

Forest Legacy Program (FLP) in California

- 1995- The First **Assessment of Need (AON)** is approved by the US Forest Service (USFS). With this accomplishment California may begin to submit projects to the USFS for funding.
- 1997- California closes on its **first FLP Conservation Easement**, a 1750 acre property. The easement including the costs for the development of the easement, the baseline survey and title report were donated. The donor wishes to remain anonymous. This conservation easement (CE) is held by Pacific Forest Trust (PFT)¹.
- 2000- California closes on the **Twining Ranch Conservation Easement**, a 1526 acre property. The easement was donated. The costs for the development of the easement, the baseline survey and title report costs were paid for with a Forest Legacy Program grant from USFS for \$40,000. The CE is held by PFT
- 2000- The USFS allocates \$1,300,000 to securing a conservation easement on approximately 500 acres of mature and second growth redwood on lands owned by the **Big Creek Lumber Company**. The deal failed after negotiations failed to meet the landowner's appraisal expectations under the definition of "fair market value." The grant expired in September of 2002
- 2000- The USFS approves California's **Amendment to the AON**. The amendment adds Forest Legacy Areas in 28 counties greatly expanding the potential for California's landowners to participate in FLP.
- 2000- The **California Forest Legacy Program Act of 2000** is passed into law. This provides for direction of the program in California and provides the basis for future funding sources.
- 2001- California closes on the **Addison Conservation Easement**, a 567acre property. The easement was donated. The costs for the development of the easement, the baseline survey and title report costs were paid for with a Forest Legacy Program grant from USFS for \$50,000. The CE is held by PFT.
- 2001- California received a grant for \$1,060,731 for the purchase of one property in fee, **Volcan Mountain** and costs associated with the donation of a conservation easement, **Lemon Canyon**.

Volcan Mountain contains approximately 1100 acres of timberland associated with a total of 5041 acres of property. The FLP project funds were combined with \$5.7 million in Wildlife Conservation Board and Cal Trans funds to purchase what is officially called the San Felipe Wildlife Area, Expansion #2. The project closed in October of 2003. Title is held by the State of California. The Department of Fish and Game (DFG) has primary management responsibility. Most of the area burned in the Pines Fire of 2002 and the Cedar Fire of November of 2003. Currently the Department of Forestry and Fire Protection is working with DFG on the management and rehabilitation plan.

The owner of the Lemon Canyon property died before the project could be finalized.

- 2002- California received a grant for \$1,300,000 for the purchase of one property in fee, **Noren Brothers** in Santa Cruz County (\$400,000 in fed. funding), and purchase of conservation easements on two properties: **Howe Creek Ranch** 3600 acres in Humboldt County (\$495,000 in fed. funding) and the **Gualala YMCA Camp** consisting of 400 acres in Sonoma County (\$400,000 in fed. funding).

The Noren Brothers purchase will provide for an expansion of the Soquel State Demonstration Forest and much needed access to the main highway. All preliminary work is done and escrow is due to open in December of 2004. The project is expected to close escrow in early 2005. The matching funds of \$301,000 from Proposition 40 have been approved by the Wildlife Conservation Board.

¹ Federal law prohibits non-government entity from holding title when FLP funds are used to purchase a conservation easement. However, qualified NGOs are allowed to hold title to the conservation easement if the value is donated.

The Gualala YMCA Camp conservation easement is nearly complete. However, due to falling prices in the redwood log market the appraisal came in under what the organization was expecting. The YMCA board will meet December 2 to vote on the new price. It is expected that they will accept the lower price. This project is expected to close in early 2005. The matching funds are provided through the Sonoma County Agricultural Preservation and Open Space District. They will also hold title to the easement.

Howe Creek Ranch closed on the conservation easement in June without using any of the FLP grant funds allocated for it. Funding was secured elsewhere and the land trust handling the purchase found it more expedient to use those other sources. However, this project has resulted in numerous new applications to the FLP collectively known as the "Six Rivers to the Sea" project comprised of five landowners adjacent or in the vicinity of Howe Creek Ranch. Steve Hackett, owner of the Howe Creek Ranch also helped foster a new land trust in Humboldt County, The North Coast Regional Land Trust.

2002- California submits an opportunity list of Forest Legacy Projects to the USFS in January of 2002 for funding in **Fiscal Year 2003**. The list includes #1 **East Sacramento Oak Woodlands** project, AKA Deer Creek Hills followed by the **Dofflemyer Ranch**.

FLP funds (\$2,600,000 requested) were to be used to help secure fee title to the 4062 acres of the East Sacramento Oak Woodlands project with a total purchase price of \$11,500,000. Other funding sources included the Wildlife Conservation Board, Cal Trans, and numerous private funding sources. The entire property was to be opened to the public. It ranked eleventh nationally at the USFS committee hearings in Washington, D.C. Due to opposition from Doug Ose the legislator from the district, the project failed to receive any FLP funds in the final appropriations. However, private funding made up the difference and the project closed and is now managed by the Sacramento County Parks and Recreation Board.

For the Dofflemyer Ranch Project in Tulare County CDF requested \$2,500,000 to secure a conservation easement on approximately 7900 acres. The CE was valued at \$5,000,000. Additional sources of funding were to come through private donations and the Wildlife Conservation Board.

2002- California submitted in September of 2002 a new prioritized opportunity list to the USFS for funding in **Fiscal Year 2004** requesting a total of over \$26 million in FLP funds for 5 projects valued at over \$44 million dollars. At the top of the list is the aforementioned **Dofflemyer Ranch** project.

The second ranked project was the **Six Rivers to the Sea** in Humboldt County, a landscape-scale land preservation approach in which 4 ranches and one industrial timber property are combined into one project from the Six Rivers NF to the Pacific Ocean. All the ranches are not contiguous but the Price Ranch is adjacent to our #1 priority FLP project of 2002, Howe Creek Ranch. Each tract could be funded separately.

2003- California received a grant for \$30,000 for administration of the program. Despite the critical need, no acquisition funds were received this year.

The USFS decides to restrict each state's opportunity list to no more than three projects totaling no more than \$10 million.

California submitted in November of 2003 an opportunity list to the USFS for funding in **Fiscal Year 2005** requesting FLP funding for 3 major projects. The priority one project is **Six Rivers to the Sea**.

The second ranked project was **Ridgewood Ranch** in Mendocino County the home of the famous race horse "Seabiscuit." The project would place a conservation easement on approximately 1300 acres of primarily second growth Douglas fir forestland.

California Klamath Cascade is the third ranking project composed of three tracts in Shasta and Siskiyou Counties. The tracts encompass nearly 87,000 acres of coniferous and hardwood forests, one of which is Forest Stewardship Council (FSC) certified.

2004- California received a grant for \$2,469,000 for purchase of a conservation easement for the Dofflemyer Ranch. In July John Dofflemyer sends a letter to all concerned parties stating that he has changed his mind and has decided it is not in the family's best interest to encumber the property with a conservation easement. CDF returns the acquisition funds to the federal program.

The President listed all three of California's top ranking projects in his budget. The Senate and the House each incorporated two into their budgets-but not the same two. While each has listed **Six Rivers to the Sea**, the House chose to leave off the **Klamath-Cascade** project, the Senate left off **Ridgewood Ranch**.

Due to some last minute politics California received no FLP acquisition funds from Congress in this year. We did receive two administrative grants for \$25,000 and \$15,000 each.

California's Forest Legacy Program currently has approved and ranked applications for 109,088 acres at an estimated value of \$66,062,000. All are for Conservation Easements with one exception, Volcan Mountain Phase II for 225 acres valued at \$1,687,000.

November, begin negotiation of the conservation easement with all parties helping to fund Price Creek Ranch. Those include representatives of: The Wildlife Conservation Board (WCB), the State Coastal Conservancy (SCC), The Nature Conservancy (TNC), the Northcoast Regional Land Trust (NRLT) and representatives of the landowner.

2005- California makes the Presidents 2006 funding list with two of our projects: **Six Rivers to the Sea, Phase II** and **Baxter Ranch**. Baxter is the 8th highest ranked project in the nation (out of over 100 projects).

In March of 2005 the **Noren Brothers** purchase close providing for an expansion of the Soquel State Demonstration Forest and much needed access to the main highway. The project included \$400,000 in federal FLP funding and \$301,000 from Proposition 40 through the Wildlife Conservation Board.

California receives \$2,268,000 federal FLP funding toward the Six Rivers to the Sea Project. We decide to try to close on three of the 5 tracts. The three are: Iaquia Ranch, Price Creek Ranch and Sunny Brae.

On October the **Gualala YMCA** project closes on 440 acres at a total cost of \$850,000 with \$450,000 coming from the Sonoma County Agricultural Preservation and Open Space District. And \$400,000 from the 2002 FLP Grant.

Throughout the year CDF, WCB, TNC, SCC and the representatives Price Creek Ranch negotiated the conservation easement language. An impasse developed over the amount of timber that could be removed in any one decade. After assurances from Dr. Helge Eng (CDF) that the controls and requirements of the conservation easement combined with the Forest Practice Act would provide adequate protection of timber inventories long-term, the negotiations moved forward in relative smoothness.

2006- California submits for consideration three projects for FLP funding in 2007: Six Rivers to the Sea Phase II, Baxter Phase II and Volcan Mountain Phase II.

California receives two separate federal FLP funding grants towards the **Six Rivers to the Sea Project, Phase II**, \$985,090 and **Baxter**, \$985,090. This is only half the amount requested for Baxter so we phased the project in hopes of getting more in FY2007. The funding for Six Rivers to the Sea will be directed toward closing on **Valley View Ranch**. The SCC has already promised \$1,000,000 toward that purchase.

In August we close on **Iaquia Ranch**, 4747 acres and the 1280 acre, **Price Creek Ranch**.

The total cost of Iaquia is \$4,135,000 with \$1,277,000 from the FLP Grant, 1,233,000 from Prop 40 FLP funding and \$1,000,000 from the Rangeland and Grassland Program

The total cost of Price Creek was \$1,603,679 with \$130,000 from the Federal FLP grant, \$100,000 from Prop 12, \$383,679 from the Rangeland and Grassland Program and \$1,000,000 from the State Coastal Conservancy.

Sunny Brae closes in the month of October.

The total cost of Sunny Brae was \$2,700,000 with \$691,000 from the Federal FLP grant, \$609,000 from Prop 12, \$375,000 from CAL TRANS, \$375,000 from the State Coastal Conservancy, \$150,000 from Save the Redwoods League, \$135,000 from the City of Arcata (who will hold title), \$292,500 in landowner donation and \$90,000 in private donations.

2006- Senator Chesbro presents legislation to amend the California Forest Legacy Act of 2000 to extend the Act past its sunset date of January 1, 2007. The legislation, if passed, would have extended the Act to 2014. The bill fails to be allowed to be heard on the floor of the Senate.

2007- California Forest Legacy Act of 2000 sunsets January 1, 2007

CAL FIRE receives a second grant of \$2,000,000 for **Baxter Ranch**. In the Spring CAL FIRE began negotiations on the conservation easement with the landowner and the Sonoma County Agricultural Preservation and Open Space District, SCC

No California Projects made the President's list for the FY-2008 budget however Dianne Feinstein, who chairs Senate Appropriations, supports the #1 project, **Chalk Mountain Ranch and Tree Farm**.

Senator Wiggins introduces new legislation to renew the California Forest Legacy Program Act, SB 701. This bill passes and the "**California Forest Legacy Program Act of 2007**" is signed into law by Governor Schwarzenegger.

CAL FIRE receives a \$1,000,000 grant from the State Coastal Conservancy toward the purchase of a Conservation Easement on **Valley View Ranch**. In May, CAL FIRE negotiations with the landowner and the SCC on the Conservation Easement conclude with an approved draft.

The House and Senate expand the President's budget to include both Chalk Mountain Ranch and Jenner Headlands in those projects eligible to receive funding.

In May, the House Committee on funding FLP asks the Forest Service to release the project list to #50, Jenner headlands was #42 and Charles Mountain is #43 so all of California's top three proposals are in funding range. California receives a \$1,979,000 grant for **Chalk Mountain Ranch**.

In August the Wildlife Conservation Board, WCB, enter into a contract with CAL FIRE to act as our agent for closing on the conservation easement with **Valley View**. The earliest the matter could go before the WCB for approval is the November meeting, but, due to staff shortages, it is more likely to be on the agenda of the February meeting meaning a May close at the earliest.

2008- California receives a \$1,979,000 grant for **Chalk Mountain Ranch**.

All efforts by the State FLP Coordinator have been on closing Valley View and Baxter Ranches. In February, the WCB approved the **Valley View Ranch** project meaning that they will act as CAL FIRE's land agent to shepherd the project through the cumbersome approval process with California's Department of General Services. With luck we should close in April. There were considerable title exceptions that had to be resolved on this project that made it difficult.

Early in the year, the staff at the Sonoma County Agricultural Preservation and Open Space District, SCAPOSD, began working on the appraisal update of the **Baxter Ranch**. SCAPOSD will be partnering with the Wildlife Conservation Board and CAL FIRE to add \$2,000,000 from county funds toward completion of the project.

In May, California, played host to the **2008 FLP Western Managers Annual Meeting and Tour** (see attached agenda). The meeting, which includes FLP coordinators from all the participating western states, all Forest Service Regional Managers from all the national regions and the National FLP Coordinator from Washington, DC, serves to educate, inform and provide a forum for discussion on issues of both regional and national program importance. This years meeting had nearly 100% attendance with only the Northeast Regional Manager failing to make the trip. Others in attendance for all, or part of, the trip were representatives from various land trusts, landowners (two from Hawaii) and the other federal, state and private representatives with interests or responsibilities in FLP. In general, response was very favorable and we hope that we made enough of a good impression to garner continued support (funding) for our projects from the national FLP ranking committee.

Valley View Ranch closed in June of 2008. Total cost was \$1,400,000 with \$1,000,000 coming from the State Coastal Conservancy and \$400,000 coming from the 2006 FLP Six Rivers to the Sea grant. No prop 40 matching funds were used. Title is held by the California Department of Forestry and Fire Protection.

Baxter Ranch update: At the present time CAL FIRE and the Sonoma County Agricultural Preservation and Open Space District (SCAPOSD) have reached an impasse in the negotiation of the conservation easement. On July 3 of this year after 10 iterations of the conservation easement we were informed by the project manager that their legal counsel had ruled that the District must hold title to the easement. Since we had been working through 9 iterations with CAL FIRE as Grantee this was quite a shock. We got no clear indication of why the District waited nearly 16 months to show the conservation easement draft to their counsel. CAL FIRE's position is that we are imminently more qualified to hold title to a working forest conservation easement than is the District. They have no Registered Professional Forester on staff and they are subject to periodic voter approval for continued existence.

Additionally, the District did not follow-through with their promise to secure the appraisal in a timely manner. In a meeting in February the District was told that the appraisal must be finalized early in the summer in order for the Wildlife Conservation Board to get all documentation to the Department of General Services for review in time to make the November WCB meeting. If the Baxter Ranch package doesn't make the November board meeting it cannot possibly close until 2009. The District never put the appraisal out to bid citing problems with the final details of the conservation easement. It is our opinion that those details would have no substantive effects on value.

The FLP Coordinator will explore other avenues of funding to make up the \$2,000,000 shortfall.

In December of 2008 **Grizzly Mountain Ranch North** closed. This was a facilitated donated conservation easement held by Northcoast Regional Land Trust. NRLT received \$50,000 directly from the FLP to help close on the ranch. The appraised value of the easement was \$1,900,000

2009- California received a \$3,000,000 grant for **Chalk Mountain Area** and \$1,000,000 toward **Jenner** and \$30,000 for administration

Due to the economic downturn, state bond sales were greatly reduced. The **Wildlife Conservation Board** relies on bond sales from Prop 12 and Prop 84 to fund many projects including those of the Forest Legacy Program. Landowners of federally funded projects and their representatives have proposed phasing their projects using only federal funds with a substantial donation. The federal program requires a minimum of 25% match. However in some cases the landowners are proposing 50% matches in order to close.

Chalk Mountain Ranch update-Earlier in the year we revised the appraisal to divide the ranch into two phases or tracts. Again we plan to close on one of the phases (the north half of the ranch) with landowner donation and federal funds only. We expect to close in December of 2009.

Baxter Ranch update-The appraisal for the ranch was done earlier this year showing a significantly larger amount of value in the Moffitt tract than in Upper White Oak tract. Although the appraisal was done on the entire ranch, it can easily be amended to divide out the two tracts. CAL FIRE will seek to close on Moffitt Ranch tract this year using only federal funds with a substantial donation from the landowner.

The President's 2010 budget includes both **Chalk Mountain Area (\$2,000,000)** and **Miller Ranch (\$500,000)** in those projects eligible to receive funding.

Congress includes Chalk Mountain Area for \$2 million but drops Miller Ranch. The majority of the year is spent working with the WCB to close on Phase 1 of Chalk Mountain Ranch and developing a phased approach for Baxter. In December of Jenner closes at a cost of \$14,000,000 for 3137 acres. The project was purchased in fee by the Sonoma Land Trust using bridge loans and then a conservation easement was purchased for \$10.15 million by the Sonoma County Agricultural Preservation and Open Space District with county funds plus a federal FLP grant for \$1 million.

2010- California received a \$2,000,000 grant for **Chalk Mountain Area** and \$30,000 for administration.

In January, we close on **Phase 1 of Chalk Mountain Ranch** using \$343,000 from the 06 grant, \$1,979,000 from the 08 grant, \$778,000 from the 09 grant and a landowner donation of \$825,000. Phase 1 includes 3268 acres of the northern portion of the property.

In February the Department received word from the WCB that they will no longer act as our land agent for purchases unless they have money involved in the project. This was in response to concerns from State Department of Finance (DOF), program manager Karen Finn. This meant that we would have to gain approval from the Public Works Board for FLP projects. To that end the state coordinator contacted Cal Fire Headquarters' Tech Services and Engineering land agents to work out the methodology for the approval process.

The President's 2011 FLP proposed project listing was released in May. **Chalk Mountain Area** was listed at #14 for \$2,000,000 and Usal Redwood Forest was at #33 for \$1,000,000.

In June, Chiefs Russ Henly and Calvert met with John Donnelly, WCB Director and Dave Means, Assistant Director to discuss release of the remaining Prop 12 funds that were made available for "purposes of matching federal FLP funds." According to their records there is \$2.3 million out of the original \$5 million for FLP. We asked that they go to their board and recommend granting CAL FIRE the remaining funds to be applied to closing on the two tracts of Baxter Ranch, Moffitt and Upper White Oak. The grant would allow the program to close on all the forested and oak woodlands of the ranch, preserve the virgin redwood grove "Otis" and obtain the vineyard rights; i.e. meet the objective of the original application/proposal. As of this writing we are still trying to work out the details of obtaining the grant. As of this writing we still need a Resolution from the Board of Forestry (BOF) and final approval of expenditure of bond funds from the State Department of Finance.

We worked with the Department of General Services and WCB to close on **Charles Mountain Ranch, Phase 1** (north half) before the end of 2010. The ranch was under threat of subdivision if the current note on the property was not paid by end of June 2011.

California's #2-ranked project last year, **Usal Redwood Forest**, is reportedly going to be completely financed with state funds from the WCB's Forest Conservation Program. The project proponents, The Conservation Fund, have requested that CAL FIRE hold the working forest conservation easement and that the project's 50,000 plus acres be donated to the Forest Legacy Program.

Every 5 years the USDA Forest Service requires a programmatic review of a state's FLP. California's was scheduled in September and October to coincide with our SFSCC meeting in Fort Bragg. The final report containing accolades and recommendations for improvement is on file and available for public review. A copy was sent to members of the SFSCC.

California submitted the two highest ranking proposals for potential funding. **Eel River Peninsula Conservation (ERPC)** area, Phase 2 composed of 6 ranches with a request for \$7 million in federal funding and **Six Rivers to the Sea, Phase 3**, for \$3 million.

In response to statute in the FLP Acts of 2000 and 2007, the FLP coordinator submits to the Board of Forestry (BOF) rules and regulations package for the implementation of the program, including the standards, criteria and requirements necessary for acquiring conservation easements.

In December the DOF determined that CAL FIRE had not allocated their federal funds to the correct budget item. According to DOF the budget authority should have come through the "Capital Outlay Process" not the "support" category that had been used for these past many years. This determination cause significant delays in going forward with Baxter and Charles Mountain Phase 1 and resulted in requests for determination from the Attorney General and Legislative Analyst offices

2011- California received no grant money for acquisition this year but was granted \$25,000 for administration.

Because of the budget allocation (authority) impasse (described above) CAL FIRE cannot spend any federal funds on CA FLP projects in the near term but there was a great danger that Charles Mountain Ranch will be forced into a sale if a promissory note to another family member is not paid by June 30, 2011. So WCB agreed to fully fund the first phase of the project, In February the WCB allocates \$2.5 million to acquire a working forest conservation easement on Charles Mountain Ranch Phase 1. The project closed in April. As the regulation package was still not approved, CAL FIRE could not hold a conservation easement according to the DOF so the Northcoast Regional Land Trust will hold the easement.

The **Usal Redwood Forest** project was also on the WCB February agenda. It was recommended by staff that a \$19,500,000 grant be approved toward the purchase of a working forest conservation easement. However, an adjacent landowner questioned the validity of the appraisal and the State's review. As a precaution the board moved to put the project on hold until an independent review of the appraisal was accomplished and published for public review.

In early April, the BOF adopted the FLP regulations and they are chaptered by Office of Administrative Law (OAL) on April 29 in Title 14, California Code of Regulations; Chapter 9.9; Sections 1570-1576.

After the AG's office opines that the California Forest Legacy Act statute is ambiguous regarding how it may acquire conservation easements, the Department pursues going through the Public Works Board (PWB) process with Baxter in order to close before the end of the calendar year.

At the June meeting of the WCB approves a \$2,350,242 grant to CAL FIRE to help purchase a working forest conservation easement on **Baxter** and \$8,559,000 grant to the Rocky Mountain Elk Foundation to purchase a working forest conservation easement on Eel River Peninsula (ERP) Phase 1.

At a special July session of the WCB, the Conservation Fund was granted \$19,500,000 for the purchase of a working forest conservation easement on the **Usal Redwood Forest** in Mendocino County. Their intent is to have CAL FIRE hold the 49,576 acre easement as a full donation to the FLP.

In July **ERPC Phase 1** closes including the 640 acre Lawrence Ranch and the 7904 acre Preston Ranch. Although no federal FLP acquisition funds were used in the acquisition RMEF did receive a \$150,000 administrative grant for due diligence of both ERP Phase 1 and ERPC Phase 2.

In August the PWB agrees to place Baxter on the September 9th agenda with their staff recommending authorization of the acquisition of the working forest conservation easement on 4036 acres.

In September PWB approves the acquisition by CAL FIRE of a working forest conservation easement on Baxter Ranch. Through mutual verbal agreement CAL FIRE, WCB and Redwood Forest Foundation

Inc. (RFFI) agree to transfer title of the conservation easement on Usal Redwood Forest to the Department soon after it closes Under terms of the WCB grant title will be held originally with The Conservation Fund where upon they will notify WCB through letter that they wish to transfer title to CAL FIRE.

CAL FIRE closed on the conservation easements of the **Baxter Ranch**, the 2500 acres of the Moffitt tract and the 1536 acres of Upper White Oak in October 2012.

In November the FLP Coordinator submits the top 3 project applications based on the committee's final ranking sheets mailed in to CAL FIRE in October. The top three projects are:

1. Hancock McCloud Phase 1;
2. Eel River Peninsula Phase 3; and
3. Miller Trust

2012

In the spring of 2012 the Presidents proposed list of projects was released. California had one project, Hancock McCloud on the list at Number 20.

Throughout the spring of 2012 the FLP coordinator worked with the Wildlife Conservation Board and the Department of General Services (DGS) to secure additional funding for the second phases of Chalk Mountain Ranch (4024 acres) and Charles Mountain Ranch (4437 acres). Both projects were on the May agenda with WCB and were allocated state funds from the Forest Conservation program in the amount of \$2,000,000 for Chalk Mountain Phase 2 and \$1,200,000 for Charles Mountain Phase 2.

In June of 2012 CAL FIRE was awarded a \$7,000,000 grant from the USDA Forest Service to be used to facilitate the purchase of working-forest conservation easements on the second phase of the **Eel River Peninsula project**, including three ranches: Summer Camp (6940 acres); Foster Mountain (3829 acres); and Garcia Creek (4779 acres).

At the August 10 meeting of the Public Works Board, CAL FIRE was granted approval to accept conservation easements to the second Phases of **Chalk and Charles Mountain** ranches. Subsequently, funding from the WCB grants was requested by CAL FIRE to be placed in escrow along with funding granted from the 2009 and 2010 FLP grants. Both projects close in September of 2012. Chalk Mountain and Charles Mountain, concludes acquiring the conservation easements on all of the active Six Rivers to the Sea projects.

In November following SFSCC ranking, CAL FIRE submitted three projects to the federal selection panel: Hancock-McCloud Phase 1, Ryan Creek and Rainbow Ridge.

2013

In the spring of 2013 the Presidents proposed list of 2014 projects was released. California had two projects, Hancock-McCloud Phase 2 (#8) and Ryan Creek Phase 2 (#13). Because many of the projects above them will be funded out of the 2013 Federal budget the final ranking will be somewhat higher for each project.

Throughout the year, the FLP coordinator concentrated on closing on Eel River Peninsula Phase 2 and the transfer of Usal over to CAL FIRE as grantee.

Usal

- DGS has reviewed the preliminary documents
- WCB has agreed to the transfer
- Transfer letter has been drafted
- We anticipated transfer to occur before the end of the year.

Eel River Peninsula Phase 2

- Appraisal has been done but it needs to be revised because the appraiser did not get USDA Forest Service appraisal instructions
- Baseline is finished (may need to be updated)
- Conservation Easement has been approved by all parties
- WCB has committed \$3,000,000 toward the project
- The landowners are committed to making a substantial donation in order to close
- WCB will place the project on the February 2014 agenda
- We anticipated closing in March of 2014

In November following SFSCC ranking, CAL FIRE submitted three projects to the federal selection panel: Rainbow Ridge, Ryan Creek, and Hancock-McCloud Phase 2.

2014

In the spring of 2014 the Presidents proposed list of 2015 projects was released. California had two projects, Ryan Creek Phase 2 (#13) and Hancock-McCloud Phase 2 (#20).

Ryan Creek

CAL FIRE received a \$2 million federal grant to help with the acquisition of a conservation easement on Ryan Creek the McKay Tract. This was less than the \$3 million original requested to do the entire 6325 acres but the landowner will phase the project approximately proportional to the funding received. Since the second phase is on the 2015 list (for \$1.2 million) it could be possible that CAL FIRE could receive additional funding in time to combine the two phases and close on just a single conservation easement. Currently:

- The conservation easement is still being negotiated
- The review appraiser from the USDA Forest Service has visited the property and met with the appraiser
- Timber valuations have been approved
- CEQA (Notice of Exemption) has been filed

A number of unforeseen developments occurred this spring that complicated the process of closing on projects.

Hancock-McCloud Phase 1

Soon after receiving the federal grant of \$2.33 million for the acquisition of this project, the landowner's representative informed CAL FIRE that they would not accept a government entity as grantee as required under federal law. This was a surprising development considering the State FLP Coordinator had had numerous conversations with various representatives of Hancock, the intimate knowledge of

FLP program requirements by Pacific Forest Trust the project proponent, and the many discussions regarding the draft conservation easement for many months previous.

Because of the unwillingness of the landowner to accept the requirements of the federal program, CAL FIRE submitted a letter to cancel the existing grant and also to remove Hancock McCloud Phase 2 from the 2015 list.

The consequences of competing for funds with no intention of utilizing them unless federal law can be circumvented or changed was extremely problematic for California's FLP

- We returned \$2.33 million of federal funding
- Those funds cannot be applied to another CA project
- Other projects from our state would have been funded had the first and second phases of Hancock McCloud not competed BOTH in 2014 and 2015
- It shows the national selection panel we are not properly screening our applicants

Changes incorporated into the CA program as a result:

- All applicants will be required to submit draft conservation easements that satisfy our program requirements prior to being submitted for federal funding consideration
- New language was added to the application in the landowner signature block. It states the landowner will not apply for federal funding if they are not willing to accept a government entity as grantee
- The Director, Chief Deputy Director, Deputy Director of Resource Management and Chief of Forestry Assistance will take a much more active role in reviewing the SFSCC scoring recommendations before submitting our top three projects to the National Ranking Panel.

Usal

- Although the project made it to the WCB, Karen Finn of the Department of Finance, who sits on the WCB, rejected the proposal stating that the WCB could not approve the "transfer to CAL FIRE. She contended that the transfer must go through the Public Works Board (PWB) as a "no-cost acquisition" by CAL FIRE.
- CAL FIRE began the transfer process through the Department of General Services and PWB in November of 2014.
- The Transfer was completed in December of 2014.

Eel River Peninsula Phase 2

- There were a number of last minute changes to the conservation easement by the WCB that delayed the appraisal instructions from going to the appraiser until August of 2014.
- The appraisal is under development and it is hoped will be sent to the review appraisers in late September. Because there are both State and Federal funds allocated to the acquisition, both the federal "yellow-book" standards and CA Department of General Services (DGS) standards must be met.
- It is hoped that the project of 3 separate conservation easements on 15,548 acres will be on the WCB's November agenda and close before the end of the year.

Greenhouse Gas Reduction Fund

In the spring of 2014, CAL FIRE received \$42 million from the Greenhouse Gas Reduction Fund (GGRF), which receives proceeds from the Cap and Trade allowance auctions (C&T). A portion, \$4-\$8 million, was allocated to FLP. Over the summer months, CAL FIRE staff in consultation with the Air

Resources Board (ARB) worked to develop criteria, methodology, and various forms and Procedural Guidelines that would allow use of GGRF to help fund the acquisition of conservation easements.

- On September 11, 2014, the revised CA FLP webpage was up and running with new information regarding the use of GGRF as well as electronic versions of new and revised forms.
- Concept Proposal (CP) forms were developed with the requirement that all projects wish to utilize GGRF must submit an electronic version prior to submitting an FLP application.
- The FLP application form was revised to request more specific information than required in the CP.
- For those wishing to apply for GGRF who had already submitted an FLP application they were also required to submit a CP.
- CPs would be reviewed and qualifying participants were to be instructed to submit an FLP application or an amendment to their original application (if they had submitted an application previous to September 11)
- In November following SFSCC ranking, CAL FIRE submitted three projects to the federal selection panel: Rainbow Ridge Phase 1-Wherit Tract, Pacific Union College and Grizzly Creek Ranch.
- The timber valuation has begun completed for Rainbow Ridge and the overall appraisal has commenced. CAL FIRE anticipates closing on this project by December 31, 2016.

2015

In the spring of 2015 the Presidents proposed list of 2016 projects was released. California had two projects, Rainbow Ridge (#18) and Pacific Union College (#31) on the list for \$650,000 and \$3,000,000 respectively.

Eel River Peninsula Phase 2

- Unfortunately the appraiser has not yet been able to satisfy the USDA Forest Service's rigorous standards and an approved appraisal is yet to be developed
- There are presently serious doubts as to the appraiser's competence and a new appraisal may need to be ordered with a new appraiser.

Ryan Creek

In the spring of 2015 CAL FIRE received a second grant for \$1.2 million, enough to complete the entire Ryan Creek project without phasing it; i.e. a single conservation easement. Currently:

- The appraisal has been reviewed by the Forest Service and is the process of being revised
- Timber valuations have been approved
- We hope to close in early 2016

Rainbow Ridge, Phase I, Wherit Tract

Although this project was not due to receive any funding until FY2016, CAL FIRE received a grant for \$650,000 from the federal FLP in the spring of 2015. These funds were "fall down" monies available from failed projects in previous years (like Hancock-McCloud). The project also successfully competed for \$225,000 of GGRF.

- CAL FIRE will start developing the final draft conservation easement this summer.
- Upon completion of the final draft the Forest Service can assign a review appraiser.

Greenhouse Gas Reduction Fund

In the summer of 2015, CAL FIRE allocated \$4.0 million from the Greenhouse Gas Reduction Fund (GGRF) to the following projects

- Pacific Union College-\$2,850,000
- Rainbow Ridge-\$225,000
- Jacoby Creek-\$800,000
- Jolly Giant Creek-\$150,000

2016

Ryan Creek

Language changes between CAL FIRE and Green Diamonds corporate offices have proceeded slowly, but as of late June, 2016 both parties had reached an agreement on acceptable language. However, the USFS Region 5 Coordinator doesn't believe the language contained within the agreed upon draft CE is sufficient to protect conservation values as written. The USFS regional coordinator has decided to review and recommend changes to the draft CE. CAL FIRE is currently reviewing these changes to the CE language and decide if we agree and forward to the landowner.

Rainbow Ridge

The Timber Valuation has been completed, reviewed by CAL FIRE and forwarded to the appraiser. The overall project appraisal is ongoing. CAL FIRE anticipates closing on this project by December 31, 2016.

Eel River Peninsula Phase 2

The project was completed and closed as of June, 2016.

Greenhouse Gas Reduction Fund

Work to close both Jolly Giant Creek and Jacoby Creek is ongoing. As of this writing, no decision has been made as to whether CAL FIRE will receive GGRF funding for 2016.

Audits

In 2016, CAL FIRE participated within 2 separate scheduled 5 year audits of the state legacy program. In March, an audit of the legacy program, record keeping, monitoring and overall program process, including a field visit to an existing CE (Sunny Brae) occurred. In July, an QAI (Quality Assurance Inspection) which focused on appraisals, CE language and record keeping and storage was conducted by the USFS at our Davis facility. Both audit reports indicated only a few minors changes were necessary, and overall very positive as to the California Legacy Program.

2017

Ryan Creek

All parties have agreed to draft Conservation Easement language. Green Diamond has begun work on due diligence.

Rainbow Ridge

All work has been completed and project is currently in review by WCB and DGS. It is anticipated the project will close in October 2017.

Greenhouse Gas Reduction fund

In August 2017, three state legacy projects were awarded funding: Arrowhead Ridge, Black Butte and 10-Mile for approximately \$10 million.

Pacific Union College

Although not chosen for current federal or state legacy funds, PUC has been successful in raising sufficient funds to begin closing on their Conservation Easement.

(End 2017 committee report)

2018

Greenhouse Gas Reduction Fund

The landowners withdrew from the program and returned the approved 2017 grant funds, which were subsequently re-allocated to other projects. These projects were the Marshall Ranch in Humboldt County, as well as Black Butte in Siskiyou County, both of which completed the last needed funding for these projects to begin the closure process.

For 2018, CAL FIRE awarded almost \$14 million to multiple applicants for the Forest Health/Legacy grants. The successful applicants were as follows:

- | | |
|-----------------------|------------------|
| 1. Grizzly Creek | \$1.1955 million |
| 2. Diamond D | \$4.5 million |
| 3. Silva Ranch | \$4.05 million |
| 4. Ryan Creek (McKay) | \$3.6 million |
| 5. City of Arcata | \$227 thousand |
| 6. Marshall Ranch | \$3.05 million |

Ryan Creek (Green Diamond)

The increase of timber values (specifically redwood) greatly decreased the estimated amount Green Diamond was to receive from the federal legacy grant significantly, causing the landowner to withdraw from the federal program and return the grant funding to the USFS. As noted above, Green Diamond entered the GGRF grant program in 2018 with the McKay tract and were subsequently successful in acquiring a CE grant for the same project.

Grizzly Creek

Grizzly Creek was successful in acquiring a federal legacy grant for \$1 million in FY 2018. The landowners also applied within the GGRF legacy state program for the remaining balance needed to close the project in 2018 of \$1.5 million.

Mailliard Forest

As with Grizzly Creek, Mailliard was successful in the federal legacy program for FY 2018, being awarded the requested amount of \$6.205 million for the East Ranch. This was the final portion of the ranch to have an easement funded, and progress is moving forward towards closing the project. The 2 previous CE's (West and Middle Ranches) were funded by private and other grants.

Diamond D

The landowners and NRLT have been applying for federal forest legacy grants for at least the last 3 funding cycles, with the last being FY 2019. As of late August 2018, results of last year's federal funding results have yet to be released. The owners opted to apply for state GGRF legacy grant funding and were subsequently awarded the full amount (\$4.5 million) needed to close the project.

Rainbow Ridge

Project closed on March 28, 2018. Project funded by a combination of federal legacy grant (75%) and state GGRF Forest Health grant (25%) for a total of \$470,000.

Lima

Fully funded state CE for \$125,000. Project purchased 20 acres in fee title by the City of Arcata for addition into the Community Forest. First GGRF legacy grant to close **(project closed on March 8, 2018)**

Black Butte – 5,006-acre Conservation Easement purchase held by Pacific Forest Trust with the CCI grant in the amount of \$5.410 million. **Project closed on December 27, 2018.**

Marshall Ranch – Funded in 2018 for \$3.05 million for a CE on 2,942 acres to be held by California Rangeland Trust, Marshall Ranch is currently working on due diligence.

Pacific Union College Phase 1 – Originally funded with 2014-2015 GGRF/CCI, project closed on July 2, 2018. Project placed a CE over 860 acres with a grant for \$2.85 million (only partial funding needed to close) with CAL FIRE holding the easement.

Note:

For the federal FY 2020 (calendar year 2018) legacy funding cycle, California will have 4 project applicants. There has been a marked, steady decline in the number of potential applicants since 2015. This decrease can be attributed to a steady increase in the amounts awarded within the state legacy program, as well as steadily increasing uncertainty in the federal program by potential clients due to extensive delays in releasing ranked project lists, reduced funding, etc.

(End of 2018 committee report)

2019**CCI (California Carbon Initiative) -GGRF (Greenhouse Gas Reduction Fund)**

Ryan Creek-McKay (Green Diamond) – As of the end of 2019, project has been forwarded to DGS for review. Anticipated closing of the project in 2020.

Diamond D – In December of 2019, project forwarded to DGS for final review. If no additional issues, project anticipated to close in 2020.

Jacoby Creek (City of Arcata) – Project funded with 2014-2015 GGRF/CCI grant for \$810,000 for a Fee Title/CE purchase of 967 acre SPI ownership by the City of Arcata. **Project closed on April 23, 2019.**

Forsyth (City of Arcata) – \$475,000 grant for Fee Title/CE purchase of 49 acres by the City of Arcata with CE held by CAL FIRE. **Project closed on May 2, 2019.**

Silva Ranch – CCI grant funded in 2018 to purchase a Conservation Easement on the 4,344-acre ranch for \$4.050 million. Originally landowner planned to have the Sonoma County Open Preservation and Open Space District hold the easement, but is reconsidering given heavy constraints on Forest Management. Due diligence working towards closer of the project continues.

Marshall Ranch – Funded in 2018 for \$3.05 million for a CE on 2,942 acres to be held by California Rangeland Trust, **Marshall Ranch closed on October 2, 2019.**

Whiskey Creek – 18,683-acre CE purchase in Siskiyou County using CCI grant funding in the amount of \$5.65 million to be held by the Siskiyou Land Trust (SLT). Draft CE language currently being negotiated.

Butler – Fee Title purchase by Placer Land Trust of a 192-acre parcel near Auburn, CA utilizing a \$1.3 million CCI grant. CAL FIRE Legacy staff are utilizing a NOUGA instead of a standard CE on this project.

Arrowhead Ridge – Project Fee Title purchase of 78 acres in San Bernardino County for \$1 million. Project nearing completion in 2020.

CCI Legacy Program note:

In the 2019-2020 CCI funding cycle, three new Legacy projects were awarded:

1. Mattole Headwaters, \$4.2 million. This grant, combined with the FY 2020 FLP award of \$1.565 million will complete the required funding request on this 3,000+ acre project in Humboldt County.
2. Wagner, \$2.75 million. The CCI grant will complete funding needed to purchase a CE on this 3,348-acre project in Humboldt County, near the Mattole Headwaters project.
3. Swaner (City of Arcata), \$430,000. The CCI grant for Fee Title purchase by the City of Arcata will complete the acquisition plan by the City to purchase the final adjacent parcel of 114 acres for the Community Forest expansion.

Cal Fire Legacy staff, given the staff constraints for the program, has decided moving forward to hold easements where possible. Applicants must have a non-profit partner will to hold the easement when applying. This will relieve some of the burdens of serving as the grantee (conducting monitoring, defending the easement, etc.). Staff have also decided, where feasible, to utilize NOUGA's instead of Conservation easements, primarily on small fee title purchase projects. This will lessen the time required for due diligence and the necessity of annual monitoring (landowner/participant must still file a report of onsite conditions as stipulated within the NOUGA).

Federal Forest Legacy Program –

Mailliard (East) Ranch – Congress has allocated \$6,205,000 to purchase a working-forest conservation easement on Mailliard Working Forest property in Mendocino County. The total project acreage is 3,720, with the total ownership being approximately 15,000 acres. This project constitutes the last phase of a three-phase plan to place conservation easements over the entire property. The first two easements, placed on west and middle ranches, were completed with nonfederal funding in 2017. This portion, also known as the east ranch, will finalize the work of conservation easements covering the entire Mailliard Ranch. The appraisal was reviewed and accepted by the Region 5 USFS Review Appraiser and accepted. Appraisal has been forwarded to WCB for review. Anticipated closer in mid-late 2020.

Grizzly Creek - Congress has allocated \$995,000 to purchase a working-forest conservation easement on Grizzly Creek property in Humboldt County. The project also includes a \$1.2 million CCI grant to complete funding. The total project acreage is approximately 762 acres. The landowner, project proponents and CAL FIRE completed revisions to the draft easement earlier this year. The appraiser has been hired by the landowner. The project appraisal protocol agreement has been signed by all parties involved. The RFAS (Request for Appraisal Services) as well as the draft easement has been prepared and provided to the interim Region 5 federal Legacy Coordinator for review, with supporting documentation. The landowner has also tentatively acquired the services of The North Coast Regional Land Trust to represent them for anticipated due diligence and future required monitoring. The pre-appraisal on site visit was conducted and attended by USFS appraisers and regional staff, the landowner and landowner representatives. The USFS review appraisers are waiting for additional information from the appraiser including comparable sales. Once received, the review appraiser wishes to visit some of these. Once visited, additional questions to the appraiser will be forthcoming. Given current project progress, it appears unlikely the project will be successfully closed and completed by the expiration of the original grant (June 30, 2020). This being the case, a year extension will be requested.

FLP Program Note: No new applications for the federal FLP program were received in 2019 (FY 2021) and no updated information was received concerning the status of 2018 projects, so the same 3 projects were submitted for federal funding in 2019 in the same order;

- | | |
|--|---|
| 1. PUC (Pacific Union College) Phase 2 | \$1 million |
| 2. Mattole Headwaters | \$1.565 million/FLP – \$4.2 million CCI |
| 3. Travis Ranch | \$2.85 million |

Confirmation came from the USFS verbally (but grant packages not yet received) that PUC P2 request of (\$1 million) and partial request for Mattole (\$1.565 of the \$5.76 million) were finally funded from the FY 2020 FLP budget. This leaves Travis Ranch as the sole project for FY 2021 which CAL FIRE has not yet received any update. Mattole also received a 2019-2020 CCI Legacy grant to complete the funding request for this project. CAL FIRE is currently considering a direct funding request for PUC P2 for an additional CCI grant in 2020 for \$2 million to complete the funding requirement.

(End of 2019 committee report)

Summary of California Forest Legacy Program Accomplishments

*Federal FLP information extracted from the USDA Forest Service's Forest Legacy Information System (FLIS)
(CE = conservation easement Fee = Fee Simple Acquisition)*

Project/Tract Name	Date Funded	Date Completed	Acres	CE/Fee	Grantee	Federal /State FLP Contribution
xx Marshall Ranch	7/15/2018	10/2/2019	2,942	CE	CRT	\$3,050,000
xx Jacoby Creek – City of Arcata*		4/23/2019	967	Fee/CE	CAL FIRE	\$810,000
xx Forsyth – City of Arcata*		5/2/2019	49	Fee/CE	CAL FIRE	\$475,000
xx Black Butte	7/15/2017	12/27/2018	5,006	CE	PFT	\$5,410,000
xx Pacific Union College P1	11/1/2015	7/2/2018	860	CE	CAL FIRE	\$2,850,000
xx Rainbow Ridge*	7/1/2015	3/28/2018	597	CE	CAL FIRE	\$352,500/\$117,500
xx Jolly Giant Creek – Lima*	11/1/2015	3/8/2018	20	Fee/CE	CAL FIRE	\$125,000
Eel River Peninsula Phase 2 Summer Camp	2/28/2014	06/01/2016	7,012	CE	CAL FIRE	\$3,142,382
Eel River Peninsula Phase 2 Garcia Creek	2/28/2014	06/01/2016	4,479	CE	CAL FIRE	\$2,141,677
Eel River Peninsula Phase 2 Foster Mountain	2/28/2014	06/01/2016	3,829	CE	CAL FIRE	\$1,715,941
Usal Redwood Forest*	10/17/2011	12/31/2014	49,576	CE	CAL FIRE	\$14,047
Charles Mountain Phase 2	5/24/2010	9/06/2012	4437	CE	CAL FIRE	\$2,500,000
Chalk Mountain Phase 2	7/17/2009	9/06/2012	4024	CE	CAL FIRE	\$1,600,000
Miller PO Cedar Forest	7/17/2009	4/24/2012	1622	CE	NRLT	\$6,572
Baxter Ranch/Moffitt*	10/01/2005	10/07/2011	2,500	CE	CAL FIRE	\$2,740,486
Baxter/Upper White Oak*	2/15/2007	10/07/2011	1,536	CE	CAL FIRE	\$244,604
Eel River Peninsula Phase 1, Lawrence	6/01/2009	7/11/2011	640	CE	RMEF	\$10,000
Eel River Peninsula Phase 1, Preston	6/01/2009	7/11/2011	7,904	CE	RMEF	\$10,000
Charles Mt, Phase 1	06/01/2006	4/13/2011	2,903	CE	NCRLT	\$89,483
Chalk Mt, Phase 1	06/01/2006	1/15/2010	3,268	CE	CAL FIRE	\$3,100,000
Jenner/ Russian Gulch*	07/01/2008	12/18/2009	3,137	Fee/CE	SCOSAPD	\$1,000,000
Grizzly Mountain, South*	07/28/2008	12/30/2008	1,131	CE	NRLT	\$50,000
Valley View	11/01/2005	06/06/2008	1,532	CE	CAL FIRE	\$400,000
Sunny Brae	12/08/2004	11/03/2006	175	Fee/CE	CAL FIRE	\$ 691,000
Iaqua	12/08/2004	08/23/2006	4,747	CE	CAL FIRE	\$ 1,277,000
Price Creek	12/08/2004	08/23/2006	1,280	CE	CAL FIRE	\$ 130,000
Camp Gualala	07/01/2002	12/05/2005	400	CE	SCOSAPD	\$ 400,000
Noren Brothers	07/01/2002	03/09/2005	9	Fee		\$ 336,166
Volcan Mountain Phase I	07/01/2001	10/01/2003	1,097	Fee		\$ 999,576
Twinning & Oracle Oak Ranches	11/01/1999	12/28/2002	1,524	CE	PFT	\$ 40,000
Addison Forest (Lone Tree Ridge)	12/07/2000	04/25/2001	567	CE	PFT	\$ 50,000
Leonard Lake		12/24/1997	1,750	CE	PFT	\$ 0
California TOTAL			121,820			35,636,434

NRLT- Northcoast Regional Land Trust
PFT-Pacific Forest Trust
RMEF-Rocky Mountain Elk Foundation
SCOSAPD-Sonoma County Open Space & Agricultural Preservation District
CRT – California Rangeland Trust
* - CAL FIRE holds primary responsibility to conduct annual monitoring

XX – CCI projects closed. Marshall Ranch and PUC P1 CCI was only a portion of the funding required to close. Rainbow Ridge closed with 75% federal FLP funds (\$352,500) and 25% CCI (\$117,500) funds.