February 24, 2021

Subject: Sustainable Agricultural Lands Conservation Program – Project Award Increases – Jalama Canyon and Martin Ranches

Reporting Period: December 2020 – February 2021

Staff Lead: Virginia Jameson, Department of Conservation

**Recommended Actions**

a) Approve the staff recommendation to increase by 15% the amount of the Sustainable Agricultural Lands Conservation Program award made in FY 18-19 (Round 5) to the Land Trust for Santa Barbara County because the appraised value is higher than awardee’s estimated value of a conservation easement on the Jalama Canyon Ranch, as specifically allowed by the Round 5 program guidelines dated December 18, 2018.

b) Approve the staff recommendation to increase by 10% the amount of the Sustainable Agricultural Lands Conservation Program award made in FY 18-19 (Round 5) to the Solano Land Trust because the appraised value is higher than awardee’s estimated value of a conservation easement on the Martin Ranch, as specifically allowed by the Round 5 program guidelines dated December 18, 2018.

**Summary and Background**

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.

The Round 5 program guidelines, dated December 18, 2018, allow the California Strategic Growth Council (SGC) to award additional funding to a project in the case that the appraised value of a project turns out to be higher than the value estimated by the awardee in their original application. Applicants estimate the value of the easement at the time of application phase and the appraisal takes place after award. In some cases, market fluctuations or lack of comparable easement sales in the area can result in an appraised property value that is higher than the estimated value, leaving the SALC awardee without enough funding to complete the easement project. To address this discrepancy, grantees may request an increase in the amount of their
SALC award of up to 5% with approval of SALC program staff, and up to 15% with approval of the Council.

SALC program staff request Council approval of award adjustments for the two projects described below.

**Jalama Canyon Ranch (Action 8a)**
In FY 18-19, SGC awarded $1,500,000 to the Land Trust for Santa Barbara County to purchase an agricultural conservation easement, plus $50,000 for associated costs, on the 999-acre Jalama Canyon Ranch. The Land Trust for Santa Barbara County requests a 15% ($232,500) increase for the project because the acquisition appraisal is higher than the estimated value in the application.

SGC made the original award to the Land Trust for Santa Barbara County for the Jalama Canyon Ranch based on an estimated easement value of $2,000,000, with SALC contributing 75% ($1,500,000), plus $50,000 in associated costs, for a total grant award of $1,550,000. The final appraised value of the easement is $2,400,000, leaving a shortfall of $167,500 not covered by the proposed increase to the SALC award; the grantee has secured private funds and a donation from the landowner to cover the shortfall.

Staff recommends that the Council grant the requested award increase and provide an additional $232,500 for the project bringing total SALC funding for the acquisition to $1,732,500 plus $50,000 for a total grant of $1,782,500. Funding for the increase would come from existing non-allocated program funds.

See the attached project summary sheet for information about the Jalama Canyon Ranch project.

**Martin Ranch (Action 8b)**
In FY 18-19, SGC awarded to Solano Land Trust $607,500 to acquire a conservation easement on the 105-acre Martin Ranch, plus $50,000 for associated costs. Solano Land Trust requests a 10%, or $60,750 increase in its SALC award because the acquisition appraisal is higher than $810,000 value estimated in its application.
The application estimated the cost of the acquisition to be $810,000, which Solano Land Trust planned to cover with its $605,500 SALC award plus match funding of $202,500. The appraised fair market value of the easement is $1,000,000, leaving a shortfall between the application estimate and secured funding of $190,000. A 10% increase in the SALC award would bring the shortfall to $129,250, which Solano Land Trust plans to secure from other match funders.

The project is on schedule to close in the first half of 2021 if Solano Land Trust secures this additional funding. Staff recommends that the Council grant the requested award increase and provide an additional $60,750 for the project. SALC funding for the acquisition will be $668,250.00 plus $50,000 for a total grant of $718,250. Funding for the increase would come from available non-allocated program funds.

See the attached project summary sheet for information about the Martin Ranch project.

Council Actions

a. Approve the staff recommendation to increase by 15% the amount of the Sustainable Agricultural Lands Conservation Program award made in FY 18-19 (Round 5) to the Land Trust for Santa Barbara County because the appraised value is higher than awardee’s estimated value of a conservation easement on the Jalama Canyon Ranch, as specifically allowed by the Round 5 program guidelines dated December 18, 2018.

b. Approve the staff recommendation to increase by 10% the amount of the Sustainable Agricultural Lands Conservation Program award made in FY 18-19 (Round 5) to the Solano Land Trust because the appraised value is higher than awardee’s estimated value of a conservation easement on the Martin Ranch, as specifically allowed by the Round 5 program guidelines dated December 18, 2018.

Should the Council agree with Staff’s recommendations, the following motion language is suggested:

For action a): “I move that the Council approve increasing by 15% amount of the Sustainable Agricultural Lands Conservation Program award made in FY 18-19 (Round 5)
to the Land Trust for Santa Barbara County to purchase a conservation easement on the Jalama Canyon Ranch.”

For action b): “I move that the Council approve increasing by 10% amount of the Sustainable Agricultural Lands Conservation Program award made in FY 18-19 (Round 5) to the Solano Land Trust to purchase a conservation easement on the Martin Ranch.”

Attachment:
Attachment 1: Jalama Canyon Ranch Project Summary Sheet
Attachment 2: Martin Ranch Project Summary Sheet