



**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 XV Conservation Easement Application.**

**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. There are three 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 if it is current as of January 1, 2020.
  - Option B:
    - If the land parcel is in Present Use Value (PUV), a state certified appraisal that determines the highest and best use value as of January 1, 2020, or a minimum of two (2) comparable property sales since January 1, 2020 as determined by a state-certified appraiser or the county tax value may be used less the county PUV to the estimated development rights value.
  - Option C:
    - If using only ADFP funds for conservation easement purchase on a perpetual or a 50-year term easement and the parcel is in PUV, then the county tax listing for real estate value less the county PUV may be used to estimated development rights value.
      - Exclusive for ADFPTF only conservation easements
        - Perpetual or 50-year term easement
      - Not transferable to other easements processes using funding other than ADFPTF.
- 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](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 capped at \$500,000. Per ADFP Trust Fund rules, the ADFP can only fund up to 50% of all easement value purchases. This is calculated by dividing the calculated easement purchase value by 2. The 50% maximum from ADFPTF applies when a potential use of other funding resources i.e., Federal, Local, and/or Nonprofit, is being considered in the purchasing of the conservation easement.

- For requests using county PUV values for exclusive ADFPTF funded easements, the following calculations are used to determine the payable amount from the ADFP Trust Fund:
  - 50-year term easements: 60% of total easement purchase value
  - Perpetual easements: 75% of total easement purchase value

### **3. 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.
- Budget line items will be adjusted to regional or state averages during the application review process. The amount the applicant requests for budget line items may be reduced to meet the average regional or state cost for a specific line item.

### **4. 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.

## 5. 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.
- Only select the line items that you will be providing matching funds for. Non-selected line items will not appear in the application.

## 6. 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.

## 7. 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.

## 8. Project Timeline

- If awarded a grant, a project timeline with dates for deliverables will be required as part of the terms and conditions of the grant contract.
- A breakdown of the timeline and needed deliverables is provided in the grant application. Grantees will be expected to record the conservation easement within the first 365 days of the contract. Extensions will only be granted for cases of hardship.

## 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.
- **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.
- **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.
- **Attorney Fees:** This refers to the payment for legal services.
- **Closing Costs:** This refers to deed recordation fees and title insurance.

See the chart below for the ADFP Trust Fund maximum reimbursements by region.

<b>Grant Cycle XV Cost Estimates</b>	<b>Appraisal</b>	<b>Survey</b>	<b>BDR</b>	<b>EA</b>	<b>Legal Fees</b>	<b>Closing Costs</b>
<b>1-Mountains</b>	<b>\$7,400.00</b>	<b>\$15,900.00</b>	<b>\$3,100.00</b>	<b>\$2,200.00</b>	<b>\$4,300.00</b>	<b>\$1,400.00</b>
<b>2-Northwest</b>	<b>\$4,900.00</b>	<b>\$10,100.00</b>	<b>\$2,900.00</b>	<b>\$2,200.00</b>	<b>\$4,300.00</b>	<b>\$1,300.00</b>
<b>3-Southwest</b>	<b>\$4,900.00</b>	<b>\$10,100.00</b>	<b>\$2,900.00</b>	<b>\$2,200.00</b>	<b>\$5,800.00</b>	<b>\$1,300.00</b>
<b>4-North Central</b>	<b>\$4,900.00</b>	<b>\$10,100.00</b>	<b>\$2,900.00</b>	<b>\$2,200.00</b>	<b>\$6,500.00</b>	<b>\$1,300.00</b>
<b>5-South Central</b>	<b>\$4,900.00</b>	<b>\$10,100.00</b>	<b>\$2,900.00</b>	<b>\$2,200.00</b>	<b>\$4,300.00</b>	<b>\$1,300.00</b>
<b>6-Northeast</b>	<b>\$4,900.00</b>	<b>\$10,100.00</b>	<b>\$4,300.00</b>	<b>\$3,600.00</b>	<b>\$6,200.00</b>	<b>\$2,300.00</b>
<b>7-Southeast</b>	<b>\$4,900.00</b>	<b>\$10,100.00</b>	<b>\$3,400.00</b>	<b>\$2,200.00</b>	<b>\$4,300.00</b>	<b>\$1,600.00</b>