

October 27, 2022

**Subject:** Sustainable Agricultural Lands Conservation Program  
Project Award Increase – Nakagawa Ranch

**Reporting Period:** August 2022 – October 2022

**Staff Lead:** Shanna Atherton-Bauer, Program Manager, Department of Conservation

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## Recommended

Approve the staff recommendation to increase by 10.6% the Sustainable Agricultural Lands Conservation Program award made in FY 18-19 (Round 5) to California Rangeland Trust to accommodate the awardee's purchase of a conservation easement on the Nakagawa Ranch.

## Summary

### About the Sustainable Agricultural Lands Conservation 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

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 project described below.

### Nakagawa Ranch

In FY 18-19, SGC awarded \$362,486 to California Rangeland Trust ("Land Trust") to purchase an agricultural conservation easement, plus \$50,000 for associated costs, on the 383-acre Nakagawa Ranch. In July 2021, The Land Trust requested a 4.39% (\$18,124.30) increase for the project because the appraised value of the easement came in \$51,685 higher than the estimate provided in the grant application. The original appraisal, dated March 17, 2021, required an update, as SALC generally considers appraisals effective for one year. The updated easement value increased in the appraisal update dated May 9, 2022, coming in \$281,685 higher than the estimate provided in the grant application. To cover this gap, the Land Trust is requesting that the grant award be increased by an additional \$43,748.60 (a 15% (\$61,872.90) increase less the 4.39% (\$18,124.30) increase already granted by staff).

SGC made the original award to the Land Trust for the Nakagawa Ranch based on an estimated easement value of \$483,315, with SALC contributing 75% (\$362,486), plus \$50,000 in associated costs, for a total grant award of \$412,486. The current appraised value of the easement is \$765,000. Increasing the SALC award by 15% would allow SALC to contribute 55%, or \$424,358.90 (\$362,486 + \$18,124.30 + \$43,748.60), towards the acquisition cost of the easement. The United States Department of Agriculture's Natural Resources Conservation Service will cover the balance of \$340,641.10.

Staff recommends that the Council grant the requested award increase and provide an additional \$43,748.60 for the project, bringing the total SALC funding for the acquisition to \$424,358.90 plus the \$50,000 allocation for associated costs, for a total grant of \$474,358.90. Funding for the increase would come from existing non-allocated program funds.

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

## Council Recommendation

Approve the staff recommendation to increase by an additional 10.6% (\$43,748.60) the Sustainable Agricultural Lands Conservation Program award made in FY 18-19 (Round 5) to the Land Trust to accommodate its purchase of a conservation easement on the Nakagawa Ranch.

## Attachment

Attachment A: Project Summary Sheet