

Obstacles in the Agritourism Regulatory Process: Perspectives of Operators and Officials in Ten California Counties

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Agritourism is a business conducted by a farmer or rancher for the enjoyment or education of the public, to promote the products of the farm and generate additional farm income (Hilchey 1993). It provides rural experiences to urban residents and economic alternatives to farmers and ranchers. Agritourism enterprises include such activities as farm tours, roadside stands, bed and breakfast businesses, and cattle drives.

Agritourism brings diversification opportunities to farms and ranches that can help buffer fluctuating markets. It can increase farm revenue and increase community economic activity. It can provide economically feasible ways to care for natural habitats, natural scenic areas, natural resources, and special places. Agritourism can also turn urban residents into strong allies of farms and ranches (Tavernier et al. 1999).

In California opportunities for agritourism abound. There is a diversity of agricultural operations, natural landscapes and interests, plus a growing population—all of which provide prospects to farmers with interest, vision, skills and commitment. But entry into agritourism is complicated by limited landowner experience, a short supply of information, and a complex regulatory system (Black & Nickerson 1997).

Government agencies require that many business operators obtain clearances, permits and licenses. These require that operators meet certain conditions before they can legally start a business. County government typically enforces many state laws governing businesses, including local

county zoning law that may also apply to an operator. For example, the county planning department coordinates approval processes for land use permits while the environmental health department enforces state health codes related to agritourism ventures.

In this *AIC Issues Brief* we examine local regulatory obstacles facing California farmers and ranchers interested in agritourism operations.

- What regulatory roadblocks impede the development of agritourism enterprises?
- What new or revised policies, if any, are being adopted by counties to facilitate the development of agritourism enterprises in their counties?
- What changes to the regulatory system are desired by agritourism operators?
- What discrepancies exist between county officials' knowledge about the agritourism permitting process, requirements, and costs and on-the-ground experiences of agritourism operators?

To learn what regulatory obstacles face potential agritourism operators in California, we interviewed 29 experienced people in 10 counties. The counties were El Dorado, Marin, Mendocino, Placer, Plumas, San Diego, San Luis Obispo, Santa Cruz, Sonoma, and Stanislaus. They included 16 officials (county planners and environmental health specialists) and 13 agritourism operators. The interviews were conducted between January and June 2001. The county selection was based on

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geographic distribution and level of perceived activity in agritourism.

All interviewees were selected based on their knowledge of and recent experience in the topic. The agritourism operators owned an assortment of agricultural operations and tourist enterprises. Three had farmed or ranched roughly 40 years, while two had done so for just more than one year. The remainder had been in operation for an average of 27 years.

The operators we selected had run tourism operations anywhere between two days and 30 years. All but three operated “small farms” according to the USDA definition (grossing sales of \$250,000 or less annually). All operators owned most if not all of the land on which they ran both their agricultural and their tourism businesses.

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Officials’ Perspectives about Agritourism

All county officials supported the idea of tourism on the farm or ranch. When officials were asked their views about agritourism, they responded positively. Agritourism was “good,” “great,” and “wonderful,” they said. They cited both economic and ecological reasons.

Their economic reasons were that tourism brings diversity to agricultural operations, supplements income in low-revenue seasons, provides income that can help save the family farm or ranch, and promotes agricultural products. Ecological reasons were that tourism helps to protect agricultural land from housing development, helps to protect riparian corridors and fish populations, and provides a “more holistic approach to sustaining agriculture and the land.” One official said simply that agritourism protects his county’s heritage.

Ten county officials had seen an increase in queries and applications within the agritourism industry. Officials in Mendocino and Santa Cruz counties experienced no increases in interest or activity,

however. The two Placer County officials presented opposing views, with one reporting “no increase” and the other “significant increase.” Within El Dorado, Mendocino, Placer, San Diego, and Sonoma counties, the increased attention revolved primarily around wineries.

Within Placer and Marin counties, the increased operator attention on agritourism was viewed as farmers’ and ranchers’ search for economic viability—*any* economic viability without regard for tourism specifically.

Nevertheless, all but two officials saw increases in agritourism in their counties. Although the increase in absolute numbers was small, the increase in percent was significant. For instance, the number of permits issued in Placer County tripled from two to six in the past five years.

Operators’ Perspectives about Agritourism

The 13 agritourism operators we interviewed had diverse backgrounds and operated a variety of agritourism businesses. They ranged from a fourth-generation rancher offering lodging, trail rides, and guided hunts to retired urbanites running an upscale bed and breakfast (B&B) on their small diversified farm to an owner of a new farm stand to the general manager of a longstanding corporate winery.

In some cases, diversification took a different path from the original agricultural operation. For example, two Marin County dairies diversified into activities unrelated to their original operations—one added a B&B and wine-tasting room and the other an organic pumpkin and produce enterprise. In some cases though, the original agricultural operation laid the “bedrock” for the agritourism operation. Vineyards led to wineries that often led to wine-tasting rooms, reported officials of several counties.

Every operator planned to continue farming or ranching. Moreover, these operators all hoped to continue their tourism operations for at least the next 10 years. Some planned to expand their agritourism enterprise by adding, for example, new vegetables to their produce stands, more species to their petting zoo, more activities to their farm, and processed foods to their stock of fresh produce.

Obstacles and Costs in the Permitting Process

To start an agritourism enterprise, operators must comply with multiple county requirements and get county zoning approval. They must obtain clearances, permits, and licenses to meet certain conditions. They need to follow a planning and permitting process that addresses land-use development, environmental health, public health and safety, licenses and taxes, and direct marketing (Keith et al. 2002). However, different counties have different requirements for different operations—and some agritourism activities in some counties require no permits or licenses, only inspections. Once in business, the agritourism operation is subject to inspections that monitor and enforce compliance.

Operator Views about Obstacles and Costs

Each operator had at least some experience with agritourism rules and regulations. Some instigated their enterprise long before many current regulations existed. Some ran enterprises that required little legal oversight while others encountered countless regulations. Few operators had anything good to say about the process they experienced while permitting their agritourism operation. Table 1 summarizes operator and county official opinions about the problems described in this and the next section.

Eleven of the agritourism operators considered rules and regulations unclear, overwhelming, and sometimes unnecessary. Two suggested that their county doesn't understand family farms. But where operators were familiar with agritourism rules and regulations governing their businesses, four said "yes," one said "no," and the remaining eight provided such guarded answers as "I think so," "I assume so," "I know some," and "I'm familiar with the ones that affect our business." In summary, the agritourism regulations that operators already have addressed are still not fully understood.

Operators also viewed the permitting process with dissatisfaction and mistrust. While there was the view that the permitting process was "very legitimate" and recent changes were "very positive," the overwhelming perspective was that the process was chaotic, confusing, misleading, frustrating, time-consuming and costly.

Some operators were not impacted by county policies. Others paid county fees and costs that ranged from "limited" to \$100,000 for a septic system, in addition to start-up costs. There was also the ongoing expense of inspections and permit and license renewals.

Officials' Perspectives About Obstacles and Costs

Officials viewed agritourism regulations as protecting the environment, neighbors, and customers. They considered the agritourism permitting system important although potentially confusing, frustrating, and costly to operators. In general, they empathized with operators' frustrations about both the permitting system and regulations.

Although county officials in El Dorado, Placer, and Plumas reported no obstacles to agritourism applicants, others disagreed. Like operators, they said that obstacles included the permitting system itself. In Sonoma County, for example, approval can take from four months to two years, and the time, complexity, and expense can be prohibitive.

Officials said that obstacles also included inflexible ordinances and regulations. For example, in San Diego County, agritourism operations must be located on public roads—a requirement that stops some people from pursuing agritourism plans.

Officials reported complaints from local residents about the noise, traffic, trespassers, and number of events associated with agritourism as well as about agritourism activities altering the character of their community and commercializing the backcountry.

Officials reported that agritourism conflicts with county governance. Issues included the failure to include agritourism as an allowable use in county zoning and development codes. Zoning issues involved the rezoning of agricultural lands for commercial use and determining whether a proposed operation should be agricultural or commercial. Concern was also expressed about existing operations evolving from agricultural to commercial operations.

Table 1. **Perceived problems and suggested solutions to the county permitting process**

AGRITOURISM OPERATORS	
Perceived problems	Suggested solutions
Unclear, confusing and sometimes unnecessary	A straightforward, less expensive, timely, and flexible permitting process
Time-consuming, complicated, costly	Relaxed and fewer regulations
Viewed as the major obstacle to agricultural diversification goals	Better county awareness
	More agritourism promotion
	Increased county assistance with permitting process
	Positive, knowledgeable, and honest county employees with whom to work
COUNTY OFFICIALS	
Perceived problems	Suggested solutions
Potentially confusing to operators, frustrating and costly	Early planning necessary since permitting process is long and tedious
Ordinances and regulations are inflexible	Applicants should:
Neighborhood concerns must be considered	Be a bonafide agricultural operation
County policy fails to include agritourism concerns	Gather more information
	Have pre-application meetings with officials
	Establish positive neighbor relations
	Have completed business plans

Public health and safety concerns included water quality and food safety at agritourism sites, wine-tasting leading to drunk driving, and proper disposal of sewage and winery effluent.

In addition, operators sometimes offered goods, services, and activities not allowed by their permits. For example, some farm stands sold produce grown off-farm or used wine-tasting rooms as a draw to sell nonagricultural products.

How Do Counties Support Agritourism?

Assistance From Individual Planners

While they disliked the process, 11 agritourism operators had positive relations with individual county representatives. Although one operator appreciated county representatives for staying away from his operation, others described these people as “helpful for the most part” and “very fair.”

General assistance varied from county to county, with few counties actively helping applicants navigate the planning and permitting process. Only four agritourism operators said they received any written materials from the county, and only one found that information especially helpful. Counties do have materials available and more on the way. Placer County’s agricultural commissioner is developing agritourism guidelines for operators. San Luis Obispo County’s environmental health department provides a B&B guide and a construction guide for retail food stands that doesn’t apply to produce stands specifically. Stanislaus County’s building department provides a plan for fruit-stands.

Policy Support

Officials reported that El Dorado, Mendocino, Placer, Sonoma, and Stanislaus counties strongly supported agritourism in general plans, ordinances and boards of supervisors actions. San Diego County was “relatively supportive” and Marin County was not

particularly supportive. A San Luis Obispo County operator reported a supportive board of supervisors after he helped change state laws to allow ranches to operate farm stays.

Few counties addressed agritourism specifically in their general plans, though both Mendocino and El Dorado counties had taken extra steps. In Mendocino County, county staff along with the county farm bureau, designed policies that encouraged agricultural diversification “where it does not adversely affect other agricultural operations.” The county has completed a study about local interest in agritourism and needs, and is hiring an agricultural planning specialist to support agritourism.

In the mid-1980s, El Dorado County adopted a ranch marketing ordinance to encourage ranch marketing and to regulate the kinds of activities allowed. Revised in January 2001, the ordinance now requires agritourism operators to have a minimum of five acres of permanent crop or a minimum of 10 acres of seasonal crop to qualify for commercial activities—and it allows a graduated scale of agritourism production based on operation size. In agricultural zones, the ordinance allows picnic areas, handcraft sales, some gift sales, bakeshops, prepared food stands, and promotional and special events. The number and size of these events depend upon the operation size.

Placer County allows agritourism operators to post special signs to enhance their visibility. In 1997, the Placer County Board of Supervisors established “Placer Legacy” in the face of rapid growth and development. The voluntary program includes conservation easements, GIS mapping of open space and agricultural resources, and a county agricultural marketing coordinator to help local operators develop value-added products.

In Sonoma County, private groups promote farm trails and educational seminars. In Stanislaus County, the travel and tourism roundtable announces produce stand locations in a newspaper insert and farm trails. Similarly, in Santa Cruz County, there is a “Cross Roads” program for farms and ranches that open their doors to tourists.

Officials in Placer, Plumas, Santa Cruz, Sonoma, and Stanislaus counties see no need for zoning regulation change. Sonoma County has initiated a countywide plan update and formed two subcommittees to study regulations regarding agricultural processing and agritourism. San Diego County is considering a regulatory change to allow guest ranches to be “accessory” to a working farm—thereby allowing visitors to stay on a farm that has no residence. Marin County is currently revising its development code to allow B&B’s in agriculturally zoned areas and is adding language in support of agritourism to its Countywide Plan update.

Operator Ideas For Improving the Regulatory Process

Every one of the 13 operators interviewed presented at least one suggestion for change; some offered many. These suggestions fell into six categories.

- 1 **The permitting process.** Operators wanted a straightforward, less expensive, and timely permitting process—less bureaucracy.
- 2 **Regulations.** Operators wanted to see fewer and more flexible regulations. Most wanted to see counties relax regulations written for an urban environment and a more intensive business. Many operators called for counties to relax ranch-marketing regulations to allow them to sell products grown off-property.
- 3 **County awareness.** They recommended that counties learn about the potential of agritourism and understand the benefits that agritourism offers local economies. They wanted counties to understand small farms and ranches and their problems.
- 4 **Agritourism promotion.** Operators called for more county assistance with promotion. Suggestions ranged from an agritourism signage program to co-marketing with other county and regional marketing efforts.
- 5 **County assistance.** Operators wanted explicit help with the permitting process. They

wanted clear-cut information about the process, regulations, and requirements before they even applied. They suggested that counties establish a central clearinghouse. They recommended that counties hire an agritourism specialist “who is familiar with farmers and their ‘ignorance.’” And they suggested that counties produce a booklet about starting and running the businesses of agriculture and agritourism, including the permit requirements.

- 6 **County attitude.** Operators wanted to work in a positive environment with willing and upbeat people.

Officials’ Suggestions For Applicants

- 1 **Basic criteria.** Be sure you meet the basic agritourism criteria.
- 2 **Information and research.** Spend as much time as necessary going to county offices for information and guidance and research similar operations already in business for their expertise.
- 3 **Business planning.** Let officials know what you plan now and in the future.
- 4 **Neighbor relations.** Work with neighbors when you are developing your plans to avoid surprises.
- 5 **Patience.** Start early and allow a lot of time when applying for permits.
- 6 **Pre-application request.** Request a “pre-proposal” or “pre-application” meeting with officials so your potential project can be reviewed and discussed prior to application.

Conclusions

Judging from the comments of the operators interviewed in 10 counties, the obstacles facing California farmers and ranchers interested in establishing an agritourism operation revolve around the permitting system, regulations, and expense.

As suggested in interviews with officials and operators, an ideal county regulatory process might have some of the following components (some of these already exist in some counties) and could address the current lack of communication between regulators and businesses:

- Form an ad hoc committee of operators and staff that meets regularly to review development codes

and looks for ways to streamline and simplify the process for operators.

- Train county staff about the realities of farming and ranching and the potential of agritourism. This could be planned cooperatively with operators.
- Hire county staff that specialize in and have knowledge about agriculture.
- Write instructive and easy-to-read materials.

There is a future in agritourism, operators and officials concur. Counties could benefit by educating themselves about the potential of agritourism by developing policy support for the industry and operators, and by helping agritourism applicants. At the same time, operators could benefit by taking responsibility for improving the agritourism regulatory process and by improving their business planning. The status quo will yield only mixed results.

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