Matteoni
O'Laughlin
& Hechtman
LAWYERS

Norman E. Matteoni
Peggy M. O'Laughlin
Bradley M. Matteoni
Barton G. Hechtman
Gerry Houlihan

November 1, 2021

Hon. Mayor Sam Liccardo and Members of the San Jose City Council
San Jose City Hall
200 Santa Clara Street, 18th Floor
San Jose, CA 95113

Re: The Lands along the East Side of Monterey Road are of Distinct Character from the Overall Coyote Valley – No. 1
November 16, 2021 Council Agenda

Dear Mr. Mayor and Members of the Council:

Gerry Young and I represent small property owners within the incorporated territory of the City that lay adjacent to Monterey Road from Bailey Avenue southward.

This is the first in a series to advise you that there is a major distinction to properties along the east side of Monterey Road from the overall Coyote Valley to the west that requires a special study for proper land use designation.

The Task Force did not address this distinction at its October 2020 hearing. The Planning staff just a week prior to the Planning Commission hearing did provide some recognition of the distinction, but it requires *a closer look.*

This narrow band of land primarily consists of small parcels; it fronts on the Monterey Road – a raceway of a 4 lane, median divided highway; it has a mix of uses (both within County and City jurisdictions) that include a major golf course, industrial and commercial uses, RV parks, cell towers, and residences. It is not owned by developers

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speculating on future development. The owners were encouraged to annex with the promise of utility service in the 1960's (for which they are taxed) that never came.

These distinctions present characteristics that require a different treatment than the A-40 designation.

Very truly yours,

[redacted]

Norman E. Matteoni

NEM/jlc

Cc: City Clerk, Gerry De Young, Ken Saso, Chris Marchese, Leo Cacitti, Sean Hu, Vic LoBue, Joe Filice, Loren Gunderson

Fw: Monterey Corridor and GP Designation for Coyote Valley; Council Hearing Nov. 16, 2021

City Clerk <city.clerk@sanjoseca.gov>
Thu 11/4/2021 10:40 AM
To: Agendadesk <Agendadesk@sanjoseca.gov>

2 attachments (6 MB)
Ltr to Mayor Liccardo re Coyote Valley-4 (11.16.2021 City Council Meeting).pdf;
HAC_report_Coyote_Valley_ag_viability_final_2021-10-28.pdf;

Office of the City Clerk | City of San José
200 E. Santa Clara St., Tower 14th Floor
San Jose, CA 95113
Main: 408-535-1260
Fax: 408-292-6207

How is our service? Please take our short survey.

From: Norm Matteoni <[redacted]
Sent: Thursday, November 4, 2021 10:33 AM
To: The Office of Mayor Sam Liccardo <TheOfficeofMayorSamLiccardo@sanjoseca.gov>; District1 <district1@sanjoseca.gov>; District2 <District2@sanjoseca.gov>; District3 <district3@sanjoseca.gov>; District4 <District4@sanjoseca.gov>; District5 <District5@sanjoseca.gov>; District 6 <district6@sanjoseca.gov>; District7 <District7@sanjoseca.gov>; District8 <district8@sanjoseca.gov>; District9 <district9@sanjoseca.gov>; District 10 <District10@sanjoseca.gov>
Cc: City Clerk <city.clerk@sanjoseca.gov>; Gerry De Young <gdeyoung@hmhca.com>; Ken Saso [redacted] Chris Marchese [redacted]; LEO CACITTI [redacted] Sean H Hu <[redacted]; Vic LoBue <[redacted] Joe [redacted] Loren Gundersen <[redacted]
Subject: RE: Monterey Corridor and GP Designation for Coyote Valley; Council Hearing Nov. 16, 2021

[External Email]

Honorable Mayor and Council:

I have been addressing letters to you each day of this week to explain the key characteristics of the lands along the east side of the Monterey Corridor as different than the balance of the Coyote Valley. This is letter and the agricultural viability report attached are the most significant to date.

But the others make different key points of distinction.

Dear City Clerk:

Please include this letter and the accompanying agricultural viability report in the record for the above referenced hearing.

Norm Matteoni

Matteoni
O'Laughlin
& Hechtman
LAWYERS

NORMAN E. MATTEONI
[redacted]

House
Agricultural
Consultants

Providing expertise in agricultural science, management, & appraisal since 1977

Agricultural Viability Study of Coyote Valley · East Side Monterey Road

Gregory A. House & Henry House

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The publishing date of this report is 2021-10-28. The revision number of this report is 13767. This report supersedes any previous version having a smaller revision number or older publishing date than shown above.

N.B.—This report is formatted for double-sided printing. If you have received it electronically and wish to print it, duplex printing is recommended for best results.

Contents

1 Introduction

1.1 Purpose of report. The purpose of this report is to investigate and provide an opinion on the long-term viability of agriculture as a use of the subject site and study area, which is approximately 638 acres lying within the Coyote Valley on the east side of Monterey Road within Santa Clara County, California. This subject study area is hereinafter termed the *subject site* or *subject* of this report. The subject is bounded by Bailey Avenue on the north, Monterey Road on the east, Coyote Creek on the west, and Sobrate High School on the south.

This report has been authorized by a number of landowners of the subject, including Kenneth Saso and Christopher Marchese. This report is intended for presentation to the City of San Jose's Planning Commission and the County of Santa Clara's Planning Commission.

1.2 Executive summary. The subject site does not have long-term agricultural viability. Most of the parcels and landowners have already ceased to operate farming businesses on these properties;

incentives for investment are low. The key detrimental factors or influences to agricultural viability of the subject site are

– adjacent and surrounding urban uses incompatible with farming;
– lack of any agricultural support services in the area
– substantial environmental limitations and intrusions caused by adjoining wildlife-habitat and recreational land uses; and
– lack of profitability resulting from high costs of doing business, relative areas of northern California where agriculture is viable.

In our investigation, we found that some parcels within the subject site are entirely abandoned, some are annually disked to control weeds, and others have dryland hay fields, a land use that functions principally as a low-cost method to control weeds. The remnant cherry orchards at the south end of the subject site have large parcel size and high quality soil, but are afflicted by all the same factors of urban and environmental intrusion as the smaller parcels, and have not turned a profit for well over half a decade.

1.3 Qualifications of consultants. Since 1977, House Agricultural Consultants (HAC) has provided clients with a wide range of appraisal, consulting, and management services. Clients include farmers, landowners, institutions, insurance companies, law firms, municipalities, state and federal agencies, and many others. A sample list of clients is included in the appendices of this report.

HAC has prepared numerous studies concerning the agronomics, economics, and agricultural viability of farm properties over the years. HAC has worked in Santa Clara County for three decades, serving clients such as Stanford University and the City of Morgan Hill. For the latter, HAC has been involved since 2009 in helping to design an agricultural conservation program, including agricultural viability studies, farm land use studies, and appraisals of agricultural conservation easements.

The résumés of the authors are included in the appendices of this report.

Mr. Henry House, coauthor of this report, has twenty years of experience as an agricultural consultant, with expertise in soil science, statistics, agricultural economics, and agroecology. In his spare time he assists his father on the management of the family farm.

Mr. Greg House, coauthor of this report, is a qualified expert witness on agricultural matters in California Superior Court, United States Tax Court, and United States Bankruptcy Court. Mr. House has over forty years of experience as an agricultural consultant throughout California and the western states, and has worked particularly in northern California as a crop-management consultant since 1977. Mr. House is also a farmer of 35 years. Coco Ranch, the family farm, produces organic apples and other organic tree fruits on forty acres of land near Dixon, California.

Greg House is credentialed by the American Society of Farm Managers and Rural Appraisers, holding its professional designations of Accredited Farm Manager and Accredited Rural Appraiser. Mr. House is recognized by the American Society of Agronomy as holding its designations of Certified Crop Advisor and Certified Professional Agronomist. Mr. House holds a professional license from the state of California as a Certified General Appraiser, number AG-001999.

1.4 Scope of work in preparation of study. Our work in preparing this study included the following:

– An extensive site inspection of the entire Coyote Valley.
– Review of relevant scholarly literature on the subject of agricultural viability.

– Review and reference to numerous publications on the Land Evaluation and Site Assessment Model of rating agricultural lands.

– Review of the United States Census of Agriculture data for Santa Clara County, Santa Cruz County, Monterey County, and San Benito County concerning farm size, gross and net income, and number of farm operations.

– Review of numerous University of California Cooperative Extension financial cost studies of crops grown in Santa Clara County.

– Reference to land value studies published by the California Chapter of the American Society of Farm Managers and Rural Appraisers.

– Reference to Santa Clara County Assessor's office's records and maps.

– Reference to the United States Department of Agriculture's *Web Soil Survey* for soil-class information on land in the Coyote Valley.

– Examination of present and historical aerial photography of the Coyote Valley and the Gilroy area.

– Examination and analysis of California Department of Conservation's Farmland Mapping and Monitoring Program maps, present and historical, of the Coyote Valley.

– Personal interviews of several farmer-landowners in the Coyote Valley.

– Review of farm financial information provided by landowners in the Coyote Valley.

2 Setting and property description

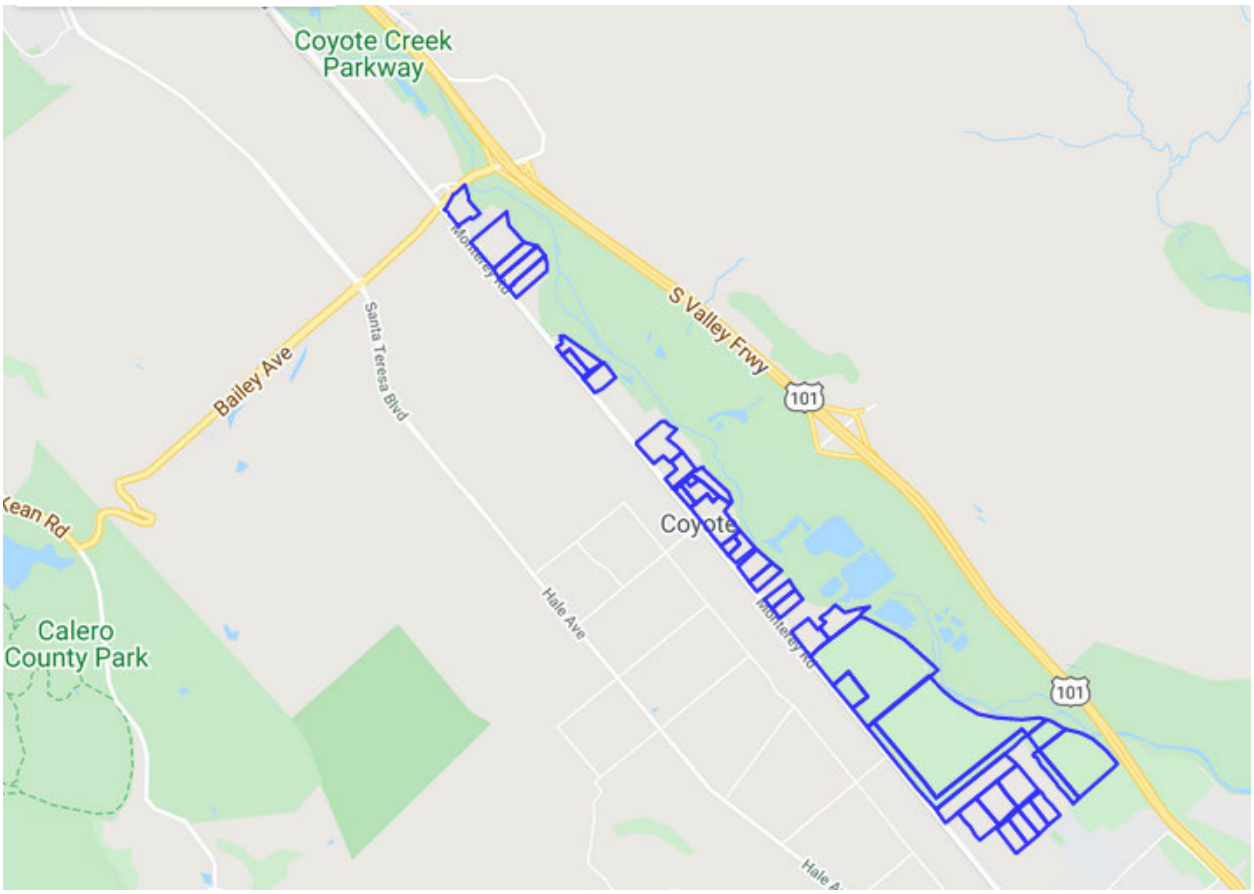
2.1 Subject site's production area. The subject area lies within the northern portion of the California Central Coast production area, which includes Santa Cruz and Monterey Counties.

2.2 General description of subject site. The entire area of the subject site contains 83 assessor's parcels (owned by nongovernmental entities) and is comprised of approximately 750 acres. From its north border at Bailey Road to its south border at at the Sobrato High School, the subject site is approximately 4.5 miles in length. As many of these parcels are no longer in agricultural use (see section 2.2.6, we concentrate our study on 37 parcels which are greater than five acres in size and privately owned, that is, not owned by a government or school district; these 37 parcels total 638 acres. Figure 1illustrates the extent of the subject site in southern Santa Clara County.

2.2.1 Dimensions. At its widest point near its south end it is approximately 4,500 feet wide, and at its narrowest point—between Palm and Kalana Avenues—which align on the west side of Monterey Road, it is approximately 650 feet wide.

2.2.2 Isolated setting with difficult access. The 37 assessor's parcels that compose the subject site are bounded by Monterey Road on the west, and by Coyote Creek Parkway on the east, the Bailey Road freeway interchange on the north, and Sobrato High School on the south. All of these are nonfarm land uses, and each represents a significant barrier which makes farm vehicle access to the subject site and each individual parcel difficult. These 37 parcels comprising 638 acres are isolated from other farm land west of Monterey Road, or much further south, isolated from the farming areas of Morgan Hill and Gilroy.

FIGURE 1 Map showing location and extent of subject site in Coyote Valley. Parcels analyzed are outlined in blue.



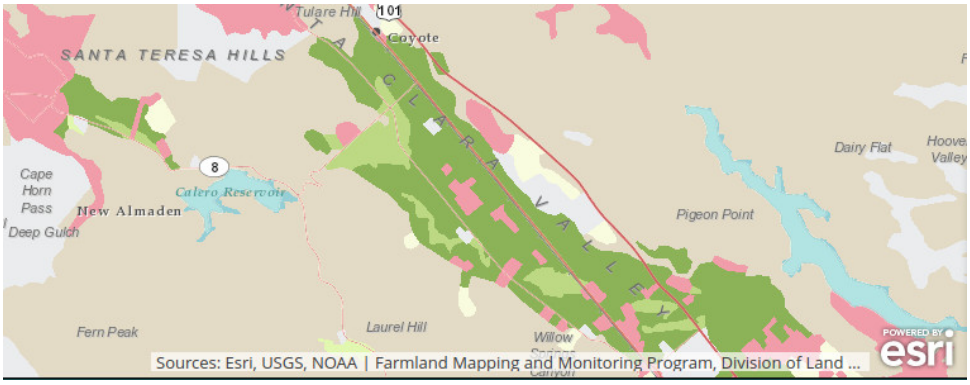
2.2.3 URBAN PROXIMITY. The very same nonfarm land uses which isolate the subject and make for difficult farm vehicle access also make for conflicts with the proximate urban surroundings. These conflicts include restrictions on spraying and applying farm chemicals, conflicts of dust and noise from farm operations, theft, vandalism, and damage to crops and capital goods from wildlife.

2.2.4 SOILS. Quality of farm for farming purposes is a significant factor in the agricultural uses that are possible. The subject site is almost exclusively class I soil, when irrigated, according to the United States Department of Agriculture (USDA)'s *Web Soil Survey*. The USDA's Land Capability Classification System rates soil on a scale from I to VIII, with I being the best, having few or no limitations to crop production uses of the land.

2.2.5 WATER. Water for irrigation is generally available from the Santa Clara Water District. We have not examined each separate parcel to determine its access to this water.

2.2.6 CALIFORNIA FMMP. In its Farmland Mapping and Monitoring Program (FMMP), the California Department of Conservation documents and analyzes the agricultural uses of land throughout the state. Land uses are separated into 16 categories, ranging from Prime Farmland to Grazing Land, to Urban and Built-Up Uses.

FIGURE 2 1984 FMMP map of Coyote Valley. Prime Farmland is green color.



The Farmland Mapping and Monitoring Program (FMMP) produces maps and statistical data used for analyzing impacts on California's agricultural resources. Agricultural land is rated according to soil quality and irrigation status; the best quality land is called Prime Farmland.

Per the FMMP webpage, to be designated *Prime Farmland* and shown on FMMP's Important Farmland Maps as Prime Farmland, (1) the land must have been used for irrigated agricultural production at some time during the four years prior to when the mapping designation is assigned,[1] and (2) the soil must meet the physical and chemical criteria for Prime Farmland as determined by the USDA's Natural Resources Conservation Service (NRCS). NRCS compiles lists of which soils in each survey area meet the quality criteria.

That farmland in Coyote Valley is disappearing is obvious and well documented by the FMMP. Figure 2 from the California Department of Conservation's FMMP website illustrates the extent of agriculture in the Coyote Valley in 1984. This is in great contrast to figure 3 from the California Department of Conservation's FMMP website, which illustrates the current FMMP map for the entire bounded area form Bailey Avenue south to Sobrato High School, which includes the 638 acres of the subject site. The entire bounded area contains Prime Farmland (green color) in two areas, a small block, approximately 18 acres at the north end, and approximately 350 acres at the south end. Approximately 324 acres are mapped as Farmland of Local Importance (light yellow) color, and the remaining approximately 65 acres, is designated as Urban and Built-Up Land (pink color). During our on-the-ground observations in July 2021, we observed that the 18 Prime Farmland acres on the north end were a vegetable-truck farm, and the 350 Prime Farmland acres at the south end were planted to cherries.

Farmland of Local Importance is land of importance to the local economy, as defined by each county's local advisory committee and adopted by its Board of Supervisors. Farmland of Local Importance is either currently producing, or has the capability of production; but does not meet the criteria of Prime, Statewide or Unique Farmland. Authority to adopt or to recommend changes to the category of Farmland of Local Importance rests with the Board of Supervisors in each county. In Santa Clara County, Small orchards and vineyards primarily in the foothill areas, and land cultivated as dry cropland for grains and hay are assigned the status of Farmland of Local Importance. From our on-the-ground observations in July, 2021, we confirm that the acres of the subject site mapped as Farmland of Local Importance are dry cropland cultivated for hay and grain. We did not observe any small orchards or vineyard in these areas.

[1] Irrigated land use is determined by FMMP staff by analyzing current aerial photos, local comment letters, and related GIS data, supplemented with field verification.

FIGURE 3 Most recent FMMP map of Coyote Valley. Prime Farmland is green color.

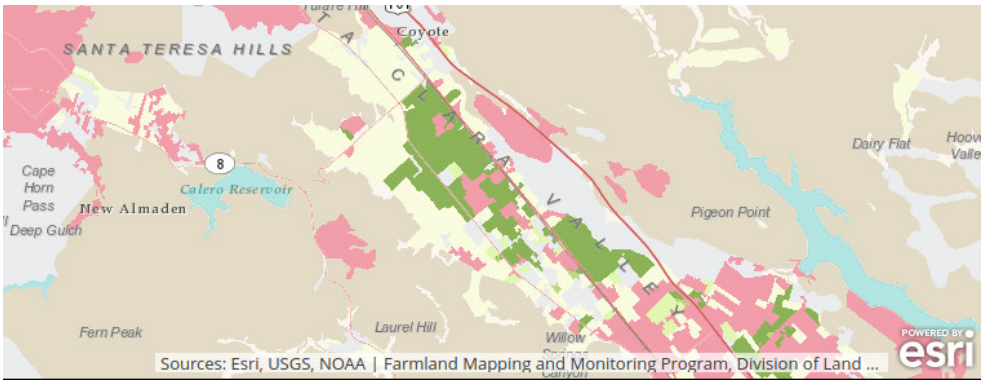


TABLE 1 Size of farm business statistics for Santa Clara, Santa Cruz and Monterey Counties. All numbers are averages taken from the U.S. Census of Agriculture, 2017.

County	Acre size	Net income	% Profitable operations*
Santa Clara	54.8	$54,646	27 %
Santa Cruz	43.1	$154,136	40 %
Monterey	97.7	$862,332	44 %

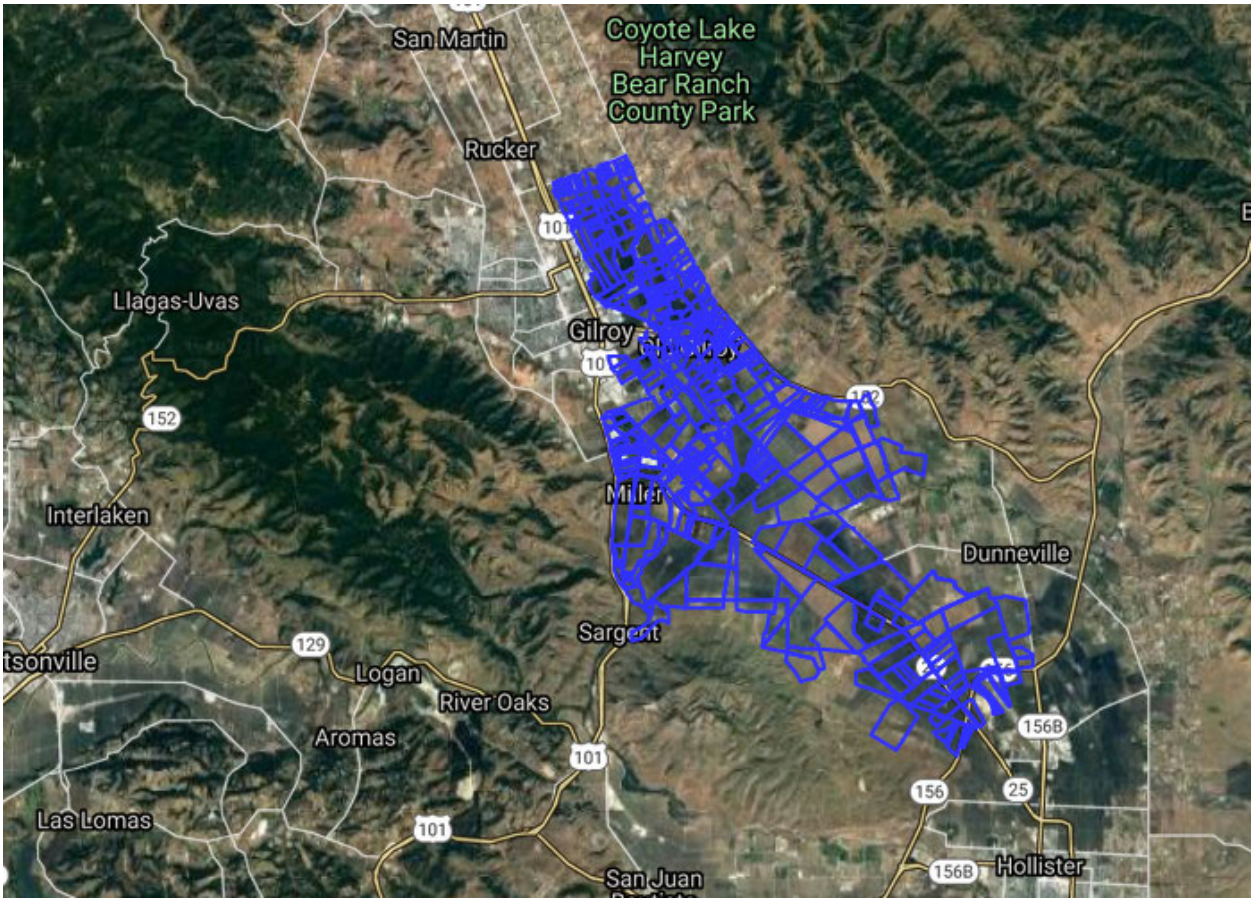
* Percent of all farm businesses that are profitable

2.2.7 NUMBER OF PARCELS. Although the entire bounded area of the east side of Monterey Road from Bailey Avenue south to Sobrato High School contains 83 assessor's parcels many of these parcels are no longer in agricultural use as noted above. We concentrate our study on 37 parcels which are greater than five acres in size and privately owned, that is, not owned by a government or school district.

2.2.8 FARM BUSINESS SIZE. In the United States Census of Agriculture, farm size is tracked on a farm business unit basis, that is, statistics are kept on the size of a farming business in terms of acres and net income on a county by county basis. Table 1 lists the number and average size of cropland farms of Santa Clara County compared to Monterey and Santa Cruz, two nearby counties in the California Central Coast production area of California. The average farm size for Santa Clara County is 54.8 acres, more than Santa Cruz (43.1 acres average farm size) but considerably less than Monterey County (97.7 acres average farm size). Both counties far exceed Santa Clara County in average net farm income per operator: $151,136 (Santa Cruz), and $862,332 (Monterey). The percentage of profitable operations tells a similar story: Santa Clara at 27 percent, Santa Cruz at 40 percent, and Monterey at 44 percent.

2.2.9 PARCEL SIZE. The mean size of the 37 assessor's parcels within the subject site is 17.25 acres, and the median parcel size is 8.3 acres. The farmed or farmable area within these parcels differs from the total parcel size because of building improvements, and because of edaphic/physical features such as riparian buffers. While parcel size is easy to obtain from county assessor's records, it does not accurately reflect the potential farmable area of the subject site's properties, because

FIGURE 4 Map ilustrating the farming area of Gilroy.



there are buildings on many of the parcels as well as unfarmable land due to roads and riparian buffer areas.

Gilroy area's parcel size. For comparison to the subject area, we examine the parcel sizes of the Gilroy farming area. This area is considered a major agricultural production area of California[2].

Figure 4 illustrates the 512 parcels lying within this comparable area, comprising 23,662 acres. Within this area, the average parcel size is 46.7 acres and the median parcel size is 19.5 acres—both statistics more than double those of the subject site's parcels in Coyote Valley.

2.2.10 FARMABLE AREA. Assessor's parcels encompass the entire area of real estate; however the farmed or farmable area of each parcel is generally less than its entire area, due to residences, gardens, lawns, ditches, roads, borders, and riparian areas. Through examination of aerial photography, we subtract out these nonfarmed areas and find that approximately 85 percent of each assessor's parcel area is potentially useful as agricultural fields. This is at the lower end of comparable properties in most other farming areas of California, which tend to average 85 to 95 percent farmable area. We estimate that the mean size of a field in the subject site is 8.3 acres, while

[2] See, for example, *2021 Trends in Agricultural Land and Lease Values* published by the California Chapter of the American Society of Farm Managers and Rural Appraisers.

the median size is 2.6 acres. This is very small by comparison with most other farming areas of California where commercial agriculture occurs.

3 Agricultural viability

Agricultural properties can be studied in many ways, with emphasis on different but significant characteristics, such as agronomic productivity, economic productivity, market value, value-in-use, etc. In this study, we focus on the viability of the agricultural use of the subject site's parcels.

3.1 What is agricultural viability? Viability refers to the ability to live, and used in this agricultural context it implies both physical and financial feasibility of a farm, demanding too, that the agricultural use endures over a long time period. To be viable, a farm must have both the physical attributes necessary for financial feasibility and longevity, such as soil and water, but also must be economically feasible in the long term. A recent report by Daniel A. Sumner of the University of California at Davis sums it up this way:

> Finally, economic analysis of feasibility, viability, costs, and benefits must be evaluated over extended time horizons. Sustainability of the land use is fundamental. Farming requires long-lasting investments to maintain land productivity and viability.[3]

3.1.1 External and internal factors of viability. A thorough analysis of economic viability for agricultural property will take into account both external and internal factors affecting the farm, impacting its utility and viability as a site for agricultural activities. Such an analysis would also consideration the interaction of the external and internal factors on each other. By external we mean factors outside the control of the farmer, factors that are inherent to the broader farm economy. By internal factors, we refer to those factors which are inherent to the specific farm and its specific site.

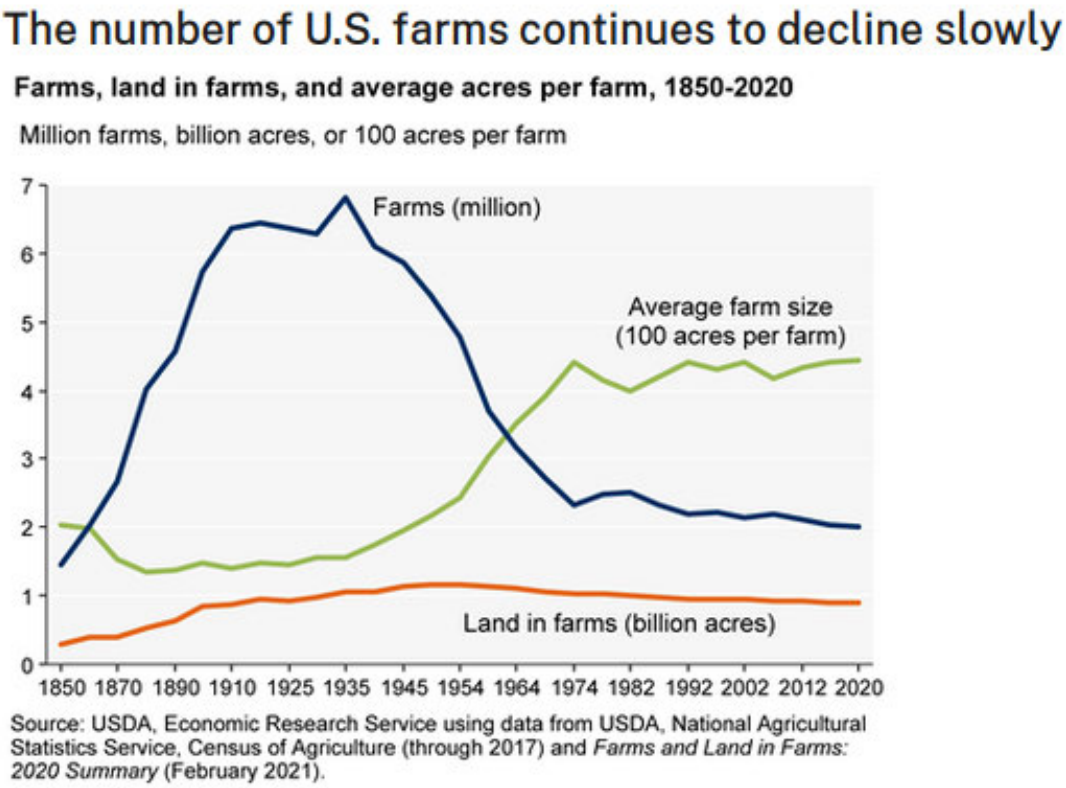
3.1.2 External factors. External factors affecting economic viability of agricultural property include such market forces as commodity prices, competition, demand for commodities, availability and cost of labor, government regulations, and environmental factors such as sources of contamination, pestilence, and global climate change. We here review a number of significant economic trends that affect the agricultural utility and viability of the subject involving these external factors.

Trend of larger farms, fewer farmers. Farms in California and the U.S.A. have been increasing in size since the 1930s, while the number of farmers has steadily decreased. Figure 5 from the USDA–ERS illustrates this historical reduction in the number of farms and the rise in farm size. While moderated from its sharp movement after WWII, this trend continues to this day. We note that the subject site is composed of a large number of mostly very small parcels, and is isolated by physical barriers from other lands; see sections 2.2.2 and 2.2.9.

Trend towards increasing mechanization. During this period when the number of farms has decreased and the size of the remaining farms has increased, another significant trend is the adoption of, and investment in machinery and technology to replace hand labor. This trend continues to be strongly on the increase, due to high labor costs, the general shortage of farm laborers, and great

[3] Sumner, Daniel A., *The Economic Viability and Financial Feasibility of the Continued Agricultural Use of the North Coyote Valley Properties in the City of San Jose*, September 2021

FIGURE 5 The number of farms in the U.S. has decreased steadily since 1935 as the average farm size has increased.



advances in robotics and Global Positioning System (GPS) technology. We address this issue of business investment in farming in section 4.4.2.6.

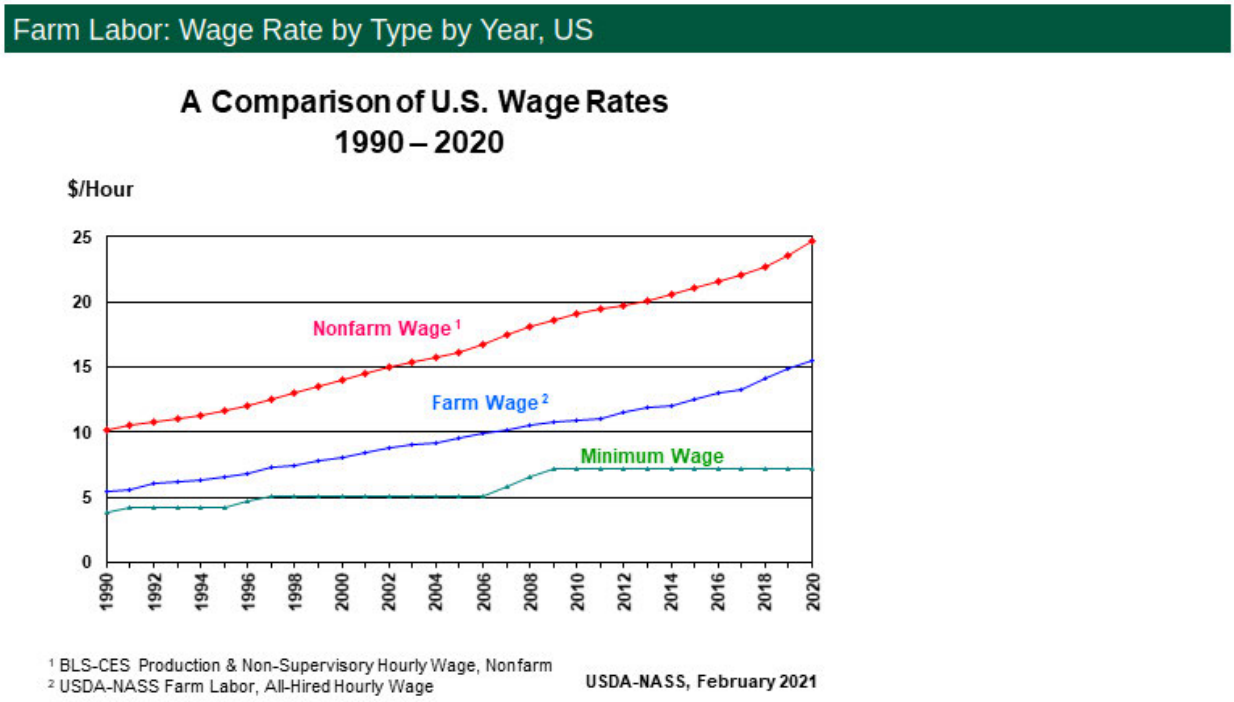
Labor. The cost of farm labor has increased by approximately 50 percent in the past decade. Meanwhile the number of farm workers has significantly decreased. It is commonplace for growers throughout California to report there are not enough workers to perform all the work available and needed.

> A crippling labor shortage has affected nearly every corner of California agriculture.[4]

Figure 6 illustrates the rise in farm labor wages over the past decade. While this problem is not exclusive to the Coyote Valley, it is magnified in the subject's area because of the subject site's proximity to urban areas. With the minimum wage rate set at $15.25 per hour in the City of San Jose, agricultural employers are hard put to compete for scarce labor at the lower California rate of $13 to 14 per hour. This 9 to 10 percent difference perhaps does not seem like much, but for many crops, especially vegetable and fruits, labor is a major expense; for example recent production cost studies from the University of California Cooperative Extension estimates hand labor as 61 percent of lettuce production costs and 38 percent of cherry production costs. Agriculture is typically a high cost, low profit margin business. A recent study we undertook to examine the financial efficiency

[4] Kaitlin Washburn Report for America, *In California farm country, growers struggle with labor shortage*, article in *USA Today*, April 6, 2020. ⟨https://www.usatoday.com/story/opinion/2020/04/06/california-growers-struggle-labor-shortage-other-challenges-column/2941779001⟩.

FIGURE 6 Wages for U.S. farm labor have increased by approximately 36 percent since 2010. In California the increase since 2010 is approximately 63 percent.



of U.S. farms using historical financial data from the USDA found an average net farm income ratio (NFIR: gross income divided by net income) of 2 percent for all U.S. farms in 2015. This means that 98 percent of the gross income was consumed by expenses, and indicates on average U.S. farms are a very-low-profit-margin business. Here is a strong reason for the need for farms to be large, and for the need for them to continue to get bigger.

Market presence and timing. Aside from crop yield and competition to be low-cost producers, farmers of perishable fruit and vegetable crops also compete in the arena of market timing. Typically, when these crops come into season, the earlier the farmer can bring the commodity to market, the higher the price. It can be viewed as a simple supply issue, with the early season bringing higher prices because of the limited supply as well as being first and novel for the new season.

In this regard, for instance, the cherries of Coyote Valley have not fared well, as the relatively newer production areas of the southern San Joaquin Valley have edged out Coyote Valley, which used to have a slight market timing advantage. The southern San Joaquin cherries harvest earlier and command a higher price than the cherries of Coyote Valley; by the time Coyote Valley cherries hit the market, sales volumes have increased and prices typically have moved to the mid-season lows.

Global climate change. Global climate change appears to be another external factor affecting fruit production in the Coyote Valley. The principal growers there report weather-related problems now that did not exist in the past decades, such as insufficient chilling hours, and spring rains. We have been provided records that demonstrate disastrous spring rains in six out of the past seven years.

Little or no yield of cherries was able to be picked in these rainy six years, because cherries split and mold within hours after even a light rain on the ripening fruit.[5]

3.1.3 Internal or property-specific factors. Internal characteristics which affect the economic viability of a property can be broadly divided into two categories, the land or agronomic factors of soil, water and local climate; and site factors or characteristics such as size, shape, and surrounding uses. We discuss these factors in detail in section 4.4.2.

3.2 Models for analyzing agricultural viability. The economic viability of farms and agricultural property has been the subject of both academic and public debate and study for many decades. In the mid- to late 1980s, following the nationwide farm financial crisis in which an agricultural-economy recession caused many farmers to go out of business and farmland's typical market value to drop fifty to sixty percent in parts of the United States, including California, a number of studies investigated the viability of U.S. farms.

3.2.1 Financial feasibility models. For instance, the United States Department of Agriculture published a study in July 1986 entitled *Farm Viability: Results of the USDA Family Farm Surveys*. In studying viability, this study developed a "viability model" which it explained this way:

> To be "Viable", a farm household must generate net income sufficient to meet financial obligations of three types. First, it must provide for the livelihood of its members. Second, to continue operating the farm business as it is currently organized, the household must cover cash operating expenses (including interest payments), and capital replacement costs. Third, to maintain its line of farm credit and prevent foreclosure of the business, the household must also meet principal payments on debt as scheduled.

Thus, this 1986 USDA study equates farm viability with meeting a farm's financial obligations. This perhaps can be best understood as a kind of feasibility study concerning the survival of the farm business; because the focus of the study was on family farms, it included that life-needs be provided to the farmers themselves as part of farm viability. For this same reason, this USDA study took into account off-farm income as a source of income for the family-farm business.[6]

3.2.2 Cash-flow models. To perhaps more precisely study the viability of just the farm business (rather than the family members) other studies conducted since 1986 remove the nonfarm income elements[7] of the cash flow. These studies tend to emphasize financial data just as the 1986 USDA study did, but try to get at the underlying financial success or failure by examining the factors that contribute to differences in profitability among farms. These factors included size, productivity, socio-demographics, the cost of doing business in a particular location, and the level of investment in new machinery and technology.[8] Farmers' attitudes toward continuance in business and their planning horizon have also been studied from time to time.[9]

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[5] Personal communication, Chris Marchese, October 18, 2021.

[6] Note that USDA reported in 2019 that 96 percent of farm households derived some income from off-farm sources and that, on average, off-farm income contributed 82 percent of total income, or $101,638, for all family farms in 2019. Sourced from ⟨https://ers.usda.gov/amber-waves/2021/september/off-farm-income-a-major-component-of-total-income-for-most-farm-households-in-2019⟩, downloaded October 18, 2021.

[7] Nonfarm income elements include wages from jobs, welfare programs, and nonfarm investment (passive) income.

[8] E.g., Adelaja, A. and K. Rose. *Farm Viability Revisited: A Simultaneous-Equation Cash Flow Approach.* Agricultural Finance Review. Vol. 48 (1988): 11-24.

[9] E.g., see Adellaja and Sullian, *Agricultural Viability on the Urban Fringe*, Rutgers University, 1998. https://sustainable-farming.rutgers.edu/wp-content/uploads/2014/09/Agricultural-Viability-at-the-Urban-Fringe.pdf.

3.2.3 USDA LESA model. A different approach has been developed by the USDA, one which analyzes both physical and economic factors which impact the viability of a particular farm.

The Land Evaluation and Site Assessment (LESA) model is a tool originally created by the United States Department of Agriculture Natural Resource Conservation Service in 1981 to assist governments, nonprofit organizations, and individuals in understanding and analyzing the agricultural value and utility of farmland in the broad context of community planning and natural resource management and conservation.

A LESA model examines two broad categories or aspects of agricultural land: the land elements, and the site elements. As a tool to analyze farm viability, the LESA model is flexible and designed to be adapted to regional and local agricultural settings.

The site assessment elements include: (1) parcel size, (2) compatibility with adjacent uses, (3) compatibility with surrounding nonadjacent uses, (4) shape of site, and (5) availability of agricultural-support services.

3.2.4 LESA use in California. The State of California Department of Conservation promotes the LESA model's use as a planning tool, for rating the relative importance of particular tracts of land for agriculture and for compliance with the mitigation requirements resulting from the loss of Important Farmland under the regulations of the California Environmental Quality Act (CEQA).

The California Agricultural Land Evaluation and Site Assessment Model Instruction Manual states that the LESA system is a point-based approach that is generally used for rating the relative value of agricultural land resources:

> In basic terms a given LESA model is created by defining and measuring two separate sets of factors. The first set, Land Evaluation, includes factors that measure the inherent soil-based qualities of land as they relate to agricultural suitability. The second set, Site Assessment, includes factors that are intended to measure social, economic, and geographic attributes that also contribute to the overall value of agricultural land.[10]

The land evaluation factors utilize the USDA Land Capability Classification System, and the Storie Index to rate the utility of the land, and the site assessment factors provide measures of the project or property's size, water resource availability, surrounding agricultural lands, and surrounding protected resource lands.

The methodology is exacting but as noted should be designed to address local conditions, and in fact many areas of the United States have their own particular, or custom designed models based on the recommendation of the instruction manual to authorize a design committee to adopt its own criteria:

> While this dual approach is common to all LESA models, the individual land evaluation and site assessment factors that are ultimately used and measured can vary considerably and can be selected to meet local or regional needs and conditions for which a LESA model is being designed to address.[11]

3.2.5 General LESA methodology. For a given project, each factor is separately rated on a 100-point scale, then weighted relative to one another, and combined. The final result, or LESA score, is a single numeric score with a maximum attainable score of 100 points. This LESA score for the project or property becomes the basis to determine its agricultural significance.

3.2.6 Advantage of LESA model for subject at hand. The viability models discussed earlier examine the financial status of the farm and develop a measure of viability based on net

[10] *The California Agricultural Land Evaluation and Site Assessment Model Instruction Manual*, California Department of Conservation, Office of Land Conservation, 1997.

[11] Ibid

income and management functions. While useful to detect whether a particular farm business will survive into the future, the underlying physical and contextual causes of viability or lack thereof are not necessarily revealed in these models, and therefore may be misinterpreted.

In contrast, the LESA model does not take management of the farm business into account, or try to predict which crops should be grown or what net income is extant or possible. By not considering the management variable, a more focused and objective analysis of the farm land and the farm site is possible. This is our aim for this study—even without considering net income or financial feasibility, the LESA factors are useful in examining both the external and internal physical and economic factors characterizing and affecting the farm property.

Another advantage is the simplicity and relative independent evaluation of each factor. By assigning numerical values to each factor, its relative weight or importance is obvious, and the process is methodical, straightforward and presents a quantified method similar to methods used by farmers, regulators and market participants considering the utility of a farm property for agricultural uses; this makes the LESA a good indicator of agricultural viability.

In the following section we utilize a LESA model to analyze the agricultural viability of the subject site.

4 Agricultural viability analysis

4.1 The LESA model as a measure of agricultural viability. We have undertaken a LESA analysis to assess the viability for agriculture of the subject site: approximately 670 acres of land in the Coyote Valley of Santa Clara County, bounded by Bailey Avenue on the north, Monterey Road on the east, Coyote Creek on the west, and Sobrate High School on the south. In this report, we refer to this area as Coyote Valley's east side of Monterey Road, or the *subject site*.

In this study we analyze the subject site both as a whole, and as individual parcels. We do not include any government owned parcels – thus those parcels in which title is held as City of San Jose, County of Santa Clara, or Morgan Hill Joint Unified School District, are not included in this study, even if they geographically are situated in the generally described area below.

4.2 LESA factors used in this study. As recommended in the USDA and California LESA guidelines, we have designed a customized set of eight factors to address the local conditions of the subject site, as described in section 2. These are:

Land-evaluation factor.—
– soil quality and productivity.
Site assessment factors.—
– parcel size
– water availability
– compatibility of adjacent land uses
– compatibility with surrounding non adjacent land uses
– environmental limitations
– incentive for re-investment in agriculture; and
– available agricultural-support services.

4.3 LESA scoring methodology. The LESA model uses a component or additive approach of rated factors to arrive at a final score that indicates the agricultural significance or viability of a farm property.

4.3.1 Rating the factors. In the first step in assembling the final LESA score, each factor in the LESA model is assigned a maximum contributory number of points towards a total possible maximum score of 100 points for the whole farm property. The higher the number, the greater the agricultural significance and viability of the property for agricultural use.

We follow the USDA guidelines by separately evaluating the farm property for the percentage it meets each factor's criteria.

4.3.2 Weighting the factor scores. The weight each factor contributes to the final whole farm score is the maximum number of contributory points possible for the individual factor. The relative weight of each factor is thus its maximum score divided by 100, the total "perfect score" for a farm property.

4.3.3 Combining the factor scores. In the second and final step, the individual factor scores are added up or combined into a single final numeric score with a maximum attainable score of 100 points.

4.3.4 Evaluating the final score as a measure of viability. We follow the California LESA model's final score-evaluation procedure.

1. Multiple each factor by the factor weight to determine the weighted score;
2. Sum the weighted factor scores for the LE factors
3. Sum the weighed factor scores for the SE factors
4. Sum the total LE and SA scores to determine the LESA score for the property.
5. Determine agricultural significance of the property on the basis of the following thresholds —if the total score is:

– 0 to 39, the property is not considered agriculturally significant;

– 40 to 59, the property is considered agriculturally significant only if the LE subscore is greater than or equal to 10, and the SE subscore is greater than or equal to 30;

– 60 to 79, the property is considered agriculturally significant unless the LE subscore is less than 10, and the SE subscore is less than 30;

– 80 to 100, the property is considered agriculturally significant.

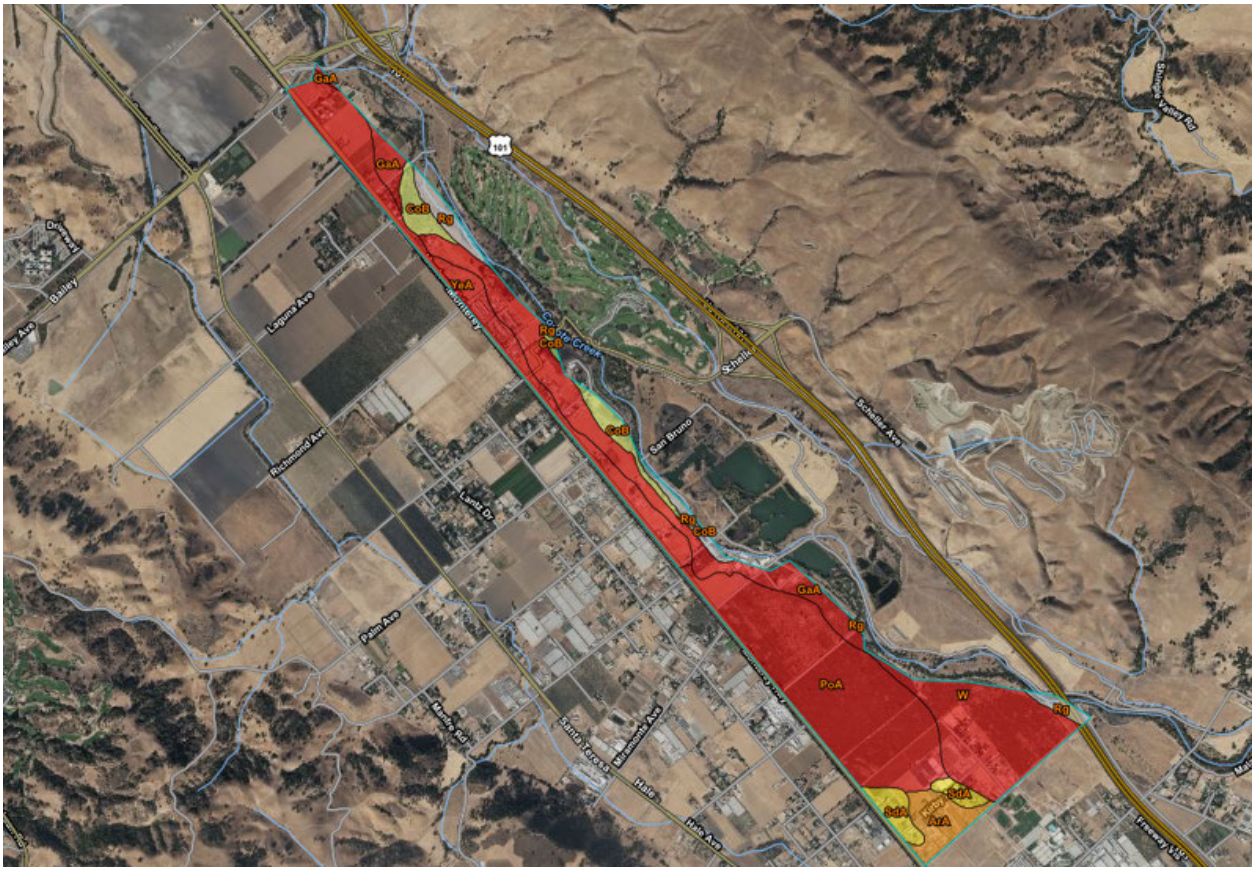
4.4 LESA factors applied to the subject site. The following set of eight factors are applied to the subject site in our LESA analysis.

4.4.1 Land evaluation factor. For the land evaluation portion of this LESA model, we use the USDA Land Capability Classification System for rating soils.

The Natural Resources Conservation Service (NRCS, formerly the Soil Conservation Service), a unit of the United States Department of Agriculture, has completed soil surveys of most of the agricultural land in the United States. The NRCS soil surveys are widely used as an objective, consistent measurement of the utility of land for agriculture. Current surveys are provided in digital form in a geographic information system. We have referenced the NRCS's current digital mapping data covering the subject site for this study.

The NRCS soil surveys depict *soil units*, which are distinct areas of soil that have a common geologic origin and perform similarly under agricultural use. To permit objective comparison of soils, NRCS has devised the *Land Capability Classification System*, which rates soil units on a scale of I (most favorable) to VIII (the least favorable). These eight Roman-numeral levels, which

FIGURE 7 Map of subject site indicating soil units.



are referred to as *capability classes*, broadly indicate the agricultural utility and adaptability of the soil. Class I is the best rating, indicating few or no limitations to the land's agricultural uses, no special management requirements, and adaptability to many different crops. As the Roman numeral increases, the limitations to agricultural uses and management requirements for successful use increase. A class-II soil, for instance, can be used for many of the same crops as a soil rated class I, but will typically yield less (although the yield penalty can often be minimized under optimal husbandry), require special management, or both. Typically cropping uses cease after class IV; class-V through class-VII soils are generally used for livestock range or timber. Class-VIII soils are rocky outcroppings, gravel beds, and the like, with very minimal agricultural utility. Capability classes are specific to the irrigation regime (irrigated or nonirrigated); thus some soil units have two ratings, one when irrigated and one when not irrigated. The nonirrigated status is generally inferior to the irrigated status, and therefore downgraded to reflect a penalty for lack of water. Within the capability classes, further characterization of the soils may be specified by additional letter and numeric suffixes following the Roman numeral; these indicate the type or types of limitations likely to be present in these soils. The full rating code (Roman-numeral class plus any additional suffixes) is called the *capability unit*.[12]

Soil class of subject site. The soil units of the 40 parcels comprising the subject site are almost entirely class I. Figure 7 is a soil map of the subject site.

[12] See *Land Capability Classification System: Agriculture Handbook No. 210*. United States Department of Agriculture–Soil Conservation Service, 1961. Available from ⟨http://www.nrcs.usda.gov/Internet/FSE_DOCUMENTS/nrcs142p2_052290.pdf⟩.

TABLE 2 Maximum total points assigned to each LESA factor.

Factor	Possible points
soil class	
size	15
water availability	15
compatible adjacent uses	10
compatible surroundings	10
environmental limitations	10
re-investment incentive	10
support services	5
total possible points	100

How the soil factor is rated. The class system provides a ready-made rating system which we adapt to the LESA model by following the California Model, "Calculation of the Land Evaluation (LE) Score, Part 1: Land Capability Classification (LCC) Score" by assigning 100 percent rating to class-I land. We have provided a copy of the entire LCC scoring procedure in the appendices to this report. Because the subject property is approximately 95 percent class-I soil, it is given a 100 percent rating, and earns the full 25 points of the LE portion of the final LESA scorecard.

4.4.2 SITE ASSESSMENT FACTORS. For the site assessment factors, we have selected seven factors from the list provided in the USDA LESA handbook. These factors take into account both internal and external factors that affect the subject site's agricultural viability. Table 2 lists the seven factors along with their assigned maximum total points out of the total 100 possible points for the model.

There are numerous other site factors which might be considered such as shape, percent of site in agricultural use or feasible to farm, but we feel the factors listed in table 2 fairly encompasses these and other relevant factors and measures of agricultural viability.

We review and analyze the site assessment factors below.

Parcel and field size. As our interest in this study is the size of a single farm-production site—typically called a field or block (in the case of orchards and vineyards)—that is managed as a farming unit, we are not concerned with the size of the farm business, that is, how many total acres one farm business operates. We focus here instead on the unit area of production—the field, the block—and will herein refer to this unit as a field.

As we do not have the exact farmable acres of each assessor's parcel but understand the field size is less than or at most equal to the size of the assessor's parcel, we use the assessor's parcel as a proxy for the field size; therefore in this context, "parcel" size is considered to represent "field" size.

It is generally less efficient to farm a small field than a large one. In section 2.2.9 we examined the mean and median size of the assessor's parcels comprising the subject site. The average size parcel in the subject site is 17.25 acres, and the median parcel size is 8.3 acres. We noted too that the average field size was 8.3 acres in size while the median field size was 2.6 acres.

This is in contrast to the mean and median parcel sizes of the farmed assessor's parcels in the Gilroy area, which has an average parcel size of 46.7 acres, and a median parcel size of 19.5 acres. Although the Gilroy farming area is also challenged with urban encroachment, its overall

TABLE 3 Parcel-size scaling for Santa Clara County and the subject site.

Acre size	Factor scale
> 46	100
37–46	90
32–36	80
27–31	70
22–26	60
17–21	50
11–16	40
< 11	0

area (approximately 25,000 acres) and its continued vitality as a farm production area with many farmers and an active farm-property real estate market[13] make it an indicator of typical commercial farm parcel size in Santa Clara County; therefore, following the USDA LESA Handbook guidelines, we use these Gilroy parcel sizes as a measure for the subject site.

Thus, if a parcel within the subject site is 47 or more acres in size[14], it is assigned the maximum 15 points for this site assessment factor of *parcel size*. If it is less than 47 acres in size, it considered inferior in this factor, and rated lower; thus as the parcel size diminishes, we assign it a lower number of points. Table 3 lists the various incremental points assigned to the various parcel sizes.

Water availability and reliability. In Santa Clara County, as well as the rest of California, the availability of water for irrigation is a major factor in the utility of farm land, as rainfall as a source of crop water is variable and insufficient for all but rain-fed grass hay and small grain production.

To measure this factor for the subject site, we use the criteria established by the California Department of Conservation in its California LESA model:

1. Determine the type(s) of irrigation present on the project site, including the determination of whether there is a dryland agricultural activity as well.
2. Divide the site into portions according to the types of irrigation or dryland cropping that is available in each portion.
3. Determine the proportion of the total site represented for each portion identified.
4. Using the Water Resources Availability Scoring Table[15], identify the option that is most applicable for each portion, based on the feasibility of irrigation in drought and nondrought years, and whether physical or economic restrictions are likely to exist.
5. Multiple the Water Resources Availability Score for each portion by the proportion of the project's area represented to determine the weighted score for each portion.
6. Sum the scores for all portions to determine the project's Water Resources Availability Score.

In section 2.2.6 we noted that the subject site is mapped by the California Department of Conservation FMMP as containing Farmland of Local Importance which is used, or can be used,

[13] See CCASFMRA.
[14] Area rounded up or down to the nearest whole acre.
[15] *The California Agricultural Land Evaluation and Site Assessment Model Instruction Manual*, page 6-A.

TABLE 4 Water availability site assessment score for the subject site. The various parcels of the subject are grouped into the two FMMP use categories.

FMMP category	Water regime	Water resource score
Farmland Local Imp.	dryland	20
Prime Farmland	irrigation feasible	45

for dryland grass hay and small grains; and irrigated Prime Farmland in two blocks of 18 acres in the north and 350 acres in the south. We have analyzed the subject site based on these water regimes. A copy of California Department of Conservation's Water Resources Availability Scoring Table is included in the appendices to this report. Table 4 presents the results of applying the six-part procedure noted above to the various parcels of the subject site.

The water regime (or option, per the Water Resources Availability Scoring Table) for the subject Farmland of Local Importance is that irrigated production is not feasible, but there is rainfall adequate for dryland production in nondrought years, but not in drought years. The water regime (or option,per the Water Resources Availability Scoring Table) for the subject Prime Farmland is "option 9", irrigated production is not feasible in drought years, but in nondrought years is feasible, with economic restrictions.

Compatibility with adjacent uses. Adjacent land uses affect the ability of a farmer to conduct normal farming practices without incurring complaints or lawsuits. The more compatible the adjacent uses are, the more flexibility the farmer has to change crops and production practices, and to remain in agricultural use. In practical terms, the only truly compatible use for farming is agriculture on adjacent parcels. We have used this approach to rate the subject site's compatible adjacent uses. Our method is to examine the use of each adjoining parcel within and adjacent to the subject area, and estimate the percentage of each subject parcel's perimeter that is adjoined by agriculture. This percentage is then directly scored as the compatible adjacent use score, and scaled such that 100 percent compatible use is equal to 10 points, 90 percent is equal to 9 points, and so on. Each of the 37 parcels which are mapped either as Farmland of Local Importance or as Prime Farmland is given its own score and points for this site factor.

Compatible surrounding (nonadjacent) uses. The character and use of the area surrounding but not adjacent to a farm affects the ability of a farmer to conduct normal farming practices without incurring complaints or lawsuits, or being subject to local regulations and restrictions. Our method is to identify the use of parcels at the perimeter of a one-half mile extension of the boundary of each subject parcel, and estimate the percentage of that extended perimeter that is in uses not compatible with agriculture—such as urban development, rural residences, highways, and recreational areas. This percentage is then directly scored as the compatible adjacent use score, and scaled such that 100 percent compatible use is equal to 10 points, 90 percent is equal to 9 points, and so on.

Environmental limitations. Adjacency to sensitive public or wildlife areas, such as schools and Coyote Creek Parkway limits and restricts farming practice options. Moreover, trespass by the public and crop damage from agricultural pests such as ground squirrels, mice, voles, raccoons, skunks, and various bird species can severely restrict crop choice, reduce crop yields, and kill or

injure livestock. To measure this effect on the agricultural viability of the subject site, we identify the subject parcels which share a boundary with Coyote Creek Parkway, and estimate the length of that shared boundary as a percentage of the parcel's entire perimeter. This percentage is then directly scored as the environmental limitation score, and scaled such that 100 percent compatible use is equal to 10 points, 90 percent is equal to 9 points, and so on.

Re-investment incentive. The present level of new on-farm investment reflects the net income potential from existing farm operations as well as the farmer's anticipation of future benefits from farming. Our observations in July 2021 as well as conversations with local property owners indicate there are no or minimal on-farm re-investments occurring in the subject site. The 324 acres mapped as Farmland of Local Importance demonstrate no significant investment in farming uses. The hay grown is not irrigated, and we understand that most if not all of the hay fields are "rented" at no charge; cutting the hay is principally a low cost method of weed control. The cherry orchards at the south end of the subject are old and we understand that the growers have not kept up with the replanting of the newer cherry cultivars demanded by the market. We have examined financial data for these cherry orchards; the past seven years have resulted in financial losses, due to untimely rains, lack of chilling hours, old and less desirable cultivars, and high labor costs. There is no incentive for re-investment in these orchards. A related problem is the age of the farmers; the current operators are at retirement age of above, and there is no upcoming generation of young farmers to take their place. The USDA LESA Guidebook suggests a method to assess and score the level of on-farm re-investment by comparison to county or regional averages, with a high level of investment given a score of 100, an average level of investment given a score of 50, and a low level of investment given a score of zero. By comparison to the farms of the Gilroy area, the level of re-investment in the subject site is very low, even minimal. The subject site scores a zero in this factor.

Availability of agricultural support services. As noted in the USDA LESA Guidebook, it is difficult for agriculture to continue if convenient and adequate support services are not readily available. Such services include equipment supply and repair, feed mills and feed suppliers, seed and general farm supply stores, veterinarian services, fertilizer, herbicide and pesticide suppliers, integrated pest management associations, spraying and seeding contractors, specialized insurance, banking and credit services, and marketing facilities and services. There are none of these in the Coyote Valley and none in southern Santa Clara County. The closest suppliers for equipment and farm chemicals are in Watsonville, which can only be accessed via the busy commuter Highway 101 and the sinuous Highway 152 through the Santa Cruz Mountains. Thus any farmers in the Coyote Valley must travel long distances to obtain supplies and services, putting them at a disadvantage relative to other farming areas in California, such as the Santa Cruz–Watsonville area, the Salinas Valley, and the Central Valley of California.

The USDA LESA Guidebook suggests a method to assess and score the availability of agricultural support services by comparison to state averages. Areas with adequate support services present are given a score of 100, areas with some limitations to the availability of support services are given a score of 50, and those areas with severe limitations on support services are given a score of zero. By comparison to the farms in other vital farm production areas of California, such as the Santa Cruz–Watsonville area, the Salinas Valley, and the Central Valley, agricultural support services available to the subject site is severely limited. The subject site scores a zero in this factor.

5 Conclusion

In this study of the agricultural viability of the subject, the east side of Monterey Road in the Coyote Valley of Santa Clara County,we have developed and implemented a well regarded and often used model for analyzing both physical and economic factors affecting agricultural properties, factors that are both broad and external to the properties, and also internal and inherent to the actual site of the properties. This model, called the Land Evaluation and Site Assessment Model, or LESA, was originally developed by the United States Department of Agriculture to assist governments, nonprofit organizations, and individuals in understanding and analyzing the agricultural value and utility of farmland in the broad context of community planning and natural resource management and conservation.

This is the situation now confronting the landowners, the City of San Jose, and the County of Santa Clara: to understand and properly evaluate the present agricultural value and utility of the east side of Monterey Road of Coyote Valley.

The concluding stage of an agricultural viability modeling process calls for a final look back at the method to assess how the path of reasoning that we have followed has shed light on the motivating problem.

Recall that our analysis is an incremental and computational process, carefully identifying commonly known factors that affect agricultural viability, and then subjecting these factors to measurement based on techniques developed by the United States Department of Agriculture and widely used in many area of the country, including California. The LESA allows us to objectively quantify effects of the factors of land and site features that either support or interfere with farming operations using standards of comparison with other agricultural production areas of California.

5.1 Specific assessor's parcel findings. We have processed each of the 37 subject parcels in the above described LESA model, and none of the 37 parcels are found to have agricultural significance. We have included our final scoring worksheet as an addendum to this report. The total final score runs from a low of 28 to a high of 51.75. As noted in section 4.3.4, for a parcel scoring in the range of 40 to 59 points, the SE subscore must be greater than or equal to 30. There are 11 parcels which do range from 41.75 to 51.75 points, but none have a SE subscore of greater than or equal to 30 points. This emphasizes the fact that the site conditions for these and the entire subject site is adverse to continued agricultural production.

5.2 Appropriateness of the LESA model. An agricultural viability model can be said to be appropriate if it models the on-the-ground situation of the farming area, and uses direct standards of analysis that both agricultural economists and farmers find applicable. Our LESA model achieves this goal.

In section 3.2 we reviewed a number of farm viability studies that emphasize financial performance, but also seek to uncover underlying factors such as field size, productivity, socio-demographics, the cost of doing business in a particular location, and the level of investment in new machinery and technology. Our LESA model includes these factors, and also considers a number of important factors affecting the ability of farmers to operate in a site constrained by urban and environmental incompatibilities.

5.3 Accuracy of the LESA model. A reasonable measure of accuracy is to evaluate how closely do our conclusions allow us to rank the subject site within the group of significant agricultural production areas of California. In our analysis, we have employed elements of comparison commonly evaluated by agricultural economists and farmers alike, e.g., the cost of doing business

in a particular location, the relative ease or difficulty of doing business in that location, and the level of investment in new machinery and technology.

The scoring of the factors is designed to analyze how the particular circumstances of each subject parcel should be rated relative to other like parcels, and also allows for the relative significance of each factor to contribute its proper weight to the final total score. Finally, understanding that in the final scoring a LE subscore of more or less than 10 or a SE subscore of more or less than 30 may create an "outlier" effect and thereby skew the resulting overall score and agricultural significance of the property, the model avoids this effect by establishing a threshold whereby in the range of 40 to 59 points the property is considered agriculturally significant only if the LE subscore is greater than or equal to 10, and the SE subscore is greater than or equal to 30; and in the final score range of 60 to 79, the property is considered agriculturally significant unless the LE subscore is less than 10, and the SE subscore is less than 30. By establishing these thresholds, each of the two subscores, the LE and the SE, must meet better than 50 percent of its own criteria. This permits a more accurate overall assessment of a property's advantages and disadvantages for commercial agricultural production.

We conclude that our analysis of the subject site's agricultural viability has enough attention to detail and a system of checks and balances to deliver a strong and dependable level of accuracy.

5.4 Final negative opinion of viability. We conclude that the subject site, comprised of 37 assessor's parcels on the east side of Monterey Road in the Coyote Valley is not viable for agriculture in the medium- and long-term future.

5.5 Certification. We certify that to the best of our knowledge and belief, the statements of fact in this report are true and correct. The reported analyses, opinions, and conclusions are our personal, unbiased professional analyses, opinions, and conclusions. We have no present or prospective interest in the property that is the subject of this report. We have no personal interest or bias with respect to the parties involved. Our compensation is not contingent upon a predetermined outcome that favors the cause of the client, attainment of a stipulated result, or occurrence of a subsequent event.

We have made a personal inspection of the property that is the subject of this report. Our analyses, opinions, and conclusions have been developed, and this report has been prepared, in conformity with, and subject to, the Professional Code of Ethics and the Standards of Professional Practice of the American Society of Farm Managers and Rural Appraisers.

Gregory A. House, AFM, ARA, CPAg
Certified General Appraiser, California license no. AG-001999

Henry House

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7 Appendices

7.1 Appendix A: California Department of Conservation's Land Capability Classification (LCC) scoring procedure.

1. Land Evaluation - The Land Capability Classification Rating

Step 1.
In the Guide to Mapping Units typically found within soil surveys, identify the Land Capability Classification (LCC) designation (e.g., IV-e) for each mapping unit that has been identified in the project and enter these designations in **Column D** of the **Land Evaluation Worksheet** (Table 1A.).

Step 2.
From Table 2., **The Numeric Conversion of Land Capability Classification Units**, obtain a numeric score for each mapping unit, and enter these scores in **Column E**.

Step 3.
Multiply the proportion of each soil mapping unit (**Column C**) by the LCC points for each mapping unit (**Column E**) and enter the resulting scores in **Column F**.

Step 4.
Sum the LCC scores in **Column F** to obtain a single LCC Score for the project. Enter this LCC Score in **Line 1** of the **Final LESA Worksheet** (Table 8)

Table 2. Numeric Conversion of Land Capability Classification Units

Land Capability Classification	LCC Point Rating
I	100
IIe	90
IIs,w	80
IIIe	70
IIIs,w	60
IVe	50
IVs,w	40
V	30
VI	20
VII	10
VIII	0

7.2 Appendix B: California Department of Conservation's scoring table of water-resources availability.

Water Resource Availability Scoring Table

Option	Non-Drought Years			Drought Years			WATER RESOURCE SCORE
	RESTRICTIONS			RESTRICTIONS			
	Irrigated Production Feasible?	Physical Restrictions ?	Economic Restrictions ?	Irrigated Production Feasible?	Physical Restrictions ?	Economic Restrictions ?	
1	YES	NO	NO	YES	NO	NO	100
2	YES	NO	NO	YES	NO	YES	95
3	YES	NO	YES	YES	NO	YES	90
4	YES	NO	NO	YES	YES	NO	85
5	YES	NO	NO	YES	YES	YES	80
6	YES	YES	NO	YES	YES	NO	75
7	YES	YES	YES	YES	YES	YES	65
8	YES	NO	NO	NO	-- --	-- --	50
9	YES	NO	YES	NO	-- --	-- --	45
10	YES	YES	NO	NO	-- --	-- --	35
11	YES	YES	YES	NO	-- --	-- --	30
12	Irrigated production not feasible, but rainfall adequate for dryland production in both drought and non-drought years						25
13	Irrigated production not feasible, but rainfall adequate for dryland production in non-drought years (but not in drought years)						20
14	Neither irrigated nor dryland production feasible						0

7.3 Appendix C: LESA worksheet and final scores for 37 subject parcels. Figure 8 is our LESA worksheet with final scores for 37 subject parcels.

Figure 8

		ACRES	LE – soil	SE – size	SE – Water	SE – Adj Use	SE – Surround	SE – Environ	SE – Invest	SE – Services	SE subscore	Total
	Total possible contributory points		**25**	**15**	**15**	**10**	**10**	**10**	**10**	**5**		
PARCEL NO.	**NAME**											
725-02-003	AVERY LOIS A TRUSTEE & ET AL AVERY PRESTON J TRUSTEE	6 55	25	0	3	0	0	0	0	0	3	**28**
725-02-006	NEHAWANDIAN ABOLGHASSEM AND PARIDOKHT TRUST	7 42	25	0	3	0	5	0	0	0	8	**33**
725-02-007	ULFERTS MORGAN TRUSTEE ULFERTS M FAMILY REVOCABLE FAMILY TRUST	7 42	25	0	3	0		0	0	0	3	**28**
725-02-008	PENSCO TRUST COMPANY CUSTODIAN HSIEH MINJHING (FBO)	7 42	25	0	3	0	5	5	0	0	13	**38**
725-02-009	CIBRIAN PEDRO C AND ESTELA T	7 42	25	0	3	0	0	5	0	0	8	**33**
725-02-018	MARCHESE CHRISTOPHER JR TRUSTEE & ET AL	7 98	25	0	6.75	0	0	0	0	0	6.75	**31.75**
725-02-019	MARCHESE CHRISTOPHER JR TRUSTEE & ET AL	42 276	25	13.5	6.75	0	0	0	0	0	20.25	**45.25**
725-02-022	MARCHESE CHRISTOPHER JR TRUSTEE & ET AL	8 299	25	0	6.75	0	0	0	0	0	6.75	**31.75**
725-02-028	COYOTE VALLEY NURSERY INC	14 54	25	6	3	4.5	5	5	0	0	23.5	**48.5**
725-02-029	COYOTE VALLEY NURSERY INC	14 23	25	6	3	4.5	5	5	0	0	23.5	**48.5**
725-02-030	SATAKE NORMAN AND DANA TRUSTEE & ET AL	13 98	25	6	3	4.5	5	5	0	0	23.5	**48.5**
725-02-036	BORUGI LLC	23 15	25	9	3	1.5	5	0	0	0	18.5	**43.5**
725-03-001	MARCHESE CHRISTOPHER JR TRUSTEE & ET AL	12 32	25	6	3	0	5	0	0	0	14	**39**
725-03-002	MARCHESE CHRISTOPHER JR TRUSTEE & ET AL	155 309	25	15	3	0	5	0	0	0	23	**48**
725-04-001	BORELLO CHRISTOPHER J TRUSTEE & ET AL BORELLO MARY E TRUSTEE	9 2	25	0	6.75	0	10	0	0	0	16.75	**41.75**
725-04-002	BORELLO CHRISTOPHER J TRUSTEE & ET AL BORELLO MARY E TRUSTEE	103 97	25	15	6.75	0	5	0	0	0	26.75	**51.75**
725-05-005	BASIC ELEMENT INC	6 15	25	0	3	0	5	0	0	0	8	**33**
725-05-006	BASIC ELEMENT INC	5 84	25	0	3	4.5	5	0	0	0	12.5	**37.5**
725-05-013	H K N LLC	11 95	25	6	3	4.5	5	5	0	0	23.5	**48.5**
725-05-014	H K N LLC	11 48	25	6	3	0	5	5	0	0	19	**44**
725-05-015	GONZALEZ ANSELMO AND AGUSTINA P ET AL GONZALEZ MIGUEL AND REYNALDA	5 76	25	0	3	0	5	5	0	0	13	**38**
725-05-016	GONZALEZ ANSELMO AND AGUSTINA P ET AL GONZALEZ MIGUEL AND REYNALDA	5 75	25	0	3	0	5	5	0	0	13	**38**
725-06-004	LAUBACH BARBARA D TRUSTEE	8 97	25	0	3	0	5	5	0	0	13	**38**
725-06-006	NEHAWANDIAN NASIM	5 95	25	0	3	0		5	0	0	8	**33**
725-07-007	LO BUE VICTOR J TRUSTEE & ET AL GEHRHARDT AGNES M TRUSTEE	6 637	25	0	3	0	5	0	0	0	8	**33**
725-07-011	YASER YASER N AND NAWAL TRUSTEE	7 7	25	0	3	0	5	5	0	0	13	**38**
725-07-013	LOBUE VICTOR J TRUSTEE & ET AL GEHRHARDT AGNES M TRUSTEE	6 08	25	0	3	0	0	0	0	0	3	**28**
725-07-014	LOBUE VICTOR J TRUSTEE & ET AL GEHRHARDT AGNES M TRUSTEE	7 73	25	0	3	0	0	5	0	0	8	**33**
725-10-007	SUMAVISION SFO LLC	12 602	25	6	3	0		0	0	0	9	**34**
725-10-023	SUMAVISION SFO LLC	16 52	25	6	3	0		0	0	0	9	**34**
725-10-024	SASO KENNETH A AND ANNA M TRUSTEE	15 2	25	6	3	4.5	0		0	0	13.5	**38.5**
725-11-025	MARTINEZ JAVIER CENTENO AND DE MARTINEZ IRL	9 2	25	0	3	4.5	0	0	0	0	7.5	**32.5**
725-12-005	KOYANAGI TOSHIYUKI TRUSTEE	8 075	25	0	3	0	0	0	0	0	3	**28**
725-12-007	PUSATERI KENNETH A TRUSTEE & ET AL	9 93	25	0	6.75	0	0	0	0	0	6.75	**31.75**
725-12-008	PUSATERI KENNETH A TRUSTEE & ET AL	8 13	25	0	6.75	0	0	0	0	0	6.75	**31.75**
725-12-013	J FILICE & SONS COYOTE LLC	22 26	25	9	3	4.5	0	0	0	0	16.5	**41.5**
725-13-015	GUNDERSEN EVA W AND HERBERT W SR TRUSTEE &	5	25	0	3	0	0				3	**28**
	Total acres	638.40										
	mean size	17.25										
	median size	8.30										

N.B. To be analyzed, the parcel must be greater than 5 acres in size and not be owned by a government or school district.

8 Qualifications of consultants

Gregory A. House

Agricultural Consultant
Agronomist
Professional Farm Manager
Rural Appraiser
Farmer

Experience

Agricultural Consultant, House Agricultural Consultants, providing agricultural science, economics, management, and appraisal services, 1983–present

Farmer, 1987–present. Organic apples, peaches, cherries, apricots, field and seed crops

Corporation Secretary & Consulting Agronomist, Hannesson, Riddle & Associates, Inc., 1977–1983.

Professional Affiliations

- American Society of Farm Managers & Rural Appraisers
- American Society of Agronomy
- Crop Science Society of America
- Soil Science Society of America
- California Certified Organic Farmers
- California Farm Bureau

Accreditations

- Accredited Farm Manager (AFM), American Society of Farm Managers & Rural Appraisers, Certificate #501
- Certified Professional Agronomist (CPAg), American Registry of Certified Professionals in Agronomy, Crops. & Soils, Ltd. Certificate # 2319
- Certified Crop Advisor CCA), American Registry of Certified Professionals in Agronomy, Crops. & Soils, Ltd.
- Accredited Rural Appraiser (ARA), American Society of Farm Managers & Rural Appraisers, Certificate #749
- Certified General Appraiser, State of California License # AG 001999

  These credentials have continuing education requirements with which I am in compliance.

Education

- B.S., Crop Ecology, University of California, Davis, 1975, with Honors
- Numerous courses from the University of California Extension in agricultural economics, crop management, real estate, & hazardous waste management
- Cornell University Certificate Program, Implementing Good Agricultural Practices: A Key to Produce Safety
- Courses of the American Society of Farm Managers and Rural Appraisers:

Principles of Rural Appraisal
Advanced Rural Appraisal
Eminent Domain
Report Writing School
Economics of Farm Management
Principles of Farm Management
Standards and Ethics
Permanent Plantings Seminar
Standards and Ethics for Farm Managers
ASFMRA Code of Ethics
National Uniform Standards of Professional Appraisal Practice

Courses of the Appraisal Institute:

Basic Valuation Procedures
Real Estate Statistics and Valuation Modeling
Advanced Income Capitalization
Valuation of Conservation Easements Certificate Program
Condemnation Appraising: Principles and Applications
Appraising the Appraisal
How Tenants Create or Destroy Value: Leasehold Valuation and Its Impact on Value

Expert Witness Court Testimony

- Superior Court Qualified Expert Witness in the following California counties: Alameda, Colusa, Kern, Fresno, Madera, Merced, Monterey, Orange, Riverside, San Joaquin, San Luis Obispo, Santa Barbara, Santa Cruz, Solano, Sonoma, Sutter, Ventura, Yolo
- United States Tax Court Qualified Expert Witness
- United States Bankruptcy Court Qualified Expert Witness

A list of depositions and trial appearances is available upon request

Awards

- CCOF Presidential Award, California Certified Organic Farmers, February, 2001
- Meritorious Service in Communications, American Society of Farm Managers and Rural Appraisers, November 2004
- H E. Buck Stalcup Excellence in Education Award, American Society of Farm Managers and Rural Appraisers, October, 2011

Appointments & Activities

- Adjunct Lecturer, University of California, Davis, Department of Agricultural & Resource Economics, current; Courses ARE 140 Farm Management; ARE 145 Appraisal of Farms and Rural Resources, current
- Instructor, "Principles of Farm Management", an Internet course of the American Society of Farm Managers and Rural Appraisers, 1996 to 2007
- President, California Chapter American Society of Farm Managers & Rural Appraisers 1994–1995; Secretary-Treasurer, 1984 to 1990
- Board of Directors, Yolo Land Trust, 1993–2001

- Board of Directors, American Red Cross, Yolo County Chapter 1987–1989
- Member, Yolo County Right to Farm Grievance Committee 1992–1995
- Vice Chairman, Management Education Committee, American Society of Farm Managers and Rural Appraisers, 1998–2000 (committee member since 1986)
- Yolo County LAFCo Agricultural Forum LESA subcommittee, 1999
- California Certified Organic Farmers: Treasurer of the Board of Directors, 1998–2003; Executive Director, 1999-2000; Member of the Finance Committee, 1998-current
- CCOF Foundation Going Organic Program, Management Team member 2006-2012
- USDA Organic Grant Panel member, Washington, DC, 2002
- City of Davis Open Space and Habitat Commission, 2006–2016, Chairman, 2007-2009
- Member, Fruit Orchard Technical Advisory Group, Filoli Gardens, Woodside, California
- Member, Organic and Sustainable Agriculture Program Steering Committee, University of California Cooperative Extension, Yolo and Solano Counties, California, 2008-2013

Speaking Engagements

- Guest Lecturer, University of Florida at Gainesville, Vegetable Crops Department, seminar on transition to organic agriculture, (November, 1994)
- Featured Program Speaker, 1995 Eco-Farm Conference, Asilomar, California , on economics of organic apple production
- Guest Speaker, Community Alliance with Family Farmers, on farm management and agricultural economics, 1996 and 1997
- Instructor, American Society of Farm Managers and Rural Appraisers, Course M-12, "Standards and Ethics for Professional Farm Managers", March, 1997
- Guest Speaker, American Horticultural Society, "Challenges of Organic Stone Fruit Production", Sacramento, California, July 2001
- Organizer and Presenter, Going Organic Kickoff Meetings, November 2005 and December 2006
- Master of Ceremonies, California Certified Organic Farmers, Annual Meeting, February, 2006, Sacramento, California
- Featured Program Speaker, 2012 Eco-Farm Conference, Asilomar, California, "Imitating Natural Systems: Towards an Indigenous Agro-forestry"
- Seminar presentation: "What Makes for Comparable Sales in Condemnation Appraisal" Rapid Fire Seminar, American Society of Farm Managers and Rural Appraisers, Reno , NV, October 2013.
- Featured Program Speaker, 2014 Eco-Farm Conference, Asilomar, California, "Food Safety Regulatory Compliance in Fruit Orchards."

Publications

- "Principles of Farm Management", Course M-10, a 40-hour professional credit Internet educational offering of the American Society of Farm Managers & Rural Appraisers
- "Conservation Issues in Agriculture", a unit of Course M-25, a 15-hour professional credit Internet educational offering of the American Society of Farm Managers & Rural Appraisers
- "A Primer on Organic Agriculture," an article in *2006 Trends in Agricultural Land and Lease Values*, a publication of the California Chapter of the American Society of Farm Managers &

Rural Appraisers

- "Case Study: Using Indigenous Agroforestry Management Techniques to Support Sustainability in Production Agriculture", a paper-poster presented at Harlan II, An International Symposium on Biodiversity in Agriculture: Domestication, Evolution and Sustainability, September 14-18, 2008, University of California, Davis

Qualifications of Henry House

Agricultural Consultant
Rural Appraiser
Consulting Agricultural Economist
Farmer

Experience

Agricultural Consultant, ***Appraiser***, ***Consulting Agricultural Economist***. House Agricultural Consultants, providing agricultural science, economics, management, and appraisal services. 2000–present.

Farmer. Coco Ranch, a family farm growing organic apples, peaches, cherries, and field crops and raising sheep, poultry, and goats. 2000–present.

Software Engineer. Smashwords, Inc. 2011–2020.

Topics of Professional Expertise

- Livestock management: carrying capacity of land, range management, standard of care for grazing animals.
- Management evaluation of commercial equestrian facilities.
- Valuation of rural land.
- Valuation of livestock.
- Valuation of freshwater aquaculture facilities (fish farms).
- Agricultural economics.
- Statistical analysis.
- Software engineering.

Qualifications of Henry House, continued

Education

- B.S., "Natural History", University of California, Davis, 1999, with Honors. Coursework in agronomy, botany, ecology, entomology, geology, hydrology, nematology, plant pathology, soil biology, sustainable agriculture, statistics, and wildlife biology.
- Numerous courses of the American Society of Farm Managers and Rural Appraisers regarding farm management and agricultural consulting.
- Numerous courses of the Appraisal Institute regarding real-estate appraisal
- Courses from Savory Institute regarding livestock management.

Partial List of Litigation Consulting Assignments

- Consulted for United States Department of Justice, 2015 through present in litigation regarding agricultural land in in Tehama County.
- Consulted for EMC Insurance Companies regarding fire-damaged rangeland.
- Consulted for numerous additional law firms and agricultural companies regarding crops and livestock. A list of additional litigation clients served is available upon request.

Partial List of Management Consulting Assignments

- Numerous consulting assignments for Leland Stanford Junior University on the management of its agricultural lands, which feature cattle, horses, and vegetable crops. Topics addressed have included livestock standard of care, carrying capacity of lands, safety of animals, safety of structures, and management of drainage and water quality.
- Consulting farm management for John and Marie Cronin Trust B, a landowner near Rio Vista, California. Lands were utilized for cattle grazing.
- Numerous appraisal assignments of farmland and rangeland properties utilized for crops and livestock (cattle, sheep, and aquaculture).
- A list of additional management-consulting clients served available on request.

Appointments & Activities

- Member, American Society of Farm Managers and Rural Appraisers
- Board Member (Central Committee), Nevada County Republican Party, 2019–present.
- Board of Directors, Davis Media Access, Davis, California, 2014–2017.
- Board of Directors, Davis Farmers Market Association, 2001–2003.
- Assistant instructor, "Principles of Farm Management", course M-10, an Internet course of the American Society of Farm Managers & Rural Appraisers, 1999 to 2003.
- Course proctor, "M-25: Enhanced Client Services", an Internet course of the American Society of Farm Managers & Rural Appraisers, 1999 to 2003.

Speaking Engagements

- Assistant lecturer/instructor, "Farm Management", course ARE 140, and "Rural Appraisal", course ARE 145, University of California–Davis, 2015 to present.

Publications

- "Principles of Farm Management", Course M-10, a 40-hour professional credit Internet educational offering of the American Society of Farm Managers & Rural Appraisers

Matteoni
O'Laughlin
& Hechtman
LAWYERS

Norman E. Matteoni
Peggy M. O'Laughlin
Bradley M. Matteoni
Barton G. Hechtman
Gerry Houlihan

November 4, 2021

Hon. Mayor Sam Liccardo and Members of the San Jose City Council
San Jose City Hall
200 Santa Clara Street, 18th Floor
San Jose, CA 95113

Re: The Lands along the East Side of Monterey Road are of a Distinctive Character from the Overall Coyote Valley – No. 4
November 16, 2021 Council Agenda

Dear Mr. Mayor and Members of the Council:

In an earlier letter this week, I provided key reasons why agriculture is not viable for the properties along the east side of the Monterey Corridor.

With this mailing, I file a study by an Agricultural Consultant – Gregory House (see qualifications at p. 3 of Report), detailing the reasons for non-viability of agricultural use for the properties along the narrow band of land east of Monterey Road.

I find no discussion in the Planning materials specifically discussing the question of agricultural viability of these properties. There is reference to *Santa Clara Valley Agricultural Plan*, but it sweeps with a broad broom and focuses on the larger Coyote Valley and agricultural lands to the southern border of Santa Clara County. It does not address the narrow band of land on the east side of the Monterey Corridor. Nor does the Plan show any consultation with owners of these lands.

The Plan made this observation:

Farming on smaller parcels can be challenging, especially in an urbanizing area. Based on economies of scale, smaller farms may not have the revenues to support investments in labor-saving machinery, technology and specialized management, resulting in higher production cost per unit. Farmers also find it hard to operate equipment on smaller parcels owing to insufficient area for moving the equipment. Moreover, smaller lots are more expensive compared to larger parcels as they are priced for rural ranchette development.

848 The Alameda
San Jose, CA 95126
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www.matteoni.com

Then it recognized this challenge that directly affects the Corridor:

High Speed Rail (HSR) and other Utility/ Infrastructure projects Development pressures are compounded by the potential displacement of farmland by planned highway widening projects and by the California HSR. The proposed HSR alignment places future urbanization risks and impacts to remaining agricultural lands in Santa Clara Valley.

Nor did the Food System Alliance Report on Small Farms consult with these owners and analyze their properties for farming viability.

All of this says a special study is needed to address lands along the Corridor.

Very truly yours,

[redacted]

Norman E. Matteoni

NEM/jlc
Enc.

Cc: City Clerk, Gerry De Young, Ken Saso, Chris Marchese, Leo Cacitti, Sean Hu, Vic LoBue, Joe Filice, Loren Gunderson

House
Agricultural
Consultants

Providing expertise in agricultural science, management, & appraisal since 1977

Agricultural Viability Study of Coyote Valley · East Side Monterey Road

Gregory A. House & Henry House

House Agricultural Consultants
1105 Kennedy Place, Suite 1
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www.houseag.com

The publishing date of this report is 2021-10-28. The revision number of this report is 13767. This report supersedes any previous version having a smaller revision number or older publishing date than shown above.

N.B.—This report is formatted for double-sided printing. If you have received it electronically and wish to print it, duplex printing is recommended for best results.

Contents

1 Introduction

1.1 Purpose of report. The purpose of this report is to investigate and provide an opinion on the long-term viability of agriculture as a use of the subject site and study area, which is approximately 638 acres lying within the Coyote Valley on the east side of Monterey Road within Santa Clara County, California. This subject study area is hereinafter termed the *subject site* or *subject* of this report. The subject is bounded by Bailey Avenue on the north, Monterey Road on the east, Coyote Creek on the west, and Sobrate High School on the south.

This report has been authorized by a number of landowners of the subject, including Kenneth Saso and Christopher Marchese. This report is intended for presentation to the City of San Jose's Planning Commission and the County of Santa Clara's Planning Commission.

1.2 Executive summary. The subject site does not have long-term agricultural viability. Most of the parcels and landowners have already ceased to operate farming businesses on these properties;

incentives for investment are low. The key detrimental factors or influences to agricultural viability of the subject site are

– adjacent and surrounding urban uses incompatible with farming;
– lack of any agricultural support services in the area
– substantial environmental limitations and intrusions caused by adjoining wildlife-habitat and recreational land uses; and
– lack of profitability resulting from high costs of doing business, relative areas of northern California where agriculture is viable.

In our investigation, we found that some parcels within the subject site are entirely abandoned, some are annually disked to control weeds, and others have dryland hay fields, a land use that functions principally as a low-cost method to control weeds. The remnant cherry orchards at the south end of the subject site have large parcel size and high quality soil, but are afflicted by all the same factors of urban and environmental intrusion as the smaller parcels, and have not turned a profit for well over half a decade.

1.3 Qualifications of consultants. Since 1977, House Agricultural Consultants (HAC) has provided clients with a wide range of appraisal, consulting, and management services. Clients include farmers, landowners, institutions, insurance companies, law firms, municipalities, state and federal agencies, and many others. A sample list of clients is included in the appendices of this report.

HAC has prepared numerous studies concerning the agronomics, economics, and agricultural viability of farm properties over the years. HAC has worked in Santa Clara County for three decades, serving clients such as Stanford University and the City of Morgan Hill. For the latter, HAC has been involved since 2009 in helping to design an agricultural conservation program, including agricultural viability studies, farm land use studies, and appraisals of agricultural conservation easements.

The résumés of the authors are included in the appendices of this report.

Mr. Henry House, coauthor of this report, has twenty years of experience as an agricultural consultant, with expertise in soil science, statistics, agricultural economics, and agroecology. In his spare time he assists his father on the management of the family farm.

Mr. Greg House, coauthor of this report, is a qualified expert witness on agricultural matters in California Superior Court, United States Tax Court, and United States Bankruptcy Court. Mr. House has over forty years of experience as an agricultural consultant throughout California and the western states, and has worked particularly in northern California as a crop-management consultant since 1977. Mr. House is also a farmer of 35 years. Coco Ranch, the family farm, produces organic apples and other organic tree fruits on forty acres of land near Dixon, California.

Greg House is credentialed by the American Society of Farm Managers and Rural Appraisers, holding its professional designations of Accredited Farm Manager and Accredited Rural Appraiser. Mr. House is recognized by the American Society of Agronomy as holding its designations of Certified Crop Advisor and Certified Professional Agronomist. Mr. House holds a professional license from the state of California as a Certified General Appraiser, number AG-001999.

1.4 Scope of work in preparation of study. Our work in preparing this study included the following:

– An extensive site inspection of the entire Coyote Valley.
– Review of relevant scholarly literature on the subject of agricultural viability.

– Review and reference to numerous publications on the Land Evaluation and Site Assessment Model of rating agricultural lands.

– Review of the United States Census of Agriculture data for Santa Clara County, Santa Cruz County, Monterey County, and San Benito County concerning farm size, gross and net income, and number of farm operations.

– Review of numerous University of California Cooperative Extension financial cost studies of crops grown in Santa Clara County.

– Reference to land value studies published by the California Chapter of the American Society of Farm Managers and Rural Appraisers.

– Reference to Santa Clara County Assessor's office's records and maps.

– Reference to the United States Department of Agriculture's *Web Soil Survey* for soil-class information on land in the Coyote Valley.

– Examination of present and historical aerial photography of the Coyote Valley and the Gilroy area.

– Examination and analysis of California Department of Conservation's Farmland Mapping and Monitoring Program maps, present and historical, of the Coyote Valley.

– Personal interviews of several farmer-landowners in the Coyote Valley.

– Review of farm financial information provided by landowners in the Coyote Valley.

2 Setting and property description

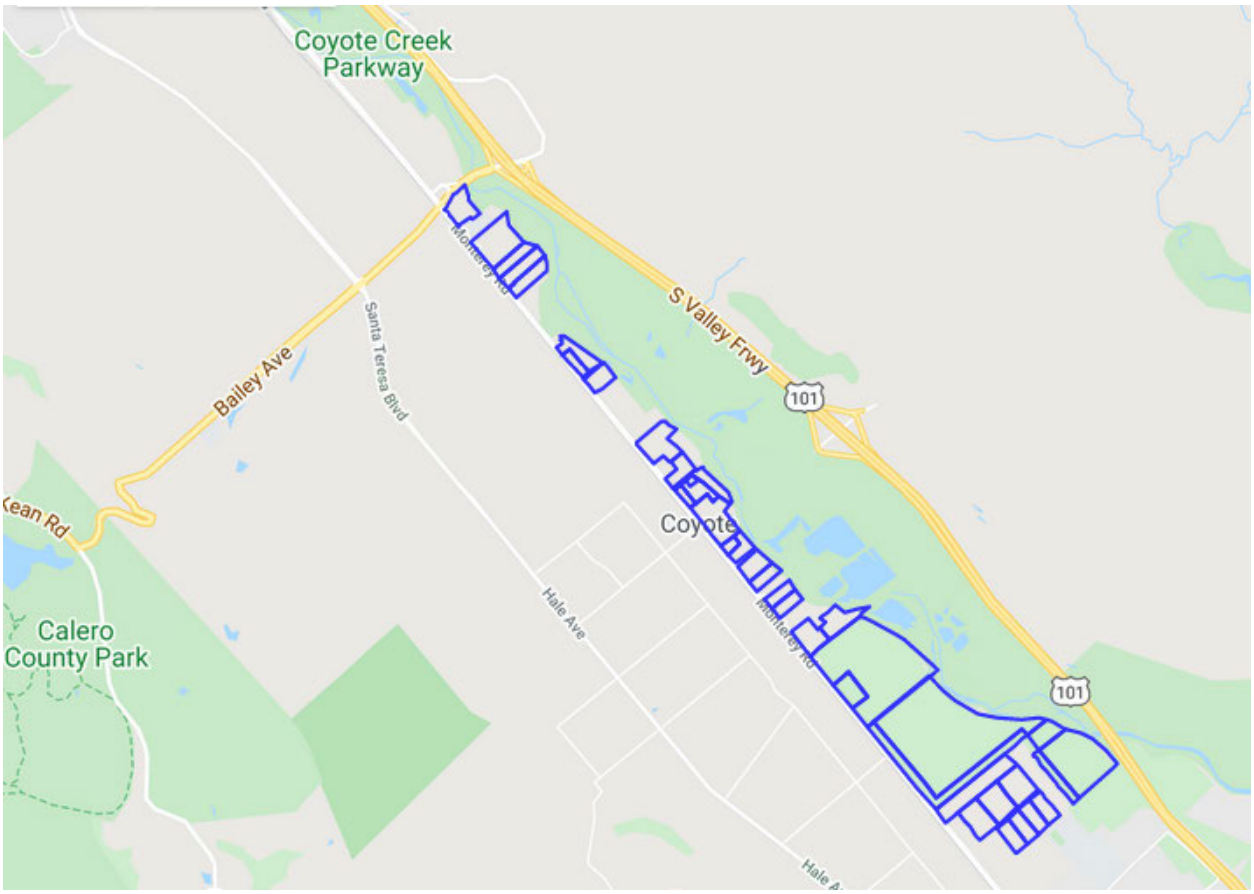
2.1 Subject site's production area. The subject area lies within the northern portion of the California Central Coast production area, which includes Santa Cruz and Monterey Counties.

2.2 General description of subject site. The entire area of the subject site contains 83 assessor's parcels (owned by nongovernmental entities) and is comprised of approximately 750 acres. From its north border at Bailey Road to its south border at at the Sobrato High School, the subject site is approximately 4.5 miles in length. As many of these parcels are no longer in agricultural use (see section 2.2.6, we concentrate our study on 37 parcels which are greater than five acres in size and privately owned, that is, not owned by a government or school district; these 37 parcels total 638 acres. Figure 1illustrates the extent of the subject site in southern Santa Clara County.

2.2.1 Dimensions. At its widest point near its south end it is approximately 4,500 feet wide, and at its narrowest point—between Palm and Kalana Avenues—which align on the west side of Monterey Road, it is approximately 650 feet wide.

2.2.2 Isolated setting with difficult access. The 37 assessor's parcels that compose the subject site are bounded by Monterey Road on the west, and by Coyote Creek Parkway on the east, the Bailey Road freeway interchange on the north, and Sobrato High School on the south. All of these are nonfarm land uses, and each represents a significant barrier which makes farm vehicle access to the subject site and each individual parcel difficult. These 37 parcels comprising 638 acres are isolated from other farm land west of Monterey Road, or much further south, isolated from the farming areas of Morgan Hill and Gilroy.

FIGURE 1 Map showing location and extent of subject site in Coyote Valley. Parcels analyzed are outlined in blue.



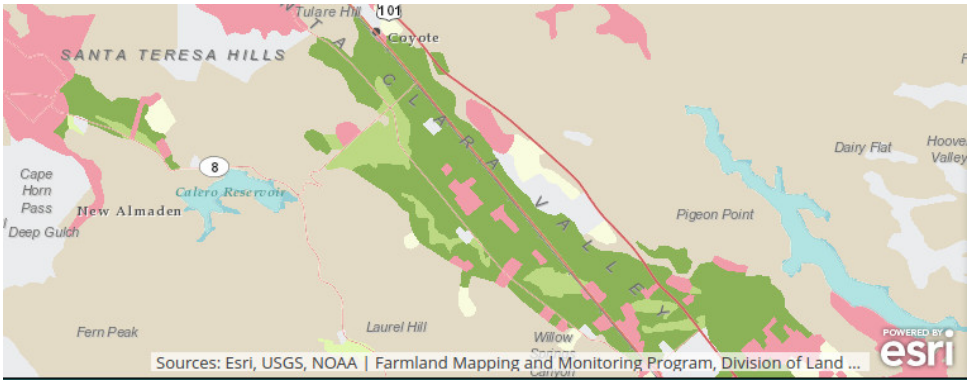
2.2.3 URBAN PROXIMITY. The very same nonfarm land uses which isolate the subject and make for difficult farm vehicle access also make for conflicts with the proximate urban surroundings. These conflicts include restrictions on spraying and applying farm chemicals, conflicts of dust and noise from farm operations, theft, vandalism, and damage to crops and capital goods from wildlife.

2.2.4 SOILS. Quality of farm for farming purposes is a significant factor in the agricultural uses that are possible. The subject site is almost exclusively class I soil, when irrigated, according to the United States Department of Agriculture (USDA)'s *Web Soil Survey*. The USDA's Land Capability Classification System rates soil on a scale from I to VIII, with I being the best, having few or no limitations to crop production uses of the land.

2.2.5 WATER. Water for irrigation is generally available from the Santa Clara Water District. We have not examined each separate parcel to determine its access to this water.

2.2.6 CALIFORNIA FMMP. In its Farmland Mapping and Monitoring Program (FMMP), the California Department of Conservation documents and analyzes the agricultural uses of land throughout the state. Land uses are separated into 16 categories, ranging from Prime Farmland to Grazing Land, to Urban and Built-Up Uses.

FIGURE 2 1984 FMMP map of Coyote Valley. Prime Farmland is green color.



The Farmland Mapping and Monitoring Program (FMMP) produces maps and statistical data used for analyzing impacts on California's agricultural resources. Agricultural land is rated according to soil quality and irrigation status; the best quality land is called Prime Farmland.

Per the FMMP webpage, to be designated *Prime Farmland* and shown on FMMP's Important Farmland Maps as Prime Farmland, (1) the land must have been used for irrigated agricultural production at some time during the four years prior to when the mapping designation is assigned,[1] and (2) the soil must meet the physical and chemical criteria for Prime Farmland as determined by the USDA's Natural Resources Conservation Service (NRCS). NRCS compiles lists of which soils in each survey area meet the quality criteria.

That farmland in Coyote Valley is disappearing is obvious and well documented by the FMMP. Figure 2 from the California Department of Conservation's FMMP website illustrates the extent of agriculture in the Coyote Valley in 1984. This is in great contrast to figure 3 from the California Department of Conservation's FMMP website, which illustrates the current FMMP map for the entire bounded area form Bailey Avenue south to Sobrato High School, which includes the 638 acres of the subject site. The entire bounded area contains Prime Farmland (green color) in two areas, a small block, approximately 18 acres at the north end, and approximately 350 acres at the south end. Approximately 324 acres are mapped as Farmland of Local Importance (light yellow) color, and the remaining approximately 65 acres, is designated as Urban and Built-Up Land (pink color). During our on-the-ground observations in July 2021, we observed that the 18 Prime Farmland acres on the north end were a vegetable-truck farm, and the 350 Prime Farmland acres at the south end were planted to cherries.

Farmland of Local Importance is land of importance to the local economy, as defined by each county's local advisory committee and adopted by its Board of Supervisors. Farmland of Local Importance is either currently producing, or has the capability of production; but does not meet the criteria of Prime, Statewide or Unique Farmland. Authority to adopt or to recommend changes to the category of Farmland of Local Importance rests with the Board of Supervisors in each county. In Santa Clara County, Small orchards and vineyards primarily in the foothill areas, and land cultivated as dry cropland for grains and hay are assigned the status of Farmland of Local Importance. From our on-the-ground observations in July, 2021, we confirm that the acres of the subject site mapped as Farmland of Local Importance are dry cropland cultivated for hay and grain. We did not observe any small orchards or vineyard in these areas.

[1] Irrigated land use is determined by FMMP staff by analyzing current aerial photos, local comment letters, and related GIS data, supplemented with field verification.

FIGURE 3 Most recent FMMP map of Coyote Valley. Prime Farmland is green color.

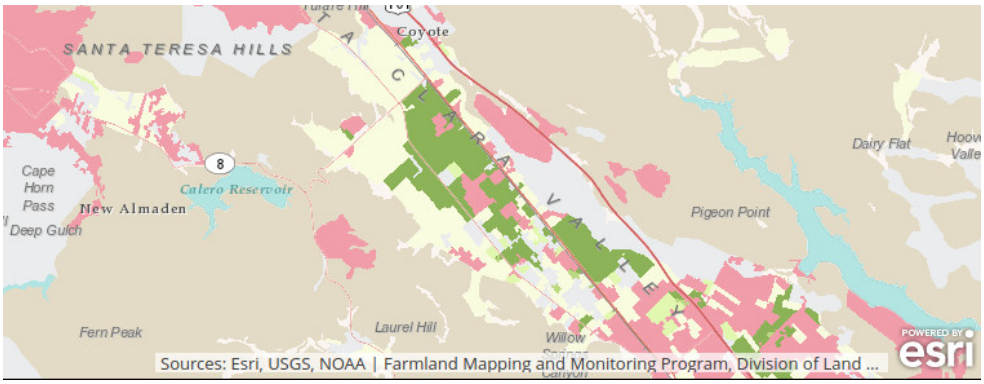


TABLE 1 Size of farm business statistics for Santa Clara, Santa Cruz and Monterey Counties. All numbers are averages taken from the U.S. Census of Agriculture, 2017.

County	Acre size	Net income	% Profitable operations*
Santa Clara	54.8	$54,646	27 %
Santa Cruz	43.1	$154,136	40 %
Monterey	97.7	$862,332	44 %

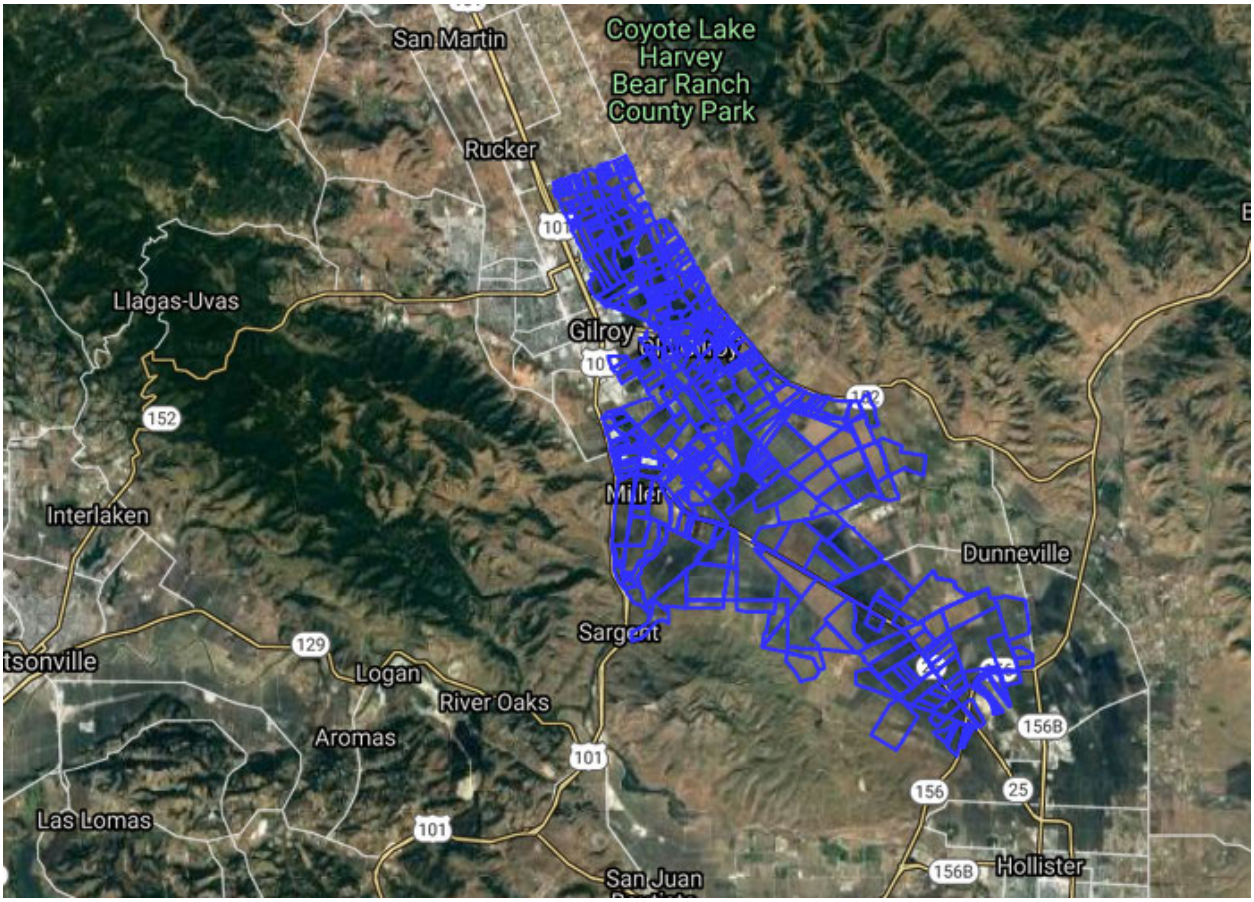
* Percent of all farm businesses that are profitable

2.2.7 NUMBER OF PARCELS. Although the entire bounded area of the east side of Monterey Road from Bailey Avenue south to Sobrato High School contains 83 assessor's parcels many of these parcels are no longer in agricultural use as noted above. We concentrate our study on 37 parcels which are greater than five acres in size and privately owned, that is, not owned by a government or school district.

2.2.8 FARM BUSINESS SIZE. In the United States Census of Agriculture, farm size is tracked on a farm business unit basis, that is, statistics are kept on the size of a farming business in terms of acres and net income on a county by county basis. Table 1 lists the number and average size of cropland farms of Santa Clara County compared to Monterey and Santa Cruz, two nearby counties in the California Central Coast production area of California. The average farm size for Santa Clara County is 54.8 acres, more than Santa Cruz (43.1 acres average farm size) but considerably less than Monterey County (97.7 acres average farm size). Both counties far exceed Santa Clara County in average net farm income per operator: $151,136 (Santa Cruz), and $862,332 (Monterey). The percentage of profitable operations tells a similar story: Santa Clara at 27 percent, Santa Cruz at 40 percent, and Monterey at 44 percent.

2.2.9 PARCEL SIZE. The mean size of the 37 assessor's parcels within the subject site is 17.25 acres, and the median parcel size is 8.3 acres. The farmed or farmable area within these parcels differs from the total parcel size because of building improvements, and because of edaphic/physical features such as riparian buffers. While parcel size is easy to obtain from county assessor's records, it does not accurately reflect the potential farmable area of the subject site's properties, because

FIGURE 4 Map ilustrating the farming area of Gilroy.



there are buildings on many of the parcels as well as unfarmable land due to roads and riparian buffer areas.

Gilroy area's parcel size. For comparison to the subject area, we examine the parcel sizes of the Gilroy farming area. This area is considered a major agricultural production area of California[2].

Figure 4 illustrates the 512 parcels lying within this comparable area, comprising 23,662 acres. Within this area, the average parcel size is 46.7 acres and the median parcel size is 19.5 acres—both statistics more than double those of the subject site's parcels in Coyote Valley.

2.2.10 FARMABLE AREA. Assessor's parcels encompass the entire area of real estate; however the farmed or farmable area of each parcel is generally less than its entire area, due to residences, gardens, lawns, ditches, roads, borders, and riparian areas. Through examination of aerial photography, we subtract out these nonfarmed areas and find that approximately 85 percent of each assessor's parcel area is potentially useful as agricultural fields. This is at the lower end of comparable properties in most other farming areas of California, which tend to average 85 to 95 percent farmable area. We estimate that the mean size of a field in the subject site is 8.3 acres, while

[2] See, for example, *2021 Trends in Agricultural Land and Lease Values* published by the California Chapter of the American Society of Farm Managers and Rural Appraisers.

the median size is 2.6 acres. This is very small by comparison with most other farming areas of California where commercial agriculture occurs.

3 Agricultural viability

Agricultural properties can be studied in many ways, with emphasis on different but significant characteristics, such as agronomic productivity, economic productivity, market value, value-in-use, etc. In this study, we focus on the viability of the agricultural use of the subject site's parcels.

3.1 What is agricultural viability? Viability refers to the ability to live, and used in this agricultural context it implies both physical and financial feasibility of a farm, demanding too, that the agricultural use endures over a long time period. To be viable, a farm must have both the physical attributes necessary for financial feasibility and longevity, such as soil and water, but also must be economically feasible in the long term. A recent report by Daniel A. Sumner of the University of California at Davis sums it up this way:

> Finally, economic analysis of feasibility, viability, costs, and benefits must be evaluated over extended time horizons. Sustainability of the land use is fundamental. Farming requires long-lasting investments to maintain land productivity and viability.[3]

3.1.1 External and internal factors of viability. A thorough analysis of economic viability for agricultural property will take into account both external and internal factors affecting the farm, impacting its utility and viability as a site for agricultural activities. Such an analysis would also consideration the interaction of the external and internal factors on each other. By external we mean factors outside the control of the farmer, factors that are inherent to the broader farm economy. By internal factors, we refer to those factors which are inherent to the specific farm and its specific site.

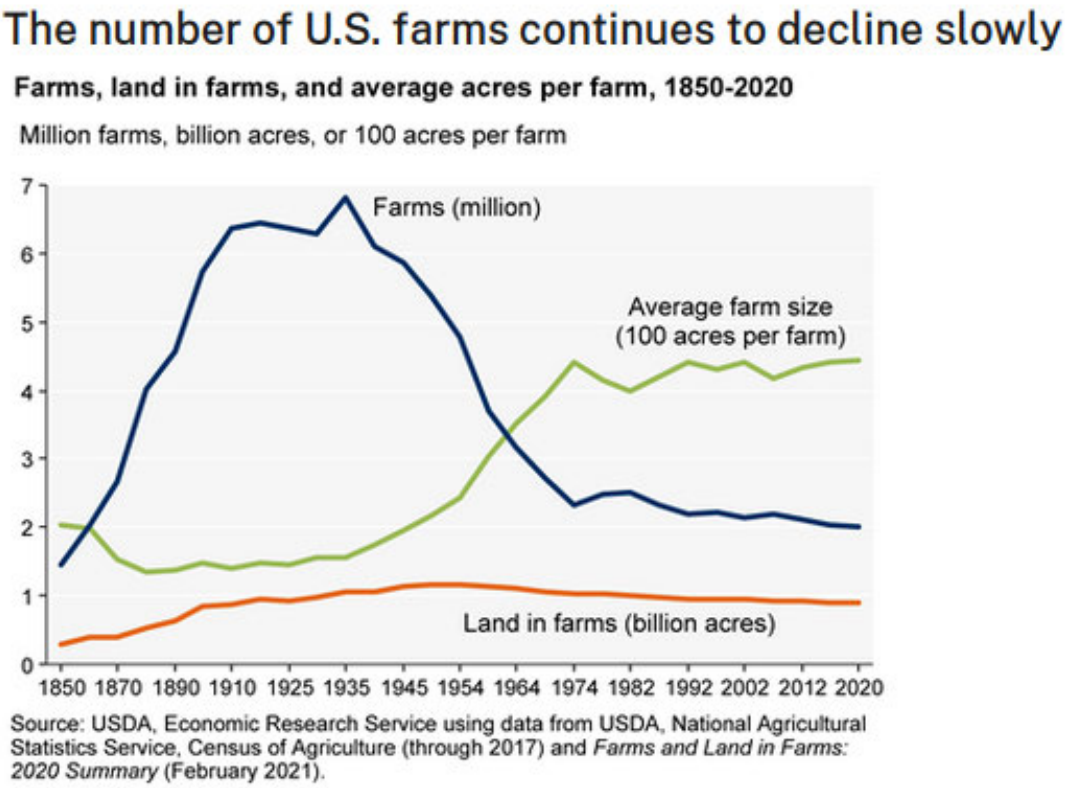
3.1.2 External factors. External factors affecting economic viability of agricultural property include such market forces as commodity prices, competition, demand for commodities, availability and cost of labor, government regulations, and environmental factors such as sources of contamination, pestilence, and global climate change. We here review a number of significant economic trends that affect the agricultural utility and viability of the subject involving these external factors.

Trend of larger farms, fewer farmers. Farms in California and the U.S.A. have been increasing in size since the 1930s, while the number of farmers has steadily decreased. Figure 5 from the USDA–ERS illustrates this historical reduction in the number of farms and the rise in farm size. While moderated from its sharp movement after WWII, this trend continues to this day. We note that the subject site is composed of a large number of mostly very small parcels, and is isolated by physical barriers from other lands; see sections 2.2.2 and 2.2.9.

Trend towards increasing mechanization. During this period when the number of farms has decreased and the size of the remaining farms has increased, another significant trend is the adoption of, and investment in machinery and technology to replace hand labor. This trend continues to be strongly on the increase, due to high labor costs, the general shortage of farm laborers, and great

[3] Sumner, Daniel A., *The Economic Viability and Financial Feasibility of the Continued Agricultural Use of the North Coyote Valley Properties in the City of San Jose*, September 2021

FIGURE 5 The number of farms in the U.S. has decreased steadily since 1935 as the average farm size has increased.



advances in robotics and Global Positioning System (GPS) technology. We address this issue of business investment in farming in section 4.4.2.6.

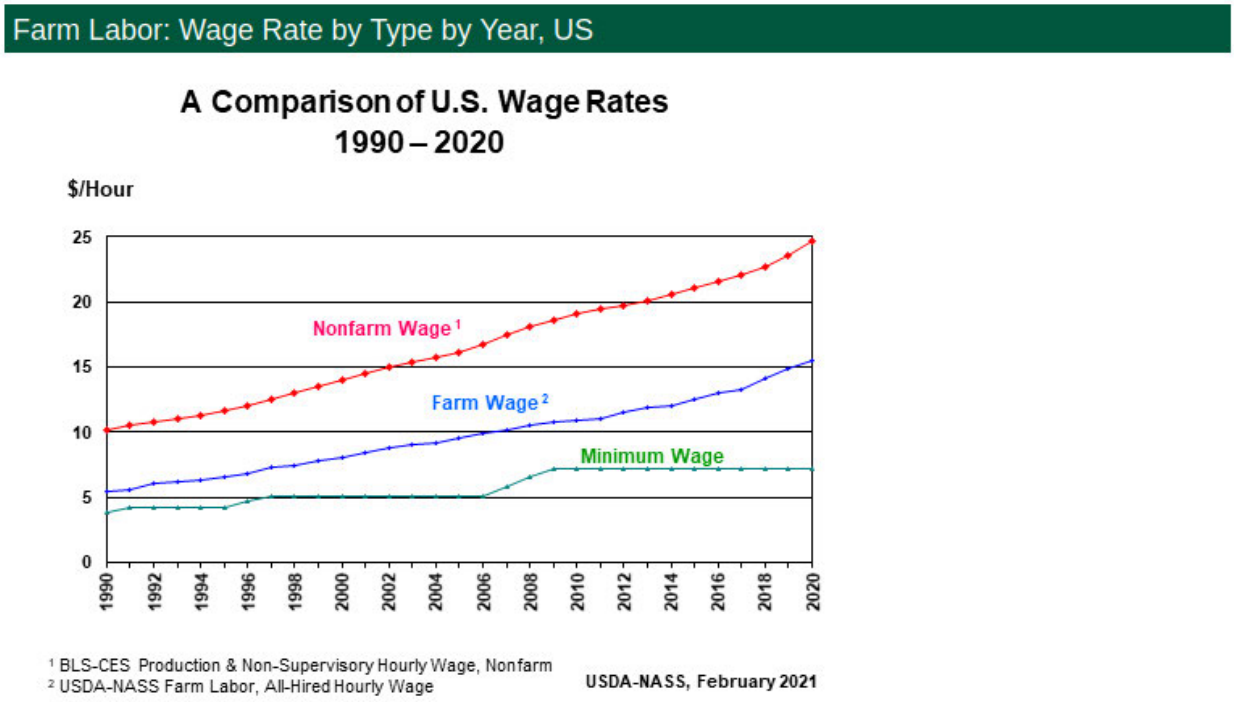
Labor. The cost of farm labor has increased by approximately 50 percent in the past decade. Meanwhile the number of farm workers has significantly decreased. It is commonplace for growers throughout California to report there are not enough workers to perform all the work available and needed.

> A crippling labor shortage has affected nearly every corner of California agriculture.[4]

Figure 6 illustrates the rise in farm labor wages over the past decade. While this problem is not exclusive to the Coyote Valley, it is magnified in the subject's area because of the subject site's proximity to urban areas. With the minimum wage rate set at $15.25 per hour in the City of San Jose, agricultural employers are hard put to compete for scarce labor at the lower California rate of $13 to 14 per hour. This 9 to 10 percent difference perhaps does not seem like much, but for many crops, especially vegetable and fruits, labor is a major expense; for example recent production cost studies from the University of California Cooperative Extension estimates hand labor as 61 percent of lettuce production costs and 38 percent of cherry production costs. Agriculture is typically a high cost, low profit margin business. A recent study we undertook to examine the financial efficiency

[4] Kaitlin Washburn Report for America, *In California farm country, growers struggle with labor shortage*, article in *USA Today*, April 6, 2020. ⟨https://www.usatoday.com/story/opinion/2020/04/06/california-growers-struggle-labor-shortage-other-challenges-column/2941779001⟩.

FIGURE 6 Wages for U.S. farm labor have increased by approximately 36 percent since 2010. In California the increase since 2010 is approximately 63 percent.



of U.S. farms using historical financial data from the USDA found an average net farm income ratio (NFIR: gross income divided by net income) of 2 percent for all U.S. farms in 2015. This means that 98 percent of the gross income was consumed by expenses, and indicates on average U.S. farms are a very-low-profit-margin business. Here is a strong reason for the need for farms to be large, and for the need for them to continue to get bigger.

Market presence and timing. Aside from crop yield and competition to be low-cost producers, farmers of perishable fruit and vegetable crops also compete in the arena of market timing. Typically, when these crops come into season, the earlier the farmer can bring the commodity to market, the higher the price. It can be viewed as a simple supply issue, with the early season bringing higher prices because of the limited supply as well as being first and novel for the new season.

In this regard, for instance, the cherries of Coyote Valley have not fared well, as the relatively newer production areas of the southern San Joaquin Valley have edged out Coyote Valley, which used to have a slight market timing advantage. The southern San Joaquin cherries harvest earlier and command a higher price than the cherries of Coyote Valley; by the time Coyote Valley cherries hit the market, sales volumes have increased and prices typically have moved to the mid-season lows.

Global climate change. Global climate change appears to be another external factor affecting fruit production in the Coyote Valley. The principal growers there report weather-related problems now that did not exist in the past decades, such as insufficient chilling hours, and spring rains. We have been provided records that demonstrate disastrous spring rains in six out of the past seven years.

Little or no yield of cherries was able to be picked in these rainy six years, because cherries split and mold within hours after even a light rain on the ripening fruit.[5]

3.1.3 Internal or property-specific factors. Internal characteristics which affect the economic viability of a property can be broadly divided into two categories, the land or agronomic factors of soil, water and local climate; and site factors or characteristics such as size, shape, and surrounding uses. We discuss these factors in detail in section 4.4.2.

3.2 Models for analyzing agricultural viability. The economic viability of farms and agricultural property has been the subject of both academic and public debate and study for many decades. In the mid- to late 1980s, following the nationwide farm financial crisis in which an agricultural-economy recession caused many farmers to go out of business and farmland's typical market value to drop fifty to sixty percent in parts of the United States, including California, a number of studies investigated the viability of U.S. farms.

3.2.1 Financial feasibility models. For instance, the United States Department of Agriculture published a study in July 1986 entitled *Farm Viability: Results of the USDA Family Farm Surveys*. In studying viability, this study developed a "viability model" which it explained this way:

> To be "Viable", a farm household must generate net income sufficient to meet financial obligations of three types. First, it must provide for the livelihood of its members. Second, to continue operating the farm business as it is currently organized, the household must cover cash operating expenses (including interest payments), and capital replacement costs. Third, to maintain its line of farm credit and prevent foreclosure of the business, the household must also meet principal payments on debt as scheduled.

Thus, this 1986 USDA study equates farm viability with meeting a farm's financial obligations. This perhaps can be best understood as a kind of feasibility study concerning the survival of the farm business; because the focus of the study was on family farms, it included that life-needs be provided to the farmers themselves as part of farm viability. For this same reason, this USDA study took into account off-farm income as a source of income for the family-farm business.[6]

3.2.2 Cash-flow models. To perhaps more precisely study the viability of just the farm business (rather than the family members) other studies conducted since 1986 remove the nonfarm income elements[7] of the cash flow. These studies tend to emphasize financial data just as the 1986 USDA study did, but try to get at the underlying financial success or failure by examining the factors that contribute to differences in profitability among farms. These factors included size, productivity, socio-demographics, the cost of doing business in a particular location, and the level of investment in new machinery and technology.[8] Farmers' attitudes toward continuance in business and their planning horizon have also been studied from time to time.[9]

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[5] Personal communication, Chris Marchese, October 18, 2021.

[6] Note that USDA reported in 2019 that 96 percent of farm households derived some income from off-farm sources and that, on average, off-farm income contributed 82 percent of total income, or $101,638, for all family farms in 2019. Sourced from ⟨https://ers.usda.gov/amber-waves/2021/september/off-farm-income-a-major-component-of-total-income-for-most-farm-households-in-2019⟩, downloaded October 18, 2021.

[7] Nonfarm income elements include wages from jobs, welfare programs, and nonfarm investment (passive) income.

[8] E.g., Adelaja, A. and K. Rose. *Farm Viability Revisited: A Simultaneous-Equation Cash Flow Approach.* Agricultural Finance Review. Vol. 48 (1988): 11-24.

[9] E.g., see Adellaja and Sullian, *Agricultural Viability on the Urban Fringe*, Rutgers University, 1998. https://sustainable-farming.rutgers.edu/wp-content/uploads/2014/09/Agricultural-Viability-at-the-Urban-Fringe.pdf.

3.2.3 USDA LESA model. A different approach has been developed by the USDA, one which analyzes both physical and economic factors which impact the viability of a particular farm.

The Land Evaluation and Site Assessment (LESA) model is a tool originally created by the United States Department of Agriculture Natural Resource Conservation Service in 1981 to assist governments, nonprofit organizations, and individuals in understanding and analyzing the agricultural value and utility of farmland in the broad context of community planning and natural resource management and conservation.

A LESA model examines two broad categories or aspects of agricultural land: the land elements, and the site elements. As a tool to analyze farm viability, the LESA model is flexible and designed to be adapted to regional and local agricultural settings.

The site assessment elements include: (1) parcel size, (2) compatibility with adjacent uses, (3) compatibility with surrounding nonadjacent uses, (4) shape of site, and (5) availability of agricultural-support services.

3.2.4 LESA use in California. The State of California Department of Conservation promotes the LESA model's use as a planning tool, for rating the relative importance of particular tracts of land for agriculture and for compliance with the mitigation requirements resulting from the loss of Important Farmland under the regulations of the California Environmental Quality Act (CEQA).

The California Agricultural Land Evaluation and Site Assessment Model Instruction Manual states that the LESA system is a point-based approach that is generally used for rating the relative value of agricultural land resources:

> In basic terms a given LESA model is created by defining and measuring two separate sets of factors. The first set, Land Evaluation, includes factors that measure the inherent soil-based qualities of land as they relate to agricultural suitability. The second set, Site Assessment, includes factors that are intended to measure social, economic, and geographic attributes that also contribute to the overall value of agricultural land.[10]

The land evaluation factors utilize the USDA Land Capability Classification System, and the Storie Index to rate the utility of the land, and the site assessment factors provide measures of the project or property's size, water resource availability, surrounding agricultural lands, and surrounding protected resource lands.

The methodology is exacting but as noted should be designed to address local conditions, and in fact many areas of the United States have their own particular, or custom designed models based on the recommendation of the instruction manual to authorize a design committee to adopt its own criteria:

> While this dual approach is common to all LESA models, the individual land evaluation and site assessment factors that are ultimately used and measured can vary considerably and can be selected to meet local or regional needs and conditions for which a LESA model is being designed to address.[11]

3.2.5 General LESA methodology. For a given project, each factor is separately rated on a 100-point scale, then weighted relative to one another, and combined. The final result, or LESA score, is a single numeric score with a maximum attainable score of 100 points. This LESA score for the project or property becomes the basis to determine its agricultural significance.

3.2.6 Advantage of LESA model for subject at hand. The viability models discussed earlier examine the financial status of the farm and develop a measure of viability based on net

[10] *The California Agricultural Land Evaluation and Site Assessment Model Instruction Manual*, California Department of Conservation, Office of Land Conservation, 1997.

[11] Ibid

income and management functions. While useful to detect whether a particular farm business will survive into the future, the underlying physical and contextual causes of viability or lack thereof are not necessarily revealed in these models, and therefore may be misinterpreted.

In contrast, the LESA model does not take management of the farm business into account, or try to predict which crops should be grown or what net income is extant or possible. By not considering the management variable, a more focused and objective analysis of the farm land and the farm site is possible. This is our aim for this study—even without considering net income or financial feasibility, the LESA factors are useful in examining both the external and internal physical and economic factors characterizing and affecting the farm property.

Another advantage is the simplicity and relative independent evaluation of each factor. By assigning numerical values to each factor, its relative weight or importance is obvious, and the process is methodical, straightforward and presents a quantified method similar to methods used by farmers, regulators and market participants considering the utility of a farm property for agricultural uses; this makes the LESA a good indicator of agricultural viability.

In the following section we utilize a LESA model to analyze the agricultural viability of the subject site.

4 Agricultural viability analysis

4.1 The LESA model as a measure of agricultural viability. We have undertaken a LESA analysis to assess the viability for agriculture of the subject site: approximately 670 acres of land in the Coyote Valley of Santa Clara County, bounded by Bailey Avenue on the north, Monterey Road on the east, Coyote Creek on the west, and Sobrate High School on the south. In this report, we refer to this area as Coyote Valley's east side of Monterey Road, or the *subject site*.

In this study we analyze the subject site both as a whole, and as individual parcels. We do not include any government owned parcels – thus those parcels in which title is held as City of San Jose, County of Santa Clara, or Morgan Hill Joint Unified School District, are not included in this study, even if they geographically are situated in the generally described area below.

4.2 LESA factors used in this study. As recommended in the USDA and California LESA guidelines, we have designed a customized set of eight factors to address the local conditions of the subject site, as described in section 2. These are:

Land-evaluation factor.—
– soil quality and productivity.
Site assessment factors.—
– parcel size
– water availability
– compatibility of adjacent land uses
– compatibility with surrounding non adjacent land uses
– environmental limitations
– incentive for re-investment in agriculture; and
– available agricultural-support services.

4.3 LESA scoring methodology. The LESA model uses a component or additive approach of rated factors to arrive at a final score that indicates the agricultural significance or viability of a farm property.

4.3.1 Rating the factors. In the first step in assembling the final LESA score, each factor in the LESA model is assigned a maximum contributory number of points towards a total possible maximum score of 100 points for the whole farm property. The higher the number, the greater the agricultural significance and viability of the property for agricultural use.

We follow the USDA guidelines by separately evaluating the farm property for the percentage it meets each factor's criteria.

4.3.2 Weighting the factor scores. The weight each factor contributes to the final whole farm score is the maximum number of contributory points possible for the individual factor. The relative weight of each factor is thus its maximum score divided by 100, the total "perfect score" for a farm property.

4.3.3 Combining the factor scores. In the second and final step, the individual factor scores are added up or combined into a single final numeric score with a maximum attainable score of 100 points.

4.3.4 Evaluating the final score as a measure of viability. We follow the California LESA model's final score-evaluation procedure.

1. Multiple each factor by the factor weight to determine the weighted score;
2. Sum the weighted factor scores for the LE factors
3. Sum the weighed factor scores for the SE factors
4. Sum the total LE and SA scores to determine the LESA score for the property.
5. Determine agricultural significance of the property on the basis of the following thresholds —if the total score is:

– 0 to 39, the property is not considered agriculturally significant;

– 40 to 59, the property is considered agriculturally significant only if the LE subscore is greater than or equal to 10, and the SE subscore is greater than or equal to 30;

– 60 to 79, the property is considered agriculturally significant unless the LE subscore is less than 10, and the SE subscore is less than 30;

– 80 to 100, the property is considered agriculturally significant.

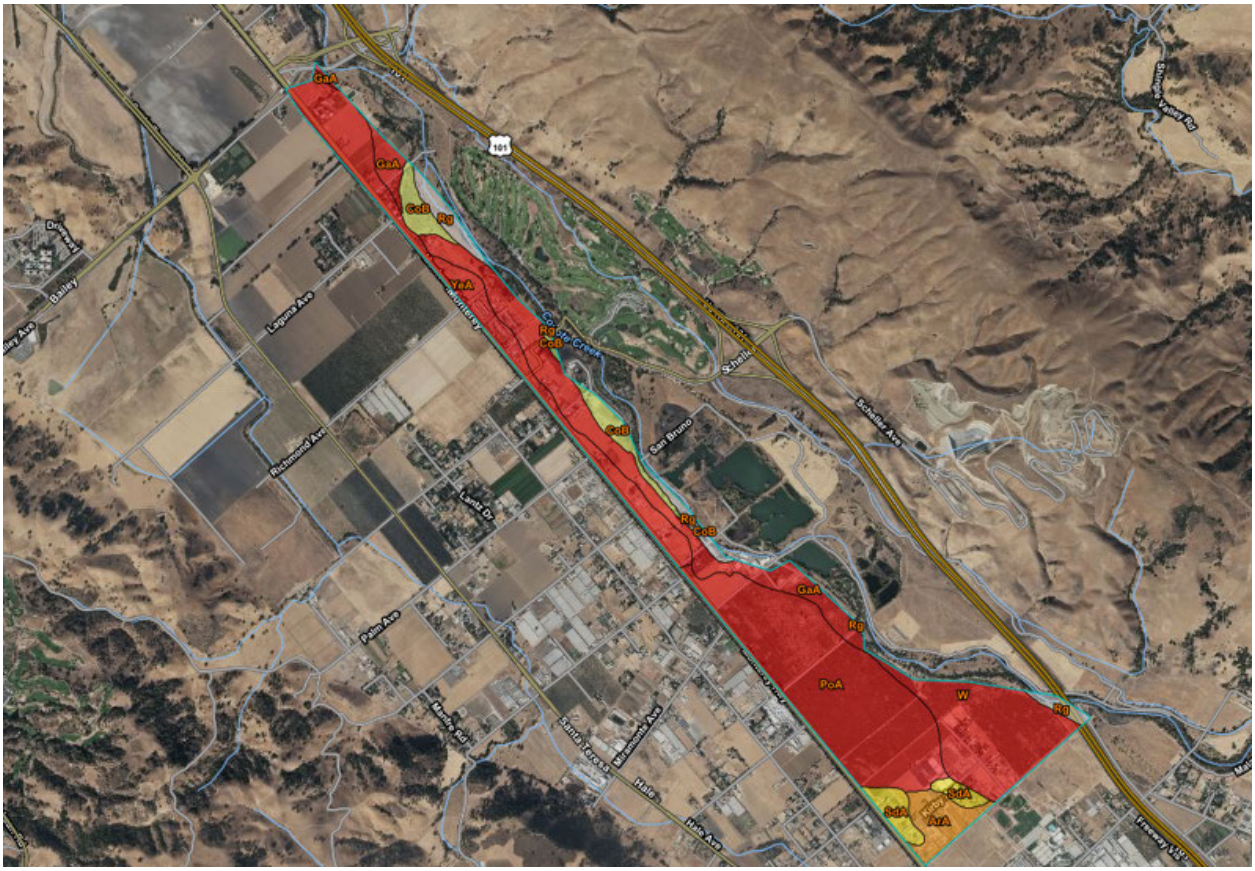
4.4 LESA factors applied to the subject site. The following set of eight factors are applied to the subject site in our LESA analysis.

4.4.1 Land evaluation factor. For the land evaluation portion of this LESA model, we use the USDA Land Capability Classification System for rating soils.

The Natural Resources Conservation Service (NRCS, formerly the Soil Conservation Service), a unit of the United States Department of Agriculture, has completed soil surveys of most of the agricultural land in the United States. The NRCS soil surveys are widely used as an objective, consistent measurement of the utility of land for agriculture. Current surveys are provided in digital form in a geographic information system. We have referenced the NRCS's current digital mapping data covering the subject site for this study.

The NRCS soil surveys depict *soil units*, which are distinct areas of soil that have a common geologic origin and perform similarly under agricultural use. To permit objective comparison of soils, NRCS has devised the *Land Capability Classification System*, which rates soil units on a scale of I (most favorable) to VIII (the least favorable). These eight Roman-numeral levels, which

FIGURE 7 Map of subject site indicating soil units.



are referred to as *capability classes*, broadly indicate the agricultural utility and adaptability of the soil. Class I is the best rating, indicating few or no limitations to the land's agricultural uses, no special management requirements, and adaptability to many different crops. As the Roman numeral increases, the limitations to agricultural uses and management requirements for successful use increase. A class-II soil, for instance, can be used for many of the same crops as a soil rated class I, but will typically yield less (although the yield penalty can often be minimized under optimal husbandry), require special management, or both. Typically cropping uses cease after class IV; class-V through class-VII soils are generally used for livestock range or timber. Class-VIII soils are rocky outcroppings, gravel beds, and the like, with very minimal agricultural utility. Capability classes are specific to the irrigation regime (irrigated or nonirrigated); thus some soil units have two ratings, one when irrigated and one when not irrigated. The nonirrigated status is generally inferior to the irrigated status, and therefore downgraded to reflect a penalty for lack of water. Within the capability classes, further characterization of the soils may be specified by additional letter and numeric suffixes following the Roman numeral; these indicate the type or types of limitations likely to be present in these soils. The full rating code (Roman-numeral class plus any additional suffixes) is called the *capability unit*.[12]

Soil class of subject site. The soil units of the 40 parcels comprising the subject site are almost entirely class I. Figure 7 is a soil map of the subject site.

[12] See *Land Capability Classification System: Agriculture Handbook No. 210*. United States Department of Agriculture–Soil Conservation Service, 1961. Available from ⟨http://www.nrcs.usda.gov/Internet/FSE_DOCUMENTS/nrcs142p2_052290.pdf⟩.

TABLE 2 Maximum total points assigned to each LESA factor.

Factor	Possible points
soil class	
size	15
water availability	15
compatible adjacent uses	10
compatible surroundings	10
environmental limitations	10
re-investment incentive	10
support services	5
total possible points	100

How the soil factor is rated. The class system provides a ready-made rating system which we adapt to the LESA model by following the California Model, "Calculation of the Land Evaluation (LE) Score, Part 1: Land Capability Classification (LCC) Score" by assigning 100 percent rating to class-I land. We have provided a copy of the entire LCC scoring procedure in the appendices to this report. Because the subject property is approximately 95 percent class-I soil, it is given a 100 percent rating, and earns the full 25 points of the LE portion of the final LESA scorecard.

4.4.2 SITE ASSESSMENT FACTORS. For the site assessment factors, we have selected seven factors from the list provided in the USDA LESA handbook. These factors take into account both internal and external factors that affect the subject site's agricultural viability. Table 2 lists the seven factors along with their assigned maximum total points out of the total 100 possible points for the model.

There are numerous other site factors which might be considered such as shape, percent of site in agricultural use or feasible to farm, but we feel the factors listed in table 2 fairly encompasses these and other relevant factors and measures of agricultural viability.

We review and analyze the site assessment factors below.

Parcel and field size. As our interest in this study is the size of a single farm-production site—typically called a field or block (in the case of orchards and vineyards)—that is managed as a farming unit, we are not concerned with the size of the farm business, that is, how many total acres one farm business operates. We focus here instead on the unit area of production—the field, the block—and will herein refer to this unit as a field.

As we do not have the exact farmable acres of each assessor's parcel but understand the field size is less than or at most equal to the size of the assessor's parcel, we use the assessor's parcel as a proxy for the field size; therefore in this context, "parcel" size is considered to represent "field" size.

It is generally less efficient to farm a small field than a large one. In section 2.2.9 we examined the mean and median size of the assessor's parcels comprising the subject site. The average size parcel in the subject site is 17.25 acres, and the median parcel size is 8.3 acres. We noted too that the average field size was 8.3 acres in size while the median field size was 2.6 acres.

This is in contrast to the mean and median parcel sizes of the farmed assessor's parcels in the Gilroy area, which has an average parcel size of 46.7 acres, and a median parcel size of 19.5 acres. Although the Gilroy farming area is also challenged with urban encroachment, its overall

TABLE 3 Parcel-size scaling for Santa Clara County and the subject site.

Acre size	Factor scale
> 46	100
37–46	90
32–36	80
27–31	70
22–26	60
17–21	50
11–16	40
< 11	0

area (approximately 25,000 acres) and its continued vitality as a farm production area with many farmers and an active farm-property real estate market[13] make it an indicator of typical commercial farm parcel size in Santa Clara County; therefore, following the USDA LESA Handbook guidelines, we use these Gilroy parcel sizes as a measure for the subject site.

Thus, if a parcel within the subject site is 47 or more acres in size[14], it is assigned the maximum 15 points for this site assessment factor of *parcel size*. If it is less than 47 acres in size, it considered inferior in this factor, and rated lower; thus as the parcel size diminishes, we assign it a lower number of points. Table 3 lists the various incremental points assigned to the various parcel sizes.

Water availability and reliability. In Santa Clara County, as well as the rest of California, the availability of water for irrigation is a major factor in the utility of farm land, as rainfall as a source of crop water is variable and insufficient for all but rain-fed grass hay and small grain production.

To measure this factor for the subject site, we use the criteria established by the California Department of Conservation in its California LESA model:

1. Determine the type(s) of irrigation present on the project site, including the determination of whether there is a dryland agricultural activity as well.
2. Divide the site into portions according to the types of irrigation or dryland cropping that is available in each portion.
3. Determine the proportion of the total site represented for each portion identified.
4. Using the Water Resources Availability Scoring Table[15], identify the option that is most applicable for each portion, based on the feasibility of irrigation in drought and nondrought years, and whether physical or economic restrictions are likely to exist.
5. Multiple the Water Resources Availability Score for each portion by the proportion of the project's area represented to determine the weighted score for each portion.
6. Sum the scores for all portions to determine the project's Water Resources Availability Score.

In section 2.2.6 we noted that the subject site is mapped by the California Department of Conservation FMMP as containing Farmland of Local Importance which is used, or can be used,

[13] See CCASFMRA.
[14] Area rounded up or down to the nearest whole acre.
[15] *The California Agricultural Land Evaluation and Site Assessment Model Instruction Manual*, page 6-A.

TABLE 4 Water availability site assessment score for the subject site. The various parcels of the subject are grouped into the two FMMP use categories.

FMMP category	Water regime	Water resource score
Farmland Local Imp.	dryland	20
Prime Farmland	irrigation feasible	45

for dryland grass hay and small grains; and irrigated Prime Farmland in two blocks of 18 acres in the north and 350 acres in the south. We have analyzed the subject site based on these water regimes. A copy of California Department of Conservation's Water Resources Availability Scoring Table is included in the appendices to this report. Table 4 presents the results of applying the six-part procedure noted above to the various parcels of the subject site.

The water regime (or option, per the Water Resources Availability Scoring Table) for the subject Farmland of Local Importance is that irrigated production is not feasible, but there is rainfall adequate for dryland production in nondrought years, but not in drought years. The water regime (or option,per the Water Resources Availability Scoring Table) for the subject Prime Farmland is "option 9", irrigated production is not feasible in drought years, but in nondrought years is feasible, with economic restrictions.

Compatibility with adjacent uses. Adjacent land uses affect the ability of a farmer to conduct normal farming practices without incurring complaints or lawsuits. The more compatible the adjacent uses are, the more flexibility the farmer has to change crops and production practices, and to remain in agricultural use. In practical terms, the only truly compatible use for farming is agriculture on adjacent parcels. We have used this approach to rate the subject site's compatible adjacent uses. Our method is to examine the use of each adjoining parcel within and adjacent to the subject area, and estimate the percentage of each subject parcel's perimeter that is adjoined by agriculture. This percentage is then directly scored as the compatible adjacent use score, and scaled such that 100 percent compatible use is equal to 10 points, 90 percent is equal to 9 points, and so on. Each of the 37 parcels which are mapped either as Farmland of Local Importance or as Prime Farmland is given its own score and points for this site factor.

Compatible surrounding (nonadjacent) uses. The character and use of the area surrounding but not adjacent to a farm affects the ability of a farmer to conduct normal farming practices without incurring complaints or lawsuits, or being subject to local regulations and restrictions. Our method is to identify the use of parcels at the perimeter of a one-half mile extension of the boundary of each subject parcel, and estimate the percentage of that extended perimeter that is in uses not compatible with agriculture—such as urban development, rural residences, highways, and recreational areas. This percentage is then directly scored as the compatible adjacent use score, and scaled such that 100 percent compatible use is equal to 10 points, 90 percent is equal to 9 points, and so on.

Environmental limitations. Adjacency to sensitive public or wildlife areas, such as schools and Coyote Creek Parkway limits and restricts farming practice options. Moreover, trespass by the public and crop damage from agricultural pests such as ground squirrels, mice, voles, raccoons, skunks, and various bird species can severely restrict crop choice, reduce crop yields, and kill or

injure livestock. To measure this effect on the agricultural viability of the subject site, we identify the subject parcels which share a boundary with Coyote Creek Parkway, and estimate the length of that shared boundary as a percentage of the parcel's entire perimeter. This percentage is then directly scored as the environmental limitation score, and scaled such that 100 percent compatible use is equal to 10 points, 90 percent is equal to 9 points, and so on.

Re-investment incentive. The present level of new on-farm investment reflects the net income potential from existing farm operations as well as the farmer's anticipation of future benefits from farming. Our observations in July 2021 as well as conversations with local property owners indicate there are no or minimal on-farm re-investments occurring in the subject site. The 324 acres mapped as Farmland of Local Importance demonstrate no significant investment in farming uses. The hay grown is not irrigated, and we understand that most if not all of the hay fields are "rented" at no charge; cutting the hay is principally a low cost method of weed control. The cherry orchards at the south end of the subject are old and we understand that the growers have not kept up with the replanting of the newer cherry cultivars demanded by the market. We have examined financial data for these cherry orchards; the past seven years have resulted in financial losses, due to untimely rains, lack of chilling hours, old and less desirable cultivars, and high labor costs. There is no incentive for re-investment in these orchards. A related problem is the age of the farmers; the current operators are at retirement age of above, and there is no upcoming generation of young farmers to take their place. The USDA LESA Guidebook suggests a method to assess and score the level of on-farm re-investment by comparison to county or regional averages, with a high level of investment given a score of 100, an average level of investment given a score of 50, and a low level of investment given a score of zero. By comparison to the farms of the Gilroy area, the level of re-investment in the subject site is very low, even minimal. The subject site scores a zero in this factor.

Availability of agricultural support services. As noted in the USDA LESA Guidebook, it is difficult for agriculture to continue if convenient and adequate support services are not readily available. Such services include equipment supply and repair, feed mills and feed suppliers, seed and general farm supply stores, veterinarian services, fertilizer, herbicide and pesticide suppliers, integrated pest management associations, spraying and seeding contractors, specialized insurance, banking and credit services, and marketing facilities and services. There are none of these in the Coyote Valley and none in southern Santa Clara County. The closest suppliers for equipment and farm chemicals are in Watsonville, which can only be accessed via the busy commuter Highway 101 and the sinuous Highway 152 through the Santa Cruz Mountains. Thus any farmers in the Coyote Valley must travel long distances to obtain supplies and services, putting them at a disadvantage relative to other farming areas in California, such as the Santa Cruz–Watsonville area, the Salinas Valley, and the Central Valley of California.

The USDA LESA Guidebook suggests a method to assess and score the availability of agricultural support services by comparison to state averages. Areas with adequate support services present are given a score of 100, areas with some limitations to the availability of support services are given a score of 50, and those areas with severe limitations on support services are given a score of zero. By comparison to the farms in other vital farm production areas of California, such as the Santa Cruz–Watsonville area, the Salinas Valley, and the Central Valley, agricultural support services available to the subject site is severely limited. The subject site scores a zero in this factor.

5 Conclusion

In this study of the agricultural viability of the subject, the east side of Monterey Road in the Coyote Valley of Santa Clara County,we have developed and implemented a well regarded and often used model for analyzing both physical and economic factors affecting agricultural properties, factors that are both broad and external to the properties, and also internal and inherent to the actual site of the properties. This model, called the Land Evaluation and Site Assessment Model, or LESA, was originally developed by the United States Department of Agriculture to assist governments, nonprofit organizations, and individuals in understanding and analyzing the agricultural value and utility of farmland in the broad context of community planning and natural resource management and conservation.

This is the situation now confronting the landowners, the City of San Jose, and the County of Santa Clara: to understand and properly evaluate the present agricultural value and utility of the east side of Monterey Road of Coyote Valley.

The concluding stage of an agricultural viability modeling process calls for a final look back at the method to assess how the path of reasoning that we have followed has shed light on the motivating problem.

Recall that our analysis is an incremental and computational process, carefully identifying commonly known factors that affect agricultural viability, and then subjecting these factors to measurement based on techniques developed by the United States Department of Agriculture and widely used in many area of the country, including California. The LESA allows us to objectively quantify effects of the factors of land and site features that either support or interfere with farming operations using standards of comparison with other agricultural production areas of California.

5.1 Specific assessor's parcel findings. We have processed each of the 37 subject parcels in the above described LESA model, and none of the 37 parcels are found to have agricultural significance. We have included our final scoring worksheet as an addendum to this report. The total final score runs from a low of 28 to a high of 51.75. As noted in section 4.3.4, for a parcel scoring in the range of 40 to 59 points, the SE subscore must be greater than or equal to 30. There are 11 parcels which do range from 41.75 to 51.75 points, but none have a SE subscore of greater than or equal to 30 points. This emphasizes the fact that the site conditions for these and the entire subject site is adverse to continued agricultural production.

5.2 Appropriateness of the LESA model. An agricultural viability model can be said to be appropriate if it models the on-the-ground situation of the farming area, and uses direct standards of analysis that both agricultural economists and farmers find applicable. Our LESA model achieves this goal.

In section 3.2 we reviewed a number of farm viability studies that emphasize financial performance, but also seek to uncover underlying factors such as field size, productivity, socio-demographics, the cost of doing business in a particular location, and the level of investment in new machinery and technology. Our LESA model includes these factors, and also considers a number of important factors affecting the ability of farmers to operate in a site constrained by urban and environmental incompatibilities.

5.3 Accuracy of the LESA model. A reasonable measure of accuracy is to evaluate how closely do our conclusions allow us to rank the subject site within the group of significant agricultural production areas of California. In our analysis, we have employed elements of comparison commonly evaluated by agricultural economists and farmers alike, e.g., the cost of doing business

in a particular location, the relative ease or difficulty of doing business in that location, and the level of investment in new machinery and technology.

The scoring of the factors is designed to analyze how the particular circumstances of each subject parcel should be rated relative to other like parcels, and also allows for the relative significance of each factor to contribute its proper weight to the final total score. Finally, understanding that in the final scoring a LE subscore of more or less than 10 or a SE subscore of more or less than 30 may create an "outlier" effect and thereby skew the resulting overall score and agricultural significance of the property, the model avoids this effect by establishing a threshold whereby in the range of 40 to 59 points the property is considered agriculturally significant only if the LE subscore is greater than or equal to 10, and the SE subscore is greater than or equal to 30; and in the final score range of 60 to 79, the property is considered agriculturally significant unless the LE subscore is less than 10, and the SE subscore is less than 30. By establishing these thresholds, each of the two subscores, the LE and the SE, must meet better than 50 percent of its own criteria. This permits a more accurate overall assessment of a property's advantages and disadvantages for commercial agricultural production.

We conclude that our analysis of the subject site's agricultural viability has enough attention to detail and a system of checks and balances to deliver a strong and dependable level of accuracy.

5.4 Final negative opinion of viability. We conclude that the subject site, comprised of 37 assessor's parcels on the east side of Monterey Road in the Coyote Valley is not viable for agriculture in the medium- and long-term future.

5.5 Certification. We certify that to the best of our knowledge and belief, the statements of fact in this report are true and correct. The reported analyses, opinions, and conclusions are our personal, unbiased professional analyses, opinions, and conclusions. We have no present or prospective interest in the property that is the subject of this report. We have no personal interest or bias with respect to the parties involved. Our compensation is not contingent upon a predetermined outcome that favors the cause of the client, attainment of a stipulated result, or occurrence of a subsequent event.

We have made a personal inspection of the property that is the subject of this report. Our analyses, opinions, and conclusions have been developed, and this report has been prepared, in conformity with, and subject to, the Professional Code of Ethics and the Standards of Professional Practice of the American Society of Farm Managers and Rural Appraisers.

Gregory A. House, AFM, ARA, CPAg
Certified General Appraiser, California license no. AG-001999

Henry House

6 References

California Department of Conservation, Office of Land Conservation, *The California Agricultural Land Evaluation and Site Assessment Model Instruction Manual*, 1997.

Pease, James R., and Coughlin, Robert E. *Land Evaluation and Site Assessment: A Guidebook for Rating Agricultural Lands*, second edition. Prepared for the United States Department of Agriculture Natural Resource Conservation Service and published by the Soil and Water Conservation Society.

Salant, P., et al. *Farm Viability: Results of the USDA Family Farm Surveys*, United States Department of Agriculture Economic Research Service, Rural Development Research Report No. 60, July 1986.

7 Appendices

7.1 Appendix A: California Department of Conservation's Land Capability Classification (LCC) scoring procedure.

1. Land Evaluation - The Land Capability Classification Rating

Step 1.
In the Guide to Mapping Units typically found within soil surveys, identify the Land Capability Classification (LCC) designation (e.g., IV-e) for each mapping unit that has been identified in the project and enter these designations in **Column D** of the **Land Evaluation Worksheet** (Table 1A.).

Step 2.
From Table 2., **The Numeric Conversion of Land Capability Classification Units**, obtain a numeric score for each mapping unit, and enter these scores in **Column E**.

Step 3.
Multiply the proportion of each soil mapping unit (**Column C**) by the LCC points for each mapping unit (**Column E**) and enter the resulting scores in **Column F**.

Step 4.
Sum the LCC scores in **Column F** to obtain a single LCC Score for the project. Enter this LCC Score in **Line 1** of the **Final LESA Worksheet** (Table 8)

Table 2. Numeric Conversion of Land Capability Classification Units

Land Capability Classification	LCC Point Rating
I	100
IIe	90
IIs,w	80
IIIe	70
IIIs,w	60
IVe	50
IVs,w	40
V	30
VI	20
VII	10
VIII	0

7.2 Appendix B: California Department of Conservation's scoring table of water-resources availability.

Water Resource Availability Scoring Table

Option	Non-Drought Years			Drought Years			WATER RESOURCE SCORE
	RESTRICTIONS			RESTRICTIONS			
	Irrigated Production Feasible?	Physical Restrictions ?	Economic Restrictions ?	Irrigated Production Feasible?	Physical Restrictions ?	Economic Restrictions ?	
1	YES	NO	NO	YES	NO	NO	100
2	YES	NO	NO	YES	NO	YES	95
3	YES	NO	YES	YES	NO	YES	90
4	YES	NO	NO	YES	YES	NO	85
5	YES	NO	NO	YES	YES	YES	80
6	YES	YES	NO	YES	YES	NO	75
7	YES	YES	YES	YES	YES	YES	65
8	YES	NO	NO	NO	-- --	-- --	50
9	YES	NO	YES	NO	-- --	-- --	45
10	YES	YES	NO	NO	-- --	-- --	35
11	YES	YES	YES	NO	-- --	-- --	30
12	Irrigated production not feasible, but rainfall adequate for dryland production in both drought and non-drought years						25
13	Irrigated production not feasible, but rainfall adequate for dryland production in non-drought years (but not in drought years)						20
14	Neither irrigated nor dryland production feasible						0

7.3 Appendix C: LESA worksheet and final scores for 37 subject parcels. Figure 8 is our LESA worksheet with final scores for 37 subject parcels.

Figure 8

		ACRES	LE – soil	SE – size	SE – Water	SE – Adj Use	SE – Surround	SE – Environ	SE – Invest	SE – Services	SE subscore	Total
	Total possible contributory points		**25**	**15**	**15**	**10**	**10**	**10**	**10**	**5**		
PARCEL NO.	**NAME**											
725-02-003	AVERY LOIS A TRUSTEE & ET AL AVERY PRESTON J TRUSTEE	6 55	25	0	3	0	0	0	0	0	3	**28**
725-02-006	NEHAWANDIAN ABOLGHASSEM AND PARIDOKHT TRUST	7 42	25	0	3	0	5	0	0	0	8	**33**
725-02-007	ULFERTS MORGAN TRUSTEE ULFERTS M FAMILY REVOCABLE FAMILY TRUST	7 42	25	0	3	0		0	0	0	3	**28**
725-02-008	PENSCO TRUST COMPANY CUSTODIAN HSIEH MINJHING (FBO)	7 42	25	0	3	0	5	5	0	0	13	**38**
725-02-009	CIBRIAN PEDRO C AND ESTELA T	7 42	25	0	3	0	0	5	0	0	8	**33**
725-02-018	MARCHESE CHRISTOPHER JR TRUSTEE & ET AL	7 98	25	0	6.75	0	0	0	0	0	6.75	**31.75**
725-02-019	MARCHESE CHRISTOPHER JR TRUSTEE & ET AL	42 276	25	13.5	6.75	0	0	0	0	0	20.25	**45.25**
725-02-022	MARCHESE CHRISTOPHER JR TRUSTEE & ET AL	8 299	25	0	6.75	0	0	0	0	0	6.75	**31.75**
725-02-028	COYOTE VALLEY NURSERY INC	14 54	25	6	3	4.5	5	5	0	0	23.5	**48.5**
725-02-029	COYOTE VALLEY NURSERY INC	14 23	25	6	3	4.5	5	5	0	0	23.5	**48.5**
725-02-030	SATAKE NORMAN AND DANA TRUSTEE & ET AL	13 98	25	6	3	4.5	5	5	0	0	23.5	**48.5**
725-02-036	BORUGI LLC	23 15	25	9	3	1.5	5	0	0	0	18.5	**43.5**
725-03-001	MARCHESE CHRISTOPHER JR TRUSTEE & ET AL	12 32	25	6	3	0	5	0	0	0	14	**39**
725-03-002	MARCHESE CHRISTOPHER JR TRUSTEE & ET AL	155 309	25	15	3	0	5	0	0	0	23	**48**
725-04-001	BORELLO CHRISTOPHER J TRUSTEE & ET AL BORELLO MARY E TRUSTEE	9 2	25	0	6.75	0	10	0	0	0	16.75	**41.75**
725-04-002	BORELLO CHRISTOPHER J TRUSTEE & ET AL BORELLO MARY E TRUSTEE	103 97	25	15	6.75	0	5	0	0	0	26.75	**51.75**
725-05-005	BASIC ELEMENT INC	6 15	25	0	3	0	5	0	0	0	8	**33**
725-05-006	BASIC ELEMENT INC	5 84	25	0	3	4.5	5	0	0	0	12.5	**37.5**
725-05-013	H K N LLC	11 95	25	6	3	4.5	5	5	0	0	23.5	**48.5**
725-05-014	H K N LLC	11 48	25	6	3	0	5	5	0	0	19	**44**
725-05-015	GONZALEZ ANSELMO AND AGUSTINA P ET AL GONZALEZ MIGUEL AND REYNALDA	5 76	25	0	3	0	5	5	0	0	13	**38**
725-05-016	GONZALEZ ANSELMO AND AGUSTINA P ET AL GONZALEZ MIGUEL AND REYNALDA	5 75	25	0	3	0	5	5	0	0	13	**38**
725-06-004	LAUBACH BARBARA D TRUSTEE	8 97	25	0	3	0	5	5	0	0	13	**38**
725-06-006	NEHAWANDIAN NASIM	5 95	25	0	3	0		5	0	0	8	**33**
725-07-007	LO BUE VICTOR J TRUSTEE & ET AL GEHRHARDT AGNES M TRUSTEE	6 637	25	0	3	0	5	0	0	0	8	**33**
725-07-011	YASER YASER N AND NAWAL TRUSTEE	7 7	25	0	3	0	5	5	0	0	13	**38**
725-07-013	LOBUE VICTOR J TRUSTEE & ET AL GEHRHARDT AGNES M TRUSTEE	6 08	25	0	3	0	0	0	0	0	3	**28**
725-07-014	LOBUE VICTOR J TRUSTEE & ET AL GEHRHARDT AGNES M TRUSTEE	7 73	25	0	3	0	0	5	0	0	8	**33**
725-10-007	SUMAVISION SFO LLC	12 602	25	6	3	0		0	0	0	9	**34**
725-10-023	SUMAVISION SFO LLC	16 52	25	6	3	0		0	0	0	9	**34**
725-10-024	SASO KENNETH A AND ANNA M TRUSTEE	15 2	25	6	3	4.5	0		0	0	13.5	**38.5**
725-11-025	MARTINEZ JAVIER CENTENO AND DE MARTINEZ IRL	9 2	25	0	3	4.5	0	0	0	0	7.5	**32.5**
725-12-005	KOYANAGI TOSHIYUKI TRUSTEE	8 075	25	0	3	0	0	0	0	0	3	**28**
725-12-007	PUSATERI KENNETH A TRUSTEE & ET AL	9 93	25	0	6.75	0	0	0	0	0	6.75	**31.75**
725-12-008	PUSATERI KENNETH A TRUSTEE & ET AL	8 13	25	0	6.75	0	0	0	0	0	6.75	**31.75**
725-12-013	J FILICE & SONS COYOTE LLC	22 26	25	9	3	4.5	0	0	0	0	16.5	**41.5**
725-13-015	GUNDERSEN EVA W AND HERBERT W SR TRUSTEE &	5	25	0	3	0	0				3	**28**
	Total acres	638.40										
	mean size	17.25										
	median size	8.30										

N.B. To be analyzed, the parcel must be greater than 5 acres in size and not be owned by a government or school district.

8 Qualifications of consultants

Gregory A. House

Agricultural Consultant
Agronomist
Professional Farm Manager
Rural Appraiser
Farmer

Experience

Agricultural Consultant, House Agricultural Consultants, providing agricultural science, economics, management, and appraisal services, 1983–present

Farmer, 1987–present. Organic apples, peaches, cherries, apricots, field and seed crops

Corporation Secretary & Consulting Agronomist, Hannesson, Riddle & Associates, Inc., 1977–1983.

Professional Affiliations

- American Society of Farm Managers & Rural Appraisers
- American Society of Agronomy
- Crop Science Society of America
- Soil Science Society of America
- California Certified Organic Farmers
- California Farm Bureau

Accreditations

- Accredited Farm Manager (AFM), American Society of Farm Managers & Rural Appraisers, Certificate #501
- Certified Professional Agronomist (CPAg), American Registry of Certified Professionals in Agronomy, Crops. & Soils, Ltd. Certificate # 2319
- Certified Crop Advisor CCA), American Registry of Certified Professionals in Agronomy, Crops. & Soils, Ltd.
- Accredited Rural Appraiser (ARA), American Society of Farm Managers & Rural Appraisers, Certificate #749
- Certified General Appraiser, State of California License # AG 001999

  These credentials have continuing education requirements with which I am in compliance.

Education

- B.S., Crop Ecology, University of California, Davis, 1975, with Honors
- Numerous courses from the University of California Extension in agricultural economics, crop management, real estate, & hazardous waste management
- Cornell University Certificate Program, Implementing Good Agricultural Practices: A Key to Produce Safety
- Courses of the American Society of Farm Managers and Rural Appraisers:

Principles of Rural Appraisal
Advanced Rural Appraisal
Eminent Domain
Report Writing School
Economics of Farm Management
Principles of Farm Management
Standards and Ethics
Permanent Plantings Seminar
Standards and Ethics for Farm Managers
ASFMRA Code of Ethics
National Uniform Standards of Professional Appraisal Practice

Courses of the Appraisal Institute:

Basic Valuation Procedures
Real Estate Statistics and Valuation Modeling
Advanced Income Capitalization
Valuation of Conservation Easements Certificate Program
Condemnation Appraising: Principles and Applications
Appraising the Appraisal
How Tenants Create or Destroy Value: Leasehold Valuation and Its Impact on Value

Expert Witness Court Testimony

- Superior Court Qualified Expert Witness in the following California counties: Alameda, Colusa, Kern, Fresno, Madera, Merced, Monterey, Orange, Riverside, San Joaquin, San Luis Obispo, Santa Barbara, Santa Cruz, Solano, Sonoma, Sutter, Ventura, Yolo
- United States Tax Court Qualified Expert Witness
- United States Bankruptcy Court Qualified Expert Witness

A list of depositions and trial appearances is available upon request

Awards

- CCOF Presidential Award, California Certified Organic Farmers, February, 2001
- Meritorious Service in Communications, American Society of Farm Managers and Rural Appraisers, November 2004
- H E. Buck Stalcup Excellence in Education Award, American Society of Farm Managers and Rural Appraisers, October, 2011

Appointments & Activities

- Adjunct Lecturer, University of California, Davis, Department of Agricultural & Resource Economics, current; Courses ARE 140 Farm Management; ARE 145 Appraisal of Farms and Rural Resources, current
- Instructor, "Principles of Farm Management", an Internet course of the American Society of Farm Managers and Rural Appraisers, 1996 to 2007
- President, California Chapter American Society of Farm Managers & Rural Appraisers 1994–1995; Secretary-Treasurer, 1984 to 1990
- Board of Directors, Yolo Land Trust, 1993–2001

- Board of Directors, American Red Cross, Yolo County Chapter 1987–1989
- Member, Yolo County Right to Farm Grievance Committee 1992–1995
- Vice Chairman, Management Education Committee, American Society of Farm Managers and Rural Appraisers, 1998–2000 (committee member since 1986)
- Yolo County LAFCo Agricultural Forum LESA subcommittee, 1999
- California Certified Organic Farmers: Treasurer of the Board of Directors, 1998–2003; Executive Director, 1999-2000; Member of the Finance Committee, 1998-current
- CCOF Foundation Going Organic Program, Management Team member 2006-2012
- USDA Organic Grant Panel member, Washington, DC, 2002
- City of Davis Open Space and Habitat Commission, 2006–2016, Chairman, 2007-2009
- Member, Fruit Orchard Technical Advisory Group, Filoli Gardens, Woodside, California
- Member, Organic and Sustainable Agriculture Program Steering Committee, University of California Cooperative Extension, Yolo and Solano Counties, California, 2008-2013

Speaking Engagements

- Guest Lecturer, University of Florida at Gainesville, Vegetable Crops Department, seminar on transition to organic agriculture, (November, 1994)
- Featured Program Speaker, 1995 Eco-Farm Conference, Asilomar, California , on economics of organic apple production
- Guest Speaker, Community Alliance with Family Farmers, on farm management and agricultural economics, 1996 and 1997
- Instructor, American Society of Farm Managers and Rural Appraisers, Course M-12, "Standards and Ethics for Professional Farm Managers", March, 1997
- Guest Speaker, American Horticultural Society, "Challenges of Organic Stone Fruit Production", Sacramento, California, July 2001
- Organizer and Presenter, Going Organic Kickoff Meetings, November 2005 and December 2006
- Master of Ceremonies, California Certified Organic Farmers, Annual Meeting, February, 2006, Sacramento, California
- Featured Program Speaker, 2012 Eco-Farm Conference, Asilomar, California, "Imitating Natural Systems: Towards an Indigenous Agro-forestry"
- Seminar presentation: "What Makes for Comparable Sales in Condemnation Appraisal" Rapid Fire Seminar, American Society of Farm Managers and Rural Appraisers, Reno , NV, October 2013.
- Featured Program Speaker, 2014 Eco-Farm Conference, Asilomar, California, "Food Safety Regulatory Compliance in Fruit Orchards."

Publications

- "Principles of Farm Management", Course M-10, a 40-hour professional credit Internet educational offering of the American Society of Farm Managers & Rural Appraisers
- "Conservation Issues in Agriculture", a unit of Course M-25, a 15-hour professional credit Internet educational offering of the American Society of Farm Managers & Rural Appraisers
- "A Primer on Organic Agriculture," an article in *2006 Trends in Agricultural Land and Lease Values*, a publication of the California Chapter of the American Society of Farm Managers &

Rural Appraisers

- "Case Study: Using Indigenous Agroforestry Management Techniques to Support Sustainability in Production Agriculture", a paper-poster presented at Harlan II, An International Symposium on Biodiversity in Agriculture: Domestication, Evolution and Sustainability, September 14-18, 2008, University of California, Davis

Qualifications of Henry House

Agricultural Consultant
Rural Appraiser
Consulting Agricultural Economist
Farmer

Experience

Agricultural Consultant, ***Appraiser***, ***Consulting Agricultural Economist***. House Agricultural Consultants, providing agricultural science, economics, management, and appraisal services. 2000–present.

Farmer. Coco Ranch, a family farm growing organic apples, peaches, cherries, and field crops and raising sheep, poultry, and goats. 2000–present.

Software Engineer. Smashwords, Inc. 2011–2020.

Topics of Professional Expertise

- Livestock management: carrying capacity of land, range management, standard of care for grazing animals.
- Management evaluation of commercial equestrian facilities.
- Valuation of rural land.
- Valuation of livestock.
- Valuation of freshwater aquaculture facilities (fish farms).
- Agricultural economics.
- Statistical analysis.
- Software engineering.

Qualifications of Henry House, continued

Education

- B.S., "Natural History", University of California, Davis, 1999, with Honors. Coursework in agronomy, botany, ecology, entomology, geology, hydrology, nematology, plant pathology, soil biology, sustainable agriculture, statistics, and wildlife biology.
- Numerous courses of the American Society of Farm Managers and Rural Appraisers regarding farm management and agricultural consulting.
- Numerous courses of the Appraisal Institute regarding real-estate appraisal
- Courses from Savory Institute regarding livestock management.

Partial List of Litigation Consulting Assignments

- Consulted for United States Department of Justice, 2015 through present in litigation regarding agricultural land in in Tehama County.
- Consulted for EMC Insurance Companies regarding fire-damaged rangeland.
- Consulted for numerous additional law firms and agricultural companies regarding crops and livestock. A list of additional litigation clients served is available upon request.

Partial List of Management Consulting Assignments

- Numerous consulting assignments for Leland Stanford Junior University on the management of its agricultural lands, which feature cattle, horses, and vegetable crops. Topics addressed have included livestock standard of care, carrying capacity of lands, safety of animals, safety of structures, and management of drainage and water quality.
- Consulting farm management for John and Marie Cronin Trust B, a landowner near Rio Vista, California. Lands were utilized for cattle grazing.
- Numerous appraisal assignments of farmland and rangeland properties utilized for crops and livestock (cattle, sheep, and aquaculture).
- A list of additional management-consulting clients served available on request.

Appointments & Activities

- Member, American Society of Farm Managers and Rural Appraisers
- Board Member (Central Committee), Nevada County Republican Party, 2019–present.
- Board of Directors, Davis Media Access, Davis, California, 2014–2017.
- Board of Directors, Davis Farmers Market Association, 2001–2003.
- Assistant instructor, "Principles of Farm Management", course M-10, an Internet course of the American Society of Farm Managers & Rural Appraisers, 1999 to 2003.
- Course proctor, "M-25: Enhanced Client Services", an Internet course of the American Society of Farm Managers & Rural Appraisers, 1999 to 2003.

Speaking Engagements

- Assistant lecturer/instructor, "Farm Management", course ARE 140, and "Rural Appraisal", course ARE 145, University of California–Davis, 2015 to present.

Publications

- "Principles of Farm Management", Course M-10, a 40-hour professional credit Internet educational offering of the American Society of Farm Managers & Rural Appraisers

Fw: Protect Coyote Valley from Development

City Clerk <city.clerk@sanjoseca.gov>
Fri 11/5/2021 8:17 AM
To: Agendadesk <Agendadesk@sanjoseca.gov>

Office of the City Clerk | City of San José
200 E. Santa Clara St., Tower 14th Floor
San Jose, CA 95113
Main: 408-535-1260
Fax: 408-292-6207

How is our service? Please take our short survey.

From: Carol Ruth [redacted]
Sent: Thursday, November 4, 2021 7:15 PM
To: City Clerk <city.clerk@sanjoseca.gov>
Subject: Protect Coyote Valley from Development

[redacted]

[External Email]

In an alarming 5-4 vote on October 27, San Jose's Planning Commission decided against protecting Coyote Valley. Rejecting the recommendations from Planning staff and the 36-member General Plan Task Force, they voted to recommend against changing the land use in North Coyote Valley from industrial development to open space and agriculture.

It is up to the San Jose City Council to make the final decision about the fate of Coyote Valley on November 16. We urge you to please finally protect Coyote Valley by approving the staff recommendations.

The decision now rests with the San Jose City Council. We hope that the Councilmembers have a better understanding of both the economic realities of San Jose and of the importance of Coyote Valley for climate resilience, wildlife, flood and groundwater protection, and farmland, and that you will vote to protect these critical benefits.

Please approve the staff recommendations on the Coyote Valley General Plan amendments!

Many thanks,

Carol and Ron Ruth

Matteoni
O'Laughlin
& Hechtman
LAWYERS

Norman E. Matteoni
Peggy M. O'Laughlin
Bradley M. Matteoni
Barton G. Hechtman
Gerry Houlihan

November 5, 2021

Hon. Mayor Sam Liccardo and Members of the San Jose City Council
San Jose City Hall
200 Santa Clara Street, 18th Floor
San Jose, CA 95113

Re: The Lands along the East Side of Monterey Road are of a Distinctive Character from the Overall Coyote Valley – No. 5
November 16, 2021 Council Agenda

Dear Mr. Mayor and Members of the Council:

The first opportunity the affected Monterey Corridor property owners had to speak to the Task Force was at the delayed Coyote Valley Task Force meeting in October 2020.

There was no landowner representative from the Coyote Valley on the Task Force, as had been the practice in prior GP updates. The owners and their representatives were given two minutes each to speak.

They told of being annexed in the late 1950s and early 1960s, participating in bond measures for sanitary sewers and storm drainage, paying taxes but receiving no services, holding the land, and the harsh diminishing returns of pursuing agriculture. They asked that their lands not be stripped of the residential zoning in favor of A-40. None of these owners were developers and they had no applications for development pending.

The majority of the Task Force made the recommendation of A-40 for all of Coyote Valley without distinction as to these lands.

However, a small number of Task Force members expressed their concern that these owners were being down-designated by A-40 for the purpose of public purchase at distressed prices. Some urged that acquisitions be based on existing zoning. Others asked for an equitable solution, recognizing an unfair treatment.

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After this vote, these owners reached out to express these same concerns to the Planning Department and Council members. The result was a concession in the way of a PD Zone for Private Recreation. The proffered zoning does recognize the distinction that these lands are different than the overall Coyote Valley, but the Private Recreation PD Zoning with key qualifications does not do full equity.

More is required. The owners do not ask that the ordinance be revised in a rush. They ask for a careful study of the east side of the Monterey Corridor recognizing its unique characteristics.

Very truly yours,

[redacted]

Norman E. Matteoni

NEM/jlc

Cc: City Clerk, Gerry De Young, Ken Saso, Chris Marchese, Leo Cacitti, Sean Hu, Vic LoBue, Joe Filice, Loren Gunderson

Fw: November 16th Agenda: Please Protect Coyote Valley!

City Clerk <city.clerk@sanjoseca.gov>
Fri 11/5/2021 1:44 PM
To: Agendadesk <Agendadesk@sanjoseca.gov>

Office of the City Clerk | City of San José
200 E. Santa Clara St., Tower 14th Floor
San Jose, CA 95113
Main: 408-535-1260
Fax: 408-292-6207

How is our service? Please take our short survey.

From: Mary Jane Wilder [redacted]
Sent: Friday, November 5, 2021 1:39 PM
To: City Clerk <city.clerk@sanjoseca.gov>; The Office of Mayor Sam Liccardo <TheOfficeofMayorSamLiccardo@sanjoseca.gov>; District2 <District2@sanjoseca.gov>; District3 <district3@sanjoseca.gov>; District1 <district1@sanjoseca.gov>; District4 <District4@sanjoseca.gov>; District5 <District5@sanjoseca.gov>; District 6 <district6@sanjoseca.gov>; District7 <District7@sanjoseca.gov>; District8 <district8@sanjoseca.gov>; District9 <district9@sanjoseca.gov>; District 10 <District10@sanjoseca.gov>
Subject: November 16th Agenda: Please Protect Coyote Valley!

[redacted]

[External Email]

Dear Mayor Liccardo and Council Members,

My name is Mary Jane Wilder and I am a resident of San Jose. Coyote Valley is a treasure to our community. It is important to keep the Valley's agricultural landscapes and open space and allow the valley to protect our heritage, our hydrology, and the 200 species of birds that have been seen there. To keep San Jose resilient and thriving, please protect Coyote Valley! Create a legacy of protection for the long term over profit in the moment.

Please approve the staff recommendations on the Coyote Valley General Plan Amendments to **change the land use designations in North Coyote Valley from industrial development to open space and agriculture**.

Thank you,
Mary Jane

[redacted]

[redacted]