

# The Costs and Benefits of Owning and Managing Agricultural Lands

by Kendall Slee

## ON A HOT AND BREEZY DAY IN MAY,

Inland Northwest Land Trust (WA) Executive Director Christopher DeForest and four volunteers spent 10 hours tearing off the deteriorating roof and attaching new metal roof panels on the machine shop of the Harrington Cobb Ranch, some 60 miles from the land trust's main office in Spokane. Roofing, fencing and tracking when and where cattle should graze have been part of the everyday concerns of Inland Northwest Land Trust since it purchased the 1,360-acre property in 1996 with a foundation grant to promote sustainable agriculture and habitat restoration.

It's a tranquil and scenic ranch, with irrigated cropland, pastures, shrub-steppe rangelands and a two and a half-mile stretch of Crab Creek—a tributary to the Columbia River. But there are days when Mr. DeForest wonders whether time spent on such tasks as roofing might be better spent on projects that seem more directly related to the land trust's mission of protecting important open lands that are threatened by development, especially in the Spokane area and Idaho panhandle. "When you're out at the ranch, you're full of the possibilities," he said. "You think, 'It's great that we own this property and we can restore it to life.' Then you get back to the office and there's a dozen phone calls about projects that probably better fit our mission."



*At Peconic Land Trust's (NY) Quail Hill Preserve, volunteers, students, interns and "shareholders" in the farm all pitch in.*

Peconic Land Trust

It's a question with which the INLT board is grappling. This summer they will be conducting a formal review of the ranch, discussing whether the land trust should maintain ownership or if it should sell the property—subject to a conservation easement—and create a revolving fund to bolster its conservation toolbox.

## Examining Mission

Land trusts that own and manage farms and ranches experience firsthand the formidable challenges of keeping a small-scale agricultural business afloat. Those who have taken on these challenges advise that owning and operating working lands is a task not to be undertaken without organizational soul searching to determine if the property will forward the land trust's mission, followed by serious number crunching to determine the cost of caring for the land and operating it as a farm or ranch.

In 1998, The Trustees of Reservations (MA) acquired Appleton Farms as a result of a bequest. The 600-acre property was an appealing addition to its collection of reservations throughout the state, in part because of its 25-mile proximity to Boston and its unique history as one of the country's oldest continuously-operating farms, owned and run by the same family for 350 years, explained Lisa Vernegaard, The Trustees' director of planning and ecology.

Peconic Land Trust



*Peconic Land Trust's community supported agriculture program on Quail Hill Preserve has expanded from four acres and 30 family memberships to 25 acres and 160 memberships in 21 years.*

The land trust has opted to lease some farmland it owns. But, at Appleton Farms, directly managing the agricultural operations leaves more flexibility to encourage public access and run educational programs as well as protect wildlife habitat, in keeping with the land trust's mission "to preserve, for public use and enjoyment, landscapes of exceptional scenic, historic and ecological value," she said.

The Trustees of Reservations is in the process of developing a community supported agriculture program (CSA) in which people purchase "shares" of the farm in exchange for a portion of its harvest. It is also developing educational and interpretive programs for Appleton Farms visitors.

"One goal is to reconnect people with the land," Ms. Vernegaard explained. "Appleton Farms is a remarkable

pastoral landscape in an otherwise suburbanized setting. It gives people a chance to step back in time."

Taking ownership of the property does come at a price. On top of a multimillion dollar price tag to repair many of the farm's 22 buildings for such uses as a visitor center, to launch the CSA, to establish a grazing operation, and to handle other initial restoration and maintenance, the land trust is working to raise a \$4 million endowment to cover ongoing upkeep and maintenance costs. Including endowment income, contributions and grants, memberships generated by the property, and income from its agricultural products, The Trustees' budget projections estimate that the property will generate net revenues in five years, assuming that the endowment is raised in a timely fashion.

### **Little Farms on the Prairie**

Katy Prairie Land Trust (TX) does not directly manage agricultural operations on any of its 4,000 acres, but it works closely with the farmers and ranchers who lease the land. Owning the land provides the land trust the flexibility to designate areas for wetlands rehabilitation and to offer some public access and educational programs, said Executive Director Mary Anne Piacentini. Both activities directly relate to the land trust's mission "to protect a sustainable portion of the Katy Prairie for the benefit of wildlife and all Texans forever."

The land trust is working to maintain agriculture on its lands, and to harmonize agricultural practices with the needs of wildlife and prairie ecosystems. For example, it has sought out rice farmers to lease some of its lands because rice paddies can provide important habitat for waterfowl. Katy Prairie Land Trust also tries to curb overgrazing by using a grazing

Tim Gaudreau



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*Wagon tours and special holiday packages offered in partnership hotels and bed and breakfast establishments draw visitors to harvest Christmas trees at The Rocks Estate, owned by the Society for the Protection of New Hampshire Forests.*



*When Maine Coast Heritage Trust accepted the donation of Aldermere Farm and its renowned herd of Scottish Belted Galloway cattle in 1999, it ensured that it had an endowment to maintain the farm and the flexibility to sell the herd or the land—with conservation easements intact.*

lease system in which ranchers pay fees “per animal unit on the land.” In dry years when vegetation is sparse, the land trust stewardship staff diminishes the number of animals it permits on a given property. In such years, the land trust’s revenues from grazing leases drop, but tenant ranchers are better able to prevent overgrazing by spreading livestock over a larger area without paying higher rates, Ms. Piacentini noted.

The land trust is in the midst of a \$10 million capital campaign that will help increase its fee title holdings to 10,000 acres and establish a stewardship fund, which—combined with income from farm leases—should cover most maintenance expenses, she added.

### **Maine Farm Brings Higher Visibility, Opportunities**

While Maine Coast Heritage Trust (MCHT) rarely holds fee title to land, it decided to do so in 1999 when it was offered the 136-acre Aldermere Farms on Penobscot Bay.

The historic farm is an important open space buffer between the towns of Camden and Rockport. The farm contains pastureland, forests and freshwater ponds and boasts the oldest U.S. herd of Scottish Belted Galloway cattle—known by some as “Oreo cookie cows” for their distinctive black and white markings. The beef cattle, the farm’s primary agricultural product, are often sold as breeding stock.

MCHT hired much of the same staff that tended the farm under the previous owner and a new farm manager. In addition, the land trust held a series of meeting with area residents and town officials to cultivate a management plan that includes developing public trails and educational programs—programs that will be funded separately from the farm and its endowment.

The property’s conservation values and its popularity in the neighboring communities and among tourists who view it from US Highway 1, were significant factors in MCHT’s decision to accept fee ownership, even though the landowner

had already donated conservation easements on much of the land. Since MCHT offers education and assistance to other land trusts in the state, it saw the possibility of facilitating conservation education there and establishing a base for its land protection work in the area.

As a condition of accepting the land, MCHT requested an endowment to cover Aldermere Farm’s operating costs, building renovation and other capital expenditures. The land trust also made clear to the donor that it could not commit to keeping the trademark cattle or maintaining the property as a farm, said Mr. Espy. It even reserved the right to transfer the property and endowment to another owner should it prove too onerous for the land trust.

Despite the caveats, MCHT fully intends to keep the land and the cattle, he said. “If we had had conditions to keep the land as a working farm and if we had not had a financial endowment, we could not and would not have accepted it,” said MCHT President Jay Espy.

“We recognized that the farm could fit our vision of where MCHT might be in the future,” Mr. Espy explained. “There was a gut-level feeling that it was central to our mission, even though the farm activity itself was quite a new turn for us.”

### **Money Drains**

For land trusts that don’t have endowments for maintaining their working lands, the costs can be considerable. For example, Katy Prairie Land Trust spent \$40,000 to reline a well on one of its properties in 2000. This year, it is putting new fences on some of its lands at the price of \$1 per foot. “Those are the kinds of things we have to look at very carefully because our lease arrangements with farmers don’t come anywhere near covering the costs of maintaining those properties,” said Ms. Piacentini.

INLT must carefully weigh the competing needs of its Harrington Cobb Ranch, which is meant to be self-support-



*Christopher DeForest, executive director of Inland Northwest Land Trust (WA), plants a sapling along a creek of the land trust's Harrington Cobb Ranch. While fencing cattle out of the creek has greatly improved its water quality, Mr. DeForest estimates that it will take \$100,000 and thousands of volunteer hours to fully restore the waterway.*

ing. A neighbor leases the farm and ranch operations, which generate \$10,000 to \$15,000 a year for INLT in grazing fees, a 25 percent share of the crops produced, and rental income from the farmhouse. "We made a conscious decision not to use general land trust funding for the ranch," Mr. DeForest said, noting that the land trust does not want to divert resources from its other stewardship obligations and land protection goals.

INLT could sink a lot of money into restoring the ranch's weathered buildings and revegetating the creek that runs through it. A committee of two INLT board members, individual land trust members and community representatives oversees the ranch and decides how to spend its tight budget, in close collaboration with the ranch operator. With five miles of roads, 10 miles of fence, and 10 old buildings to maintain, \$10,000 to \$15,000 a year doesn't go very far.

If the land trust could renegotiate the ranch acquisition, "we'd insist upon some sort of endowment or capital expense fund," said INLT Board President Claude Sappington. "I think we were a little naïve."

While managing the property is getting to be more routine, there are unexpected surprises and expenses, he noted. "Last year, a windstorm knocked a tree over and tore out electrical lines and the well house. We had some property insurance coverage and we juggled the budget to take care of the rest."

Such budget juggling leaves few funds for restoration of Crab Creek and its riparian corridors, once tree-lined and sinuous but stripped of trees and straightened 50 years ago. The cost of buying saplings and other vegetation would be \$100,000, in addition to "a few thousand volunteer hours" of labor, Mr. DeForest estimated. So far, the land trust has only planted a few test areas and has fenced cattle out of the creek—a move that already markedly improved water quality and vegetation, he noted.

### **Staff Time: A Primary Expense**

Staff time and the attention and energy of board members and volunteers can easily be consumed in setting up a management plan for the farm and getting the business off the ground. Brunswick-Topsham Land Trust (BTLT) (ME) decided to get into the farming business after it purchased the 164-acre Crystal Spring Farm—the only undeveloped gateway to Brunswick.

"Our original intent was to sell it with a conservation easement, but there was so much interest in the farm we realized fee ownership would be necessary to do what we wanted," recounted Executive Director Jack Aley, the land trust's only full-time employee.

Based on feedback from donors and other community members, the BTLT board envisions that the farm can have a role in reinvigorating the local farm economy, as well as offering some public recreation and educational opportunities. It partners with the Brunswick Farmers Market Association to host a farmers market on the property. The land trust is also working with the National Park Service to build two and a half miles of trails and it recently hired a part-time events coordinator to launch community activities and educational events during the summer. But the primary activity on the land will be agriculture, Mr. Aley stressed.

After a five-year, \$730,000 capital campaign to buy the land, the land trust is working to raise an additional \$150,000 to cover initial costs—including hiring a farm manager and cultivating 16 acres of the land with organic vegetables and poultry. In four years, the land trust's business plan projects that the farm can bring in enough revenues to be self-sustaining, Mr. Aley said.

"Trying to get the farm up and running while continuing to be an effective land trust with a primary mission to

conserve open space is the single biggest challenge for us right now. This is clearly stretching us," he said.

### Multiple Land Use Goals

Having multiple goals for a property, such as education, ecological restoration, historic preservation or public access for recreation often adds to the expense of maintaining an agricultural property. Despite a booming business in Christmas trees and a myriad of other creative marketing packages that draw visitors and customers to The Rocks Estate, just 70 miles from the Canadian border, the Society for the Protection of New Hampshire Forests (SPNHF) annually dips into its general fund to sustain the property.

The largest money drains are the buildings, 20 of which are listed on the National Historic Register, said Nigel Manley, SPNHF's director of North Country property management. The 1,400-acre property was donated in 1978, and contains gardens designed by Frederick Law Olmstead and forests that SPNHF selectively harvests, in addition to the 30-acre tree farm.

The good news is that SPNHF has been able to increase the property's revenues by 800 percent over the past decade, according to Mr. Manley. Furthermore, the property has fostered strong community ties by helping to generate tourism.

Since SPNHF began cultivating Christmas trees on a 30-acre portion of the property, it has partnered with 30 hotels and bed and breakfasts to offer packages that include lodging and the opportunity to tour the estate in horse drawn wagons and to select a tree to take home. Last year SPNHF sold 5,600 trees through retail, wholesale, mail order and to visitors who harvest their own. Between Thanksgiving and Christmas, the estate drew as many as 1,500 people a day from as far away Florida and Britain. The package draws visitor to the area at what has traditionally been a quiet time—after fall foliage season and before ski season.

Likewise, a maple sugaring package draws visitors after ski season in the spring to learn the art of tapping maple trees. SPNHF has also organized historic tours of the area and a historic program on the organization's own 100-year history. In addition, visitors can rent the Rocks Estate for weddings, conferences, bar mitzvahs and other events. Volunteers are key; 25 regularly provide tours, lead education programs and help maintain the grounds.

### A Fruitful Community Farm

When Peconic Land Trust (NY) received a donation of 20 acres of farmland on the south fork of eastern Long Island in 1988, the land trust found a match for the land in a group of residents looking for a place to base their CSA farm. (The donor has since expanded the preserve, with an additional donation of 192 acres.)

After studying alternative structures, including spinning the CSA off as a separate nonprofit, the land trust decided to maintain the farm as part of its operations. "We thought there

were mutual benefits," recounted Scott Chaskey, manager of Quail Hill Preserve.


The theory has proven out, he added, noting that the land trust has interested some of its supporters as volunteers and members of the CSA, and the farm has given the land trust's land protection staff valuable contacts among farmers and other landowners in the vicinity. In 21 years, the CSA has grown from four acres and 30 CSA family memberships to 25 acres and 160 memberships. Along with Mr. Chaskey's full-time position, there are seven seasonal employees and numerous volunteers, ranging from school groups who put in a morning of working and learning on the farm, to individuals who regularly or sporadically stop in for a few hours, to a retired beekeeper who tends the farm's bees year-round.

In addition to operating the CSA, the land trust makes additional revenue—as well as contacts for the land trust—by offering services to other landowners such as mowing fields and sowing seeds for other landowners. It plants and maintains an organic garden for two local restaurants. "For a small farm to really make it, you've got to do a lot of things to bring in revenues," Mr. Chaskey explained. "Our annual budget has gone from peanuts to \$200,000. The board feels as though the farm is as close to sustainable as it needs to be." The synergies between the farm and the more traditional land protection arm of the land trust are such that it is hard to tell where one stops and the other begins, Mr. Chaskey added, noting that he conducts some monitoring visits of nearby PLT conservation easements.

As careful as the land trust is to operate the farm effectively and efficiently, it always keeps its nonprofit purposes such as public education in sight, and has avoided establishing itself as a direct competitor of other farmers, Mr. Chaskey noted.

"We were the first CSA in our area, so we were not in direct competition with others. We probably would never set up a farm stand since many farmers here already have them."

Education is an important purpose of the farm, and another source of income. Farm staff helped members of the Montauk and Shinnecock tribes plant a garden to demonstrate their traditional dry land farming and received a grant to teach gardening at a local childcare center. Staff members started a garden at the center and are teaching the children how to plant, care for, and harvest from it. Programs extend to the college level—Mr. Chaskey teaches an "agro-ecology" course at a local community college, and students come to work on the farm one day a week.

There are also less formal education programs, such as the annual "Tomato Taste-Off" where the public is invited to sample the farm's 30-some types of tomatoes and vote for the best. "By doing that, we get new CSA members. We also get all sorts of people learning about land conservation and agriculture," Mr. Chaskey said. 

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