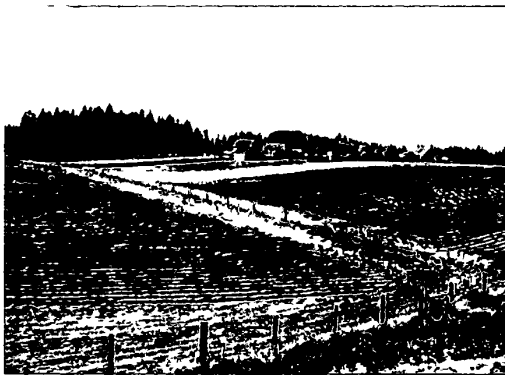




*Analysis of the Agricultural  
Economic Trends and Conditions in  
Clark County, Washington*



Prepared for Clark County, Washington  
By Globalwise, Inc.

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Preliminary Report

The horse sector is a source of demand for agricultural crops such as hay or grain. In this regard, the horse sector contributes to agriculture and rural agricultural land use. This also adds a requirement for pasture land for commercial horse operations such as commercial horse breeding operations and for grass hay production.

### ***Poultry and Eggs***

Clark County is a significant producer of fryer chickens. The Washington Fryer Commission reports that Clark County produces 11.45 percent of the state's fryer chickens.<sup>10</sup> This represents an estimated production of 5.2 million birds (the 2002 Ag Census reported 4.37 million chickens). The vast majority of production is accounted for by a few large contract growers. Lewis County dominates state production but Clark and Thurston counties are tied for the second. Fryers are produced in "fryer barns" that take up little land area. Nearly all Washington fryer production is on the west side of the state, near the two major poultry processors.

There are no known major egg producers in Clark County. Some of the small scale diversified farms have laying chickens and sell eggs.

### ***Other Livestock***

Commercial production of hogs, sheep, lamas, and alpacas complete the assessment for the main types of livestock produced in Clark County. Most observers believe that these species are either in stable production or decline in Clark County. Sheep, lamas and alpacas can be used for fiber production. It is hard to predict that there is any discernible growth in textile use of fibers in the county. There is no tracking of goat production for meat, but there is a sizeable goat population (perhaps over 1,000 head) and it is mainly due to the popularity for goat meat with some ethnic groups. Meat production from hogs and sheep is minor and expansion is limited because Clark County has no USDA approved slaughter facilities.

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<sup>10</sup> See [www.cluckcluck.org](http://www.cluckcluck.org)

agency's farm loan programs<sup>12</sup> This is significant because the FSA is the government lender to farm borrowers who do not qualify for standard commercial loans If FSA is not making these loans, it is also very doubtful that commercial lenders have borrowers who have purchased land and other capital assets In fact, contacts with several commercial banks identified only one bank which said they had made loans to a few nurseries in recent years

Discussions with farmers and other agricultural operators in the county reveal that many newer operators have used their own capital to buy land or they have combined a small-scale farm enterprise with the purchase of their rural residence Others have enlarged their agricultural enterprise with leased land This situation has led to a low base level of new agricultural enterprise development which cannot fully replace the larger, agricultural operations such as dairies and berry farms, which are going out of business

### **Local Marketing**

One of the WAC criteria to assess the long term commercial significance of agriculture is the criteria of "proximity to markets" Often this is assumed to mean proximity to population centers For newer farmers in Clark County, reaching local markets is at least one main factor in



their marketing program They may sell at farmers markets in the area, set up roadside stands, operate a CSA (Community Supported Agriculture) farm with subscribers who pay for a share of the production, or offer other forms of direct marketing channels

However the local sales approach is not uniformly adopted by Clark County farmers Local markets have not generated sufficient revenues to attract

very many new farms to the county

The case of dairies illustrates the dichotomy of how and where farm products are sold Some of the few remaining dairies do sell locally to the one milk bottler in the county On the other hand, one of the largest dairies in the county is shipping their milk out of the county (and out of the Portland metropolitan area) because they realize a significant price premium In this case the higher price received justifies the added transportation cost

There are also examples of local nurseries that sell most of their specialty trees over the Internet, and they ship by express delivery Their markets are often widely dispersed geographically

Fresh fruit and vegetable producers, and Christmas tree growers are the best examples of agricultural crops that do rely primarily on local markets However the larger of the Christmas tree growers are wholesalers and their main markets are out-of-state, principally California

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<sup>12</sup> Based on letter with attachments dated February 14, 2007 from Jeffrey Peterson, Farm Loan Officer, Farm Services Agency, USDA, Chehalis, Washington office

## Conclusions

In the first half of the twentieth Century, Clark County had a vibrant farm economy. For at least the last 30 years agriculture in Clark County has been in a long downward trend in production and farm profits. The mix of crops and livestock produced in Clark County is still diverse, but the farms are small and there are ever declining numbers of agricultural producers.

Many factors contribute to the decline in the county's agriculture. The most basic factor is that agricultural producers in other areas grow, process and market crops and products at lower prices that meet consumer demand.

One of the key obstacles in Clark County is the limited access to high quality agricultural land at an affordable cost. This impacts both existing farmers and potential new farmers. Few new producers are replacing those who have left the industry or are preparing to leave. Newer farmers have often adopted strategies of downsizing, renting land, or operating part-time. Additionally, apart from Extension and USDA programs, Clark County has very little in the way of support for farmers to combat the many forces that continually drive farmers to quit or leave the area. All of these conditions do not bode well for a secure future in farming.

Farmers can only sustain themselves when they are profitable. To be profitable in Clark



County, the costs of inputs used in the operation must be competitive, or farmers need higher prices and/or greater yields than their competitors. Demand by metropolitan area residents is growing for locally produced food and agricultural crops but this demand is not sufficiently strong to reverse the trends and allow farmers to expand with profitable operations in the county. The statistics show that Clark County farm income has continued to decline (Figures 1, 2 and 6).

There is little evidence that farmers are borrowing from either conventional or government lenders to establish new farms. Commercial credit is not practical given the immense cost of purchasing land and other assets needed to establish a farm. The logical conclusion is that new farms are commonly self-financed. This explains why so many are small scale operations on acreages of two to ten or twenty acres. These farmers often earn a small farm income that supplements their other sources of income.

Significant intervention by government is required if farms in Clark County are to be saved. Programs must be quickly put in place if public policy is to keep land and farmers in the future. One example of a program is the purchasing of development rights on selected lands considered prime for farming. Purchasing development rights to land is not sufficient to sustain farming. As crucial as it is to keep land available, the most vital need is for much higher

demand by local residents for local farm and agricultural products. Government can exert little influence over consumer purchasing patterns.

Clark County can offer and implement a set of programs to support the income-producing needs of farmers. Public support for agri-tourism, regulatory relief and technical assistance, new market support and other programs may all be needed if a significant number of farmers are going to enter this business. Without a series of focused efforts and programs specifically designed to support farmers to a much greater degree, the downward trend of farming in Clark County will almost certainly continue.

In this context, loss of farms that are located within the expansion areas will only slightly contribute to the downward decline. However, being inside the UGA does not necessarily mean the farms go out of business, since some farms (mostly nurseries) are within city boundaries. However, in many cases these urban-centered farms can be expected to cease operation. Their special challenge is that they are closest to development and least able to handle their higher costs, uncertain land tenure and land use incompatibilities. Most are small and are struggling to be competitive and remain in business. Existing agricultural zoning and programs of support are not sufficient to help these agricultural operations be competitive in order to remain in business for the longer term. Some are located on high quality soils but this is not uniformly true.

About 72 percent of Clark County's identified commercial agricultural land remains outside of the boundaries of the Preferred Alternative area. Out of the 145 identified farms in Clark County, there are 112 farms in production which are located outside of the boundaries of the Preferred Alternative. There are 11 identified farms located within the expansion areas of the Preferred Alternative and 22 farms within the current city limits or the 2004 adopted UGA boundary.