

November 27, 2018

Subject: Staff Report: 2017-18 Sustainable Agricultural Lands Conservation Program

Reporting Period: April – November 2018

Staff Lead: Sustainable Agricultural Lands Conservation Program Staff

Recommended Action:

Approve staff recommendation to award \$47,996,195 in Greenhouse Gas Reduction Funds 17 agricultural conservation easement projects.

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 greenhouse gas (GHG) intensive land uses. A total of \$48,149,335 is available for this round (Round 4). This amount includes \$44,328,200 from cap and trade auction proceeds from the second, third, and fourth quarters of fiscal year 2017-18 and \$3,971,135 from prior SALCP projects that came in under budget or did not move forward, less \$150,000 for SALC support funds. The staff report provides an overview of Round 4 and information regarding the projects recommended for award.

Background:

SB 862, Statutes of 2014, established the Affordable Housing and Sustainable Communities Program (AHSC) Program, to be administered by the Strategic Growth 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 of AHSC, which was named the Sustainable Agricultural Lands Conservation Program, or SALC.

The SALC Program facilitates the reduction of GHG emissions by protecting croplands and rangelands at risk of conversion to urban and rural residential development. The program accomplishes this by investing in two project types: agricultural conservation easements and local government agricultural land conservation strategies and outcomes. Projects will result in the extinguishment of development rights, thereby avoiding increases in GHG emissions by limiting opportunities for expansive, vehicle-

dependent forms of development. The quantification methodology estimates avoided GHG emissions per project based on the avoided vehicle miles traveled.

Program Achievements to Date:

SALC has invested \$75.1 million from the California Climate Investments Fund, which has resulted in:

- 52 easements protecting 80,130 acres of agricultural land,
- 8 strategy and outcomes grants, and
- GHG Savings: an estimated 40.2 million metric tons of CO₂ equivalent over 30 years

2017-18 SALC Program Overview and Recommended Projects

In April 2017, the Council approved the 2017-18 SALC Program Final Guidelines, which provide the eligibility criteria and framework for administering a competitive program. Concurrently, the California Air Resources Board finalized the GHG Quantification Methodology for the Strategic Growth Council Sustainable Agricultural Lands Conservation Program, Fiscal Year 2016-17 & 2017-2018.

Two project types are eligible under the SALC Program for this year: (1) strategy and outcome grants, and (2) agricultural conservation easement 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 2017-18 Guidelines.

Based on previous rounds, staff found that projects for which pre-proposals had been submitted were more likely to result in complete applications and ready projects. Therefore, applicants were required to submit pre-proposals to be eligible for funding under the 2017-18 SALC Program Final Guidelines. Mandatory pre-proposals were due May 22, 2018. The SALC Program received 40 pre-proposals from applicants across the state. All applicants received written feedback and technical assistance on their proposals from Department of Conservation staff. Department of Conservation staff also held informative webinars for interested applicants and offered on-going direct technical assistance until the application due date.

Full applications were due August 1, 2018. The SALC Program received 26 agricultural conservation easement proposals requesting a total of \$64.6 million. No strategy and outcomes applications were received. All easement project proposals were reviewed for completeness and eligibility. Department of Conservation staff digitized properties into GIS, evaluated projects for conversion risk, density, and GHG benefits per the CARB Quantification Methodology, and reviewed public database information regarding oil and gas wells, hazardous waste sites, mines, and other nearby protected lands. CARB staff confirmed conversion risk, density and GHG quantification metrics. Following staff review, an interagency review team comprised of staff from the 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
Ag Land Trust	17_PP1	Marina	Monterey	160	\$ 2,200,000
Ag Land Trust	17_PP4	Gonzales	Monterey	106	\$ 260,000
Marin Agricultural Land Trust	17_PP5	Dhillon Beach	Marin	1,119	\$ 2,797,500
Sonoma Land Trust	17_PP7	Healdsburg	Sonoma	758	\$ 1,327,000
Shasta Land Trust	17_PP10	Fall River Mills	Shasta	665	\$ 785,000
Sequoia Riverlands Trust	17_PP12	Reedley	Fresno	108	\$ 772,666
California Farmland Trust	17_PP13	Stockton	San Joaquin	375	\$ 4,284,425
Land Conservancy of San Luis Obispo County	17_PP18	Cayucos	San Luis Obispo	717	\$ 1,030,500
Placer Land Trust	17_PP19	Auburn	Placer	137	\$ 1,056,900
Sierra Foothill Conservancy	17_PP23	Madera	Madera	3,602	\$ 2,669,370
Shasta Land Trust	17_PP25	Redding	Shasta	854	\$ 5,548,000
Sutter Buttes Regional Land Trust	17_PP27	Plumas Lake	Yuba	1,328	\$ 8,917,400
Sacramento County Office of Planning and Environmental Review	17_PP28	Rancho Murieta	Sacramento	301	\$ 1,029,284
Santa Clara County	17_PP29	Gilroy	Santa Clara	32	\$ 3,346,500
Santa Clara County	17_PP30	Gilroy	Santa Clara	95	\$ 6,346,500
Santa Clara County	17_PP33	Gilroy	Santa Clara	125	\$ 5,371,500
Feather River Land Trust	17_PP38	Loyalton	Sierra	239	\$ 253,650



Total \$ Recommended for Award	\$ 47,996,195
<i>FY17-18 Funding Remaining</i>	<i>\$ 153,140</i>

Alternates (Projects that may be substituted in the event a project awarded FY17-18 funding withdraws or cannot proceed.)

Feather River Land Trust	17_PP34	Loyalton	Sierra	597	\$	589,800
Feather River Land Trust	17_PP37	Sattley	Sierra	470	\$	236,400
Siskiyou Land Trust	17_PP39	Etna	Siskiyou	487	\$	525,000
Total						\$1,351,200

Project funding recommendations are made with the understanding that project completion is contingent upon resolution of identified title concerns, confirmation of match funding, and approval of the appraised value by the State. 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 2017-18 SALC Program Final Guidelines and reject any proposed modifications that could render a project ineligible for funding per statute or the 2017-18 SALC Program Final Guidelines, or that could have significantly negatively affected a project's competitiveness. When a specific reserved right, easement restriction, or proposed budget item noted in the application was or is found to be in conflict with the 2017-18 SALC Program Final Guidelines, applicable statute, 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.

Next Steps for the 2017-18 SALC Program

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 is preparing for the next round of the SALC Program (Round 5) by discussing what revisions to the 2018-19 Guidelines may be needed. Staff has paid particular attention to the strategies and outcomes category of the program so as to encourage more applications. A draft of the Round 5 SALC guidelines was released for public comment on November 2. Staff is working with stakeholders and holding public workshops to prepare for consideration of the Round 5 program guidelines at the December 2018 Council meeting.

Proposed Timeline

November 2, 2018	Round 5 SALC Program Guidelines released for public comment; comments due December 3
November 20 and 29 2018	Round 5 SALC program guidelines workshops
November 27, 2018	Round 4 SALC award recommendations made to the Council
December 20, 2018	Recommend Round 5 SALC Program Guidelines adoption to the Council

Staff Report Attachments

Attachment 1: SALC Project Summaries

Attachment 2: Statewide Map with Project Locations

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

