



N.C. Department of Agriculture & Consumer Services
N.C. ADFP Trust Fund
Conservation Easement Application Budget Instructions



These instructions will help you plan and complete the budget section of the ADFP Trust Fund Cycle XI Conservation Easement Application.

Please note: The budget sections are identical for both statewide general appropriations and military easements.

These instructions follow the order of the budget section of either application.

1. Determining the Estimated Easement Purchase Value

- The first step of the budget section is determining the estimated easement purchase value of the proposed conservation easement and there are two options for determining the estimated easement purchase value:
 - Option A:
 - A state certified appraisal that determines the development rights value that will be removed may be used as long as it is current as of January 1, 2015.
 - Option B:
 - If there is no state certified appraisal, the fair market value of the property may be determined using a minimum of two (2) comparable property sales since January 1, 2015 or the county tax value.
 - The agricultural value (Present-Use Value) is determined by an appraised value of land by county tax office. This may include permanent structures on the proposed conservation easement property used for the production of agriculture.
- The estimated easement purchase value is determined by finding the difference between the fair market value of the property in the proposed conservation easement and the agricultural value (Present-Use Value) of the property in the proposed conservation easement. This is the value of the development rights that are being removed from the property.
- Use only proposed conservation easement property and non-mobile agricultural structures used in the farming operation inside the proposed conservation easement.
- For more information on Present-Use Value, view the NC Department of Revenue's Present-Use Value Program Guide at http://www.dor.state.nc.us/publications/puv_guide.pdf.

2. Determining the Total Allowable ADFP Trust Fund Grant Request

- The Total Allowable ADFP Trust Fund Grant Request is determined by multiplying the estimated easement value by an easement multiplier. Perpetual easements are valued at 1, 50-year term at .6, 40-year term at .4, 30-year term at .3, 20-year term at .2, and 10-year term at .1.
 - Term easements are not at full value since they are limited in duration.
- The Total Allowable ADFP Trust Fund Grant Request is the *maximum total amount of grant funds* that may be requested. This may include the easement purchase value plus other allowable transaction costs.

3. Determining the Maximum Allowable Easement Value Purchase Request from the ADFP Trust Fund ONLY

- There is a maximum to what may be requested from the ADFP Trust Fund for the easement value purchase.
- The ADFP Trust Fund grant requests for the purchase of the easement may not exceed 50 percent of the eligible easement purchase value.
- This figure is determined by multiplying the estimated easement value by the easement multiplier, then dividing in half.

4. ADFP Trust Fund Grant Request Budget

- This section will be where the applicant enters the requested ADFP Trust Fund grant funds for each eligible line item.
- Downloading the "Conservation Easement Budget Worksheet" will help the applicant plan the total budget for the application.
- Historically, applicants that have been successful have followed a "50/25/25 Funding Model" for conservation easement grant requests. The recommended funding model is as follows: 50% Partnership Funding (Federal, Local, and/or Nonprofit), 25% ADFP Trust Fund Grant, 25% Landowner Donation.
- If the grant request only has an ADFP Trust Fund grant request, it is recommended that there is a 50% landowner donation or greater.
- The easement purchase ADFP Trust Fund grant request may not exceed the maximum allowable easement value purchase request.
- The stewardship endowment ADFP Trust Fund grant request may not exceed 3% of the ADFP Trust Fund grant request for the easement purchase. If stewardship endowment grant funds are requested, they must have an equal or greater match.
- When calculating to determine the total amount of grant funds requested from the ADFP Trust Fund, it may not exceed Total Allowable ADFP Trust Fund Grant Request.
- For an explanation of each budget line item category, see the section titled "Budget Line Item Categories" on page 4.

5. Determining the Minimum Required Match Amount

- In accordance with N.C.G.S. 106-744, there are match requirements for eligible ADFP Trust Fund applicants:
 - "To a private nonprofit conservation organization that matches thirty percent (30%) of the Trust Fund monies it receives with funds from sources other than the Trust Fund."
 - "A county that is a development tier two or three county, as these tiers are defined in G.S. 143B-437.08, and that has prepared a countywide farmland protection plan shall match fifteen percent (15%) of the Trust Fund monies it receives with county funds. A county that has not prepared a countywide farmland protection plan shall match thirty percent (30%) of the Trust Fund monies it receives with county funds. A county that is a development tier one county, as defined in G.S. 143B-437.08, and that has prepared a countywide farmland protection plan shall not be required to match any of the Trust Fund monies it receives with county funds."
- For private nonprofit conservation organizations, select "Private Nonprofit Conservation Organization" from the list.
- For a county, select your county from the list.
- The calculation will determine the minimum required match figure based on the match percentage and the total amount of grant funds requested from the ADFP Trust Fund.

- The entire estimated easement value must be fulfilled by grant funds and match. The calculation will determine the amount of easement purchase match is required. This number will be determined by taking the ADFP Trust Fund grant request for the easement purchase value from the eligible estimated easement value purchase amount.

6. Total Matching Funds Budget

- This section will include all sources of matching funds from cash and in-kind sources.
- Cash match is a cash purchase for the project that is not reimbursed by the ADFP Trust Fund.
- In-kind match is a non-cash donation made to the project.
- This budget section should include secured (committed in writing) and unsecured matchings funds. Each line item should be a total of secured and unsecured funds. The “Total Matching Funds Budget” column on the “Conservation Easement Budget Worksheet” can be used to determine inputs in this section.
- The easement purchase match requirement, as determined on the previous page, will be shown on the easement purchase match line item. Enter the number shown in bold in the input field for easement purchase match.
- If there is not match available for a line item, enter “0” in the field.

7. Total Matching Funds Narratives

- There are ten (10) total matching funds narrative sections. They correspond with each line item available for match.
- These Total Matching Funds Narrative sections ask the applicant to identify secured (committed in writing) and unsecured matchings funds.
- The top of each section will give the total amount of match for that line item entered in the Total Matching Funds Budget section. The secured and unsecured match amounts should equal this total match figure.
- Each source of secured matching funds *must* have a letter of commitment from the matching funds source.
- Letters of commitment must have the following information:
 - Name of Source of Matching Funds Entity (agency or organization)
 - Contact Name and Information for Matching Funds Entity
 - Dollar Amount/Value of Match
 - Identification of Match as a Cash or In-Kind Source
 - Brief Description of Match
 - Signature of Authorized Matching Funds Source Contact
- *All match that does not have a signed letter of commitment uploaded in the appropriate matching funds narrative section will be considered unsecured.*
- Ensure that the calculation at the end of each matching funds narrative page equals the figure listed at the top of the page. If the calculation does not match, you must adjust the figures in the secured and unsecured fields.
- If there is not match available for a line item, enter “0” in the appropriate field.

8. Total Project Budget

- This section will give a final breakdown of ADFP Trust Fund requested funds and matching funds.
- The calculation will verify that the inputs made in the Total Matching Funds Narratives equal the inputs on the Total Matching Funds Budget.

- Advancing to the next page after the calculation will have another verification for the matching funds budgets. If the two figures are the same, select “Yes” and proceed. If the figures are not the same, go back to review your inputs.

9. Project Timeline

- This section helps the applicant plan out their two-year contract by quarter.
- The tasks and goals, ADFP Trust Fund grant funding, and matching funds are estimates and do not have to be exact.
- Tasks and goals do not have to be equal throughout the two-year contract period and a project may conclude at any point within the two-year window.

Budget Line Item Categories

- **Easement Purchase:** This refers to funds or donations that fulfill the easement purchase value. Cash match may come from federal, state, local, or nonprofit partners. If a landowner donates a portion of the easement purchase value, this will be considered an in-kind match since no cash transaction takes place.
- **Travel:** Applicable state rates apply. View <https://www.osbm.nc.gov/budman5-travel-policies> for more information.
- **Personnel and Administrative:** This refers to general laborers, general office, or clerical work provided as match by matching funds source.
- **Stewardship Endowment:** This refers to funds for future monitoring of the conservation easement property and legal defense. ADFP Trust Fund reimbursement limited to 3% of the ADFP Trust Fund grant to the easement purchase.
- **Survey:** This refers to surveys of the proposed conservation easement property, including boundary and biological. ADFP Trust Fund reimbursement is usually limited to \$10,000.
- **Appraisal:** This refers to a state certified appraisal of the proposed conservation easement property. If the grantee or landowner pays for a new appraisal during the contract period out-of-pocket, it will be considered cash match. If the appraiser contributes an appraisal, it will be considered in-kind match.
- **Baseline Documentation Report:** This refers to the development of a baseline documentation report, a report that documents the conservation values of the property, and describes the existing conditions of all the proposed conservation easement’s features. ADFP Trust Fund reimbursement is usually limited to \$3,000.
- **Environmental Assessment/Audit:** This refers to a report prepared for a real estate holding that identifies potential or existing environmental contamination liabilities. The analysis typically addresses both the underlying land as well as physical improvements to the property. ADFP Trust Fund reimbursement is usually limited to \$2,500.
- **Legal Fees:** This refers to the payment for legal services. ADFP Trust Fund reimbursement is usually limited to \$3,500.
- **Closing Costs:** This refers to deed recordation fees. ADFP Trust Fund reimbursement is usually limited to \$1,000.