
2. A beginning and ending date
3. The amount of rent (typically monthly)
4. The signatures of both the landowner (lessor) and tenant (lessee)

Agricultural leases may have special protections to prevent the tenant from losing the land during the crop year. In California, if a farmer or rancher has been allowed to remain on the land for more than 60 days after the original lease ends they are entitled to the another full year under the terms of the original lease.²⁰

Sub-lease

A lease is an agreement between a land owner and a tenant. A sub-lease is an agreement between the original tenant and a new tenant leasing from the original tenant, not from the landowner. Most leases have explicit terms about if or how the land can be sub-leased.

License

A license is not a lease. A license never grants rights on the property, it merely allows for limited-term access and use. The property owner may always revoke a license at any time.

Agricultural Land Trusts

In effect, agricultural land trusts are important collaborators with farmers around land preservation, affordability and access. Land trusts conserve undeveloped lands by purchasing from willing landowners, conservation easements that then remove the option to use the land for certain purposes (e.g. development, mining) and/or that require certain activities (e.g. preservation of the land as a habitat for specific species). In order to assure permanent protection, some land trusts also purchase land and then, with a conservation easement in place, later transfer the land to a public

entity, such as a park district, or a private entity, such as a farm. Land trusts are typically established as 501c3 charitable corporations, but some are formed as special districts of local government, with elected boards.

Agricultural land trusts focus on purchasing conservation easements which preserve the ability of the land to be used for agriculture in the future by prohibiting uses inconsistent with the production of food. Depending upon the particular organization, some land trusts lease land they own to farmers or ranchers for agricultural production.

Most agricultural land trusts focus their conservation work in a particular region or county, and as they become increasingly successful, they can help to build the place-based brand for the farmland and farmers in their territory. One good example is the Marin Agricultural Land Trust (MALT).²¹ For farmers seeking to permanently protect their land, the compensation they receive from selling an easement, or the tax deduction they receive for donating the easement, can have significant financial value.

A community land trust is a nonprofit corporation that develops and stewards affordable housing, community gardens, civic buildings, commercial spaces and other community assets on behalf of a community. “CLTs” balance the needs of individuals to access land and maintain security of tenure with a community’s need to maintain affordability, economic diversity and local access to essential services. A good example of a CLT focused on agriculture is the Berkshire Community Land Trust.²² It was founded in 1985 to maintain a working organic farm, protect the adjacent sensitive wetlands, and provide small-scale farmers with affordable access to land.

Section 3: Labor, Equipment, Services, Inputs & Training: Basics & Collaborations

This section describes several critical elements for agricultural operations – labor, equipment, services, inputs and training – in terms of the fundamentals and how to approach these elements as collaborations. There are a multitude of reasons that farmers may want to collaborate in managing these business aspects, as collaboration often allows for less administrative burden, shared risk, and increased purchasing power. While the basics of these elements are rather straightforward, collaborating on any one of them must be done intentionally, often requiring a legal contract between parties.

Labor

Contractors and Employees

In general, an independent contractor is someone who is in business for himself or herself. Independent contractors usually perform work that requires a specialized skill or trade that is not part of a company's regular business. Routine farm tasks such as weeding, harvesting and packing are by definition tasks that are performed by employees, not independent contractors, so people performing these tasks are subject to all of the protections of California labor law, regardless of if the employer has paid them as employees or as contractors. In addition, if an employer has paid someone as a contractor when they should have been paid as an employee, the employer may be subject to fines and even criminal penalties.²³

While federal employment laws set the minimum requirements employers must follow, California provides employees with many additional rights and benefits under state law when it comes to wage and hour protections, worker's compensation insurance, unemployment benefits, meal periods and rest breaks, discrimination and harassment, time off from work, privacy, and other areas concerning employer-employee relations. Employers are responsible for knowing and complying with state and federal laws and ensuring employees receive the rights and benefits to which they are entitled.²⁴ The best methods for small farms to comply with the regulatory requirements of agricultural labor include using a qualified payroll service, or hiring labor through an agricultural labor contractor.

Interns and Apprentices

The Department of Labor defines internships or apprenticeships in the for-profit sector as employment, unless the following criteria are met:²⁵

1. The internship, even though it includes actual operation of the facilities of the employer, is similar to training which would be given in an educational environment;
2. The internship experience is for the benefit of the intern;

3. The intern does not displace regular employees, but works under close supervision of existing staff;
4. The employer that provides the training derives no immediate advantage from the activities of the intern, and on occasion its operations may actually be impeded;
5. The intern is not necessarily entitled to a job at the conclusion of the internship; and
6. The employer and the intern understand that the intern is not entitled to wages for the time spent in the internship.

All farm employees must be paid in accordance with applicable state minimum wage and overtime law and are subject to all other protections of state or federal wage and labor laws. For more information on this subject, see California FarmLink's *California Guide to Labor Law for Small Farms*.²⁶

Collaborating on Labor

Labor is one of the most regulated aspects of farming, and labor laws are strictly enforced in California. Labor is both scarce and expensive, which might tempt some into thinking about ways around existing regulations, but that is why the penalties for breaking the laws are so steep. If a farmer has a person on payroll and sends that person to another farm to perform farm tasks there, the farmer remains liable for anything that happens to the worker while the worker is at the other farm. In some cases, such as if the worker is injured, both farms could be liable.

There are two ways to think about collaborating on labor. The first way involves an informal agreement between separate farm employers about how an employee or paid apprentice allocates her or his time between them. This would be a good way to ensure that the farmers have the labor they need and that an individual is fully employed when no one farm has enough work to provide full time employment. The second way involves multiple farms coming together to create a new business to function as a labor contractor and provide labor to all the farms. This second structure might be well suited to a cooperative form of ownership, or to an area where there are no operating agriculture labor contractors.

In the models of agricultural parks and farm incubators discussed below, it would be possible for the AgPark operator or farm incubator operator to function as a labor contractor and rent labor to the participating farms.

Equipment

Purchasing equipment can use up all of a farm's available cash and leave it without enough resources to cover other farming costs. Instead of using limited resources to purchase equipment, farmers may be better off renting or leasing equipment from an established lending service or hiring someone to provide custom machine services. Leasing equipment is therefore a smart way to preserve cash for operations, which are generally more difficult to finance than equipment. In other cases, farmers may choose to purchase and maintain equipment through a formal equipment sharing program. At the

other end of the spectrum, informal agreements to share or borrow equipment are risky to all parties. If something goes wrong, a farmer who shares or has borrowed equipment may find they also share in the liability for an accident caused by the equipment.

Short Term Equipment Rental

Some equipment may be rented for short periods of time, i.e. by the hour, day or week. This model is often preferable for equipment that is not frequently required or is too costly for a small farmer to purchase. Berkeley, California's Public Tool Lending Library offers a wide range of equipment for city residents to rent for free on a short-term basis.²⁷ Their assortment of gardening and digging tools offer small-scale urban farmers easy access to equipment.

Long Term Equipment Leases

An equipment lease is a common way for farmers to finance an equipment purchase. In leasing terminology, the owner is the lessor, the user (or farmer) is the lessee. Equipment leasing is a popular option for small farming businesses, as it frees up capital for other expenses. Farmers enter into a lease agreement with the equipment owner that specifies the rental rate, terms of service, and length of the contract.

Collaborating on Equipment

Two people can purchase equipment together. If they own the equipment together, then both owners can both be found liable for any damage caused by the equipment. Each owner must report any taxable gain or loss on the sale of the equipment on their personal tax returns. However, the equipment owners would not need to file a separate partnership tax return so long as the partnership only owns the equipment and does not engage in any activity.

In some cases, farmers may choose to form a separate business to purchase shared equipment for rental by individual farmers. Farm incubator programs often employ this model, offering an equipment rental program to farmers and billing them monthly for their short-term use. The Intervale Center employs this model of equipment rental, which is discussed further in Section 6.²⁸ In brief, the Intervale established a separate company – to which all established farmers are members – to purchase major equipment; farmers may then utilize the equipment according to community principles.

Services

Farming businesses use a wide range of services, including specialized services such as equipment repair, irrigation and well vendors, cold storage purveyors, as well as a wide range of production and post-production specialists. They also use standard business services such as financial and legal services, insurance, information technology, marketing services, and human resources.

Collaborating on Services

The most common and simplest type of collaboration on services is farmers sharing information about various providers and the costs and benefits of the services they provide. Clearly, when service providers have a good reputation and a lot of customers in an area, it is mutually beneficial for both farmers and service providers alike. Farmers can also form a shared service cooperative, where there is sufficient advantage and need to outweigh the administration costs.

Custom Farming

Hiring custom farming services is a great alternative to purchasing equipment, and also facilitates knowledge sharing. Custom farming operations are established businesses that provide farming services to young or beginning farmers. Typically, a custom farming operation will own equipment and provide specialized farming services that are directly related to operation of that equipment. The custom farmer may also provide inputs such as seed and soil amendments or provide contract labor as part of his or her services. When a farmer leases land in an incubator farm program (discussed in Section 6), they may have access to custom farming services. This is an excellent option for beginning farmers, as they do not have to purchase equipment and they get the opportunity to learn from the expert farmers providing the custom farming services.

Under the Uniform Commercial Code as adopted in California, a custom farmer may have a security interest (lien) in crops for which he or she provides labor and other inputs. The lien is a legal interest in the crop to secure payment. In order for the lien to be enforceable, the custom farmer must “perfect” his or her interest in the crops by filing notice of the lien.

Inputs

Small farms often pay disproportionately more for inputs such as seed, starts, and soil amendments. Purchasing inputs can be expensive because small farms do not buy enough volume to get discounted pricing. The annual expenses on inputs are ideal for financing under an operating loan, but there is limited operating credit available to small farms. Operating costs can be financed using personal loans consumer credit, or credit cards, but these options are not advised as sources of operating credit. Farmers should instead look for agricultural credit programs offered through the government or regulated lenders. California FarmLink is an excellent source of operating credit in California as an alternative to consumer credit or credit cards.²⁹

Collaborating on Inputs

Farmers can work together to buy inputs in bulk either informally (usually one farmer makes the purchase and collects the needed funds from the other farmers) or formally through a purchasing cooperative. In the situation where several farmers are operating under the auspices of an entity, such as an Agricultural Park, the entity can arrange the bulk input purchase and either collect money from the farmers beforehand or invoice them for the purchases as part of a regular billing cycle.

Training

There are numerous resources for aspiring and beginning farmers to learn about the many aspects of farming, besides working on a farm or participating in a farm incubator. These include classes and programs in academic settings, workshops, conferences and on-farm field days, and a vast wealth of online resources and publications. In addition, there are programs for groups of aspiring or beginning farmers that provide in-depth training over an extended time period. Two such models are curriculum-based farmer training and apprenticeships programs, and cohort learning programs.

Apprenticeship Programs

Farm training and apprentice programs combine on-farm experiential learning with classroom studies. Such programs are offered at incubator farms (described in Section 6), as requirement for or in conjunction with farmers having responsibility for their own plots. However, some programs provide intensive training in settings other than farm incubators.

Cohort Learning

Structured cohort learning programs often aim to reach farmers who are in the early years (i.e. two to five years) of their business and are in need of support to make their business more viable in the long-term.

Farmers in cohort programs receive individualized support to help grow their business, ranging from strategic decision-making or preparing sales and marketing plans, to organizational skills and financial record-keeping. In this way, farmers in a cohort learning program can be thought of as “clients” of the program provider. Cohort learners also benefit from meeting fellow cohort members, gaining

Kitchen Table Advisers

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Kitchen Table Advisers (KTA) is a nonprofit organization that provides business coaching and technical assistance to farmers in Northern California through their cohort learning program. The program was developed to address the unique needs among small farmers who were already growing their farming business, but lacked the business planning and financial skills to scale up their business and establish sustainable income streams. KTA's annual cohorts include a high percentage of women, people of color, and immigrants, who often face more barriers to long-term success in farming.

The CASES Apprenticeship in Ecological Agriculture program provides intensive training in the concepts and practices of organic gardening and small-scale farming. Some of the challenges KTA seeks to overcome with its cohort learning program include: finding stable land to farm given development pressures and high cost of real estate, lack of access to capital, and other obstacles exclusive to being a first-generation farmer. KTA provides personalized advising on strategic decisions including farm expansion, sales and marketing campaigns, and financial record keeping. Their cohorts typically range from 10-15 farmers, each with distinct needs and backgrounds, though most participants had been farming for three to five years and have a median take-home pay of \$20,000 per year prior to KTA. Cohort participants do not pay for KTA's services, but instead “pay” KTA through hosting farm tours and fundraising dinners, or speaking at educational and public relations building events. Many cohort participants are able to increase their staffing levels, expand their CSA and farmers market programs, and purchase rather than lease the land they farm.

exposure to the program's network, and from their identification as a cohort member, which assumes a positive and visible brand for the cohort. Most cohort learning programs are free or low cost; some require in-kind participation in event in lieu of a fee.

Cohort learning happens all across the country, led by Extension or local non-profit or membership associations. It is well established principle of agricultural education that farmers learn best from each other.

Section 4: Marketing and Logistics: Basics and Collaborations

Marketing involves several sets of specialized skills: planning production to fit the demand of intended or desired market outlets, developing a product brand or story behind the product, identifying market outlets, making sales pitches, negotiating prices and volumes, managing transportation logistics, dealing with gluts and shortfalls, and ongoing communications with customers.

For some beginning farmers, especially those who are selling through farmer direct to consumer outlets, doing their own marketing is an important strategy as it allows them to put a ‘face and story’ with the food they are selling. For others, with limited supply and limited crop variety or more interest in producing crops than selling them, collaboration with other farmers can facilitate access into larger markets and leave them time to focus on production.

Marketing is an aspect of farming that lends itself particularly well to collaborations, due to economies of scale in offerings, packaging, pricing, transportation and branding. Marketing collaborations themselves often adapt well to growth, thus providing both support and incentives for farmers who want to scale up. This section looks at a few collaborative marketing models: place-based branding, multi-farm CSA’s, marketing cooperatives, contract growing, aggregation companies and food hubs.

As a general caveat, it is important to note that even an informal verbal agreement may still be a legally binding contract.³⁰ Although a contract may be enforced even if it is not in writing, courts can only enforce what is ascertainable.³¹ If a contract is written, then to the extent possible, the courts will look to the writing alone to define the agreement.³² If a contract is in writing, then to the extent possible a court will only look to the writing to interpret and enforce the contract.³³

Food Safety Modernization Act and Collaborative Marketing

The Food Safety Modernization Act (FSMA) of 2011 generated several new rules. Two rules in particular affect small farms, especially as they consider efforts to scale up and work with other farms. The produce rule covers on-farm food safety practices and the facility rule covers packing, handling, and other value-added activities. Both rules include exemptions for some small farms. These exemptions are valuable because they allow small farms to avoid the cost of implementing procedures to document their compliance with good farming and safe food handling practices. When considering working with other farmers, either formally or informally, it is important to consider at what point collective activities with other farmers will no longer be exempt and will be subject to the full requirements of FSMA.

Every small farm has to understand that the small farm exemption from FSMA needs to be documented and can be revoked. Each small farm claiming the exemption needs to be able to calculate in each year that they continue to qualify for the exemption. There are many resources for

learning about how to document compliance with the small farm exemption for the produce rule and the packing and handling rule.³⁴ The National Farmers Union Local Food Safety Collaborative has resources and trainings on this subject.

Small farms that handle only their own produce are exempt from the facility rule, as are facilities that are majority owned by the same farms that provide the majority of the product moved through the facility. Above certain income thresholds, and for processing beyond basic cleaning, cooling and packing, the facility rule applies and compliance will be a costly endeavor. For a farm operation that is near the threshold for exemption, collaboration with other farmers may create more cost (by forcing a higher level of documented processes) than it generates in new revenues.

Place-Based Branding

Place-based branding is becoming a more and more important approach for farmers to collaborate on marketing their products as well as their on-farm experiences. An association is typically formed to manage the brand and facilitate grower access to branding materials.

Farm Trails are a new and interesting form of place-based branding. Farm Trail organizations, often membership-based, promote both an agriculture place as a destination for agri-tourism activities as well as specific farms located within the place and their products. These products can also keep their value by association when marketed in the region surrounding this area; the greater the reputation, the greater the marketing reach.

Apart from formal structures, a growing area can also acquire a reputation for quality that stems from the reputation of its individual farmers. This reputation, can be further enhanced through seasonal events, a modest branding effort, and/or addressing issues of common concern, such as need for more hospitality. One example is Capay Valley Vision which is a 501(c)(3) charitable corporation formed for the purpose of promoting the Capay Valley.³⁵

Appellations for wine-growing regions are another form of place-based marketing. In the U.S., an American Viticultural Area (AVA) is a designated wine grape-growing region distinguishable by geographic features, with boundaries defined by the Alcohol and Tobacco Tax and Trade Bureau (TTB) of the U.S. Department of the Treasury. Producing wine grapes in an AVA, can add value both to the wine and to the underlying farmland.

CSAs and Multi-Farm CSA

A Community Supported Agriculture (CSA) model is a system that connects farmers directly with consumers, benefitting both farmers and consumers by building a sense of community. CSAs typically consist of a group of individuals who support a farm's operation through membership, which allows members to receive regular shares of the farm's harvest throughout the growing season. CSAs may provide members with the farm's produce on a regular (i.e. weekly) basis throughout the season. The

CSA model gives farmers predictable market and sometimes better prices for their crops and relieves some of the risk of poor harvests.

It is common for one farm to supplement its CSA offerings with occasional purchases from other farms. An increasingly popular model is the multi-farm CSA, where multiple farms form a new business entity that purchases from all the farms involved in the CSA to collectively sell their products. Siskiyou Growers Cooperative is a great example of several small farms using a cooperative corporation to allow them to sell their products together under one brand. Another model for a multi-farm CSA is similar to the aggregation model described below, where one farm purchases from many farms and then sells the aggregated product as a "multi-farm CSA."

Marketing Cooperatives

Marketing cooperatives, described on page 9, are one of the more common forms of collaborative marketing. They are more often used by larger groups of commodity growers. But as noted in the section of cooperatives, here are some exceptions. There are also a few examples of multi-farm CSAs that are also marketing cooperatives.

Aggregation

Aggregation describes a system in which one company purchases and then sells the products of several growers, either under the aggregator's label(s) or under the name of the individual growers. In general aggregators sell into the wholesale market and not directly to consumers. As with contract growing, aggregators may provide additional services such as crop planning, receiving, cooling, packing, shipping and invoicing.

Siskiyou Sustainable Cooperative

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Siskiyou Sustainable Cooperative was formed in 2002 by a group of farmers in the Applegate and Williams valleys in Southwest Oregon as a marketing and business coop.¹ While the farmers had informally been affiliated prior to forming the Coop, they wanted to legally incorporate in order to create a CSA program for their certified organic products and help their members achieve sustainability in their business models.

Today, the Siskiyou Coop consists of eight member farms, whose products range from fruits and vegetables to specialty items like eggs, bread, cheese, beef, and pork. The Siskiyou Coop's impact in the community is impressive – it reaches more than 250 families in the region and ensures low-income residents have access to the CSA. In addition to the CSA, the Siskiyou Coop works to expand markets for organic seed producers, offers educational material on organic production, and advocates for sustainable agriculture.

Food Hubs

A food hub, as defined by the USDA, is a centrally located facility with a business management structure that helps facilitate the aggregation, storage, processing, distribution and/or marketing of locally or regionally produced food products.³⁶ Food hubs operate under various different legal structures: some are private corporations, others are cooperatives, and some are charitable corporations. Food hubs can give small and medium-sized farmers better access to markets, help them address barriers to entry to markets which require larger volumes, and can also provide additional storage and transportation capacity. Food hubs also create new marketing opportunities for rural producers by connecting them to suburban and urban markets.

Many food hubs also provide important services to producers such as food marketing, branding or labeling, food safety training, product processing and storage, and business management or strategic planning. In often food hubs offer additional services to their communities. For example, food hubs can play an important role in local economic development and workforce training. Some food hubs may have established relationships with local food banks, such as donations of unsold or imperfect food on a daily or weekly basis.

The primary operational services offered by food hubs, beyond distribution and aggregation, include selling to retailers, wholesalers and brokers.³⁷ A retail consumer model gives farmers more access to high-value markets by distributing products directly to consumers, whether online or in a brick-and-mortar retail store. A wholesale consumer model gives farmers more access to high-volume markets such as institutions like schools, grocery stores, and restaurants that they couldn't typically reach due to a lack of volume or consistency. Wholesale consumers benefit from this model because it is more efficient and allows buyers to purchase locally or regionally throughout the year. Some food hubs are a hybrid, allowing for both retail and wholesale purchasing.

Coke Farm

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Based in San Juan Bautista, California, Coke Farm is a long-time producer of organic fruits and vegetables which has over time evolved into a large organic produce aggregation company. Coke Farm started small, almost 40 years ago, with a 1/4 acre of organic strawberries. Since then, Coke Farm has grown from an organic farming operation into a thriving organic produce aggregation company. With a modern shipping and cooking facility operating year-round in San Juan Bautista, Coke Farm represents a diverse group of dozens of local organic fruit and vegetable growers located in and around California's central coast. Coke Farm works with its growers to develop growing plans, as well as to provide post-harvest handling services and to sell products to customers throughout the U.S. and Canada.

Brokering services provided by food hubs essentially connect farmers with the correct market outlet to fit their scale of production and production practices. In performing this service, brokers help to create product value, maintain relationships with buyers and retailers, coordinate transportation, and provide customer service.³⁸

Contract Growing

Contract growing can also be a form of collaborative marketing in some situations. Many farmers and ranchers grow under contract to a particular company. Depending on the company and the nature of the contract, the farmers or ranchers selling to the company may work together or compete against each other. Niman Ranch in Iowa is an example of a company that buys on contract and works to bring all the farmers that sell to it together to learn from and support each other.³⁹

The Common Market

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The Common Market is a nonprofit regional food distributor whose mission is to connect communities with food from regional family farms. The Common Market started in Philadelphia, Pennsylvania, and now operates throughout the Mid-Atlantic and Southeast with plans for expansion into other U.S. regions. Its mission is to strengthen regional food systems, develop fair wholesale markets, improve public health and food access, and promote the viability of small and mid-scale farmers.

The Common Market partners with anchor institutions including hospitals, schools, and universities by connecting them with local farmers to change the quality of the food served at these institutions. Since its founding in 2008, The Common Market has aggregated and distributed over \$14 million of local foods from over 100 sustainable family farms and producers. The Common Market also ensures that farmers receive a fair price for their products, while providing more opportunities to get their products into restaurants, schools, and hospitals. The Common Market also guarantees the safety and quality of farmers' products to its institutions, which can be a barrier to institutions contracting directly with farmers.

Section 5: Collaborative Farming Environments

Agricultural Parks

An agricultural park (AgPark) is an area set aside specifically for agricultural activities for a number of farming operations, in order to support continuation of agriculture. AgParks support conservation of agricultural, natural and cultural resources and promote marketing and educational linkages with nearby urban areas. Starting from this mission-based focus, agricultural parks have evolved differently in the United States and Europe.

In the U.S., the long-standing model for AgParks is the Hawaii Department of Agriculture's Agricultural Park Program, established in 1998, which makes land available to small farmers at reasonable cost with long-term tenure.⁴⁰ Discussed in further detail in Section 6, the Hawaii AgPark program was initiated to facilitate the re-establishment of small farms and traditional farming systems on the islands. A second more recent model in the U.S., is the 20-acre Sunol Water Temple Agricultural Park, established in the San Francisco Bay Area in 2006. Also discussed in Section 6, this AgPark was developed as a model for the revitalization of urban-edge agriculture in areas with unmet demand for land access among beginning farmers and high demand for locally and sustainably produced farm products. This model can be replicated anywhere there is public land available and a public agency willing support education about sustainable agriculture practices and education.

In Europe, dozens of peri-urban AgParks have existed for decades. Within a range of scales and regulatory contexts, these AgParks provide spaces protected from urbanization and dedicated to farming, conservation, curation of cultural features, and public education and recreation, with various degrees of emphasis on each of these components. Section 6 also profiles an AgPark in Barcelona, Spain.

Incubator Farms

Incubator farming programs are land-based projects that provide training and technical assistance needed by beginning farmers to help them get established. They are collaborative farming projects in the sense that they offer opportunities for learning, in a community setting, about the many aspects of farming and running a farming business. Some incubator farms also offer short term land access opportunities so that beginning farmers can start their farming experience in a community setting. The National Incubator Farming Training Initiative estimates that as many as 111 incubator farms either exist or are being planned across the U.S. and Canada today.⁴¹

Typically an incubator farm is managed by a 501(c)(3) charitable corporation; although a few are managed by a university or university-based cooperative extension program (e.g. the pending farmer learning hub in Martial Cottle Park in San Jose, CA⁴²). A few incubator farms own their land but most operate on leased public or private land. Regardless of land tenure, the primary purpose of incubator farms, to provide beginning farmers with technical assistance and access to training plots, is almost always funded by governmental and philanthropic grants and contracts.

The types of technical assistance differ from program to program. Common components include providing participants with direct training on a range of production skills (e.g. soil health, crop planning, irrigation, pest management, sanitation, etc.), business skills (e.g. recordkeeping, business and market planning, regulatory compliance, etc.), and marketing skills (e.g. developing relationships with markets, restaurants, wholesalers, institutions, and other outlets). Often such technical training is offered on weekends and evenings, to allow participants to continue to have a job while they are learning about farming.

Incubator farm programs offer participants the opportunity to have small plots of land on which to start to apply what they are learning. These plots are typically fairly small, such as half acre to a couple of acres, and are provided at low-cost or subsidized rent. Participating farmers have a license (more short-term than a lease) to operate on a portion of the land, and also have a contract with the operating entity regarding required education and access to optional services such as equipment rental and access to marketing outlets and services. The farmers operating at a farm incubator file their own income tax returns reporting their income and expense from their farming operations. Typically, participants have access to these plots for a limited time, from six months to two years.

Many farm incubators have associated marketing programs to broaden the exposure of the participants' products, thereby helping lead to local economic development. This both generates program revenue and connects program participants with market outlets. By providing connections between program participants and the local food economy, farm incubators offer farmers important opportunities for continued growth following their participation in the formal incubation program.

The National Incubator Farming Training Initiative Toolkit and supplemental Farm Incubator Case Studies provide a comprehensive investigation of Incubator Farm models and examples.⁴³

Incubator Farms with Extended Leases

Some incubators offer extended lease programs to provide participants with access to larger parcels of land at below market-rate. An extended incubator farm program allows farmers to remain on the leased land for three to five years after the program ends and continues to offer training, support, and access to equipment. Some incubator farms may offer extended long-term leases on land to only a select number of farmers, while employing a typical (i.e. one-year) incubator farm program for other farmers on the remainder of their land.

As with typical farm incubator programs, programs with extended leases may also offer farmers assistance in identifying and securing land for longer term operations when the extended lease period is over. In this sense, incubator farms with extended leases offer farmers a launching pad to start their own farming business when the incubator program ultimately concludes.

Farming in a Conservation Community, Agrihood, or Ecovillage

Conservations communities, "agrihoods," and ecovillages are all variations of a similar concept that combine agricultural activities with residential development and an ecologically driven conservation

ethic toward the surrounding land. These communities take on various forms and occur at different scales, as do their agricultural components. Similarly, the status of the farmer differs with and even within each model.

Conservation communities are planned residential developments that promote – or directly facilitate – the preservation of surrounding working lands (e.g. timber, farmland or rangeland) and surrounding open space lands for recreational activities, and community gathering or educational spaces. As models of sustainable development, conservation communities may use conservation easements, land trusts, or covenants to protect the land surrounding the residences. Depending on the scale and purpose of the working lands, the farmer(s) can either have a lease (see Prairie Crossing profile below) or can be employed as a farm manager. The residences themselves are often situated on the least sensitive part of the land from an ecological point of view, and are built using low-impact infrastructure.

Agrihoods are also planned residential developments with an agricultural component. Unlike conservation communities, they tend not to include protection of larger scales of working and open space lands. Rather they are located in more urban or suburban areas and have a smaller farm designed as an amenity for the community. The term “agrihood” is evolving because this is a much newer concept than conservation communities and there are fewer models. However, agrihoods could be a promising new model of keeping the production and consumption of fresh food at the center of residents’ daily activities. Due to the relatively small scale of the agrihood farming enterprise and the close proximity to residences, the farmer is usually employed by the community (often a community Homeowners Association – HOA) as a farm manager.

Ecovillages are traditional or intentional communities with a holistic aim to be socially, culturally, ecologically, and economically sustainable. The inclusion of a commercial or community farm is often an important means of realizing this aim. Ecovillages are usually consciously designed through locally owned,

Agritopia



Located in Gilbert, Arizona, in the Phoenix metro area, Agritopia is a 160-acre residential community with 450 homes designed around the around an agricultural theme. As the center of the community, Agritopia’s organic farm provides 11 acres of row crops; products are sold at a daily farmstand, included in weekly CSA subscription boxes, and used in Agritopia’s onsite restaurants and in 20 restaurants throughout the Phoenix area. The farm at Agritopia is owned by a non-profit, the Johnston Family Foundation for Urban Agriculture, and managed by a Foundation employee. In addition to this farm, Agritopia features a community garden with 20 foot plots available to individual community members for \$250 per year. Community gardeners receive access to a community tool shed, irrigation water, and expert farmer advice on organic gardening.

participatory processes to regenerate and restore social and natural environments. Governance structures can be complex, including an overarching cooperative or corporate framework, and accommodation for private ownership of homes and businesses located within the larger property. Most modern developments are developed with a set of covenants, conditions and restrictions (CC&Rs). CC&Rs are enforceable contracts between individuals and an association regarding acceptable and unacceptable uses of property within the development. In some models, the agriculture element is owned and managed as part of the community-based structures; in other cases, such as Cobb Hill Cohousing in Vermont, the commercial-scale agricultural enterprises are privately owned.⁴⁴

Ecovillage residents are often united by shared values and the desire to seek alternative to ecologically destructive water, electrical, transportation, and waste systems. Many residents are also connected through a shared belief in dismantling consumerism and other harmful lifestyles such as urban sprawl, factory farming, and over-reliance on fossil fuels. Agriculture can play a key component in achieving the goals of ecovillage residents by providing fresh food to residents while protecting the ecological integrity of the land. Many ecovillages are arranged so that social connectivity is maximized through shared food growing areas.

Complex Models

Complex models are collaborative farming enterprises that incorporate a number of the legal, programmatic and physical elements of the models described above. Although these can be developed as one-of-a-kind operations, they are not ad hoc. Rather they depend on a clear vision and achievable goals, and are grounded in careful incorporation of best practices for business development and management of social enterprises.

For beginning farmers with limited resources and experience, there is a strong appeal to sharing costs of land, equipment and improvements and to live and work in community. These aims can be successfully accomplished with careful planning and preparation and clearly written agreements and good accounting, but without these steps, they are likely to fail. The following section, Profiles of Collaborative Farming Models, highlights various models that have proven to be successful or that seem to be on the path to success.

Section 6: Profiles of Collaborative Farming Models

These profiles highlight successful instances of formal collaborative farming enterprises across the United States and Europe. The profiles featured provide examples in the areas of: Agricultural Parks; incubator farms with extended leases; farming in a conservation community, agrihood, or ecovillage; and more complex models.

Agricultural Parks

Hawaii Department of Agriculture, Agricultural Parks Program



At a Glance:

- **Project Name:** Agricultural Parks Program
- **Website:** <http://hdoa.hawaii.gov/arm/agricultural-parks/>
- **Location:** Hawaii
- **Year founded:** 1998
- **Scale:** Ten AgParks totaling over 3,000 acres, serving over 200 farmers; plots range from around five to around 20 acres
- **Land owner:** Hawaii Department of Agriculture, primarily; some private lands are master-leased by the state for operation as AgParks
- **Structure:** Hawaii Department of Agriculture, through its Agricultural Resource Management Division, operates eight of the AgParks
- **Farm business ownership:** individual farm businesses

- **Legal documents:** AgParks lease with individual farmers
- **Fees:** vary depending on AgPark location
- **Amenities:** some lease terms allow for construction of a primary farmer resident and agricultural buildings

The Hawaii Agricultural Parks Program is one of the oldest AgPark models in the U.S. The initiative behind the program was to facilitate the re-establishment of small farms and traditional farming systems on the islands, where land is scarce and land values are high. There are ten agricultural parks in the program, all on state-owned land or on land master-leased to the state, with combined acreage of over 3,000 acres and with over 200 plots. For state-owned land, leases awarded may run from 15 to 55 years; a recent policy sets a maximum term of 45 years. For private lands master-leased by the state, the lease term is determined through negotiation between the state and the land owner. The lessees are engaged in diversified agricultural crops or aquaculture and are small farming enterprises (under 20 acres). Currently, out of the over 200 lots within the Agricultural Park Program, only two are available for lease.⁴⁵

The Agricultural Parks program has a comprehensive process governing application for lots, eligibility and qualifications (e.g. a minimum level of experience), award process, use of lots, and lease rate. There are several notable elements in the process:

- Prior to leasing, an agricultural feasibility study and engineering report is conducted to establish the infrastructure improvements needed for specific sites. These studies and reports determine lot size, uses and infrastructure needs of the Agricultural Park together with any other requirements needed to conform to County, State or Federal regulations.
- For state-owned land, the basic lease rent is determined by an appraisal conducted for the department by an independent appraiser. There is also a provision for additional rent based on a percentage of gross proceeds (which the lessee pays to the extent that it exceeds the basic rent).
- One farm dwelling or employee dwelling may be permitted per lot upon demonstration of need and approval of the Hawaii Board of Agriculture. This dwelling shall serve as the principal residence of the lessee. The farm dwelling shall not be used for rental purposes, and the lease rent shall be adjusted to reflect the residential use of the lot.
- After a reasonable start-up period as specified in the lessee's approved Plan of Utilization and Development (PUD), the lessee must derive the major portion of his or her total annual income from activities on the leased land. In other words, the income generated from the Agricultural Park lot must be greater than the combined total of all other income the lessee may have.

Sunol Water Temple Agricultural Park



At a Glance:

- **Project Name:** Sunol Water Temple Agricultural Park
- **Websites and links:** <http://acrcd.org/SunolAgPark.aspx>;
<http://www.sagecenter.org/work/agricultural-revitalization/sunol-agpark/>
- **Location:** Sunol, California
- **Year founded:** 2006
- **Scale:** 20 acres of farmland; plot sizes range from 1-6 acres
 - Within 40,000-acre publicly owned watershed land
- **Land owner:** San Francisco Public Utilities Commission (SFPUC) (governmental agency)
- **Structure:** landowner has master lease agreement with AgPark operator (from 2006-2016 with AgPark developer, Sustainable Agriculture Education (SAGE); currently with the Alameda County Resource Conservation District (ACRCD). Operator has renewable one-year term license agreement with individual farmer operators.
- **Farm business ownership:** individual farm businesses (8 farms active, 14 total since 2006)
- **Legal documents:** Farm License Agreement, which references and incorporates provisions from the Master Lease Agreement
- **Fees:** \$1,000 per acre per year; irrigation water at cost
- **Marketing:** individual farmers market their products according to their own business model; overall AgPark branding is managed by the operator
- **Training and mentorship:** technical assistance, and workshops, provided based on availability of grant funding from foundations and the USDA

- **Amenities:** outdoor classroom area for meetings, programs and events; greenhouse (initially available of a fee-schedule basis, now owned by specific farmers); flexible and comprehensive irrigation system; security
- **Farmer collaboration opportunities:** interested farmers participated as paid on-site teachers for the Watershed Education program
- **Community connections and collaboration opportunities:** Watershed Education program for low-income East Bay schools, Harvest Festival, Tours, work days, plant sales

The Sunol AgPark was established in early 2006 as a partnership based on common interests between the San Francisco Public Utilities Commission (SFPUC) and Sustainable Agriculture Education (SAGE), a Berkeley nonprofit organization. The SFPUC owns and manages 40,000 acres of watershed lands, including the Sunol Valley where the 20-acre AgPark is located. The Sunol AgPark was created to address some of the challenges and opportunities of starting a small farm at the edge of fast growing San Francisco Bay Area by providing new farmers with support, including technical assistance, financial support, and an engaged public. The success of the Sunol AgPark shows the ability for AgParks to attract capital, serve as a learning hub, engage the public, and create common ground between urban and rural interests.

Since 2006, the Sunol AgPark has been home to 14 highly diverse farming enterprises, with eight farms currently active. The farmers use organic practices such as cover cropping, compost application and crop rotation to enhance soil fertility and minimize soil and plant diseases. Technical assistance for the farmers has been provided on an almost continuous basis due to generous grant funding. With plots of from one to six acres, the farmers produce fresh food and flowers for sale to communities throughout the Bay Area.

Building off the farmers' success and range of crops and practices, the AgPark Watershed Education Program provides hands-on environmental education activities for thousands of Bay Area schoolchildren, mostly from low income communities. The farmers also get involved with the program as paid teachers.

Parc Agrari del Baix Llobregat



At a Glance:

- **Project Name:** Parc Agrari del Baix Llobregat
- **Location:** Barcelona, Spain
- **Year Founded:** 1998
- **Scale:** 8,273 acres of agricultural land
 - Within 248,650 acres total protected area
- **Land owner:** Consortium of the Parc Agrari del Baix Llobregat
- **Structure:** managed by the Consortium of the Parc Agrari del Baix Llobregat
- **Farm business ownership:** 71% of farmers at Baix Llobregat are proprietary owners of their land
- **Labor:** provided by farm businesses
- **Legal documents:** agreements with the Consortium
- **Fees:** N/A
- **Amenities:** two Agropol centers include sales service for farm inputs, agricultural machinery hire service, diesel supply post, collection services for farm materials that can be recycled or that need disposal; facility for technical consultants; and public education programs
- **Farmer collaboration opportunities:** adoption and promotion of environmentally friendly farming methods; initiatives around the identification (quality and origin) of agricultural products; and dissemination of the values of the landscape as a resource for generating income.
- **Policies:** incentives and technical assistance for adoption of sustainable agriculture practices.

Parc Agrari del Baix Llobregat is an Agricultural Park located 10 minutes from the center of Barcelona. The AgPark is one of 12 linked areas which make up the Network of Natural Spaces managed by the

Department of Natural Spaces of the Provincial Council of Barcelona. It was developed in 1998 after several demonstrations by the Catalonia farmers' union and environmentalists hoping to ensure sustainable agriculture in the region, despite mounting urban pressure at the fringes. Parc Agrari del Baix Llobregat was formed as an agreement between 14 municipalities and the provincial government of Barcelona, and is managed by a Consortium. The Consortium is composed of three promotional bodies: the Provincial Council of Barcelona, the County Council of El Baix Llobregat (which includes both public authorities above the municipal level) and the largest professional farming organization in Catalonia (the farmer's union, Unio de Pagesos).

Management of the Parc Agrari del Baix Llobregat is based on an agreement which establishes five strategies geared toward: 1) efficiency of the infrastructure and services in the agricultural land; 2) improvement of the production, marketing and sales of agricultural products; 3) modernization of farms; 4) successful formation of a quality space in harmony with the natural surroundings; and 5) disseminating knowledge on the natural and cultural heritage found in the Parc.

Farmers in the Parc Agrari del Baix Llobregat have long term farm leases, own their own businesses and do their own marketing. The Consortium supports the marketing through efforts such as a "Fresh Produce from the AgPark" branding and restaurant campaign, using such slogans as "Els sabors de l'horta," or the "tastes of the market garden." The AgPark includes an area for family allotments, riding stables and garden centers. It also offers a community program designed to teach local residents about the agricultural ecosystem of the park.

Incubator Farms with Extended Leases

The Intervale Center



At a Glance:

- **Project Name:** Farm Incubator Program at the Intervale
- **Website:** <https://www.intervale.org/farms-incubation/>
- **Location:** Burlington, Vermont
- **Year founded:** 1988
- **Scale:** 135 acres of farmland; plot sizes range from 0.5-4 acres
 - Within 350 of agricultural land, trails, and wildlife corridors
- **Land owner:** The Intervale Center (nonprofit organization)
- **Structure:** Incubator Farms typically have 5-year lease with Intervale
- **Legal documents:** Land Use Protocols, Lease Agreement, Livestock Protocols
- **Farm business ownership:** individual farm businesses (nine farms active)
- **Fees:** \$156-198/acre of land for incubators, plus additional fees (see below)
- **Training and mentorship:** Incubator Farms receive mentorship throughout program
- **Amenities:** vegetable washing stations, coolers, tractors, hand tools, two greenhouses, multiple well water access points
- **Farmer collaboration opportunities:** mentorship program, farmers markets
- **Community connections and collaboration opportunities:** CSA, tours, U-Pick days

The Intervale Center in Burlington, Vermont is a nonprofit entity established in 1988 for the purpose of strengthening community food systems. The Intervale Center manages 360 acres of farmland, open space, and trails situated along the Winooski River. The Intervale Center's broad portfolio of programs and services include a farm incubator program, farm business planning, a conservation nursery, and a food hub and food rescue program.

The farm incubator program was created in 1990 and is one of the oldest incubator farm programs in the U.S. Through its farm incubator program, the Intervale Center leases land, equipment, greenhouses, irrigation, and storage facilities to nine small to medium-sized local organic farmers that operate independently of the nonprofit. Potential farmers must have at least three years of relevant farming experience and must submit a full business plan demonstrating strong understanding of the market. For the first three years, the incubator farmer is charged subsidized rates (approximately 80% of full rate) for equipment, facilities, and compost. In the remaining two years of the program, incubator farmers are charged the full rates. After five years, incubator farmers are required to relocate their farm off of the Intervale Center's land. On a case-by-case basis, land may be available for continued short-term (one to two year) leases.

Governing policies at the Intervale include a mentorship program in which new, incubator farmers are mentored for at least a year by a mentor farmer. Seven mentor farmers operate mature farms that were established on the Intervale prior to 2005. Each year, one to three new farm businesses join the program as incubators, allowing for up to 15 farms to participate each year as other farms leave the Intervale. The incubator-mentor program helps to foster cooperation and mutual dependence at the Intervale by sharing knowledge and technical support among farmers at all different stages of incubation.

According to the Intervale Center, incubator farms paid a subsidized rate of \$168/acre of land for the first three years.⁴⁶ Additional annual fees are assessed for land management, water access, individual facilities and equipment (e.g. greenhouse lot, coolers, barn, etc.) depending upon usage. The Intervale Center employs a "rent per hour" model, where the Center owns the farm's equipment and sets a policy for incubator farms to use the equipment. Incubator farmers must sign up in advance to reserve a piece of equipment, and the incubator farm is billed on a monthly basis according to the recorded amount of time the equipment was used. Individual farm incubator businesses are responsible for ensuring they follow established maintenance practices to maintain the equipment in good condition. Any damages due to negligence are the responsibility of the farm incubator. As part of the Intervale Center's membership duties, each farm incubator member is required to contribute a certain number of hours of work to maintain and repair equipment on a routine basis.⁴⁷

In addition to following various operational, land use, and conflict resolution policies, all farms at the Intervale must adhere to organic practices. Upon admission to the incubator program, farms are encouraged to begin planning for transition away from the Intervale, despite the five-year incubation timeline. The Intervale Center provides assistance to incubators in finding suitable permanent homes outside of the Intervale, and offers transition planning.

The Intervale Center is a nonprofit organization. It receives 50% of its funding from its programs, products, and services. Approximately 38% of its funding comes from grants and restricted contributions, while the remaining 12% comes from community and business partner support.

Center for Land Based Learning



At a Glance:

- **Project Name:** The California Farm Academy Farm Business Incubator
- **Website:** <http://landbasedlearning.org/>
- **Location:** Winters, West Sacramento, and Davis, California
- **Year founded:** 1997
- **Scale:** 19.5 acres for all three sites; plot sizes range from 0.5-1 acres
- **Land owner:** Center for Land Based Learning
- **Legal documents:** License Agreements
- **Structure:** incubator farmers lease land from the Center for Land Based Learning for up to four years
- **Fees:** confidential
- **Amenities:** greenhouses, cooler space, shared equipment, technical assistance

The goal of growing new farmers, a major focus of Center for Land Based Learning (CLBL), is achieved through the CLBL's California Farm Academy. The Beginning Farmer Training Program provides seven months of training on what is necessary to succeed as a farmer, including crop planning and production, soil science and pest management, and business planning and finance.

Upon graduating from the Beginning Farmer Training Program, successful candidates qualify to participate in the Farm Business Incubator program and lease farmland from sites located in Winters, West Sacramento, and Davis. Incubator farmers may lease between one-quarter acre and one acre of land, and are given access to greenhouse and cooler space as well as technical assistance and ongoing mentorship. CLBL leases land to incubator farmers on an annual basis for up to four years.

The California Farm Academy Apprenticeship Program is designed for individuals dedicated to a career in agriculture and requires apprentices to complete 3,000 hours of paid, on-the-job training within two years by working with a mentor farmer. Apprentices also must complete 250 hours of coursework during the two year program on topics that help build skills and knowledge relevant to achieving the apprentice’s career goals.

One of the sites for the incubator farm program is the result of an innovative partnership between CLBL, the City of Davis, and the New Home Company to make land available for farming at The Cannery, the first agrihood of its kind in California. The Cannery offers 520 energy-efficient homes built among parks, trails, and a town center with mixed-use retail, centered around a 7.4-acre working farm managed by CLBL as an extension of its California Farm Academy.

In addition to these many programs, the CLBL hosts farm tours, field trips, hands-on workshops, dinners, and other educational programs at its farm in Winters to help educate the public about the interrelationships between agriculture and native ecological systems.

Glynwood’s Hudson Valley Farm Business Incubator



At a Glance:

- **Project Name:** Hudson Valley Farm Business Incubator
- **Website:** <https://glynwood.org/farm-business-incubator>
- **Location:** New Paltz, NY
- **Year founded:** 2014
- **Scale:** 300 acres of farmland; plot sizes range from 25-30 acres

- Within 856 acres of nature preserved space
- **Land owner:** Mohonk Preserve (nonprofit) leases farmland to Glynwood (nonprofit)
- **Structure:** farmers have a renewable one year lease with Glynwood, for a maximum of three and a half years
- **Legal documents:** Annual License
- **Farm business ownership:** individual farm businesses (3 active, 5 total since 2014)
- **Fees:** annual fees of \$5,000 for farmland, housing & training; \$2,500 for farmland and training only (farmers live off site); \$1,000 for training only (farming and living off site)
- **Marketing:** option to sell through the CSA, farm store and online market managed by Glynwood
- **Training and mentorship:** practical skills workshops, business and financial training, monthly reviews and technical assistance, networking events
- **Amenities:** some farmer housing, shared equipment, business and financial training, technical assistance
- **Community connections and collaboration:** CSA, farmers markets, farm tours

Glynwood is a nonprofit organization serving food and farming professionals across New York's Hudson Valley. The Hudson Valley Farm Business Incubator program is one of five programs under Glynwood, which leases its 300 acres of farmland from the Mohonk Preserve. The Mohonk Preserve purchased the land from the Open Space Institute (OSI) in 2014, and assumed the OSI's lease with Glynwood. Additional programs offered by the Glynwood include a regional food program of collaborative projects with food and farming professionals; community events; Glynwood farm products retail store; and an apprentice program.

The Farm Business Incubator program provides resources and support to aspiring farmers and ranchers in the Hudson Valley. The Incubator program, launched in 2014, has an emphasis on livestock operations, but it is open to applicants of diverse farming enterprises. Three farming enterprises are currently active at the incubator, with five total enterprises served since its launch in 2014.

In addition to providing access to land, the Farm Business Incubator also provides housing, shared equipment, infrastructure, business and financial training, technical assistance, mentoring, and opportunities for community building. Farmers can also choose to opt for access to Glynwood's land and training resources, or solely the training resources offered by Glynwood's agricultural experts. These different tiers of incubation are reflected in the tiered fees charged by Glynwood to Farm Business Incubator program participants.

Farming in a Conservation Community, Agrihood, or Eco Village

Prairie Crossing Farm



At a Glance:

- **Project Name:** Prairie Crossing Farm
- **Website:** <http://libertyprairie.org/places/prairie-crossing-farm>
- **Location:** Grayslake, Illinois
- **Year founded:** 1993
- **Scale:** 100 acres of farmland; plot sizes begin at 0.5 acre for first year. 677 total acres, with 469 acres in open space, 135 acres in residential development, and 72 acres are commercial/industrial
- **Land owner:** Farmland owned by Liberty Prairie Foundation; rest of community owned by Prairie Holdings Corporation
- **Structure:** : Prairie Crossing Farm Business Development Center, a project of the Foundation, helps incubate beginning farms for a maximum of five years; one farm Prairie Wind Farm, has a long term lease
- **Legal documents:** short term incubation agreements and one longer-term lease
- **Farm business ownership:** farm businesses are independently owned (5 currently active)
- **Fees:** N/A
- **Marketing:** CSA, farmers markets in the Chicago region
- **Training and mentorship:** technical assistance and advising, networking, business and crop plan assistance
- **Amenities:** greenhouses, packing sheds, office space, water supply, coolers, shared tractors, tillers and mowers

Prairie Crossing is a master-planned conservation community with a working organic farm in Grayslake, Illinois. The community is 677 acres total, and was designed to combine the preservation of open land, easy commuting, and responsible development practices. Several principles typical of conservation communities have guided the Prairie Crossing community, including environmental protection and enhancement, providing residents with a healthy lifestyle and sense of community, and ensuring energy conservation, economic viability, and diversity. The community also aims to conserve the rural character of the surrounding area, which includes wetlands, woods, farmland, and farmhouses.

Prairie Crossing was developed out of objections to a large-scale residential plan that would have provided thousands of homes and no protection of surrounding natural lands. In addition to the 359 single-family homes and 36 condominiums that were ultimately built at Prairie Crossing, the community also includes a commercial area, public transit, a charter school, and a series of trails and common area to connect residents. When Prairie Crossing was initially created, 100 acres were set aside for the Prairie Crossing farm, which was initially protected by a conservation easement held by the Prairie Holdings Corporation. Ownership of the farmland was transferred from Prairie Holdings Corporation to the Liberty Prairie Foundation, a 501c3.

The Foundation is funded by grants, fee-for-service contracts, and a transfer fee of 5% of the sale price of each home. The original budget for developing the farm operation was included as part of the marketing expense of the residential development.

The Prairie Crossing Farm incorporates a variety of programs on its organic working farm. The Farm Business Development Center (FBDC) aims to educate the next generation of farmers growing food in the Chicago region through a typical incubator farm model, discussed in greater detail below. A variety of educational programs also exist to educate and inspire Prairie Crossing residents and visitors alike to value healthy food and land. The Farm's broad programming efforts include educational tours, youth development programs, and community garden plots.

The FBDC serves as Prairie Crossing's farm incubator program, giving farmers the tools and support they need to build their farm business.⁴⁸ Most incubator farms have two to three years of farming experience prior to joining the FBDC, but face obstacles typical to beginning farmers, such as access to land. The number of FBDC incubator farmers varies from year to year, as some farm businesses leave for more permanent locations while continuing incubator farms may expand the amount of land they are farming at Prairie Crossing. Each incubator farm business participating in the FBDC is independently owned and operated, and is responsible for their own operations and product marketing. However, the FBDC does help incubator farmers reach the Chicago-area customer base by facilitating connections with local wholesale and retail customers.

Through the FBDC incubator program, farmers lease small parcels of Prairie Crossing's farmland, typically beginning with half an acre and scaling up based on successful annual review of a farmer's business and planting plans. FBDC also provides essential infrastructure and equipment to its incubator farmers, including greenhouse space, packing sheds, tractors and other operational equipment. Such equipment rentals are governed by "pay per use" procedures, ensuring that the farmer only pays for their share of equipment use. FBDC incubator farmers benefit from the onsite

guidance of Prairie Wind Family Farm, a permanent for-profit organic farm that mentors FBDC participants throughout their incubation. Incubator farms also receive technical assistance including advice on start-up capital needs, technical review of business and cropping plans, and introductions to landowners for future, permanent farmland purchases. FBDC farmers primarily sell their products direct to consumers through CSA subscriptions and farmers markets, though some farmers may sell wholesale as they become more established. FBDC incubator farmers are expected to graduate within five years and leave the Prairie Crossing Farm. Some of the best farmers in the region are alumni of the FBDC.

In addition to the FBDC and Prairie Wind Family Farm, Prairie Crossing operates a community garden available to residents and interested gardeners from surrounding areas. Community gardeners are expected to maintain their plots according to various community requirements, and are subject to losing their plot if they do not properly maintain the plot throughout the season.

Complex Models

Collins Community Farmstand



At a Glance:

- **Project Name:** Collins Community Farmstand
- **Website:** <http://thecollinsfarm.com/>; <http://www.collinscommunityfarmstand.com/>
- **Location:** Davis, California
- **Year founded:** 2009

- **Scale:** 195 acres total; about 30 acres farmed by landowner; a larger tenant on 120 acres; five smaller enterprise plots from 7 acres to 12 acres
- **Land owner:** Rich and Shelly Collins
- **Structure:** some farmland is owned and farmed by the Collins and other land is leased to other farmers who operate their own farm businesses
- **Legal documents:** conservation easement with the Solano Land Trust; leases with individual farming enterprises
- **Farm business ownership:** individual farms own separate farm businesses
- **Labor:** labor provided by individual farm businesses
- **Marketing:** farmers sell their own products, including at the on-site farmstand
- **Amenities:** Barn that includes bathrooms, a licensed processing kitchen, cooler, equipment and supplies storage; 24 foot refrigerator trailer; office (in barn) and mobile home for owner; larger well and smaller wells; owner shares tools and equipment (e.g. tractors, sprayers, mowers, etc.) tools; packing areas
- **Farmer collaboration opportunities:** informal knowledge sharing amongst farmers
- **Community connections and collaboration opportunities:** occasional field days and events (e.g. with the Farmers' Guild)

The Community Farmstand model has developed over the past several years. Its roots are in a much more ambitious plan for a constellation of enterprises, such as breweries and bakeries that would both grow ingredients and produce and sell finished products onsite. This original concept included an on-site education center and employee housing. Although this big vision plan is on hold, the current Community Farmstand takes advantage of the assets that spurred such big vision thinking: prime farmland with an extraordinary location adjoining an off-ramp from a major freeway and just minutes from the food-loving City of Davis.

Rich Collins got his start in farming in the early 80's in nearby Dixon as the country's first and largest producer of Belgian endive. Now on this 195-acre property near Davis, Rich and his wife Shelly can continue farming – they have a 30-acre asparagus seed business - and at the same time can help young farmers get their start. While a large 120-acre block is leased to a conventional row crop farmer, it is the small farming enterprises that have co-created the Collins Community Farmstead.

Currently, there are five small farming enterprises and a baking enterprise on the property. J.E. Paino grows hops for his Ruhstaller Brewery on seven acres. Cloverleaf Farm is a six-acre organic fruit farm operation run by three women, who are formally organizing themselves to be a worker's cooperative, and who plan to add additional members in 2018. The Cloverleaf farmers have taken over management of the fruit orchard and blackberry patch originally planted by the Collins. Hearty Fork Farm is a two-acre organic mixed row crop operation. Rachel Schwartz is a baker who leases the onsite commercial kitchen to make pies and crisps using fruit from Hearty Fork Farm and Cloverleaf, for sale at the Farmstand.

Farmer Shep runs a five-acre livestock operation, which includes sheep, heritage pigs and chickens. The animals are incorporated into some of the other operations: the sheep help mow fields and

orchards, glean crops and control weeds; the pigs consume culled produce and brewery waste; and the chickens provide pest control and fertilizer. Flower Mama has a quarter-acre cut flower operations with over 50 varieties of flowers, primarily sold through a weekly bouquet subscription.

All of the farmers, except the hops grower, are identified collectively as the Collins Community Farmstead, and help run the physical farmstand. They have leases for periods from one to three years. In addition to the standard terms, the leases include stipulations about using the Collins' equipment and also a fee schedule for using the processing kitchen and cooler space. Farmers also share annual utility cost for use of large well. Although the leases do not require organic certification, all of the Community Farmstead farmers use organic, low-tillage, water sustainable, fair wage practices. In the future, Rich expects to add some additional terms to the leases with more specific requirements for basic housekeeping, especially important since Rich and his wife live on the property. Although Rich gets regular inquiries from other young farmers interested in leasing land, for now he is not adding new tenants.

Hāmākua Agricultural Cooperative



At a Glance:

- **Project Name:** Hāmākua Agricultural Cooperative
- **Website:** <http://www.hamakuaagcoop.com/>
- **Location:** Honokaa, Hawaii
- **Year founded:** 1994
- **Scale:** 1,000 acres of land
- **Land owner:** State of Hawaii
- **Structure:** Cooperative holds master lease to state-owned land; Cooperative subleases land to Cooperative members
- **Legal documents:** sublease between Cooperative and Cooperative member

- **Farm business ownership:** Cooperative members are independent business owners
- **Fees:** members pay approximately \$200/acre of land
- **Labor:** provided by Cooperative members
- **Marketing:** shared market outlets including farmers market stands; online web presence
- **Training and mentorship:** Cooperative assists with farm business management and meeting HDOA requirements
- **Amenities:** shared wash station, packing, and storage facility; farmers may construct structures on their land without prior approval, so long as they are not used for residential purposes
- **Farmer collaboration opportunities:** collective purchasing of supplies
- **Community connections and collaboration opportunities:** weekly farmers markets

The Hāmākua Agricultural Cooperative primarily serves as a land leasing agent for farmers, offering beginning farmers the opportunity to join a community committed to working together to yield high quality products. The Hāmākua Ag Co-op was formed in 1994 to create opportunities for displaced sugar plantation workers and to encourage the initiation and continuation of small-scale agricultural activities. The Hāmākua Ag Coop holds master leases for approximately 1,000 acres of land, which is owned by the state of Hawaii. The land is subleased farmland to the Co-ops' community of farmers and ranchers on 100 farms ranging in size from 3 to 20 acres. All Co-op farmers are independent, private business owners.

Because it is very expensive to purchase land in Hawaii, the state has taken an active role in supporting small and immigrant farmers. As described above (see page 29), the state of Hawaii's Department of Agriculture (HDOA) operates ten agricultural parks, which are also leased out to small farming enterprises. The Pohakuhaku AgPark is the only AgPark that the Hāmākua Ag Co-op has under lease from the state, but it is managed by the Co-op office in the same manner as its other state-owned areas. From an administrative standpoint, the AgPark land is more costly to the Co-op because due to the higher real property tax rates, but these higher costs are not passed along to the farmers working AgPark land.

In order to sublease farmland from Hāmākua Ag Co-op, farmers must be members in the Co-op and meet the qualification requirements of HDOA. HDOA's requirements include: claim at least three years of residency in the state of Hawaii; have prior experience in farming; ability to complete and submit a farm business plan, including cash flow projections, maps, and production timeline; ability to prove financial capacity. In addition to meeting these requirements, prospective farmers must be able to pay a \$100 membership fee and an advance 12-month lease payment and indicate willingness to cooperate and work with others to become a member of the Ag Co-op.

New farmers that do not meet the HDOA qualifications may apply for a probationary, short-term lease at Hāmākua in order to obtain the necessary farming and business planning experience. Part of the Co-op's function is to assist beginning farmers through the process of meeting these requirements. Farmers who have graduated from various approved beginning farmer training programs are also pre-approved for a probationary lease.

Upon becoming a member of the Hāmākua Ag Co-op, farmers are offered a sublease at an available lot. The sublease is a long-term lease, expiring in June 2033. This extended lease allows Co-op members to invest in activities that take time to start up, such as managing orchards or ranching. Typically, farmers lease land at approximately \$200 per acre, per year, and farmers are expected to have the land in full production within three years of signing a sublease. Conservation plans from Hāmākua Soil and Water Conservation District are required at no cost to the farmers, and members must apply for irrigation service through the Honokaa-Paauilo Irrigation District. Farmers are also required to maintain a liability insurance policy in an amount of at least \$1 million, insuring the farmer, Co-op, and HDOA against all claims, which typically costs farmers about \$500 per year.

Co-op members share a wash station, packing, and refrigerated storage facility so that produce can be transported directly to consumers or to other market outlets. Members frequently work together to purchase supplies in bulk and may informally support each other in marketing their products. As a member of the Co-op, farmers also can sell their produce at the Co-op's three local farmer's market stands. The Co-op provides additional technical resources and assistance to farmers to grow their business, and is working on further collective marketing efforts to better advertise the Co-op's products.

Green Valley Farm + Mill



At a Glance:

- **Project Name:** Green Valley Farm + Mill
- **Website:** <https://gvfam.com/>
- **Location:** Sebastopol, California
- **Year founded:** 2016

- **Scale:** 172 acres comprised of three parcels of land
- **Land owner:** Green Valley Partnership, LLC
- **Structure:** Green Valley Partnership, LLC, real estate holding entity; Green Valley Stewards, LLC, managed as a cooperative land management entity (formation in process); educational 501(c)(3) nonprofit (formation in process)
- **Legal documents:** farm businesses sublease land from landowner or owner/member through operating agreement with Green Valley Partnership, LLC
- **Farm business ownership:** farm businesses are independently owned
- **Labor:** provided by individual farm businesses
- **Marketing:** CSA, shared online website, farm store, local farmers markets, newsletter
- **Training and mentorship:** N/A
- **Amenities:** two historic mill sites (renovations in progress), eight-bedroom farmhouse used as a community space, six homes
- **Farmer collaboration opportunities:** onsite farming operations frequently collaborate
- **Community connections and collaboration opportunities:** U-Pick days, educational programming, seasonal events

Green Valley Farm + Mill is a 172 acre property located outside of Sebastopol, California. Its footprint comprises the majority of the headwaters of Green Valley Creek. The Green Valley Farm + Mill is a good example of how multiple legal structures and agreements work together to accomplish the goals of land stewardship and community. Green Valley Partnership, LLC purchased the farm property in 2016 and many of the original LLC owners live onsite. Green Valley Steward members, the people that form the cooperative management entity, receive certain farm privileges/ownership levels for being participatory members. Benefits for CSA subscribers, who are also called members, are described below.

Green Valley Farm + Mill is built upon three pillars: agroecology, farm enterprise, and community.⁴⁹ Green Valley Partnership's primary mission is to reconnect people with the land through land-based stewardship activities that include: holistic grazing; CSA and other direct-marketing strategies that engage people in where their food comes from; organic and low-till vegetable farming; dry-farmed vineyard management; forestry management; creek restoration; educational programming; and other activities. The farm is working to become a site for rural research and innovation in regenerative farming practices.

Two farming operations currently sublease agricultural land. They include a market CSA, Green Valley Community Farm, run by two young farmers, and a small livestock company, Bramble Tail Homestead. Green Valley Community Farm is a diverse vegetable farm nestled alongside Green Valley Creek. Its market CSA program allows subscribers (called members) to enjoy free choice on the fruits and vegetables that go into their weekly orders during the 26-week season. Farm members can also participate in season-long u-pick crops. Bramble Tail Homestead operates a sustainable, small-scale livestock operation with a special genetic breed of pure A2 Jersey cows. The owners of Bramble Tail Homestead, who are owner-members of the property, host a herdshare CSA-type program in which

members receive regular shares of milk and cheese. All members have open access to the farm from sunrise to sunset, allowing members to harvest crops, picnic, and enjoy the land at their convenience. Membership for the 2017 season was completely full.

Green Valley Farm + Mill's East mill site is becoming a local food hub. The Farm will be investing in a farm store in 2018 to provide an outlet for Green Valley Farm + Mill's products. Presently, the farm gets food traffic during CSA pick up days for the two farms that have on-site pick-ups. In addition to these foods, a number of local food producers are already selling their products through current CSA members. These include other meat and animal products, breads and grains, and more.

In addition to these expanding enterprises, Green Valley Farm + Mill has a mission of creating a sense of community for both its residents, its CSA members, and greater Bay Area community. Green Valley Farm + Mill's educational programming currently includes seasonally-inspired agricultural events, conservation and restoration events, and educational programming. Planning is underway to create an educational nonprofit so that the farm can better share its best practices and principles of agroecology with a larger audience.

References

¹ For more information, see: Ward, R., T. Teegerstrom, and J. G. Hiller. 2013. "IRS Tax Rules and Native American Producers: One Size Does Not Fit All". *Choices*. Quarter 2. Available online: <http://choicesmagazine.org/choices-magazine/submitted-articles/irs-tax-rules-and-native-american-producers-one-size-does-not-fit-all>

² For more information, see: Gilbert, F. "Cooperative Farming: Frameworks for Farming Together." *A Greenhorns Guidebook*. Available online: http://www.thegreenhorns.net/wp-content/files_mf/1393438767FINAL_greenhorns_guidebook_PK2.pdf

³ Be advised that local business tax or business property tax (California Business & Professions Code § 16000, 16001) or zoning restrictions may also apply.

⁴ California Corporation Code § 16202 in California. Other states have similar statutes, and the law is similar for Federal Income Tax purposes.

⁵ Ibid.

⁶ Nolo Legal Encyclopedia. *How Partnerships are Taxed*. Available online: <https://www.nolo.com/legal-encyclopedia/how-partnerships-are-taxed-29710.html>

⁷ California Civil Code § 1639

⁸ California Corporation Code § 16202 applies in California. Other states have similar statutes, and the law is similar for Federal Income Tax purposes.

⁹ California Code of Civil Procedure § 369.5; California Corporation Code §§ 16301-16310

¹⁰ California Corporation Code § 15902.01

¹¹ California Corporation Code § 15903.06, California Corporation Code § 15904.04

¹² The Federal Partnership Tax Return, Form 1065 generates a Form K-1. The individual partner reports the income from the K-1 on Schedule E of their personal income tax return, Form 1040. Note that the net income or loss from partnership activities may not bear any relationship to the amount of cash the partner put into or took out of the business.

¹³ International Co-operative Alliance. *Co-operative Principles*. Available online: <https://ica.coop/en/what-co-operative>

¹⁴ For more information, see: United States Department of Agriculture Rural Development. *Understanding Cooperatives: Income Tax Treatment of Cooperatives*. Available online: www.uwcc.wisc.edu/pdf/CIR45-8.pdf

¹⁵ City Slicker Farms. Available online: <http://www.cityslickerfarms.org/>

¹⁶ Pacific Coast Farmers' Market Association. Available online: <https://www.pcfma.org/>

¹⁷ California Civil Code § 682

¹⁸ California Civil Code § 682 (Ibid)?

¹⁹ California Civil Code § 1624

²⁰ California Code of Civil Procedure § 1161(2)

²¹ Marin Agricultural Land Trust. Available online: <http://www.malt.org/>

²² Berkshire Community Land Trust, Inc. Available online: <http://berkshirecommunitylandtrust.org/>

²³ According to California Labor Code § 3353, the basic test for determining whether a worker is an independent contractor or an employee is whether the manager has the right to control the manner and

means by which the work is performed. When the manager has the “right of control,” the worker will be an employee even if the manager never actually exercises the control.

²⁴ For more information, see: State of California Labor and Workforce Development. *Labor Laws and Regulations*. Available online: <http://labor.ca.gov/laborlawreg.htm>

²⁵ U.S. Department of Labor, Wage and Hour Division. *Fact Sheet #71: Internship Programs Under The Fair Labor Standards Act*. Available online: <https://www.dol.gov/whd/regs/compliance/whdfs71.htm>

²⁶ California FarmLink. *Labor Law for Small Farms in California*. Available online: <http://www.californiafarmlink.org/resource-library/farm-business-management/labor-laws-for-small-farms>

²⁷ Berkeley Public Library. *Discover Berkeley’s Tool lending Library*. Available online: https://www.berkeleypubliclibrary.org/sites/default/files/files/inline/201328_bpl_tool_broch3_rev2.pdf

²⁸ Intervale Farmer Equipment Cooperative, LLC. *Policies and Procedures*. Available online: https://nesfp.org/sites/default/files/resources/policies_and_procedures_2013.pdf

²⁹ For more information, see: California FarmLink. *Farm Financing*. Available online: <http://www.californiafarmlink.org/farm-financing>

³⁰ California Civil Code §§ 1619-1621

³¹ California Civil Code § 1636

³² California Civil Code § 1639

³³ California Civil Code § 1639 (ibid)

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