



CALIFORNIA STRATEGIC
GROWTH COUNCIL

Sustainable Agricultural Lands Conservation Program Incoming Grantee Orientation

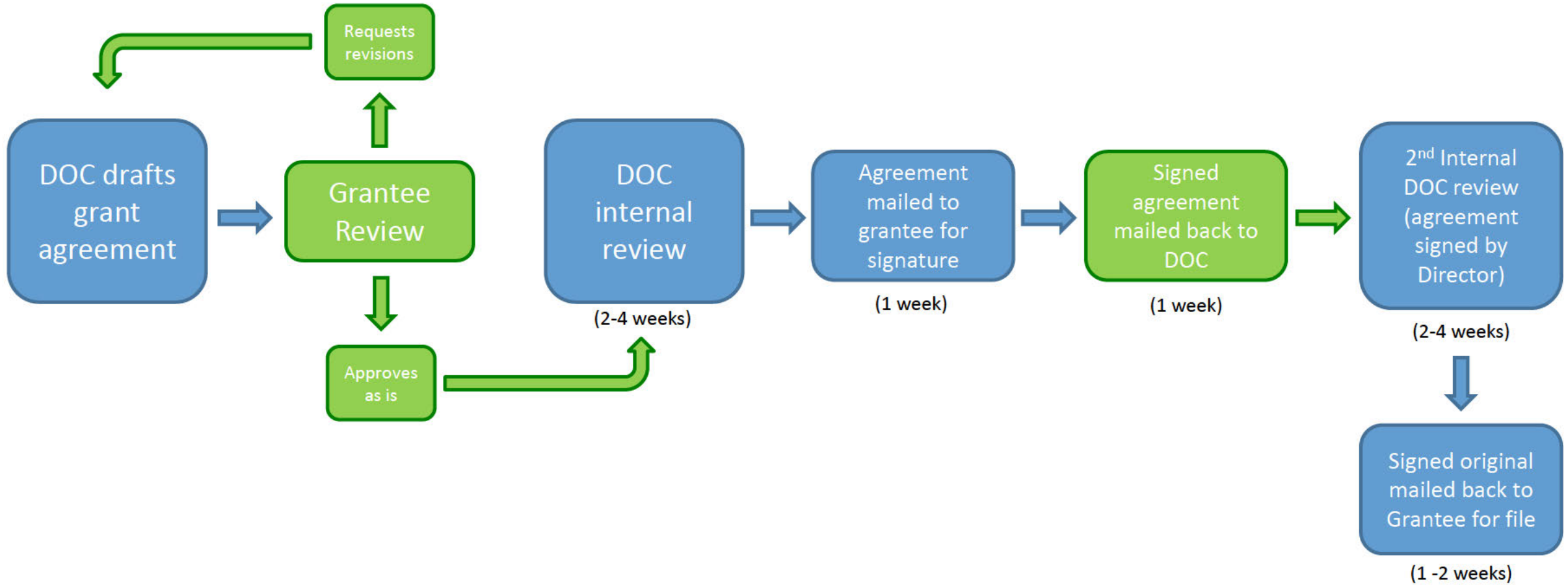
Administered by: Department of Conservation
January 18, 2018



ENTERING INTO A GRANT AGREEMENT



Process



Grant Agreement Updates

Notable Revisions

- No legal description – just the plat map
- Appraisal – no longer due within 5 months of the grant agreement start date
- Draft invoices are required before a grantee can submit an invoice
- Grant Manager will customize invoice template for Grantee
- There is now an Implementation Schedule
- No significant alterations to Conditions for Funding Disbursal

Points to Remember

General

- Agreements last 2 years
- Agreement terms are not negotiable
 - Attachments B/C and Exhibit A should be customized by Grantee to accurately reflect project specifics
- DOC cannot pay the first invoice on a grant until at least 3 weeks after the last signature
- Will need an updated payee data record for all grantees

Implementation Schedule (Attachment C)

Activities	Targeted Completion/Delivery Date	Responsible Party	Completion Date
Agricultural Conservation Easement Deed (6 months)			
Easement Negotiations – prioritizing reserved rights, building envelopes		Grantee/DOC	
Prepare Easement Exhibits		Grantee	
Prepare Baseline Documentation Report		Grantee	
Finalize Draft Agricultural Conservation Easement(s)			
Department approval of Baseline Documentation Report		Grantee/DOC	
Appraisal (~4.5 months)			
Commission Appraisal		Grantee	
Appraisal submitted to Department (+3 months)		Grantee	
Appraisal Reviewed and Approved by Department (+ 2-3 weeks)		DOC	
Appraisal Submitted to DGS for Review and Approval (+1 week)		DOC	
Appraisal Approved by DGS (+ 1 month)		DGS	
Title (3 months)			
Resolution of title issues (subordination agreements, etc)		Grantee	
Agreement on exceptions that are acceptable for final title insurance policy		Grantee/DOC	
Preparation of Title Exceptions exhibit for Easement		Grantee/DOC	
Escrow Instructions (~3 weeks)			
Submittal of draft joint escrow instructions to Department		Grantee	
Department review and approval of draft escrow instructions (+1 week)		DOC	
Finalize escrow instructions and circulate for signatures (+2 weeks)		Grantee	
Acquisition Invoice/Warrant (~6 weeks)			
Draft invoice		Grantee	
Submittal of invoice to Department (+3 weeks)		Grantee	
Department Submittal of invoice for Payment (+1 week)		DOC	
Warrant received by Department (+2 weeks)		DOC	
Department warrant delivered into escrow (+1 week)		DOC	
Escrow Closing Date			
Copy of recorded easement(s) and Subordination Agreements to Department		Grantee	
Copy of Title Insurance Policy submitted to Department		Grantee	
Escrow closing statement submitted to Department		Grantee	
Final Baseline Documentation Report submitted to Department (unbound color hard copy and digital copy)		Grantee	
Final Report submitted to Department		Grantee	
Associated Costs Invoice (~4 weeks)			
Submittal of Associated Costs Invoice to Department (0 weeks)		Grantee	
Department Submittal of invoice for Payment (+1 week)		DOC	
Warrant received by Department (+2 weeks)		DOC	
Department warrant delivered to Grantee (+1 week)		DOC	
Termination date of Grant Agreement			

Points to Remember

Budget

- Funds cannot be shifted between easement acquisition and associated costs
- Shifts between line items within associated costs **require prior DOC approval**
- DOC will **not** reimburse associated costs if the easement does not close
- If you requested funding for the following items, you will need to provide justification for DOC review/approval:
 - Survey(s)
 - Environmental Site Assessment
 - Mineral remoteness evaluation
- DOC will not approve increases in pay rates
- DOC will pay for associated costs incurred up to 180 days prior to entering into a grant agreement (excluding any costs incurred before submission of the SALCP application)
- DOC will only pay for one appraisal – the one approved by DGS used for the acquisition
- For projects with multiple easements, easement acquisition costs should be broken out by easement

Points to Remember

Signatures

- Grantee will receive 2 hardcopies to sign
- Grantee must return both copies to grant manager for processing
- DOC will sign after grantee
- Individual who signs the grant agreement should be the person who will sign the easement and invoices
 - Will need a letter designating signatory authority if you intend these people to be different



PUBLIC NOTIFICATION



Neighboring Landowner Notification

- Send to adjacent landowners
- Any landowners who own multiple parcels need only receive one letter
- Must be mailed
- Must be sent at least 30 days prior to passage of the Board of Supervisors' Resolution of Support
- Send to DOC:
 - Sample landowner letter
 - Date letter was sent
 - A list of all APNs and landowner names to whom the letter was sent
- Letter should contain:
 - Grantee's intent to purchase an easement
 - Proposed easement's acreage
 - APN (of addressee's parcel adjacent to the proposed easement)
 - Funders (must include SALC Program)
 - In perpetuity statement
 - Who will hold the easement
 - Who will monitor the easement
 - Non-profit statement (if applicable)
 - Parcel map with proposed acquisition outlined
 - Grantee contact information

Resolution of Support

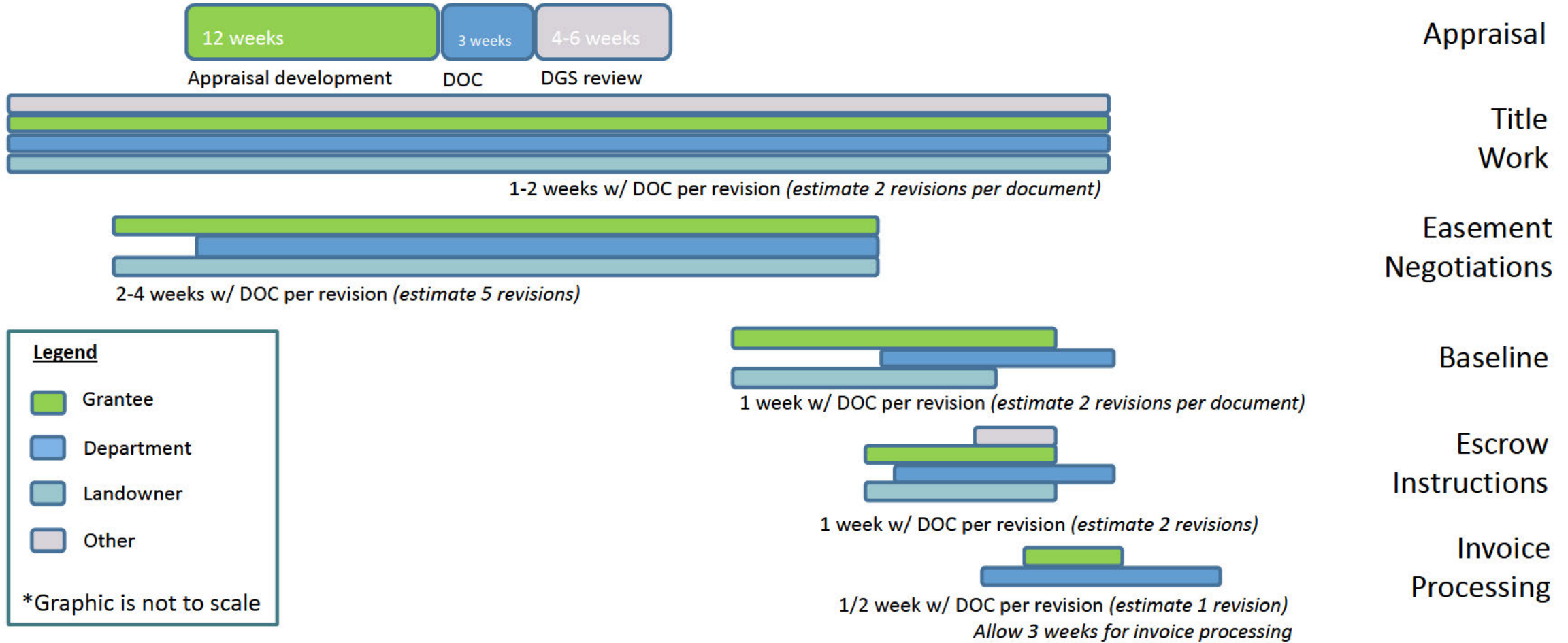
- Can be passed at any time prior to close of escrow
- Should include:
 - SALCP Recital
 - Project Description Recital
 - APNs
 - Acreage
 - Location
 - Board of Supervisors' approval of proposal
 - Certification that proposal meets the following eligibility criteria:
 - Parcel is expected to continue to be used for/is large enough to sustain commercial agricultural production
 - The County's general plan demonstrates a long-term commitment to agricultural land conservation
 - Without conservation, the land is likely to be converted to nonagricultural use



COMPLETING YOUR EASEMENT TRANSACTION



Easement Acquisition Timing



Appraisal

- Must be approved by DGS and DOC
- Must meet DGS appraisal specifications and comply with DOC Overview and Preparation of Appraisals
- Must list **California Department of Conservation** and DGS as Intended Users
- Must include accurate reserved rights and a copy of the easement
- DOC may require an update if:
 - The effective date is over a year prior to the close of escrow
 - Easement terms/reserved rights differ significantly from those listed in the appraisal
- DOC will only pay for the appraisal used as the basis for the easement value
- DOC will **not** pay for appraisal updates



Title

- Updated preliminary title report should be provided if:
 - The copy on file is over one year old
 - Title concerns have been resolved
- **Must include copies of or links to all underlying documents with your PTR**
- Department reserves the right to withhold funding until all title issues are addressed to Department's satisfaction
- All subordination documents are subject to Department review and approval
- Proforma:
 - Subject to Department review and approval
 - Required prior to easement close
 - Must list Department as additional insured
 - Insurance must be for full appraised value of the ACE
 - Should be dated



Easement Negotiations

Required Terms

- See Easement Template and Checklist

Reserved Rights

- Should be consistent with the application and appraisal
- Changes to reserved rights
 - Request prior to completion of appraisal
 - Automatic denial:
 - Substantial alterations to project scope
 - Changes that would affect eligibility or significantly affect project competitiveness

Restrictions on Agricultural Use

- No restrictions allowed on irrigated agriculture acreage
- Restrictions on rangeland will only be allowed if required by the match funder



Easement Negotiations

- Factors that will lengthen easement negotiations:
 - Not using the SALCP easement template or checklist
 - Integration of match funder requirements
 - Changes in reserved rights
 - Changes in acreage/boundaries
 - Significant formatting issues



Easement Formatting

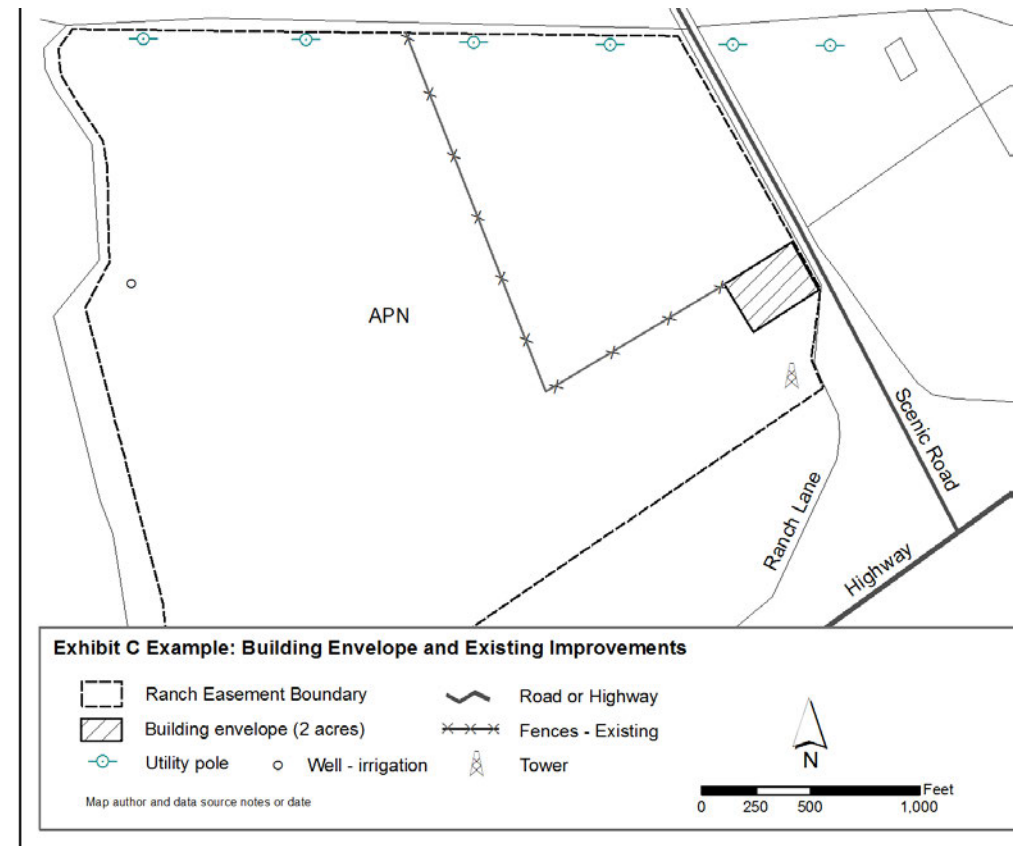
- Easements should be renamed with a new version name prior to being resubmitted to the Department for review (if not, the Department will rename the file to track)
- Include version and revision date in the document footer
- Restart line numbers on each page
- Provide revisions in redline/track changes
- Easements with substantial formatting issues will be returned to the grantee for revisions without Department review



Easement Formatting

Exhibits

- Map exhibits should have simple features that are easily scanned and will record well
- Line weight and symbology: solid, dashed, gray fill and cross hatching
- Label boundaries, APNs, waterways and roads
- Show property features, fences and infrastructure
- Include a north arrow and scale bar
- Include acreages for existing and proposed building envelope(s)



Escrow Instructions

- DOC to be included in Buyer/Seller instructions (“joint instructions”)
- Must be reviewed by DOC before being sent to escrow officer
- Must include the following:
 - Subordination of all senior liens/financial encumbrances
 - Recordation of easement(s) immediately following close of escrow
 - Issuance of title insurance with DOC listed as additional insured
 - Should be for full appraised value
 - Should not include any exceptions other than those agreed to by DOC
 - Provision of all relevant documents to DOC within 30 days of closing
 - Provision that, should the easement not be conveyed to the grantee, SALCP funds will be returned to DOC
 - Escrow officer’s signature



Acquisition Invoicing

- Draft will be prepared by Grant Manager
- Must include:
 - Request amount (acquisition only)
 - Match amount and source
 - Grant number
- Invoice number should be 1
- Must be submitted on official letterhead
- Must be signed by Authorized Signatory or Authorized Designee
 - We will accept digital signatures that are consistent with SAM Management Memo 17-03 (only applies to Acquisition invoice)
 - If a hardcopy is submitted, it must be signed in **blue ink**

[Format on Grant Recipient Letterhead]

EASEMENT ACQUISITION INVOICE [TEMPLATE]

TO: Department of Conservation
Division of Land Resource Protection
Attn: _____ (grant manager)
801 K Street, MS 14-15
Sacramento, CA 95814

Date: _____

Grant No.: _____ Invoice No. _____

=====

Please remit \$_____ to [Title Company] for the purchase of an agricultural conservation easement on _____ Farm/Ranch in _____ County.

[Title Company]
[address]
[phone number]

Escrow No.: _____

Match funding for the easement acquisition will be provided by the _____ at \$_____.

Total request in this invoice: \$_____

Name of Grant Agreement Signatory or Designee
Title]

POST-CLOSING TASKS



Deliverables

The following must be submitted to the Department within 30 days of closing:

- Copy of recorded easement(s) and Subordination Agreements
- Copy of Title Insurance Policy
- Final Baseline Conditions Report (unbound, signed color hard copy and digital copy)
- Final escrow closing statement
- Final Report
- Associated Costs invoice *(if applicable)*



Associated Costs Invoice

- Grantee must submit a draft invoice with supporting documents for review prior to submitting a signed invoice
- Must be signed by Authorized Signatory or Authorized Designee
 - We will accept digital signatures that are consistent with SAM Management Memo 17-03 (only applies to Acquisition invoice)
 - If a hardcopy is submitted, it must be signed in **blue ink**
- Supporting documentation must be submitted in hardcopy unless otherwise noted by the grant manager
- Any proposed changes to Associated Cost line items **must be requested in writing prior to the submission of the draft invoice**

[FORMAT ON GRANT RECIPIENT LETTERHEAD]

ASSOCIATED COSTS INVOICE [TEMPLATE]

TO: Department of Conservation
 Division of Land Resource Protection
 Attn: _____ (grant manager)
 801 K Street, MS 14-15
 Sacramento, CA 95814

Date: _____

Grant No: _____ Invoice No: _____

For expenditures under this grant during the timeframe: _____

[Note: The actual invoice line items for Associated Costs should correspond exactly to the line items listed in the Grant Agreement Budget page.]

	SALCP	GRANTEE MATCH
Associated costs		
Totals	\$ _____	\$ _____

Total reimbursement request in this invoice: \$ _____

 Name of Grant Agreement Signatory or Designee
 Title

Associated Costs Invoice

General

- Paid after the easement is recorded
- Only items listed in the Grant Agreement will be eligible for reimbursement
- Cumulative Associated Costs must not exceed the amount approved by SGC
- Line item activities in invoice should correspond exactly to those listed in the Grant Agreement Budget
- **Supporting documentation for SALCP reimbursement request must be provided**
- Supporting documentation for matching funds does not need to be submitted

Supporting Documentation

- Staff/Consultant/Legal time
 - Timesheets/Logs
 - Consultant invoices
 - Date work was performed
 - Specific grant-related activities to which time was devoted
 - » Should include project name, hours devoted, and hourly rate
- Appraisal
 - Invoices from appraiser
- Title Insurance and closing costs
 - Final escrow closing statement

Publicity

- Include the following in all publicity materials related to the project:
 - Department and SGC roles
 - California Climate Investments as funding source (see CARB’s most recent Cap-and-Trade Auction Proceeds Funding Guidelines)
 - CCI logo consistent with CCI Logo Usage Guidelines
- Include CCIpress@arb.ca.gov on distribution lists
- Post the @CAClimateInvestments Twitter link on webpages related to the project



Monitoring – After an easement is completed:

- Monitoring reports should describe the following:
 - Current land use and condition of the property
 - Any transfers of interest within the last 12 months
 - Any construction, restoration, major maintenance, or land use changes planned in the next 12 months
 - Any subsequent easements placed on the property in the last 12 months
 - Any potential violations identified in the last 12 months
- A template is available on DOC's website for your use
- Monitoring reports are required annually and should be submitted by June 30th each year
 - If monitoring is conducted in the fall, reports should be submitted by June 30th of the year immediately following the monitoring

THANK YOU

