

December 5, 2017

Subject: Sustainable Agricultural Lands Conservation (SALC) Program

Reporting Period: October 2017 – December 2017

Staff Lead: Sustainable Agricultural Lands Conservation Program Staff

Recommended Action:

Approve staff recommendation to award \$33,962,403 in Greenhouse Gas Reduction Funds to a total of 27 agricultural land protection projects – 25 agricultural conservation easements (ACE) and 2 strategy and outcome grants.

Summary:

The Sustainable Agricultural Lands Conservation (SALC) Program provides grants to fund agricultural conservation easements and local government strategies and outcomes that protect agricultural land from conversion to more GHG-intensive land uses. A total of \$33.96 million is available for this round (Round 3) from the fiscal year (FY) 2016-17 GGRF auction proceeds and the FY 2017-18 GGRF August auction proceeds. The staff report provides an overview of Round 3 and information regarding the projects recommended for award.

Background:

SB 862, Statutes of 2014 established the Affordable Housing and Sustainable Communities (AHSC) Program, to be administered by the Strategic Growth Council (SGC, or Council), “to reduce greenhouse gas emissions through projects that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development....” In July 2014, the Council approved the Department of Housing and Community Development to implement the housing, transportation, and infrastructure components of the AHSC Program, and the Department of Conservation and the California Natural Resources Agency to implement the agricultural lands protection component, which is referred to as SALC.

Since its initial year in 2014, the SALC Program has awarded approximately \$42 million in funding to 33 agricultural conservation projects over two competitive grant rounds. All the first round projects will be complete Spring 2018. From the second round, two grants have already closed and another three are on track to close by the end of 2017.

The SALC Program funds two types of projects: strategy and outcome grants and agricultural conservation easements. Funds not awarded under any one investment type may be used to increase the availability of funding of the other type.

2016-17 SALC Program Overview and Recommended Projects

In April 2017, the Council approved the *2016-17 SALC Program Final Guidelines (the 2016-17 Guidelines)*, which provide the eligibility criteria and framework for administering a competitive program. Concurrently, the Air Resources Board finalized the *GHG Quantification Methodology*

for the Strategic Growth Council Sustainable Agricultural Lands Conservation Program, Fiscal Year 2016-17.

Two project types are eligible under the SALC Program for this year: (1) strategy and outcome grants, and (2) agricultural conservation easement (ACE) grants to fund the purchase of development rights from willing landowners with property that is at risk of conversion. The solicitation for projects was released shortly following approval of the 2016-17 Guidelines. Pre-proposal summaries were due June 1, 2017, providing an optional step in the process aimed at giving applicants the opportunity to receive early feedback and technical assistance on their proposals. The Department of Conservation (DOC) staff provided written feedback on all pre-proposals, held informative webinars for interested applicants, and offered on-going direct technical assistance until the full application due date.

Full applications were due August 1, 2017. The SALC Program received 27 ACE proposals and 2 strategy and outcome applications, requesting a total of \$36.7 million. All proposals were reviewed for completeness and eligibility. DOC staff digitized properties into GIS, evaluated projects for conversion risk, density, and GHG benefits per the ARB Quantification Methodology, and reviewed public database information regarding oil and gas wells, hazardous waste sites, mines, etc., as well as noted nearby protected lands. ARB staff confirmed conversion risk, density and GHG quantification metrics. Following staff review, an interagency review team comprised of staff from Department of Conservation, Natural Resources Agency, Strategic Growth Council, and the California Department of Food and Agriculture Council reviewed proposed project information and determined the recommended list of projects for approval by the Council.

The projects recommended for award are as follows. Please refer to **Attachment 1** for additional information about each of the individual projects recommended for Council approval.

Easement Grants

Applicant	Project #	Property Located Near	County	Total Acres	\$ Requested
California Rangeland Trust	16_PP1	Salinas	Monterey	9,418	\$ 3,030,500
Ag Land Trust	16_PP3	Salinas	Monterey	100	\$ 634,000
Ag Land Trust	16_PP4	Salinas	Monterey	212	\$ 1,342,000
Ag Land Trust	16_PP6	Salinas	Monterey	95	\$ 1,690,000
Ag Land Trust	16_PP7	Marina	Monterey	141	\$ 2,515,000
Sonoma Agricultural Preservation and Open Space District	16_PP8	Cotati	Sonoma	403	\$ 1,000,000
California Rangeland Trust	16_PP9	Garberville	Humboldt	2,942	\$ 2,523,500
Land Trust of Napa County	16_PP10	Winters	Napa	6,064	\$ 3,234,600
Solano Land Trust	16_PP11	Vacaville	Solano	2,204	\$ 1,838,536

Sierra Foothill Conservancy	16_PP12	Hornitos	Mariposa	7,182	\$	2,205,000
Land Conservancy of San Luis Obispo County	16_PP13	Oak Shores	San Luis Obispo	7,681	\$	1,524,860
Land Conservancy of San Luis Obispo County	16_PP14	Los Osos	San Luis Obispo	130	\$	616,035
Siskiyou Land Trust	16_PP15	Etna	Siskiyou	342	\$	375,500
Bear Yuba Land Trust	16_PP16	Penn Valley	Nevada	1,593	\$	3,450,700
Placer Land Trust	16_PP17	Auburn	Placer	314	\$	1,500,000
Central Valley Farmland Trust	16_PP19	Livingston-Delhi	Merced	97	\$	623,500
Central Valley Farmland Trust	16_PP20	Livingston-Delhi	Merced	60	\$	401,500
Central Valley Farmland Trust	16_PP21	Farmington	San Joaquin	123	\$	873,250
Mendocino Land Trust	16_PP26	Ukiah	Mendocino	134	\$	1,169,643
Yolo Land Trust	16_PP27	Esparto	Yolo	69	\$	654,250
Land Trust of Santa Cruz County	16_PP28	Watsonville	Santa Cruz	40	\$	154,500
Feather River Land Trust	16_PP29	Loyalton	Sierra	440	\$	276,850
Feather River Land Trust	16_PP30	Portola	Plumas	5,880	\$	1,693,123
Feather River Land Trust	16_PP31	Loyalton	Sierra	335	\$	280,594
Feather River Land Trust	16_PP32	Loyalton	Sierra	253	\$	154,962
<i>Easement grant totals</i>				46,253	\$	33,762,403

Strategy and Outcome Grants

Applicant	Project #	Outcome	County	Total Acres	\$ Requested
City of Reedley	16_SOG1	Agricultural Land Mitigation Program	Fresno	NA	\$ 100,000
Santa Clara County	16_SOG2	Agricultural Conservation Easement Purchasing Program	Santa Clara	NA	\$ 100,000
<i>Strategy and Outcome grant totals</i>					\$ 200,000

TOTAL \$ RECOMMENDED FOR AWARD	\$ 33,962,403
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Overall, the SALC Program received a strong representation of quality proposals that will advance statewide goals to protect important farmlands and rangelands from urban and rural

ranchette development, resulting in avoided vehicle miles traveled and various co-benefits, such as open space values and economic benefits. In addition to demonstrating GHG emission reductions, the factors used to evaluate the easement application pool included consideration of agricultural operation viability (size, infrastructure, and market), clear title, documented risk of conversion, matching fund commitments, and project location relative to protected lands and potential greenbelts.

Of the proposals received, approximately 44% represented irrigated cropland, 19% dry rangeland, 26% irrigated pasture and rangeland, and 11% mixed uses. The projects recommended for award are located across 17 counties. While no easement projects requested disadvantaged community status this round, seven projects were located within a disadvantaged community identified using CalEnviroScreen 2.0, and one project was located within half a mile of a disadvantaged community. One strategy and outcome grant application was scored as a disadvantaged community project; however, the benefits this project may provide to disadvantaged communities cannot be determined until the outcome is implemented.

Project funding recommendations are made with the understanding that project completion is contingent upon resolution of identified title concerns, confirmation of match funding, approval of the appraised value by the Department of General Services, and execution of all public notice requirements. The projects recommended for funding may be subject to minor modifications in size, boundaries, and/or configuration between project approval and distribution of the grant award. The Department will evaluate proposed project modifications for consistency with the *2016-17 Guidelines* and reject any proposed modifications that could render a project ineligible for funding per statute or the *2016-17 Guidelines*, or that could have significantly negatively affected a project's competitiveness. When a specific reserved right, easement restriction, or proposed budget items noted in the application was or is found to be in conflict with the *2016-17 Guidelines*, applicable statutes, or the goals of the SALC Program, but where the majority of the project was deemed consistent with the same, the project recommendation is made contingent upon exclusion of said right, restriction, or budget item.

The *2016-17 Guidelines*, which describe all SALC Program requirements, competitive criteria, and solicitation and administrative processes, are available on the SGC website, and on the Department of Conservation website at <http://www.conservation.ca.gov/dlrp/SALCP/>.

Strategy and Outcome Grants

Two strategy and outcome grant proposals were received this round, both of which meet the eligibility requirements and are recommended for funding: County of Santa Clara and the City of Reedley.

As in previous years, few strategy and outcome applications were received. This project type provides funding to cities and counties for assessing and developing strategies to identify and protect critical agricultural lands in their regions. Leading up to the approval of the *2016-17 Guidelines*, there was considerable interest expressed by stakeholders in keeping strategy grants a part of the SALC Program because of their ability to protect agricultural lands in ways that are more cost-efficient, regionally-focused and support locally-led land-use planning decisions.

To address the uncertainty that planning efforts undertaken by a city or county result in implementation, and to ensure that the implementation would result in quantifiable GHG reductions, the 2016-17 Guidelines limit eligibility to five specific types of strategies that tie to specific outcomes that result in a measurable GHG reduction. Furthermore, costs may not be reimbursed until the strategy results in a measurable GHG benefit. Recognizing this requirement creates an administrative burden for applicants, the Program has continued to look for ways to provide flexibility. As in the previous round, the 2016-17 Guidelines allow strategy grant applicants to submit a joint application with an ACE application. This provides an alternative option to the administrative requirement that applicants fund all strategy grant work costs, without routine reimbursement from the State, until the strategy resulted in a measurable GHG reduction benefit. Given that there is still a lack of strategy and outcome grant applications being submitted, Staff will continue to work on this issue in the next round.

Next steps

Following approval by the Council of the proposed recommendations for award, the Department of Conservation staff will work with applicants to develop grant agreements. The SALC Program team will also begin to prepare for the next year of the SALC Program by discussing what revisions to the 2016-17 Guidelines may be needed. Direction for the next round will be influenced by Council priorities, the amount of funding available for the next round, and ideas provided by interested stakeholders.

Attachments

Attachment 1: SALC Project Summaries

Attachment 2: Statewide Map with Project Locations

Attachment 3: Full list of projects received, including projects not funded