MENIFEE COUNTY COMPREHENSIVE PLAN

FOR

INVESTING PHASE I TOBACCO SETTLEMENT MONIES

TO

IMPROVE FARM INCOME
PREFACE

The Kentucky Legislature enacted House Bill 611 to return a portion of the Tobacco Master Settlement Agreement Monies to the Counties.

Menifee County will receive $298,269.00 to be invested in our agriculture to improve farm income. House Bill 611 has determined that tobacco farmers are to be the priority for investing these funds.

The money is referred to as Phase I Tobacco Settlement money. House Bill 611 set up an Agriculture Development Council in each county to develop a Comprehensive Plan to invest these monies. This plan is a compilation of ideas from 520 surveys, a public forum and input from farm organizations.

This plans purpose is to identify major areas that these funds could be invested in to improve Menifee County farm income.

Once this plan is approved by the State Agricultural Development Board, there will be an open proposal period for farm organizations to apply for blocks of this money that will in turn be part of a farm enterprise or project for individual or groups to improve farm income.

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A. Population Update – Kentucky by the Numbers, Menifee County

B. Agricultural Update – Kentucky by the Numbers, Menifee County

C. Kentucky Agriculture Statistical Service

D. Additional County Profile Data

E. 1997 Census of Agriculture County Profile, Menifee County

F. Survey

G. Tally for Surveys to Farmers

H. Model-based Income and Poverty Estimates for Menifee County, Kentucky 1995

I. Suggested Guiding Principles for Board Action

1. Overview of Menifee County
A. Agricultural Statistics, Trends and Projections:

The 1997 Census of Agriculture for Menifee County shows an 11% decrease in land in farms. However, the average size of farms has increased slightly from an average of 107 acres to 110 acres in 1997. An important note: Full time farmers have decreased by 26% from 172 farms in 1992 to 128 farms in 1997.

The market value of agricultural products sold has decreased by 19% to $3,802,000 in 1997. Crop sales (mostly tobacco) accounted for 74% of the agricultural products sold and livestock sales (beef primarily) accounted for 26% of the agricultural products sold.

The average age of Menifee County farmers is 51 years old with 315 male operators and 31 female farm operators. Total farmers in Menifee County are listed at 346 with 38,135 total acres. Only 128 listed farming as their principal occupation. However, it is believed that the majority of these are retired workers who earned their income off the farm before retirement. As a Council, we estimated there were only 10 full time farmers who make their living as farmers. The majority of the farms are individually or family owned (i.e. 324 out of 346 farms).
The average per farm production expenses was $6,659 with the average net cash returns of $3,360. Of a total of 346 farms, the following statistics apply:

<table>
<thead>
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<th>No. of farms</th>
<th>Gross Sales</th>
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<tr>
<td>82</td>
<td>less than $ 2,500</td>
</tr>
<tr>
<td>76</td>
<td>less than $5,000 more than $2,500</td>
</tr>
<tr>
<td>81</td>
<td>less than $10,000 more than $5,000</td>
</tr>
<tr>
<td>75</td>
<td>less than $25,000 more than $10,000</td>
</tr>
<tr>
<td>24</td>
<td>more than $25,000 less than $50,000</td>
</tr>
<tr>
<td>4</td>
<td>more than $50,000 less than $100,000</td>
</tr>
<tr>
<td>4</td>
<td>more than $100,000</td>
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It is interesting to note that 212 of the 346 farmers listed, worked at least some days off the farm. However, 148 of the 212 worked more than 200 days off the farm to help provide additional income.

We had 918 acres of tobacco in 1997 with a total production of 1.6 million pounds. In 1998, we had 830 acres of tobacco for a total production of 1.3 million pounds. Farm Service Agency estimates that there are 375 acres of tobacco grown in Menifee for 2000 with a total production of 747,000 pounds.

This tobacco loss represents the beginning of the farm crisis in Menifee County.

See Appendix E 1997 Census of Agriculture, County Profile Menifee Kentucky for more details.
The trend in Menifee County shows a decrease in farm income caused by loss of tobacco quota, an increase of residential use of farmlands; farms being used for cabins and residential homes. Living on a farm or retiring to a farm has become a way of life, more so than a means of family support. Without significant opportunity for increased farm profit this will remain true for many Menifee Countians who check farming as a principle occupation for census records. However, we know that some residents of Menifee County are looking for serious means of improving farm profit to supplement family income.

Our traditional agriculture production of tobacco, beef and forages is outlined in the many years of the Kentucky Agricultural statistics report. See Appendix F.

Their statistical findings are of no surprise to agriculture leadership in Menifee County. However, their analysis does not include our ever-growing non-traditional agricultural production with the forest industry. The tobacco quota cuts have insured that income from timber sales has exceeded our income from burley tobacco; 2.5+ million gross sales from timber with 2.5 million gross sales from tobacco in 1999 compared to an expected gross sales of only 1.5 million for tobacco in 2000.
New and emerging agricultural production includes a modern steam sweet sorghum processing facility owned by the Appalachian Sweet Sorghum Marketing Association. The Sorghum Cooperative with growers in Menifee and Montgomery Counties, has goals of 50 acres by 2001.

Another emerging opportunity is our Farmers Market with local growers presently selling every Friday in Frenchburg, and every Saturday in Mt Sterling, Kentucky. Good farmers, given the opportunity and market, can and will economically produce horticulture crops and timber products viable for our county and area.

Other emerging agricultural enterprises include goats, horses, hay sales, hunting leases, camping and lodging facilities close to Cave Run Lake and Red River Gorge.

B. Demographic Data: (See the following information in Appendix.)

A. Population Update – Kentucky by the Numbers
B. Agriculture Update – Kentucky by the Number
C. Kentucky Agriculture Statistical Service
D. Additional County Profile Data
H. Model-based Income and Poverty Estimates for Menifee County, KY 1995

C. Inventory of Resources:

- County Basic Tobacco Quota for 2000 – 747,000 pounds
- Cattle Numbers Including Calves – 4000
- Farmland (acres) – 38,135
- Harvesting Cropland (acres) – 5,542
- Pasture land (acres) – 7,947
- Other Pasture – 1,938
- Woodland Pasture – 3,608
- Woodland (acres) – 14,951
Average Land Values ($ per acre) 915
People (population) (1998) 5,736
Farmers (# farms) 346
Principle Occupation (# as farming) 128
Cave Run Lake (recreation & fishing)
Daniel Boone National Forest
Red River Gorge
Wildlife Abundance Deer and Turkey
Civilian Job Corps Academy

II. Review of the Process

A. The Comprehensive Plan was developed with input from 10% of the burley farmers attending a public forum to discuss uses of the Phase I Tobacco Settlement monies. A survey was sent to 520 farmers and agriculture related people with 13% responding with ideas to invest our funds in Menifee agriculture. Also, information was gathered from local agricultural, business and government organizations. Agriculture Development Council meetings were advertised in the local newspaper as open to the public. A series of newspaper articles were utilized to inform the public about Housebill 611.

B. The plan was prepared by the Menifee County Agriculture Development Council with the Cooperative Extension Service, Dave Cooper, administrating the process.

III. Assessments:

A. Strengths

The strengths of Menifee County are found in its people who care and make farming a way of life. Menifee County is home to 346 farms containing about 40,000 acres in farmland. It’s interesting to note that 15,000 acres are in
private woodlands. Some farmers supplement farm income with logging and secondary wood products. We are located between Cave Run Lake and the Red River Gorge in the beautiful Daniel Boone National Forest which takes up 36% of the land mass in Menifee County; 46,584 acres. Cave Run Lake and Red River Gorge offers the perfect opportunity to promote tourism.

Our Farmers Market has assisted some producers in selling their produce. Our rolling hills are well situated for livestock and forage production.

Most all who live in Menifee County feel it is a great place to raise a family, but it has become a difficult place to make a living farming.

**B. Weakness of Menifee County**

The weaknesses or needs of Menifee County tobacco farmers include the lack of new enterprises and the need for the expansion of existing agricultural production. Very few young people are staying on the farm to make their living. Most of our farmers are part-time producers and make their living off the farm or have retired to a farm. **Note:** The average net farm income is only $3,360 dollars. There are 168 farms with gross sales of less than $5,000 dollars. The average age of farmers is 51 with 40% being between the ages of 55 and 65.

The median household income is $19,983 dollars. Only 46% of the people over 25 years of age are high school graduates and 5% have college degrees. There are no livestock markets, no tobacco markets. Our forestry industry is made up of logging and rough sawed lumber sales. There is no medium to larger urban
centers in the county, the majority of shopping and employment is outside our county in Mt. Sterling and Morehead.

C. Opportunities:

Many opportunities exist in Menifee County. The constant concern is what opportunities are most economically feasible; what are viable enterprises for producers? What opportunities will take advantage of our natural resources and are most likely to succeed? The questions are virtually impossible to answer at this stage. However, many concerned citizens have addressed this dilemma. Our Agriculture Development Council has looked at opportunities with the assistance of surveys, public forums, and general public input.

Opportunities based on strengths (i.e. pasture land, private and national forest, Cave Run Lake, Red River Gorge, Daniel Boone National Forest, and our people) must include assistance in the following major areas for improving farm income:

- Marketing Menifee County farm products and crafts
- Beef and forage
- Horticulture including sweet sorghum
- Tourism including recreation and sports, uses of farmland
- Value added timber products
- Aquaculture
- Research, Development, Experimentation and Education

D. Threats:

Hurdles that must be overcome to make a viable living farming:

- Few secondary wood industries.
- Low utilization of our forage crops.
- Lack of markets.
- Loss of farmland by sale for construction of weekend cabins.
- Loss of farmland for home construction.
- Increase in farmland prices above level for equitable return to farming.
- Young people not staying on the farm.
- Loss of the family farm.
- Continual loss of tobacco income.
- Need for zoning
- Others: (List)

IV. County Council Objectives

A. Mission/Vision/Goal Statement

The Menifee County Ag Development Council wants farms to remain a vital part of their rural economy. We are proud farmers who wish to make a stand together to live in a community where agriculture is a valued part of community life. We want everyone to have the opportunity to farm profitably while using environmentally sound farming practices. We want our government to be responsive to the needs of the Menifee County farming community. As a Council, we have been given a once in a lifetime opportunity to invest in the future of agriculture in Menifee County. It is our goal to promote agriculture and related industries for current farmers and for future generations.

B. Short Term Priorities

- To prompt proposals in the major areas for improving farm income (listed in section III C).
- To prioritize major areas most likely to improve farm income by investing 70% of Phase I Tobacco monies.
- The percentages allotted to major areas are:
  - Marketing Menifee County farm products and crafts – 15%
  - Beef and forage – 10%
  - Horticulture including sweet sorghum and tobacco – 10%
  - Tourism including recreation and sports, uses of farmland – 10%
- Value added timber products – 10%
- Aquaculture – 5%
- Research, Development, Experimentation and Education – 10%

C. Long Term Goals
- Reserve 30% of the Menifee County Phase I Tobacco monies to help fund projects that are successful in the short term and/or to begin new projects as proposals determine over time.
- Create new markets
- Increase cattle numbers
- Increase sweet sorghum production
- Create opportunities in tourism
- Improving income from our timber resources
- Improve research development, experimentation and education opportunities

D. Tactics for Leveraging Funds (Making our money go further)

1. Partnership

Farmers borrow the money from a lending institution and Phase I funds pay the interest (i.e. interest buy downs). This way farmers could receive more no interest loans, maximizing the available funds and/or set up a revolving fund when low or no interest loans were made and as loans were repaid, new projects would be funded. In all cases, farmers must maintain a 50% vested interest in their project through 25% capital investment and 25% in-kind services and/or land commitments.

- Matching grants – 50-50 grants
- Join with UK, MSU, Mountain Rural, Clark Energy, Farm Bureau, NRCS, and local banks to add dollars for proposals and college scholarships for adults and students making the transition from farm to public work.
- Multi-county proposals are encouraged
- Others: (List upon review)
2. State Ag Development Board Resources – 90 million.
   Ways to access State Board Funds:

   Kentucky Center for Agriculture Development and
   Entrepreneurships.
   This center will help with locating grants and matching funds for
   our county proposals.
   Others: (List)

3. Other Local/State/Federal Resources
   -Local banks, Farmers Home, Farm Credit Service, Kentucky Department
   of Agriculture, Appalachian Regional Commission (ARC), USDA

V. Evaluation and Review

Block of monies has been prioritized for certain major areas of investment as
outlined in Short Term Priorities.

A. Criteria for Evaluation of Proposals for Block of Money to Investments in
   Menifee Agriculture

- Priorities to tobacco farmers
- Does proposal meet Ag Development Council’s short-term priorities and long-
  term goals?
- How will the proposals use dollars from other sources? Insure Phase I monies to
  help the largest number of tobacco farmer’s possible.
- Dependence on agriculture
- Completeness, documentation and merit of the proposal.
- Does the proposal enhance farm income?
- Is proposal compatible with local comprehensive plan?
- Does proposal offer diversification?
- Does proposal have regional focus and regional effect?
- The County Council will require semi-annual progress report on funded
  enterprise.
- We will accept formal proposals beginning 2001
- Others: (List)
**B. How will Success and Failure be Measured?**

- Ag stats indication of increase in sales of farm products.
- Increase farm income from increase in cattle numbers
- Number of individuals assisted to make the transition from farm to non-farm jobs.
- Increase sales at Farmers Market
- Improvement in farmer cooperatives to assist in marketing farm products.
- Number new markets reached.
- Number of successful new enterprises.
- Number of failed new enterprises.

**C. County Comprehensive Plan to be revised as needed to suffice different proposals.**

For revision to take place, changes must be documented by need through surveys and public input through public forums, local agriculture organizations, and tobacco farmers.