

# *Keeping the farm in the family*

Sisters - third generation on land - are a rarity



Max Whitaker/Prime, Special To The Chronicle

*Sisters Michelle Vogt (left) and Nicole Montna Van Vleck are the third generation to run their family rice farm in Yuba City (Sutter County). They have also protected the land so it will remain in use as a farm and a bird habitat.*

**By Stacy Finz**

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**Read more:** <http://www.sfchronicle.com/business/article/Keeping-the-farm-in-the-family-4432478.php#ixzz2QY8UxOE7>

Nicole Montna Van Vleck has defied the odds. According to national statistics, her family's rice farm near Yuba City is among a small percentage of farms to be passed down and run by the third generation.

The land has been in her family since the 1800s. But it was her grandparents who started the rice operation, then sold it to Van Vleck's father in the 1970s. She and her sister, Michelle Vogt, didn't have plans to return to the rice farm - Van Vleck studied political science at UCLA and Vogt became a schoolteacher. But the two women, now in their 40s, found that the calling to farm got stronger as they got older.

They've bought the ancestral land, Montna Farms, from their parents. Now, they're doing everything they can to ensure that their six children carry on the legacy. And even if they don't, Van Vleck and her sister have legally safeguarded the land, so that it can never be used for anything other than agriculture.

It's a fairly uncommon move, but experts say a necessary one to save the family farm.

Due to poor estate planning, internal feuds and rising land values, fewer and fewer later generations are holding on to their family farms. Purdue University estimates that farm children have less than a 10 percent chance of returning to a family operation. Since 85 percent of the nation's food is produced by family farms, according to the U.S. Department of Agriculture, the country has reason to be concerned.

## ***Family squabbles***

"Fewer than 5 percent of third-generation family-owned businesses make it through the first decade of transfer," said Mark Burrell, managing partner of the WestMark Group, a California agriculture consulting firm that specializes in succession and family planning.

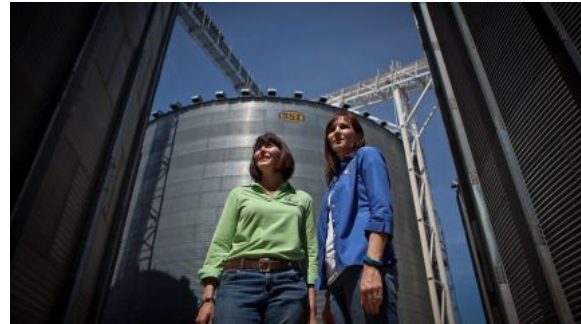
Burrell has seen it all, from shoddy estate planning to children who want careers in something other than farming. And even when ranches are passed on, sibling squabbles that took root in childhood - "Dad always liked you best" - can wreak havoc on a business, Burrell said.

"A significant number of farms don't even make it to the second generation," he said, citing one client who is selling his almond operation because his only child wants to be a lawyer. "He's doing it with mixed feelings - he's very proud of his daughter."

Another family, dairy farmers who also grew row crops, sold a portion of their farm to developers because two of their three sons went into the high-tech field.

The biggest problem is not having a strategy to help the next generation make a smooth transition, say experts. According to the Farm Journal Legacy Project, 38 percent of farmers don't have a formal succession plan.

"The do-nothing plan is a recipe for disaster," said Gina Lera, an estate planning lawyer with the Downey Brand law firm in Sacramento who works with farmers on succession strategies. "The biggest threat is the family dynamic after ownership transfer and the inability to separate family issues from business issues. Sometimes there isn't enough ownership to go around for all the heirs."



Max Whittaker/Prime, Special To The Chronicle

*Nicole Montna Van Vleck (left) and Michelle Vogt are teaching their children about the farm's operation.*

These are all issues that need to be worked out for a successful transfer, Lera said. Her law firm is holding a free series of seminars, called "Keeping the Family Farm in the Family." The next one is scheduled for May 16 at their office.

### ***Conservation easement***

Van Vleck and her sister made the choice to turn 2,000 of their 3,000 acres into a conservation easement for migratory water fowl. Although Van Vleck's two children and her sister's four will be allowed to sell the property after the two women die, the land must be used for agriculture and as a winter bird habitat. In the meantime, the rice farmers are doing everything they can to instill the importance of good stewardship in their children.

"We're going to teach them as much about the operation as we can, and how to get along," Van Vleck said, adding that whatever professions the children choose will have their blessings, but "this land is sentimental. Our father made sure we knew how the ranch works. It was his attempt to keep us from selling it."

And apparently it worked.



Max Whittaker/Prime, Special To The Chronicle

*Sisters, Michelle Montna Vogt, left, and Nicole Montna Van Vleck, right, part owners in their family rice farm in Yuba City, California, pose for a portrait March 23, 2013.*