



News

Town of Bayfield advocates for PACE

[Print Page](#)

Ag program funds, fees may be cut from state budget

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Some residents in the Town of Bayfield saw the creation of Wisconsin's PACE (Purchase of Conservation Easements) program as a release from their financial burden related to farmland preservation. In the last decade, the town created its own farmland preservation program to ensure the health of producers in the "fruit loop" and utilize revenues generated through agri-tourism. In doing so, residents protected four farms into the future by agreeing to pay more taxes for the purchase of all development rights on the properties through conservation easements.

However, the program proved costly and amounted to more than \$300,000 to implement — no small price tag for a town with an annual budget of around \$520,000 each year.

The relatively new PACE program under Wisconsin's Working Lands Initiative currently provides up to 50 percent of the cost of purchasing agricultural conservation easements in grants to local governments. In doing so, land purchased is protected from development unrelated to agriculture. Prior to its existence, the town matched its own funds with federal money through the Natural Resources Conservation Service (NRCS), funded by the Farm Bill, to purchase the agricultural conservation easements.

"What we were hoping this time was ... the feds would pay half and the state would pay almost half and then the township's burden wouldn't be so great," said Bill Ferraro, a supervisor with the Town of Bayfield for the last decade.

Gov. Scott Walker's budget proposal would eliminate the PACE program along with \$12 million in borrowing to fund it. Ferraro believes that if residents were asked to enact the program now that they wouldn't sign on without the PACE program. The town approved a 0.5 mill levy increase to protect farmland there in 2002. Roughly \$40,000 remains to be paid off as a result of its purchase of development rights on four farms, including Blue Vista Farm, Highland Valley Farm, Betzold Farm and Good Earth Gardens.

"What we did promise the people of the township is that we would not consider going anymore into farmland preservation until such time as we had paid off the previous one," Ferraro said.

The economic recession has not helped their cause — except to slow pressure from second home development in the town. However, Ferraro fears that development pressure may encroach on the township's remaining farmland once the economy improves.

"Right now, we depend a great deal on tourism, but we'd really like to keep our economic stool with more than one leg," Ferraro said, noting logging and commercial fishing industries have diminished as a revenue source for the town.

"And the last straw is the agriculture. If we can't protect that, then we're going to be sitting back and working with just tourism again, which is a great golden goose up here, but you want to see if you can't spread out your economic base," he said.

The Walker administration has said it's making cuts to a number of programs in order for Wisconsin to manage its more than \$3 billion deficit and \$137 million budget shortfall. While PACE has been regarded by proponents as a valued tool, the "meat and potatoes" of farmland preservation still remain in the governor's budget according to Wisconsin Department of Agriculture Deputy Secretary Jeff Lyon.

"In Governor Walker's budget, all the provisions ... the \$27 million for tax credits, the AEAs (Agricultural Enterprise Areas), the planning grants, all those kinds of things that are made available to help counties do their

planning is continued in the budget — or in his budget proposal,” Lyon said. “Not part of it is the PACE program and the bonding authority for that and as well as the conversion fees.”

Lyon said the PACE program is just one part of efforts to preserve farmland in the state.

“The fact that counties are doing and are required to continue doing their farmland preservation plans — that they’re sitting down locally deciding where farming and development should occur — is very important,” Lyon said.

While land use planning is important, Highland Valley Farm’s Rick Dale said such plans are subject to change.

“(Purchase of development rights are) a much stronger approach to keeping the integrity of farmland intact than say zoning,” Dale said. “Zoning is helpful ... and land use planning, which creates agricultural districts to be preserved, is helpful. But, all of that can be fluid according to who’s in office and what the prevailing political whims of the day are.”

However, Lyon said some concern exists that a “leap frog effect” may occur if purchase of development rights are utilized “improperly.”

“You can keep land in perpetuity, but, then if it gets swallowed up by development around it, without proper planning is that really advantageous to do that?” Lyon said.

Yet, that was the idea behind the PACE program under the Working Lands Initiative, according to Bayfield County’s UW-Extension Agriculture Agent Jason Fischbach.

“The idea here ... was to make it more difficult for that land to be rezoned, and so they did that by applying a conversion fee,” Fischbach said, noting fees have been ongoing in the state for a long time.

For example, attempts to rezone property in exclusive agriculture zoning areas would cost developers more in fees per acre — roughly \$800 per acre, according to Fischbach. While Bayfield County doesn’t have any exclusive ag zoning, southern portions of the state do.

“The way this would’ve worked is that conversion fees on prime agricultural lands in the southern part of the state — potentially that revenue could’ve come to the northern part of the state to help purchase the development rights on fruit orchards in the Bayfield region,” Fischbach said.

He said those fees would have been set aside in a fund used exclusively for purchasing development rights of the most agriculturally-threatened areas in the state. He noted that one could argue the Town of Bayfield is a prime candidate for such protection. However, all of that is threatened by Walker’s recommendation to eliminate the PACE program.

“If the Town of Bayfield wants to continue their program of buying development rights from farmland, they’re going to have to come up with money from somewhere else,” Fischbach said. “They either have to raise their own taxes again or the feds have traditionally put money into this program or the landowners themselves have to voluntarily give up their development rights — sell their own development rights and receive no dollars for it.”

Meanwhile, Highland Valley Farm’s Dale noted that interest in farmland preservation remains.

“We have some farm applicants who are waiting for this program to come to life again,” Dale said. “If the township farmland preservation came to life — if PACE can be retained within the state budget — the federal money is still available in the current Farm Bill,” Dale said. Although, he noted the uncertainty regarding the federal budget.

“The problem has been is that it’s so difficult to get those dollars,” Fischbach added, noting that developers often opt out of purchasing land that is preserved specifically for agricultural uses.

“With an easement in place that restricts most or all development, immediately the market value of that land drops precipitously ... because certain people who would’ve bid on that land drop out of the bidding,” agreed Dale.

He added that funding provided for the town’s farmland preservation program has helped free up money for operators of the four farms. Dale said those dollars may have otherwise been tied up in their operations or debt payments. As a result, he said farmers have the potential to invest more in their workforce, as well as seek retirement options.

"Farmers don't have money 'til they die and then they're rich when they die. Somebody else benefits from all of the development that a farmer does," Dale said. "But under this program, the farmer can sell and receive in his lifetime a portion of the equity that he has accrued."

In addition, the farm can stay in the family, continuing Wisconsin's legacy of family farms. While agriculture is a \$59 billion industry in Wisconsin, the number of farms in the state has decreased over the last few decades. In 1970, the state had around 110,000 farms. Since then, that figure has declined to around 78,000 farms according to 2009 data from the Economic Research Service with the U.S. Department of Agriculture.

Representatives of UW-Extension, the Bayfield Regional Conservancy and the Town of Bayfield are making their case to keep the PACE program in the budget at the Joint Finance Committee hearing today in Superior.

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