

April 26, 2023

Subject: Sustainable Agricultural Lands Conservation Program Project Award Increase: Cuesta Ranch

Reporting Period: April 2023

Staff Lead: Shanna Atherton-Bauer, Land Conservation Programs Manager, DOC

Recommended Action

Approve the staff recommendation to allocate an additional \$225,000 to the amount of the Sustainable Agricultural Lands Conservation Program award made in Fiscal Year 18-19 (Round 5) to the City of San Luis Obispo because the appraised value came in higher than awardee’s estimated value for the Cuesta Ranch conservation easement, as allowed by the Round 5 program guidelines dated December 18, 2018.

Summary

The Round 5 program guidelines dated December 18, 2018 allow the Strategic Growth Council to award additional funding to a project in the case that the appraised value of a project turns out to be higher than the estimated value provided in the original application. Applicants estimate the value of the easement at the time of application and obtain an appraisal of the actual value after award. In some cases, market fluctuations or lack of comparable easement sales in the area can lead to the original estimate value that is too low. This can result in the applicant without enough funding to complete the easement project. To address this issue, grantees may request an increase in the award amount of up to 5% with approval of SALC program staff, and up to 15% with approval of the Council.

Background

About the SALC Program

The Sustainable Agricultural Lands Conservation Program (SALC) provides grants to fund agricultural conservation easements and local government plans to protect agricultural lands from conversion to more greenhouse-gas-intensive uses.

Background on the Award Increase Process

In FY 18-19, the Strategic Growth Council awarded \$3,000,000 to the City of San Luis Obispo to purchase an agricultural conservation easement on the 1,000-acre Cuesta Ranch. City of San Luis Obispo requests a 7.5%, or \$225,000, increase for the project because the acquisition appraisal was higher than the estimated value in the application.

The original award to City of San Luis Obispo for the Cuesta Ranch was made based on an estimated easement value of \$4,000,000, with SALC contributing 75%, or \$3,000,000. The final appraisal came back at \$4,300,000. A 7.5% increase in the award would amount to \$225,000.

The ranch, which abuts the City of San Luis Obispo, will permanently protect 1,000 acres of rangeland property that consists of rolling hills with a mix of grassland, chaparral, oak woodland, and riparian corridors, that provide habitat for wildlife. The property and surrounding conservation easements and open space create a greenbelt along the western boundary of the City of San Luis Obispo.

Funding for the increase would come from available non-allocated program funds.

Next Steps

Notify Grantee of the decision and process an amendment to increase the award.

Council Recommendation

Should the Council agree with Staff's recommendation, the following motion language is suggested:

"I move that the Council approve the consent calendar."

Attachments

Attachment A: Project Summary