

### Grant Agreements

All grantees will be required to enter into a grant agreement with the Department. Grantees will work with an assigned grant manager to develop their grant agreement. Grant agreements will not be executed until authorized by the Department and will be effective upon execution by the Department's authorized signatory. The Department may require modifications to the project in the grant agreement. All contents of the grant recipient's application will be included in the grant agreement.

Each grant agreement with the Department will terminate on March 30, 2026.

### Responsibility of the Block Grant Recipient

The block grant recipient will be responsible for carrying out the project and for managing finances, including: invoicing; payments to contractors, subcontractors, and suppliers; accounting and financial auditing; and other project management duties such as monitoring and reporting requirements.

Block grant recipients shall:

- Distribute necessary funds through subgrants and/or contracts to create regional multibenefit agricultural land repurposing plans; develop and permit land repurposing projects; implement land repurposing projects; support the capacity needs of partners; provide outreach, education, and training; and monitor land repurposing projects all consistent with these guidelines and the applicable Groundwater Sustainability Plan
- Ensure execution of all project deliverables and requirements outlined in Section 3 within the grant term
- Coordinate and integrate management of agricultural land repurposing efforts within their region or basin
- Coordinate activities with the relevant Groundwater Sustainability Agency to ensure activities are consistent with the goals of the applicable Groundwater Sustainability Plan and to ensure any groundwater recharge achieved through these strategies and projects is subtracted from any calculation by the Groundwater Sustainability Agency from the groundwater available for extraction by water users for the duration of the benefits paid for by the program.

### *Distribution of Block Grant Funds to Third Parties*

As the fiscal administrators of the Multibenefit Land Repurposing Program, block grant recipients will award subgrants of Multibenefit Land Repurposing Program funding or enter into contracts to fulfill the scope of work of this program. Subgrantees may be selected to engage in completion of all the deliverables or for discrete tasks. Block grant recipients may award subgrants via competitive or non-competitive processes and may engage subgrantees and contractors to fulfill individual deliverables or multiple deliverables, at their discretion.

Eligible subgrantees include federal, state, and local government agencies; federally and non-federally recognized California Native American tribes; resource conservation districts;

special districts; universities, colleges, and research institutions; and California 501c3 non-profit organizations.

Contracts may be entered in to with qualified entities in accordance with block grant recipients' internal contracting policies and procedures.

Block grant recipients may also provide incentive payments directly to landowners, farmers, and ranchers to implement multibenefit land repurposing projects that create a public benefit for at least ten years, including reasonable incentives to support a farmer or rancher's ability to transition land use. In order to distribute funds to landowners, block grant recipients must establish guidelines for funding projects based on the conservation outcomes achieved and delivered, and the duration of the outcomes provided. Block grant recipients must verify that the defined conservation outcomes of the project have been achieved and delivered for the duration identified in order to distribute incentive payments and must report this information to the Department quarterly.

## **Invoicing and Reporting**

### *Payments*

Grant agreements will generally be structured to provide reimbursement in arrears for work performed. Invoices for reimbursement may be submitted quarterly or monthly.

Advance payment terms will be considered and negotiated on a case-by-case basis. Subject to future approval from the Department and its control agencies, advance payment terms may allow up to 25% of the original grant amount to be paid in advance at a time. Funding for project implementation will only be released upon Department review of individual projects and confirmation that said projects are consistent with the goals of the program.

Block grant recipients receiving advanced funds must provide a fiscal report detailing how those funds have been expended on a quarterly basis and along with each subsequent request for an advance. Block grant recipients that receive funding on a reimbursement basis must provide a fiscal report detailing how funds have been expended along with each invoice.

### *Loss of Funding*

Actions of the grantee that may lead to suspension or cancellation of the grant agreement include, but are not limited to:

- Failure to execute an agreement within six months of receiving an official funding notification,
- Withdrawal from the grant program prior to completion of the work plan,
- Failure to submit required documentation within the time periods specified in the grant agreement,
- Change in project scope, schedule, or budget without prior approval,
- Failure to complete the deliverables within the grant agreement term,
- Failure to demonstrate sufficient progress toward deliverables, and

- Failure to comply with applicable laws or grant requirements.

## **State Audits**

Projects are subject to audit by the state annually and for three (3) years following the final payment of grant funds. If the project is selected for audit, the grantee will be contacted in advance of the audit. The audit will include all books, papers, accounts, documents, or other records of grantee, as they relate to the project. All project expenditure documentation should be available for an audit, whether paid with grant funds or other funds.

The grantee must have project records, including source documents and evidence of payment, readily available and must provide an employee with knowledge of the project to assist the auditor. The grantee must provide a copy of any document, paper, record, or other such material requested by the auditor.

## **Accounting Requirements**

Grantees must maintain an accounting system that:

- Accurately reflects fiscal transactions, in accordance with standard accounting principles,
- Provides a good audit trail, including original source documents such as purchase orders, receipts, progress payments, invoices, employee paystubs and timecards, evidence of payment, etc.,
- Provides accounting data so the total cost of each individual project can be readily determined, and,
- Maintains records for a period of three (3) years after final reimbursement is made by the state. Grantee must retain all project records at least one (1) year following an audit