STAFF REPORT: FY 2014-15 SUSTAINABLE AGRICULTURAL LANDS CONSERVATION PROGRAM: RECOMMENDED AWARDS

Summary

The Sustainable Agricultural Lands Conservation (SALC) Program provides grants for sustainable agricultural plans and agricultural conservation easements to protect conversion to more GHG-intensive land uses. In FY 2014-15, $5 million is available to fund such projects. This staff report provides an overview of the SALC program and summary of applications recommended for award.

Recommended Action

Approve staff recommendation awarding $4,601,345 million in Greenhouse Gas Reduction Fund to 12 projects supporting greenhouse gas emissions reductions and related co-benefits.

Background

The Budget Act of 2014 appropriates $130 million from the Greenhouse Gas Reduction Fund (GGRF) for the FY 2014-15 Budget to the Strategic Growth Council (Council) to develop and administer the Affordable Housing and Sustainable Communities (AHSC) Program. Accompanying legislation, SB 862, apportions 20 percent of the GGRF's proceeds on an annual basis to the AHSC program beginning in FY 2015-16. All GGRF monies must fund projects that further the regulatory purposes of AB 32, the Global Warming Solutions Act of 2006, and reduce greenhouse gas emissions (GHGs).

The AHSC Program furthers the regulatory purposes of AB 32 by investing in projects that reduce greenhouse gas emissions (GHGs) by creating more compact infill development patterns, encouraging active transportation and mass transit usage, and protecting agricultural land from sprawl development. These types of projects, described in the AB 32 Scoping Plan, will support ongoing climate objectives and contribute substantial co-benefits by:

- Reducing greenhouse gas emissions and vehicles miles travelled (VMT) by improving mobility options and supporting infill development; and
- Protecting agricultural lands from conversion to other developed uses in order to manage growth within discrete boundaries, and supporting conservation practices that reduce net GHG emissions and increase soil carbon sequestration.

Pursuant to SB 862, the Council is required to develop and administer the AHSC Program and to leverage the programmatic and administrative expertise of relevant state agencies and departments in implementing the program. The Council is responsible for the overall administration of the AHSC Program and retains primary authority for the governance of this program and approval of funding

awards.

Public Resources Code section 75212 lists the types of projects eligible for funding under the AHSC Program. Specifically SGC is authorized to invest in projects that meet the goals of SB 862 through the "acquisition of easements and other approaches or tools that protect agricultural lands that are under pressure of being converted to nonagricultural uses, particularly those adjacent to areas most at risk of urban and suburban sprawl or those of special environmental significance" (PRC 75212(h), and "planning to support implementation of a sustainable communities strategy, including implementation of local plans supporting greenhouse gas emissions reduction efforts and promoting infill and compact development" (PRC 75212 (i)). At its July 10, 2014 meeting, the Council approved the Department of Housing and Community Development (HCD) to implement the housing, transportation and infrastructure components of this program, and the California Natural Resources Agency and Department of Conservation (DOC) to implement the agricultural lands protection component. The agricultural lands protection component is called the Sustainable Agricultural Lands Conservation (SALC) Program. At its January 20, 2015 meeting, the Council approved programmatic guidelines for the AHSC and SALC programs, which establish the goals and objectives for the programs, and set threshold and competitive criteria under which projects are reviewed and recommended for award.

Integration between the AHSC and the SALC

The two programs – AHSC and SALC – work in tandem to deliver projects that reduce GHGs. By investing in infill development, improved mobility options, and protecting agricultural lands strategically to keep growth within discrete boundaries, the components work together to reduce GHGs in the aggregate and over time. The programs are administered through cross-agency cooperation, drawing on a wide variety of technical expertise in order to create programs that reduce GHG and deliver multiple benefits.

SALC Program Overview

The SALC Program recommendations presented for Council approval will reduce GHGs emissions by funding activities designed to protect the State's agricultural lands (cultivated and rangelands) from conversion to more GHG-intensive land uses (e.g. urban and low density sprawl). The program has three components:

1. Sustainable agricultural land strategy plans;
2. Agricultural conservation easements (ACEs), and
3. In future years, farm-scale conservation management practices, which would require approved revisions to existing programmatic guidelines.

SALC Funding Recommendations

A total of $5 million is available to award in this initial year of the SALC program, with up to $1 million available for strategy plans and up to $4 million available to ACEs. Any un-awarded funding for a specific component may be applied to the other in order to award all available funds. The total funding amount recommended for all awards (easements and strategy plans) is $4,601,345. The balance of $398,655 in FY 2014-15 funding will be applied to FY 2015-16 projects. The recommendation for easements includes one alternate project in the event that a recommended project or projects must withdraw.

The funding for these projects comes from the Greenhouse Gas Reduction Fund, and thus all projects selected must demonstrate a reduction in greenhouse gases. Project applications were evaluated and scored per the review process described in the SALC program grant guidelines. For the SALC strategy grants, a multi-agency grant review committee scored all submitted proposals against the guidelines criteria. To ensure SALC Program consistency with SB 1018 requirements and ARB's approved quantification methodology for agricultural easement projects, a subset of projects was identified representing those that may result in the highest potential for quantifiable greenhouse gas emission reductions. Staff is recommending this subset of projects for funding. Staff is further recommending that as a provision of the grant agreement, the awardee and partners send a letter to SGC that affirms the intention of the funded project is to both complete a plan and implement activities identified in the plan that result in quantifiable greenhouse gas emissions.

Projects recommended for award:

Agricultural Conservation Easements

Applicant	**County**	**Acreage**	**Amount Requested**
Monterey Ag Land Trust	Monterey	169	$ 405,300
Eastern Sierra Land Trust	Mono	2,475	$ 917,500
Lassen Land & Trails Trust	Lassen	582	$ 226,500
Napa Land Trust	Napa	1,558	$ 606,500
Northern California Regional Land Trust	Butte & Tehama	8,847	$ 1,163,000
Sonoma Co. Ag Preservation & Open Space District	Sonoma	230	$ 300,000
Marin Agricultural Land Trust	Marin	330	$ 490,050
Total recommended for funding		**14,151**	**$ 4,108,850**
Northern California Regional Land Trust (Alternate Award, if funding becomes available)	Butte	396	$ 1,026,500

Attachment 1 provides additional information about the agricultural conservation easements recommended for Council approval, totaling $4,108,850.

Agricultural Strategy Grants

Applicant	Project Name	Amount Requested
Butte County	Butte County Agricultural Land Conservation Strategy	$100,000
Mendocino County	Mendocino County Agricultural Land Conservation Planning Program	$ 93,400
County of Mono	Mono County Sustainable Agricultural Land Strategy	$ 100,000
Santa Clara County	A Sustainable Agricultural Lands Policy Framework – Southern Santa Clara Valley	$ 100,000
County of Santa Cruz	Rotational Cover Crop Plan for Pajaro Valley	$ 99,095
Total Recommended:		**$ 492,495**

Attachment 2 provides additional information about the agricultural strategy grants recommended for Council approval, totaling $492,495.

SALC Program Investments as a Statewide Strategy

Conserving Agricultural Resources through planning and its implementation is vital to a statewide strategy to reduce GHG emissions and abate climate change.

ARB's *First Update to the Climate Change Scoping Plan* (May 2014) (Scoping Plan) recognizes that California's agricultural industry is key to the State's economic well-being and efforts to reduce GHG emissions. The plan explains that the "long-term sustainability of the sector is vital to California's economic future" and agriculture "plays a key role in the State's efforts to continue reducing greenhouse emissions." (Scoping Plan, p. ES7.)

Acknowledging the "range of opportunities for [GHG] emissions reductions and sequestration in the agricultural sector," the Scoping Plan suggests "keep[ing] valuable agricultural lands in operation" to "help eliminate [GHG] emissions that result from conversion." (Scoping Plan, p. ES7.) Research shows that "GHG emissions from urban areas are much greater than those from agricultural lands on a per-acre basis." (*Id.* at p. 59.) The plan concludes, "reducing emissions to meet the State's long-range objectives will require … new opportunities to value and integrate agricultural … lands into a comprehensive climate policy framework." Identifying and seizing those opportunities will be a challenge, as "[a]griculture is especially vulnerable to altered temperature, changing rainfall patterns, and new pest problems" from climate change. (*Id.* at p. 11.)

Smart land use planning is needed to rise to the challenge, making planning grants and the implementation of the resulting plans important to the SALC Program. Without proper local planning documents or policies in place, other efforts to reduce GHGs (e.g., agricultural conservation easements) may work at cross purposes with local government priorities, making them less viable as a long-term strategy. The Scoping Plan explains, "to meet the State's GHG reduction goals it is important to take an integrated and coordinated approach to local land use planning[,]" which includes planning to enhance, protect, and conserve

agricultural lands." (*Id.* at p. 59-60.) The planning component meets a related need identified in the Scoping Plan: "Local and regional land use planning actions and policies need to more fully integrate and emphasize land conservation and avoided conversion of croplands, forests, rangelands, and wetlands[.]" (*Id.* at p. 60.)

The SALC Program investments further these goals by investing in projects that meet the requirements of Public Resources Code section 75212.

The SALC Program provides for a reasonable assurance that a direct benefit will occur as a result of these GGRF expenditures through its administrative process in the selection, review, and scoping of recommended projects. The program guidelines, developed in a public process and adopted by the Council, establish the criteria under which projects will be reviewed in order to achieve program objectives, of which GHG reduction is a requirement.

Quantifying GHG Reductions for SALC Program Investments

The overall program design in this first year supports both planning and easements in order to position local jurisdictions towards land use decisions that encourage infill development and the protection of critical agricultural lands, thereby reducing GHG by protecting against sprawl development. It is anticipated that investments made in strategy grants for successful applicants in this initial year will lead to easement applications in future years by the same applicant.

To calculate the GHG emission reductions for the SALC Program, a conservative estimate of the GHG emission reductions will be quantified based on the number of development rights extinguished through the use of agricultural conservation easements.

Agricultural Easements -- **Attachment 3** provides the quantification methodology prepared by the ARB to estimate the avoided GHG emissions from the proposed easement projects recommended for approval. The quantification methodology uses specific components of the "California Emissions Estimator Model" (CalEEMod) tool to estimate the change in vehicle miles traveled (VMT) and GHG emissions based on the specific land use characteristics from the proposed easement project.

Strategy Grants – Upon completion of the strategy plans developed by the city or county, the Department of Conservation will continue to track and monitor the implementation activities associated with the plan in order to quantify and report GHG reductions. The implementation of strategy plans will result in activities that protect agricultural lands from conversion to more intensive uses, with the emission reductions calculated in the same manner as the easement projects described above, or by using another approved methodology that is most appropriate for the specific activity.

Next Steps for the SALC Program

Following approval by the Council on the attached recommendations for award, the Department of Conservation staff will work with applicants to develop grant agreements.

The SALC Program will also begin to prepare for the FY 2015-16 grants round, which will likely involve revisions to the existing program guidelines. Direction for the next round will be influenced by Council priorities and the amount of funding available for the program in the next year. Staff will provide a work plan and timeline for the FY 2015-16 program at the next Council meeting.

SALC Program Contacts

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Attachments

1. SALC Agricultural Conservation Easements Summary Information
2. SALC Strategy Grants Summary Information
3. Greenhouse Gas Quantification Methodology for the SGC SALC Program – Agricultural Conservation Easements