

2018 HEALTHY SOILS PROGRAM INCENTIVES PROGRAM



The 2018 Healthy Soils Program Incentives Program is funded by the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 and the California Climate Investments.

Request for Grant Applications

Release date: December 28, 2018.

Applications due by: 5:00 p.m. PT on March 8, 2019.

Late submissions will not be accepted.



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BACKGROUND AND PURPOSE

The California Department of Agriculture (CDFA), in coordination with the California Natural Resources Agency (CNRA) and California Air Resources Board (CARB), is pleased to announce funding availability through a competitive grant process for the 2018 Healthy Soils Program (HSP) Incentives Program.

The 2018 HSP Incentives Program is part of the Healthy Soils Program (HSP), which stems from the [California Healthy Soils Initiative](#), a collaboration of state agencies and departments that promotes the development of healthy soils on California's farmlands and ranchlands. The 2018 HSP Incentives Program is funded by [California Drought, Water, Parks, Climate, Coastal Protection and Outdoor Access for All Act of 2018](#) [Chapter 10, Section 80134(a and b)] and the California Climate Investments, authorized by the Budget Act of 2018 ([SB 856](#); Chapter 30, Section 4).

The objectives of the HSP are to increase statewide implementation of conservation management practices that improve soil health, sequester carbon and reduce atmospheric greenhouse gases (GHGs) by (1) providing financial incentives to California growers and ranchers for agricultural management practices that sequester carbon, reduce atmospheric GHGs and improve soil health, (2) funding on-farm demonstration projects that conduct research and/or showcase conservation management practices that mitigate GHG emissions and improve soil health, and (3) creating a platform promoting widespread adoption of conservation management practices throughout the state.

The HSP Incentives Program addresses Objective 1. Objectives 2 and 3 are addressed in the 2018 HSP Demonstration Projects. Request for Applications for both the HSP Incentives Program and the HSP Demonstration Projects are available on the HSP website: <https://www.cdfa.ca.gov/oefi/healthypoils/>.

FUNDING AND DURATION

CDFA was appropriated \$10 million from the California Drought, Water, Parks, Climate, Coastal Protection and Outdoor Access for all Act of 2018; and \$5 million from the California Climate Investments, authorized by the Budget Act of 2018 to fund HSP – Incentives Program and Demonstration Projects. The HSP Incentives Program will provide financial incentives to California growers and ranchers for implementation of agricultural management practices that sequester carbon, reduce atmospheric GHGs, and improve soil health.

- The maximum grant award is \$75,000.
- Grant funds cannot be expended before July 1, 2019 or after March 31, 2022.
- Cost sharing (matching funds or in-kind contributions) during grant duration is not required but may receive additional consideration (See: [Project Duration and Cost Sharing](#)).

- CDFA reserves the right to offer an award different than the amount requested.

The HSP funds may be combined with other funds as match for the same project, such as funds from the United States Department of Agriculture (USDA) Natural Resource Conservation Service (NRCS) Environmental Quality Incentive Program (EQIP). However, HSP funds cannot cover activities or costs funded by other federal or state grant programs.

ELIGIBILITY AND EXCLUSIONS

ELIGIBILITY

- California farmers, ranchers and Federal and California Recognized Native American Indian Tribes are eligible to apply.
- Projects must be located on a California agricultural operation. For the purpose of this program, an agricultural operation is defined as row, vineyard, field and tree crops, commercial nurseries, nursery stock production, and livestock and livestock product operations.
- Awards are limited to one per agricultural operation using a unique tax identification number per round of funding.
- All projects must implement at least one of the eligible agricultural management practices listed under [Eligible Agricultural Management Practices](#), on fields or Assessor's Parcel Number (APN)s where said practice was not implemented previously.
- Projects must result in net GHG benefits (i.e., net positive GHG reductions) from specific eligible agricultural management practices identified in this solicitation for the grant agreement term supported by document(s) of Carbon Sequestration and GHG Estimation Report(s) (See [GHG Reduction Estimation](#)).
- Applicants must provide baseline data on cropping and management histories directly related to fields identified by APNs where eligible agricultural management practices are proposed for implementation to be eligible for funding.
- Applicants must lease, own or otherwise control the APNs where project activities are proposed to occur for the entirety of the project duration. If leasing land, applicants must ensure the proposed project does not violate their lease agreement and document approval by the landowner to implement proposed practices(s) from July 1, 2019 through March 31, 2022.
- If selected for funding, applicants must be able to execute a grant agreement within 30 days of receiving a notice of award.

EXCLUSIONS

- APNs that have previously received HSP Incentives or Demonstration awards are not eligible.
- HSP Incentives Program funds cannot be used to implement management practices that

are not listed under [Eligible Agricultural Management Practices](#) in this grant solicitation.

- HSP Incentives Program funds cannot be used to fund fields or APNs with existing and ongoing implementation of any agricultural management practices listed under [Eligible Agricultural Management Practices](#) including APNs for which a HSP Demonstrations or Incentives project was previously awarded.
- Compost Application Practices may not be implemented on APNs where soil organic matter content is greater than 20 percent by dry weight in top 20 cm (or 8 inch) depth.
- HSP Incentives program funds cannot be used for projects that use potted plants or other plant growth media.

TIMELINE

The application period begins December 28, 2018. The deadline to submit a grant application is March 8, 2019 by 5:00 p.m. PT. No exceptions will be granted for late submissions.

Activity	Date
Invitation to Submit Grant Applications	December 28, 2018
CDFA Grant Application Workshops	January 2019
Applications Due	March 8, 2019
Review Period	March – June, 2019
Award Announcement	June 2019

WORKSHOPS AND TECHNICAL ASSISTANCE

CDFA will conduct four workshops on the 2018 HSP grant application process and program requirements. All workshops will be remotely accessible through live webinar.

CDFA cannot assist in the preparation of grant applications; however, general questions may be submitted to cdfa.HSP_Tech@cdfa.ca.gov. CDFA will conduct five rounds of Questions and Answers (Q&A) to address general questions about the application submission process and program requirements. Responses to all questions received during the workshops and webinars or by email will be posted to CDFA's [HSP Incentives Program](#) website according to the schedule below.

Questions Received by	Answers Provided by
January 4, 2019	January 11, 2019
January 18, 2019	January 25, 2019
February 1, 2019	February 8, 2019
February 15, 2019	February 22, 2019

In addition, CDFA-funded Technical Assistance (one-to-one on-demand assistance) across the state will be provided free of cost to all potential applicants. These technical assistance providers (TAPs) consist of experts in agricultural management practices from California academic Research Institutions, Resource Conservation Districts, and non-profit organizations. TAPs should not charge any additional fees or subsequent commitments (financial or otherwise) to help submit applications. Assistance may include technical aspects of the application process such as GHG calculation requirements, practice selection, project design, availability of a computer and internet to prepare the application. CDFA strongly encourages applicants to obtain technical assistance when developing a grant application.

Information about CDFA-conducted workshops and CDFA-funded Technical Assistance is available on the HSP Incentives Program website:

<https://www.cdfa.ca.gov/oefi/healthysoils/IncentivesProgram.html>.

The contact information for technical assistance providers and/or workshops may be updated regularly. Please ensure to get the latest information from the program website.

ELIGIBLE AGRICULTURAL MANAGEMENT PRACTICES

CDFA has identified eligible agricultural management practices that sequester carbon, reduce atmospheric GHGs and improve soil health for the 2018 HSP projects. An applicant must include the APN(s) of the field(s) where the eligible management practice(s) will be implemented. An applicant may include multiple practices on the same APN or the same practice on multiple APNs. Some practices may not be implemented on the exact same field as part of the same project. Refer to [Non-Overlapping Practices](#) for details.

The following management practices were selected from the United States Department of Agriculture (USDA) Natural Resources Conservation Service (NRCS) Conservation Practice Standards (CPS) and CDFA specified Compost Application Practices. HSP-specific GHG Quantification Methodology is currently available for these practices.

Soil Management Practices

- Cropland Management Practices
 - Cover Crop ([USDA NRCS CPS 340](#))
 - Conservation Crop Rotation ([USDA NRCS CPS 328](#))
 - Mulching ([USDA NRCS CPS 484](#))
 - Nutrient Management ([USDA NRCS CPS 590](#)) (15% reduction in fertilizer application *only*)
 - Residue and Tillage Management – No-Till ([USDA NRCS CPS 329](#))
 - Residue and Tillage Management – Reduced Till ([USDA NRCS CPS 345](#))

- Strip Cropping ([USDA NRCS CPS 585](#))
- Compost Application Practices
 - Compost Application to Annual Crops
 - Compost Purchased from a Certified Facility
 - On-farm Produced Compost
 - Compost Application to Perennials, Orchards and Vineyards
 - Compost Purchased from a Certified Facility
 - On-farm Produced Compost

Note: Technical specifications for compost application rate and type of compost eligible for funding are noted under [Technical Specifications for Estimation of GHG Benefits](#).

Herbaceous Cover Establishment on Cropland Practices

- Conservation Cover ([USDA NRCS CPS 327](#))
- Contour Buffer Strips ([USDA NRCS CPS 332](#))
- Field Border ([USDA NRCS CPS 386](#))
- Filter Strip ([USDA NRCS CPS 393](#))
- Forage and Biomass Planting ([USDA NRCS 512](#))
- Grassed Waterway ([USDA NRCS CPS 412](#))
- Herbaceous Wind Barrier ([USDA NRCS CPS 603](#))
- Riparian Herbaceous Cover ([USDA NRCS CPS 390](#))
- Vegetative Barriers (601) ([USDA NRCS CPS 601](#))

Woody Cover Establishment on Cropland Practices

- Alley Cropping ([USDA NRCS CPS 311](#))
- Hedgerow Planting ([USDA NRCS CPS 422](#))
- Multi-story Cropping ([USDA NRCS CPS 379](#))
- Riparian Forest Buffer ([USDA NRCS CPS 391](#))
- Tree/Shrub Establishment ([USDA NRCS CPS 612](#))
- Windbreak/Shelterbelt Establishment ([USDA NRCS CPS 380](#))

Grazing Lands Practices

- Compost Application to Grassland
 - Compost Purchased from a Certified Facility
 - On-farm Produced Compost

Note: Technical specifications for compost application rate and type of compost eligible for funding are noted under [Technical Specifications for Estimation of GHG Benefits](#).

- Prescribed Grazing ([USDA NRCS CPS 528](#))
- Range Planting ([USDA NRCS CPS 550](#))
- Silvopasture ([USDA NRCS CPS 381](#))

NON-OVERLAPPING PRACTICES

Practices in the same group cannot be implemented on the exact same land area or field, i.e., cannot overlap:

- Group I:
 - Cover Crop ([USDA NRCS CPS 340](#))
 - Conservation Crop Rotation ([USDA NRCS CPS 328](#))
 - Strip Cropping ([USDA NRCS CPS 585](#))
- Group II:
 - Residue and Tillage Management – No-Till ([USDA NRCS CPS 329](#))
 - Residue and Tillage Management – Reduced Till ([USDA NRCS CPS 345](#))
- Group III: Compost Application: Compost is either
 - Purchased from a Certified Facility
 - On-farm Produced Compost
- Group IV:
 - Alley Cropping ([USDA NRCS CPS 311](#))
 - Multi-story Cropping ([USDA NRCS CPS 379](#))

TECHNICAL SPECIFICATIONS FOR ESTIMATION OF GHG BENEFITS

Expected Life of Practices:

To estimate the net GHG benefits due to a practice implementation, the expected life of the practice is as follows:

Eligible Agricultural Management Practice	Expected Life of Practice*
Soil Management Practices	3 Years
Cropland to Herbaceous Cover Practices	3 Years
Grazing Lands Practices, except Silvopasture	3 Years
Woody Cover Establishment Practices and Silvopasture	10 Years

*Expected Life of Practice for the HSP is different from that required by USDA-NRCS, and distinct from the grant duration.

Practice Implementation Requirements

- **USDA NRCS Practices:**
Implementation of each practice must be consistent with the USDA NRCS Conservation Practice Standards (CPS) as specified in California.
- **Compost Application Practices**
Implementation of Compost Application practices must meet the requirements below.

1) Compost Application Rates eligible for funding are provided in the table below.

Crop Type	Compost Type	Short Tons/Acre*
Annual Crops	Higher N (C:N ≤ 11)	3 – 5
	Lower N (C:N > 11)	6 – 8
Tree / Perennial	Higher N (C:N ≤ 11)	2 – 4
	Lower N (C:N > 11)	6 – 8
Rangeland	Lower N (C:N > 11)	6 – 8

*Compost application rates eligible for funding through this program were developed under the guidance of the [Environmental Farming Act – Science Advisory Panel \(EFA-SAP\)](#) and are published in a white paper report titled “Compost Application Rates for California Croplands and Rangelands for a CDFA Healthy Soils Incentives Program” (abbreviated as [Compost Application White Paper](#)) by CDFA.

2) Sources of compost eligible for funding must meet the following requirements.

- If compost is purchased:
 - a. Compost must be produced by a facility permitted or otherwise authorized by state and local authorities that can demonstrate compliance with all state regulations. STA (US Composting Council’s Seal of Testing Assurance Program) or CDFA-OIM (Organic Input Material) Program certified compost is recommended. Applicants may look up certified composting facilities at the CalRecycle SWIS/Site Search website [here](#).
 - b. A report of laboratory analysis on compost C:N ratio is required.
- If compost is produced on-farm:
 - a. Plant and animal materials must be composted through the processes outlined below and a farm log must be maintained to document the process.
 - ***In-vessel or Static Aerated Pile System:*** Maintain a temperature between 131°F and 170°F for 3 days;
 - ***Windrow Composting:*** Maintain a temperature between 131°F and 170°F for 15 days. The materials must be turned a minimum of five times.
 - b. C:N ratio of the compost to be applied must be verified through laboratory testing before application. Type of material(s) used for composting must be documented.
 - c. Compost used in this practice must be produced at the agricultural operation that the project is located on. Externally sourced compost must be purchased from a certified facility.
 - d. Compost used in this practice cannot be vermicompost.

Assistance in selecting species to be planted when implementing cover crop, herbaceous, and

woody cover establishment practices is available through the USDA NRCS California eVegGuide at <https://www.calflora.org/nrcs/>. Step-by-step instructions to use the USDA NRCS California eVegGuide are provided in [Instructions to Use CalFlora](#). CDFA strongly encourages applicants to enhance on-farm biodiversity through utilizing plant species (in applicable management practices) that support pollinator habitat and help meet the goals identified in the [California Biodiversity Action Plan](#).

There may be additional requirements or guidelines for implementation of specific practices in addition to those provided in the respective USDA NRCS CPS documentation. Refer to [2018 HSP Incentives Program Practices: Payment Rates, Implementation Requirements and Verification Requirements](#) for guidance.

PROGRAM REQUIREMENTS

- Eligible agricultural management practices can be implemented alone or in combinations, except where specified, on one APN or several APNs. Specific fields within each APN where agricultural management practice(s) will be implemented should be named Field 1, Field 2, Field 3, etc.
 - All fields must have the selected agricultural management practices implemented each year for the duration of the project term.
 - Implementations must begin prior to the end of each project year.
 - Multiple management practices may be included within the same APN except where specified, and multiple APNs within the same agricultural operation may be included in the project.
 - Once awarded, recipients may not change the APNs included in the grant application through the duration of the project.
 - Implementation of eligible management practices will be incentivized based on payment rates provided in [2018 HSP Incentives Program Practices: Payment Rates, Implementation Requirements and Verification Requirements](#).

APPLICANT ID

An agricultural operation can only submit one grant application using a unique tax identification number. If an agricultural operation does not have a unique tax identification number, that operation should only use the last four digits of their social security number (e.g., 000-00-1234) as their unique business identification number in their grant application.

An agricultural operation must use the operation's legal business name and associated tax identification number in their application. The business name provided in the application is the entity to which CDFA will extend a Grant Agreement if the project is selected for an award. (See: [Award Process](#)).

PROJECT DURATION AND COST SHARING

The HSP Incentives Program will provide funds for the grant duration beginning July 1, 2019 to March 31, 2022. Though not required, applicants are encouraged to provide cost share to the project through the grant duration. Cost sharing can be in the form of matching funds or in-kind contributions. Matching funds refers to a dollar amount committed to a project from a source other than the HSP Incentives Program. An in-kind contribution is the estimated dollar value of any time, property, or supplies donated to a project, including costs associated with labor for work involved in the implementation of the proposed project.

Those who provide cost sharing may receive additional consideration during the project review (See [Additional Considerations](#)). Applicants are required to certify that cost-share, if provided, has been secured at the time of application submission.

Timeline for implementation of awarded projects is provided below:

Project Year	Duration of Project Year	Implementation Must Begin No Later Than
1	July 1, 2019 – June 30, 2020	December 31, 2019
2	July 1, 2020 – June 30, 2021	December 31, 2020
3	July 1, 2021 – March 31, 2022	December 31, 2021

BASELINE DATA

Applicants must submit the following baseline data at the time of application.

- Cropping history in the past three years (December 2015 – November 2018) in all APN(s) included in the application.
- Management practice history in the past three years (December 2015 – November 2018) in all APN(s) included in the application.
- Applicants proposing to include Compost Application Practices in their projects must use the [California Air Resources Board's Compost Ineligible Tool](#) to check if the project site is eligible for compost application. Compost Application is not allowed on an APN that has soil organic matter content greater than 20 percent by dry weight for a 20 cm (or 8 inch) depth. Instructions to use the tool are available in [Step by step instructions on how to use Compost Ineligible Tool](#).

GHG REDUCTION ESTIMATION

An estimation of the reduction in GHG emissions from the selected [Eligible Agricultural Management Practices](#) must be calculated using the Quantification Methodology (QM) and calculator tools developed by the California Air Resources Board (CARB). The QM and calculator tool are adapted from the USDA-NRCS COMET-Planner methodology. The QM and calculator

tool used for HSP is available at the CARB Quantification Materials website: www.arb.ca.gov/cqi-resources.

Once on the website, scroll down to find the Healthy Soils Program, and click on the QM for instructions on how to use the GHG reduction calculation tools for the selected type of management practices (as indicated below). The web links to the GHG calculator tools are provided in the QM.

A Carbon Sequestration and GHG Estimation Report will be generated upon completion of the calculation, which must be included as part of the application, and is required for all eligible agricultural management practice(s) selected. Projects eligible for HSP funding must achieve net GHG reductions, i.e., GHG reductions estimated using the QM and calculator tool must be positive in consideration of all the practices selected.

GRANT APPLICATION PROCESS

HOW TO APPLY

- The 2018 HSP Incentives Program is a [web-based application](#) process. The grant application is a series of questions in one or more of the following formats: a drop-down menu; a check box; a text box with predetermined character limitations; or as a document attachment. Responses to all questions must be submitted in the manner and format required by the application questionnaire electronically without exception. Preview of application questions is available in [2018 HSP Incentives Program Preview of Application Questions](#).

Applicants are encouraged to gather all required information using information provided under [Required Application Documents](#) to facilitate effective and timely submission of the grant application.

REVIEW AND EVALUATION PROCESS

REVIEW PROCESS

CDFA will conduct multiple levels of review during the grant application process. The first level review is an administrative review to determine whether application requirements were met and if applicable, assess an applicant's past grant performance. All required documentation must be submitted to avoid disqualification.

The second level review is a technical review to evaluate the feasibility and overall likelihood of project success, including selection of HSP practices associated with suitable crop/land type, a clear and proper project design, a reasonable implementation timeline (work plan), the correct estimation of GHG emission reductions and carbon sequestration, and the potential for the project to reduce GHG emissions, sequester carbon, improve soil health, and provide other co-

benefits (e.g., air and water quality improvement). The technical review committee is made up of academic researchers, extension specialists, and farm advisors affiliated with the University of California and California State University systems.

EVALUATION CRITERIA

Applications are evaluated based on the following criteria (see [Detailed Scoring Criteria](#) for additional information). An application must receive a total score of 60 to be considered eligible for funding.

Criteria	Score
Project Feasibility	40
Project Sustainability	20
GHG Emission Reduction Benefits	20
Soil Health and Environmental Co-Benefits	10
Conservation Plan	10
Total	100

FUNDING PRIORITY

The following applicants and/or projects will be prioritized for funding:

- **Benefits to Severely Disadvantaged Communities (SDACs)¹**

The 2018 HSP funding source, Proposition 68, requires that CDFA award fifteen percent of the appropriated \$10 million to serve severely disadvantaged communities. CDFA must prioritize funding to projects that meet this criterion and therefore, these projects will receive priority funding if they meet a minimum score of 60 points during the technical review. To qualify as serving severely disadvantaged communities, projects must be located within a severely disadvantaged community as identified using the Community Fact Finder developed by the Department of Parks and Recreation available at: <http://www.parksforcalifornia.org/communities>.

- **Benefits to Socially Disadvantaged Farmers or Ranchers²**

CDFA will ensure the inclusion of Socially Disadvantaged Farmers and Ranchers in all programs, including HSP, consistent with the [Farmer Equity Act of 2017](#). Farmer and

¹ “Severely disadvantaged community” means a community with a median household income less than 60 percent of the statewide average.

² “Socially disadvantaged farmer or rancher” means a farmer or rancher who is a member of a socially disadvantaged group. “Socially disadvantaged group” means a group whose members have been subjected to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their individual qualities. These groups include all of the following:

(1) African Americans (2) Native Indians (3) Alaskan Natives (4) Hispanics (5) Asian Americans (6) Native Hawaiians and Pacific Islanders.

ranchers who identify as belonging to a socially disadvantaged group will receive priority for funding if they meet a minimum score of 60 points during the technical review with or after funding to projects in SDACs as defined above.

- **Benefits to Priority populations³**

[SB 535](#) established statutory requirements that a minimum of 25 percent of California Climate Investments is allocated to projects that provide benefits to disadvantaged communities, and of that 25 percent, a minimum of 10 percentage points is allocated to projects that are also located within disadvantaged communities. [AB 1550](#) (Gomez, Chapter 369, Statutes of 2016), amended these requirements by increasing the percent of funds for projects located in disadvantaged communities from 10 to 25 percent and added a focus on investments in low-income communities and households. Collectively, these communities are referred to as ‘priority populations’. AB 1550 investment minimums apply to the overall appropriations of monies from the GGRF, not the individual agency programs. However, all California Climate Investments programs including the HSP are encouraged to maximize benefits to disadvantaged communities, low-income communities and low-income households.

Priority populations can be identified using the mapping tools provided by CARB at www.arb.ca.gov/cci-resources. Projects are not required to provide benefits to priority populations. However, the projects that are determined to be providing benefits based on their responses to the application questions will be prioritized for funding.

To be considered as providing benefits to Priority Populations, applicants must provide answers to questions in the “Benefits to Severely Disadvantaged Communities, Socially Disadvantaged Groups and/or Priority Populations” Section of the electronic application and supporting documentation verifying that the projects meet the requisite criteria.

ADDITIONAL CONSIDERATIONS

During the review process, the following additional considerations will be evaluated when selecting projects for an award of funds:

- Applicants that provide matching funds during grant duration (July 1, 2019 – March 31, 2022).

NOTIFICATION AND FEEDBACK

All applicants will be notified by email regarding the status of their grant application. Applicants not selected for funding will receive feedback on their grant application within 60 days after

³ Priority populations include residents of: (1) census tracts identified as disadvantaged by California Environmental Protection Agency per SB 535; (2) census tracts identified as low-income per AB 1550; or (3) a low-income household per AB 1550. See Section VII.B for more information on the definitions of priority populations.

receiving notification.

DISQUALIFICATIONS

The following will result in the disqualification of a grant application:

- Incomplete grant applications: applications with one or more unanswered questions necessary for administrative or technical review.
- Incomplete grant applications: applications with missing, blank, unreadable, corrupt, or otherwise unusable attachments.
- Applications requesting funding for more than the maximum award amount.
- Applications with unallowable costs or activities not necessary to complete the project objectives.

APPEAL RIGHTS: Any discretionary action taken by the Office of Grants Administration (OGA) may be appealed to CDFA's Office of Hearings and Appeals within ten (10) days of receiving a notice of disqualification from CDFA. The appeal must be in writing and signed by the responsible party named on the grant application or his/her authorized agent. It must state the grounds for the appeal and include any supporting documents and a copy of the OGA decision being challenged. The submissions must be sent to the California Department of Food and Agriculture Office of Hearings and Appeals, 1220 N Street, Sacramento, CA 95814 or emailed to CDFA.LegalOffice@cdfa.ca.gov. If submissions are not received within the time frame provided above, the appeal will be denied.

AWARD PROCESS

PRE-PROJECT CONSULTATION

After receiving notification of award, each recipient will be contacted by CDFA, to conduct a pre-project consultation. A CDFA environmental scientist will discuss with the recipient the project work plan, including management practice(s), APN, field number, acreage, materials and/or plant species (if applicable) associated with practice implementation, and budget. The purpose of the pre-project consultation is to ensure that practices and implementation methods in the funded project are compliant with 2018 HSP Incentives Program requirements and to allow CDFA to schedule verification site visits.

GRANT AGREEMENT

CDFA will initiate the Grant Agreement process with applicants selected to receive a 2018 HSP Incentives Program grant award. Applicants with projects selected for an award of funds will receive a Grant Agreement package with specific instructions regarding award requirements including information on project implementation, verification, and payment process.

PROJECT IMPLEMENTATION

Once a Grant Agreement is executed, the grant recipient may begin implementation of the project. Recipients are responsible for the overall management of the awarded project to ensure all project activities are completed as identified in the Grant Agreement.

Implementation must begin on or after July 1, 2019, but no later than December 31, 2019. Failure to implement the project prior to December 31, 2019 may result in all or any portion of the grant funding withheld or termination of the Grant Agreement. Implementation of soil management practices in years 2 and 3 must begin prior to December 31 in 2020 and 2021, respectively.

PROJECT REPORTING REQUIREMENTS

Recipients are required to report annually soil organic matter content for each APN/ Field where HSP Management Practices are implemented. For this purpose, soil samples must be taken once prior to project implementation, one year and two years following initial project implementation.

Each submission should contain a laboratory report of soil organic matter content for each APN from any of the accredited soil analytical laboratories recommended by CDFA⁴. The soil sampling protocol provided in [HSP Soil Sampling Protocol for Soil Organic Matter Analysis](#) must be followed when collecting soil samples.

PAYMENT PROCESS

Grant payment for the 2018 HSP Incentives Program is a flat-rate payment system on a reimbursement basis through yearly invoicing upon practice verification. CDFA will provide the grant recipient with the necessary grant award and invoicing documents (See: [Project Verification](#))

ADVANCE PAYMENTS

If selected for funding, recipients may be eligible for advance payments of up to 25 percent of the grant award, subject to the provisions of section 316.1 “Advance Payments” of the [California Code of Regulations, Division 1, Chapter 5](#).

PROJECT VERIFICATION

Recipients will be subjected to verification that the eligible agricultural management practices are implemented in a manner consistent with the USDA NRCS CPS guidelines and/or CDFA Compost Application White Paper requirements. Verification will be conducted by CDFA environmental scientists who will conduct field evaluations by APN to verify program compliance during the grant agreement term. CDFA will be responsible for the expense of verification.

⁴ CDFA recommended soil analytical labs are listed in [HSP Soil Sampling Protocol for Soil Organic Matter Analysis](#).

The purpose of project verification is to determine whether and when deliverables are being met and evaluate project progress to ensure the eligible agricultural management practice(s) are completed within the grant agreement term. Recipients may be required to submit financial records and project related documentation (such as receipts for payment of services/goods) to ensure HSP Incentives Program funds are used in compliance with the Grant Agreement terms and conditions. Specific verification requirements for each practice can be found in [2018 HSP Incentives Program Practices: Payment Rates, Implementation Requirements and Verification Requirements](#). The verification must be completed by March 31, 2022.

Consistent with SB 5 (2018), the State of California has the right to review project documents and conduct audits during project implementation and over the project life.

POST-PROJECT COMPLETION REQUIREMENTS

Execution of the Grant Agreement is conditional upon agreement to post-project completion requirements. Recipients are required to maintain implementation of practices incentivized through this program through the term of the grant agreement. However, benefits from implementation of practices are expected to be achieved in the long term. Recipients are encouraged to continue and/or expand these practices on their operations to achieve long-term benefits. Additionally, grant recipients are required to maintain, three years after completion of project, documentation related to their HSP funded projects, including records documenting maintenance of the agricultural management practice(s) and any soil testing reports for the project APNs, to keep records of actual benefits achieved from the project.

Failure to work with CDFA to provide the necessary project-related documentation will be considered non-performance. In the event of non-performance, CDFA may take any action deemed necessary to recover all or any portion of the grant funding.

CDFA will contact a subset of awarded projects to collect data including, but not limited to, eligible agricultural management practice implementation and GHG reduction estimates, for three years after project completion.

STATE AUDIT AND ACCOUNTING REQUIREMENTS

In addition to HSP program requirements, awarded projects may be subject to State Audit and Accounting Requirements listed below.

AUDIT REQUIREMENTS

Projects are subject to audit by the State annually and for three (3) years following the final payment of grant funds. If the project is selected for audit, Grantee will be contacted in advance. The audit shall include all books, papers, accounts, documents, or other records of Grantee, as

they relate to the project. All project expenditure documentation should be available for an audit, whether paid with grant funds or other funds.

Grantee must have project records, including source documents and evidence of payment, readily available and must provide an employee with knowledge of the project to assist the auditor. Grantee must provide a copy of any document, paper, record, etc., requested by the auditor.

ACCOUNTING REQUIREMENTS

Grantee must maintain an accounting system that:

- Accurately reflects fiscal transactions, with the necessary controls and safeguards.
- Provides a good audit trail, including original source documents such as purchase orders, receipts, progress payments, invoices, employee paystubs and time cards, evidence of payment, etc.
- Provides accounting data so the total cost of each individual project can be readily determined.

RECORDS RETENTION

Records must be retained for a period of three (3) years after final payment is made by the State. Grantee must retain all project records at least one (1) year following an audit.

DETAILED SCORING CRITERIA

CRITERIA	MAX POINTS
1. PROJECT FEASIBILITY	40
1.1 PROJECT LOGISTICS (SECTION II) <ul style="list-style-type: none"> • Proposed practice not implemented in the field currently or last year? • For practice expanding to new acres: only new acres are eligible for funding? • Proposed practice implementation methods must be consistent with the requirements in the corresponding NRCS CPS documentation and/or with the requirements in the CDFA Compost Application White Paper. 	

<p>1.2 PROJECT DESIGN (SECTION III)</p> <ul style="list-style-type: none"> • Project design schematic (map) including proposed practices is provided, accessible and readable. • The schematic includes all fields/APNs and landmarks. • All HSP practices to be implemented are identifiable on the map. • The total acreage or length for each practice to be implemented is provided. • Plant species in the project if applicable (e.g., for Cover Crop) is provided. • Compost Application: C:N ratio and application rate are indicated and within eligible range. 	
<p>1.3 PROJECT WORK PLAN (SECTION IV)</p> <ul style="list-style-type: none"> • Tasks necessary to accomplish implementation of each proposed practice are feasible and all necessary tasks for each of the Project Year are included. • Timeline for completing all tasks is reasonable and achievable. • Please check: <ul style="list-style-type: none"> ◦ All practices must be implemented/maintained each year for three years. ◦ Soil samples must be taken prior to, one, two and three years after practice implementation. 	
<p>1.4 PROJECT BUDGET (SECTION V)</p> <ul style="list-style-type: none"> • Only HSP payment rates are allowed. • Acres/feet in the budget is only for new practice(s) and/or new acres of existing practice(s). • For a same practice in the same field if different materials/plant species are to be used, acreage/feet in the budget worksheet can be entered only once. 	
<p>2. PROJECT SUSTAINABILITY (SECTION VI)</p> <ul style="list-style-type: none"> • Applicant explained why this project is important to the agricultural operation. • Is this project a good fit to this agricultural operation? • Is this project likely to be successful and are the anticipated changes after project implementation explained sufficiently? • Did the project adequately describe plans for future adoption, e.g. continuing the practice(s) or expand the practice(s) to new APNs beyond the project-term? • Does the project include multiple practices? 	<p>20</p>

<p>3. GHG EMISSION REDUCTIONS (SECTION VII)</p> <ul style="list-style-type: none"> • GHG Reductions Estimation Report from COMET-Planner is provided. • Input data (county, practice and acreage) is consistent with what is provided in the project design. • Acreage to calculate GHG reductions is only for each new practice or new acreage of expanded existing practice(s). • For cover crop practice implementation where legume and non-legume species are to be used in the same field, only acreage for legume species should be entered. 	20
<p>4. SOIL HEALTH AND ENVIRONMENTAL COBENEFITS (SECTION VIII)</p> <ul style="list-style-type: none"> • Have environmental and soil health benefits been adequately described? • Will the proposed project achieve the benefits claimed? 	10
<p>5. CONSERVATION PLAN (SECTION IX)</p> <ul style="list-style-type: none"> • Documents: meet minimum requirements for the conservation plan. 	10
<p>TOTAL POINTS</p>	100

REQUIRED APPLICATION DOCUMENTS

All required application documents must be submitted by the deadline specified in this solicitation. In addition to the mandatory and optional attachments each applicant will provide, applicants must download, complete and upload the templates provided below.

- [Project Work Plan Template](#)
- [Budget Worksheet Template](#) (must be submitted in the Excel Format)

The mandatory and applicable attachments include:

- Project Design Schematic
- Carbon Sequestration and GHG Estimation Report
- Screenshot of result from Compost Ineligibility Tool (if applicable)
- Landowner Agreement (if applicable)
- Conservation Plan (if applicable)
- Supporting Documents showing that the project provides benefits to SDACs (Severely Disadvantaged Communities), SDGs (Socially Disadvantaged Groups) or Priority Populations (if applicable)

Applicants are encouraged to review the following document which help them prepare applications.

- [2018 HSP Incentives Program Preview of Application Questions](#)