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Date: December 20, 2023

To: Bryce Farris, Sawtooth Law Offices

From: Philip Watson, Ph.D., Professor of Agricultural Economics

Re: Estimating the Effect of Cimarron Ridge on the Agricultural Base of Canyon County

Upon reviewing the report entitled "Estimating the Effect of Cimarron Ridge on the Agricultural Base of Canyon County", the following concerns are raised regarding the impact of the proposed land transfer on the agricultural base of the region. Pages 1-8 present basic background information which is largely uncontested. However, the statements regarding the impact on the agricultural base of Canyon County which are presented within pages 9 and 10 of the report are problematic. The report does not calculate the tangible economic impacts from the loss of these transferred acres on the Canyon County economy, aside from simply asserting that the affected acres amount to less than 0.1% of the total agricultural acres in the county. This assertion remains largely uncontested. However, we do strongly challenge the hypothetical positive economic implications of this transfer to the agricultural base of the region. The loss of these acres represents a total loss of over a half a million dollars to the agricultural base of Canyon County. This is unquestionably a reduction in the agricultural base of Canyon County.

Furthermore, the assertions presented in the "incremental household income" segment of the analysis are particularly problematic. The report calculates the anticipated food consumption of the projected 701 residents of the development, positing its influence on local agricultural prices. However, such a claim lacks any economic credence. These households would constitute relocations rather than newly formed entities. Even in the scenario of their migration from outside Canyon County, the increase in food demand overwhelmingly originates from external sources (as conceded in the report). Producers within the county are price takers and face perfectly elastic demand relative to any production shocks within the county. Consequently, the impact on local producers' received prices remains insubstantial and indiscernible. In essence, the anticipated food expenditures by these households would be counterbalanced by a corresponding reduction in their previous locales, thereby rendering negligible influence on the overall food demand or the producers' demand within Canyon County. In other words, the transfer of acres from agricultural production to a residential development would have no discernable positive effects on local producers and would only result in a reduction of agricultural production in the county.

The transfer of these acres out of agriculture unambiguously represents a loss to the agricultural base of Canyon County. Furthermore, there is significant evidence that the transfer of agricultural lands out of production in a region results in an acceleration of the decline in

agricultural production in that region. Canyon County is an important source of agricultural production and processing for the state of Idaho and any deterioration in the agricultural productivity of the county would likely lead to additional losses of economic output in region, including major economic drivers in state such as dairy production and dairy processing.

Sincerely,



Philip Watson, Ph.D.
Professor
Department of Ag. Economics and Rural Soc.