MEMORANDUM

TO: **Nora Flynn**

FROM: **Todd Doherty**

DATE: **June 20, 2024**

RE: **Close-out Memorandum for the Technical Assistance for Federal Cost-Share: NRCS's Conservation Innovation Grant Program (Order No: POGG1, PDAA, 202300002769)**

Overview:

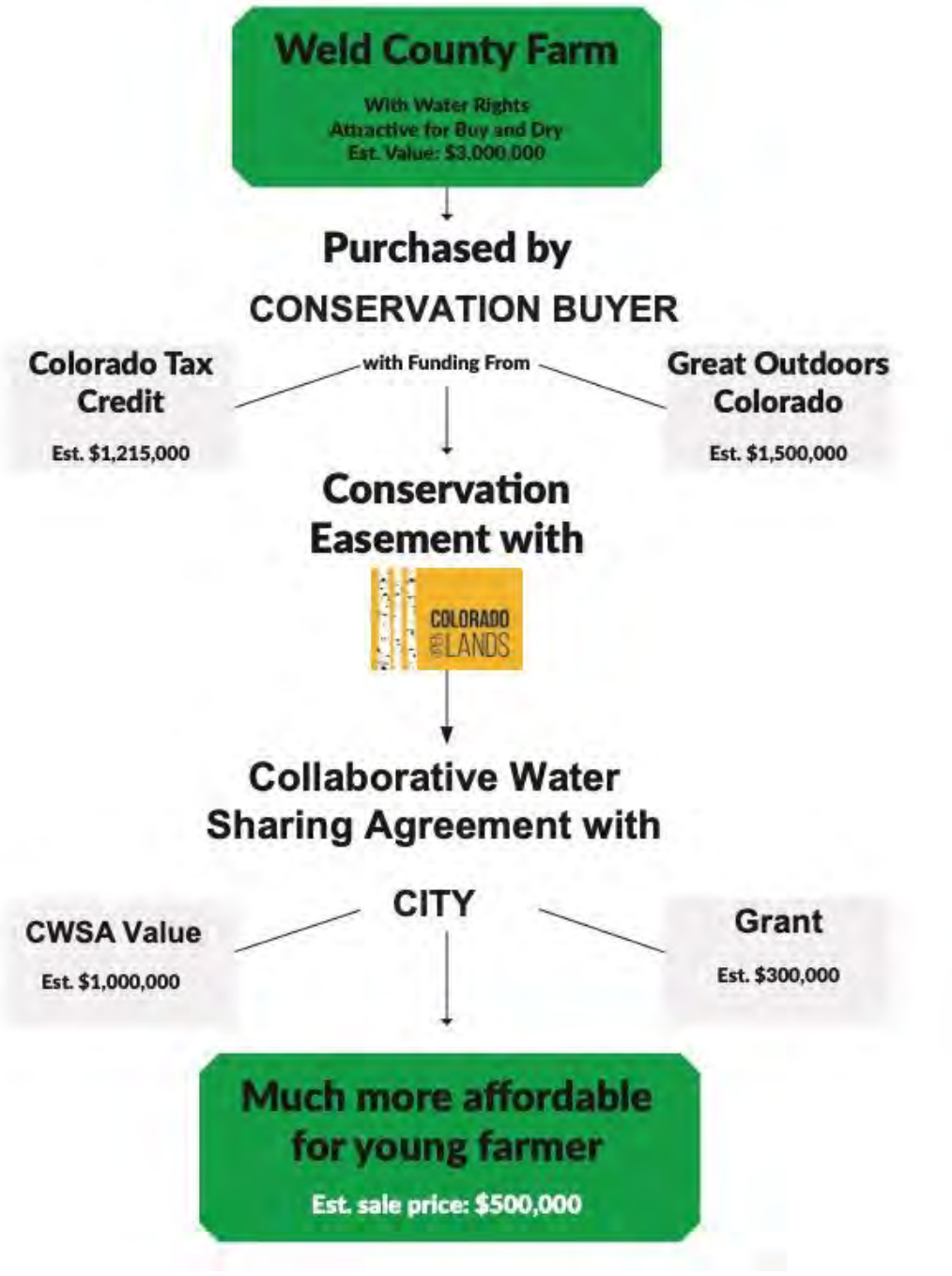
Western Water Partnerships (WWP) was contracted with the CWCB under the Technical Assistance for Federal Cost-Share Program (TAFC) to assist in developing an NRCS Conservation Innovation Program (CIG) on behalf of Colorado Open Lands (COL), a 501(c)(3) nonprofit land trust that exists to protect Colorado's land and water resources. COL's objective in this effort is to develop an innovative financial model for the conservation of irrigated lands through collaborative water-sharing agreements (CWSAs).

Buy-Protect-Sell Concept

Colorado's South Platte River Basin is home to the state's most productive agricultural economies, built on the foundation of its best soils. While the Basin currently supports 850,000 acres of productive farmland, the state projects that nearly half of irrigated acreage will be dried by 2050. Meanwhile, climate change is driving greater environmental variability, and therefore more financial risk for farmers. State population trends are seeing well-capitalized developers make offers far above agricultural value for farmland. Water stress is driving water utilities to purchase farms solely for their water rights, known as "buy and dry". The Basin's younger generation of Beginning Farmers are willing to inherit the region's agricultural engine and adapt it to meet modern challenges. However, rapidly rising land values prevent many from owning farmland, let alone having the freedom to experiment with climate-smart agricultural practices that will improve long-term economic resilience.

Western Water Partnerships and Colorado Open Lands have been developing an innovative approach for conserving irrigated farmland and facilitating CWSAs with municipal water providers. In 2021, Colorado's conservation easement tax credit program increased the tax credit to 90% of the conservation easement's value from the previous 50%. With this increase in tax credits, combined with revenue from the city's purchase of the CWSA water and some grant dollars (e.g., philanthropic, CWCB, BRT), it is possible that irrigated farms can be purchased at fair-market prices, protected through conservation easements, CWSA's developed with the water rights, and then re-sold to an agricultural producer at a much-reduced price (i.e., young farmer). This process has meaningful potential to curb traditional "buy and dry" practices, while allowing municipalities to acquire needed water and keep the

prime farmland in production that supports those municipalities' surrounding, rural economies. We are calling this process the "Buy-Protect-Sell" model. Please see the attached flow chart explaining the steps and the different funding mechanisms of the model.



NRCS's Conservation Innovation Grant Application

This TAFC funding assisted in the development of COL's application to NRCS's Conservation Innovation Grant Program (CIG Program) which is attached to this memorandum. The final application was submitted by the deadline of October 30, 2023. To date, COL has secured funding for this project from the CWCB ($267,650) and from Great Outdoors Colorado ($298,000). COL is currently waiting to hear if the NCSC will award them the grant, but believes the application is very solid and is confident that they will be successful.

The requested CIG support will fund the development and deployment of the "Farm Conservation Accelerator Tool" (FCAT), a program which layers multiple agricultural conservation strategies to support a farmer-first nonprofit capital fund that provides Beginning Farmers willing to adopt climate-smart agricultural practices with a financial bridge to land ownership in the Basin.

The FCAT program will identify farms with senior water rights most at risk of conversion, raise a blended capital fund to acquire a portfolio of properties, implement conservation practices and permanent land and water protection while monetizing outcomes, then ultimately sell the properties at a reduced, affordable rate to Beginning Farmers with an agreement to continue implementing conservation practices in the form of an Agricultural Land Management Plan associated with an agricultural conservation easement.

The project team working to develop the plan and FCAT program are comprised of a water engineering firm (Brown and Caldwell), a nonprofit specializing in instream flow analysis (Colorado Water Trust), a land cooperative focused on land access opportunities in the South Platte River Basin (Poudre Valley Community Farms), a public benefit corporation that facilitates agricultural-municipal water sharing agreements (Western Water Partnerships), and an organization that builds creative financing and funding solutions with conservation impact (Quantified Ventures). As the lead entity, Colorado Open Lands brings over 40 years of private land conservation success, with a focus on conserving working lands. COL has two full-time staff working in the South Platte River Basin who have deep community engagement with a diverse array of producers and water managers.

Over the course of the CIG grant, the project team will establish a viable investment blueprint for accelerating conservation on lands at risk of conversion. By carrying the model from theory to practice via this pilot, the project team will produce deliverables that allow scaling and replication, including a landscape plan that identifies the most threatened agricultural land and water resources; a network of beginning farmers to implement conservation practices; and a walkthrough of the financial strategy and key learnings. Once proven, the model can be scaled up to combat the rapid conversion of farmland in the South Platte River Basin, or ultimately, other parts of the Mountain West where farmland and rural economies are threatened by competing values for water.

NRCS Conservation Innovation Grant Application

- Application
- Budget Narrative
- Letters of Support

COVER PAGE

Applicant Entity Name: Colorado Open Lands

Project Title: Accelerating Conservation to the Speed of Development: Innovating to Protect Colorado's South Platte River Basin

Projection Duration: 3 years

Amount of Federal Funding Requested: $258,220

Amount of Non-Federal Cost-Share Committed: $606,880

Technical Contact Name: Carmen Farmer

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Administrative Contact Email: kmurphy@ColoradoOpenLands.org

Geographic Location of the Project: South Platte River Basin, Colorado

Addressed Priority: Economics

Sub-Priority: No. 2: Habitat Conservation and Restoration for Wildlife and Invertebrates

Estimated Number of Participating Producers: 12

HU Set Aside: No

Estimated Number of HU Producers: 12

Innovative Conservation Approach: Colorado's most productive farmland is also the most highly valued for development and water rights, making it financially inaccessible to Beginning Farmers and Ranchers and threatening the long-term viability of the region's agricultural economy. Colorado Open Lands and team will create a financial tool that can help Beginning Farmers and Ranchers purchase productive land while implementing Climate-Smart Agricultural Practices, water sharing opportunities, and permanently conserving Colorado's best soils and senior water rights in agriculture.

NRCS Practice Standards Involved:

1. Cover Crop (practice no. 340)
2. Irrigation Water Management (practice no. 449)
3. Conservation Crop Rotation (practice no. 328)
4. Prescribed Grazing (practice no. 528)
5. Residue and Tillage Management (practice no. 345)

PROJECT ABSTRACT

Colorado's South Platte River Basin is home to the state's most productive agricultural economies, built on the foundation of its best soils. While the Basin currently supports 850,000 acres of productive farmland, the state projects that nearly half of irrigated acreage will be dried by 2050. Meanwhile, climate change is driving greater environmental variability, and therefore more financial risk for farmers. State population trends are seeing well-capitalized developers make offers far above agricultural value for farmland. Water stress is driving water utilities to purchase farms solely for their water rights, known as "buy and dry". The Basin's younger generation of Beginning Farmers are willing to inherit the region's agricultural engine and adapt it to meet modern challenges. However, rapidly rising land values prevent many from owning farmland, let alone having the freedom to experiment with climate-smart agricultural practices that will improve long-term economic resilience.

The requested CIG support will fund the development and deployment of the Farm Conservation Accelerator Tool (FCAT), a program which layers multiple agricultural conservation strategies to support a farmer-first nonprofit capital fund that provides Beginning Farmers willing to adopt climate-smart agricultural practices with a financial bridge to land ownership in the Basin.

The FCAT program will identify farms with senior water rights most at risk of conversion, raise a blended capital fund to acquire a portfolio of properties, implement conservation practices and permanent land and water protection while monetizing outcomes, then ultimately sell the properties at a reduced, affordable rate to Beginning Farmers with an agreement to continue implementing conservation practices in the form of an Agricultural Land Management Plan associated with an agricultural conservation easement.

The team working to develop the plan and FCAT program are comprised of a water engineering firm (Brown and Caldwell), a nonprofit specializing in instream flow analysis (Colorado Water Trust), a land cooperative focused on land access opportunities in the South Platte River Basin (Poudre Valley Community Farms), a B-corp that facilitates agricultural-municipal water sharing agreements (Western Water Partnerships), and an organization that builds creative financing and funding solutions with conservation impact (Quantified Ventures). As the lead entity, Colorado Open Lands brings over 40 years of private land conservation success, with a focus on conserving working lands. We have two full-time staff working in the South Platte River Basin who have deep community engagement with a diverse array of producers and water managers.

Over the course of the CIG grant, the project team will establish a viable investment blueprint for accelerating conservation on lands at risk of conversion. By carrying the model from theory to practice via this pilot, the project team will produce deliverables that allow scaling and replication, including a landscape plan that identifies the most threatened agricultural land and water resources; a network of beginning farmers to implement conservation practices; and a walkthrough of the financial strategy and key learnings. Once proven, the model can be scaled up to combat the rapid conversion of farmland in the South Platte River Basin, or ultimately, other parts of the Mountain West where farmland and rural economies are threatened by competing values for water.

PROJECT NARRATIVE

4a. Project Goal

The Farm Conservation Accelerator Tool (FCAT) is an innovative financial strategy whose primary goal is to accelerate agricultural conservation on irrigated farmland in Colorado's South Platte River Basin. The Basin is one of the United States' most productive breadbaskets. However, its rural economies are beset by multiple challenges. Climate change is driving greater environmental variability, and therefore more financial risk for farmers. State population trends are seeing well-capitalized developers make offers far above agricultural value for farmland. Water stress is driving water utilities to purchase farms solely for their water rights, known as "buy and dry". The Basin's younger generation of Beginning Farmers are willing to inherit the region's agricultural engine and adapt it to meet modern challenges. However, rapidly rising land values prevent many from owning farmland, let alone having the freedom to experiment with climate-smart agricultural practices that will improve long-term economic resilience.

The CIG grant will fund three years of development of the FCAT to provide Beginning Farmers willing to adopt climate-smart agricultural practices with a financial bridge to land ownership in the Basin. The FCAT program will identify farms with senior water rights most at risk of conversion, raise a blended capital fund to acquire a portfolio of properties, implement conservation practices and permanent land and water protection while monetizing outcomes, then ultimately sell the properties at a reduced, affordable rate to Beginning Farmers with an agreement to continue implementing conservation practices in the form of an Agricultural Land Management Plan associated with an agricultural conservation easement (*Figure 1*).

The core of this financial strategy is the innovative stacking of multiple conservation strategies into one financial vehicle: state and federal conservation easement tax incentives, monetization of outcomes from conservation practices and water leasing opportunities, and interests from Beginning Farmers. These tools and interests have never been combined into one strategy, and doing so not only layers the revenue generation needed to allow conservation to "compete" with development dollars, but also results in stacked conservation and agricultural outcomes: permanent protection as agriculture, climate-smart practices, increased stream flows, and affordable farmland available at fair market value. By the conclusion of the three-year CIG project term, the FCAT program will have been established enough to be financially self-sufficient without further development grant support, at which point it can be scaled up to accelerate conservation throughout Colorado and beyond.

4b. Project Objectives

The Farmland Conservation Accelerator Tool seeks to create a scalable financial program that will serve as the platform for irrigated farmland protection, conservation practice adoption, water sharing opportunities, and affordable farmland ownership for Beginning Farmers in the South Platte River Basin. If successful, the Tool will create a viable strategy to mobilize large pools of impact-aligned capital from both private and

public sectors to serve the long-term viability of rural agricultural economies in the Basin, which are entirely dependent on the availability of irrigated farmlands.

Goal 1: Develop a holistic Landscape Plan within 15 months to identify the farms where FCAT capital can be deployed for the most cost-efficient conservation impact.

- Objective 1a: Identify properties with prime soils and senior water rights that are on the edges of town growth areas. Complete a Geographic Information Systems (GIS) report layering these parameters and identifying where these intersect to create conservation finance opportunities.
- Objective 1b: Identify water rights that are decreed for multiple uses beyond irrigation that can be utilized for water sharing opportunities. Create inventory of local water providers who can utilize these water rights. Research water infrastructure, storage opportunities and water delivery systems that would support water sharing with specific water rights. Compile information on irrigation practices for each property and identify opportunities for irrigation infrastructure upgrades to create efficiencies.
- Objective 1c: Identify in-stream flow opportunities where water sharing opportunities could also provide environmental benefits to imperiled streams and riparian systems within the landscape.
- Objective 1d: Compile data collected and rank parameters to inform specific opportunities to implement the FCAT model.

Goal 2: Structure an investment approach within 12 months that efficiently blends philanthropic, public, and private dollars to serve public-interest agricultural goals such as conservation, risk transfer, and affordability.

- Objective 2a: Form a nonprofit investment vehicle with the correct structure and governance, or identify an existing entity with aligned interests and capacity.
- Objective 2b: Identify and commit capital from a blend of public, private, and philanthropic capital sources to deploy to agricultural land protection and climate-smart agriculture practices.
- Objective 2c: Use the nonprofit investment vehicle as a platform to implement climate-smart agriculture practices at scale and with speed on farms that are acquired, while keeping them in active production.
- Objective 2d: Protect farms with permanent conservation easements and enter into appropriate water-sharing agreements.

Goal 3: Provide a financial bridge for Beginning Farmers wishing to affordably acquire farmland, while absorbing the financial risk of implementing climate-smart practices.

- Objective 3a: Within 6 months, assemble a cohort of Beginning Farmers in Larimer and Weld Counties to understand their needs and constraints regarding affordable farmland and climate-smart agricultural practices.

- Objective 3b: Enter into commitments with Beginning Farmers who will purchase the acquired properties at a reduced, affordable price, leveraging federal and state loan opportunities.
- Objective 3c: Leverage learnings and market validation to scale the financial strategy to implement agricultural land protection and conservation across the Colorado River Basin.

Goal 4: Over the CIG project term, build a localized evidence base for climate-smart conservation practices in the South Platte River Basin of Colorado and reduce the perception of operational or financial risk among producers.

- Objective 4a: Interview producers in Colorado's South Platte River Basin to build a database of climate-smart conservation practices they are willing to do.
- Objective 4b: Implement climate-smart conservation practices on acquired properties that improve resilience to climatic and economic variability, while improving soil health; track and share cost-benefit data to make available to other producers in the region.
- Objective 4c: Scale novel operational practices such as compensated water-sharing agreements that create new income streams for producers.
- Objective 4d: Create a new water leasing market for municipalities and water providers which will dis-incentivize the historic practice of "buying and drying" farms in Colorado. This new market will provide diversified income stream opportunities for Beginning Farmers, while also creating secure water access for growing communities.

4c. Project Background

Colorado's South Platte River Basin is home to its most productive agricultural economies, including Weld County, consistently one of the top ten most productive farm economies in the nation. This productivity is a combination of excellent soils, water for irrigation and proximity to markets and transportation. The basin currently supports 850,000 acres of irrigated farmland and fuels nearly 75% of Colorado's agricultural economy. However, the Colorado Water Plan projects that the basin could lose up to 50% of its irrigated lands by 2050 if current "buy and dry" practices continue.[1] The prime soils in this region are only productive when irrigated. When that water is removed, the agricultural viability of those lands become severely limited, and in masse can cripple the rural economies that rely on these irrigated acres as their economic foundation.

Communities don't have to look very far to see the drastic impact of these "buy and dry" practices. Just to the south in the Arkansas River Basin, 90% of the irrigated farms in Crowley County were dried up in the 70's and 80's. Crowley County's economy collapsed. It is now one of the poorest economies in the state of Colorado.

The Basin has borne much of the state's recent rapid population growth. The trend is expected to continue, with between 42% - 70% total growth projected by 2050[2]. Land

values in Weld and Larimer Counties have increased 80% over the past 5 years[3]. It's been both a boost and a threat to the region's economy. Lands that have been agricultural for generations are constantly under pressure by encroaching development and competition for water. As farms convert one by one from productive pasture and cropland to suburbs, the local economies of small towns that rely on supporting agriculture are declining as well. Rapidly growing urban areas are increasingly turning to "buy and dry" practices, purchasing farms primarily to export their water from these local communities. Developers and water providers have a competitive advantage with access to capital that the next generation of agricultural producers do not have.

While conservation easements have been a powerful tool to protect Colorado's natural resources, there are challenges to their effectiveness to address these growing pressures on water rights. Historically, conservation easements have included water rights, requiring that the water stay with the land and that the landowner continue to use their water for irrigation. This traditional approach fails to address threats to water supply and may limit innovative approaches to water conservation and water sharing that could meet multiple needs. In the South Platte Basin, the demand for senior water rights is so high that both the price tag and speed of sales limit the ability of land trusts to compete with cities as they buy and dry productive farmland.

The proposed innovative model has the potential to alter that dynamic, by shifting water providers from competitors for water, to partners and collaborators. The implementation of water sharing opportunities at scale creates sustainable new markets for developers while creating diversified income streams opportunities for producers. With a robust new market for water, developers have alternative options beyond conventional "buy and dry" practices. These alternatives are supported by Colorado's Water Plan. The South Platte Basin Implementation Plan, part of the statewide plan, notes "while per capita water use rates are projected to decrease, overall municipal and industrial water demand is projected to increase due to population growth."[2] The plan identifies protecting irrigated agriculture and states that "The continued and unmitigated loss of agricultural production through "buy-and-dry" is not in Colorado's overall interest."

To catalyze this new financial structure, the first step is to utilize capital to begin acquiring irrigated farmland to integrate into the model. Investment funds are moving into the agricultural space. The investment industry classifies farmland as a hedge against inflation, countercyclical to the wider economy, and uncorrelated with standard asset classes like stocks and bonds. This has made farmland an attractive investment for wealthy investors in recent economic conditions. Financialization and consolidation of agricultural lands have not only locked out small, younger farmers from land ownership, they have left influence over many small rural communities in relatively few hands. The agricultural financial sector is dominated by private equity investors and banks looking to maximize current risk-adjusted returns. While their stakes in farmland are liquid, local agricultural producers don't enjoy that luxury. The FCAT program will counterbalance these forces as a farmer-first, mission-driven, community-based capital fund for the agricultural communities in Larimer and Weld Counties. In its 2020 Land Policy Report, the National Young Farmers Coalition concludes, "Tackling the complexity of the land access challenge will require working in unprecedented collaboration."[4] We propose to do just that – to take the forces driving up farmland

prices and bring them together to achieve multiple uses that result in conserved irrigated farms transferring to a next generation of young farmers, eager to play a role in climate solutions while growing food and fiber.

4d. Project Design and Methods

Rationale: The biggest challenge with conservation practices in the South Platte River Basin is that Beginning Farmers willing to try these approaches don't have access to sufficient capital to acquire the land in the first place. Going one level deeper from a financial perspective, the challenge is in the lack of a transaction structure that can flow through sufficiently large pools of impact-aligned private capital such as family foundations and impact investors. In the meantime, investor groups with deep pockets and existing transaction structures are buying agricultural lands: developers are converting agricultural lands into residential and commercial uses; investment funds are purchasing farmland to generate rental income from producers, and as inflation-hedging assets for wealthy investors. Philanthropic and government grant dollars are not nearly of the scale or speed necessary to compete. The financial strategy that will be developed by CIG project team will create a new type of investment vehicle that will use an innovative stack of various conservation finance tools to generate enough return to support a large-scale capital raise that can acquire, conserve, and transfer at-risk agricultural properties to Beginning Farmers.

Design: The CIG project team will build a pilot program of a transaction structure that has been designed over the past few years in Colorado. This structure has been backtested against both historical- and potential future conservation acquisition opportunities, and will combine the team's broad expertise into a unique financial program. Colorado Open Lands will conduct program design, stakeholder coordination, and property analysis. Quantified Ventures will lead financial structuring, investment vehicle implementation, and capital raise. Western Water Partnerships will lead the design and execution of water sharing agreements. Poudre Valley Community Farms will lead recruitment of Beginning Farmers and selection of conservation practices. Organizing these skillsets into one financial program takes more time, effort, and cost than private investment interests are willing to undertake. The CIG grant opportunity is uniquely positioned to provide the development capacity for the project team to develop a novel template to accelerate conservation.

Methodology: The CIG team will develop and implement the Farm Conservation Accelerator Tool in four stages. The first stage will be the development of a landscape plan with a water lens to identify the intersection of multiple key variables, including prime soils, senior water rights, environmental opportunities and a network of young producers looking for equitable access. The second stage will be to create a portfolio of acquisition candidates around which to conduct a capital raise. These candidate properties will be selected both on the basis of their need for agricultural conservation as well as their viability as impact investments. The third stage, occurring once properties are acquired, is the selection and implementation of multiple conservation practices. Field-testing and data collection will be conducted while the lands remain in active production in partnership with local producers to collect realistic economic data

as well. The fourth stage will be achieved after the 3 year timeline of the CIG grant, but once the conservation practices have been de-risked through multi-year implementation on the property portfolio, the properties will be sold at a reduced, affordable price to younger farmers trapped in the renter cycle due to rapid land value increases in Colorado. The reduced price is due to the agricultural conservation easement reducing the fair market value of the property. The ultimate goal of this project will be to understand how this financial strategy needs to be adapted to meet the real estate dynamics, agricultural markets, and conservation opportunities of a new region. As no model is a one-size-fits-all, the team will learn a lot about the limits of the model, and then figure out how to work around them to be replicable and scalable to other agricultural regions around the country.

The CIG project team will deploy multiple agricultural conservation tools in a synergistic way to generate revenue while driving down overall cost of capital:

- State and federal conservation easement tax incentives: The state of Colorado has a program to issue 90% of a donated easement's value as a transferrable state tax credit[5]. This can be sold to entities like corporations desiring to reduce their state tax burden. The federal conservation easement tax incentive is non-transferrable, but can cover 100% of Adjusted Gross Income for a qualifying farmer or rancher[6].
- Water sharing agreements: Farms that are protected have the option to share water with other agricultural producers or municipalities, with those downstream users paying a fee.
- Raising blended capital: Return-seeking capital will be raised from a combination of impact investors, family offices, and private investors. QV has successfully raised similar blended capital stacks in the past, including the Soil and Water Outcomes Fund, which develops and sells voluntary carbon offsets and water quality credits to large multinational corporations; the Exemplary Forestry Investment Fund, which uses enhanced forestry practices to generate novel revenue streams; and Bosland Growth, which leverages private carbon financing to complement gaps in conservation funding from government grant programs.
- Utilizing existing market trends: Although higher interest rates have cooled the national real estate market, the Kansas City Federal Reserve reports that almost 90% of polled bankers expected no negative effect on farmland values in the Mountain West[7]. In Larimer and Weld County in particular, the state of Colorado projects steady population growth, which will only continue to drive up land values. Expansion of growth areas for municipalities creates opportunities to capture development value for farmland conservation. Other, non-impact-oriented investment groups have taken advantage of this to develop farmland as an asset class focused on generating rental income. The CIG project team will both the growth potential of farmland and its familiarity as a financial asset to better attract capital.

4e. Project Evaluation

The CIG project team will use three sets of success and performance metrics that relate to the financial viability, conservation outcomes, and HU farmer and rancher outcomes of our strategy. The metrics will be simple enough to internally track without incurring large evaluation costs and to transparently communicate to multiple types of audiences. When reported to NRCS, they will paint a picture of the financial viability of this strategy, its cost-efficiency in achieving agricultural conservation, and its benefits to local agriculture, especially to Beginning Producers.

- Financial and economic metrics:
    - Total outside capital raised by investor type: As a first-of-its-kind scaled strategy, the FCAT program will create a blueprint for how to stack philanthropic, public, below-market rate impact-oriented, market-rate impact-oriented, and market-rate capital.
    - Private investment leverage: This metric will measure the degree to which private capital is successfully brought in alongside philanthropic and public dollars for farm conservation practices.
    - Transaction costs: This metric, expressed either as a dollar amount or percent ratio, measures the efficiency of this vehicle at deploying project dollars for acquisition and conservation.
    - Cost-benefit analysis of adoption of climate-smart practices: The FCAT program will build a localized evidence base of the advantages of NRCS climate-smart practices in Larimer and Weld Counties.
- Conservation metrics:
    - Dollars subsequently deployed for conservation practices, by practice type: The total dollars, from all sources, for NRCS Conservation Practices.
    - Cost-efficiency of project outcomes: The FCAT financial strategy will cost-efficiently achieve water quantity, habitat, and carbon sequestration outcomes through economies of scale.
    - Quantity of additional environmental flows enabled by this pilot project (stream miles impacted, threatened and endangered species that are supported): Water-sharing agreements created through the FCAT program will prioritize sharing between users upstream and downstream of an environmentally critical stream reach, simultaneously adding environmental flows in low flow periods while delivering water.
    - Acre-feet of water made available for water-sharing: This metric represents the amount of water kept agricultural, and therefore kept out of reach of a “buy and dry” transaction.

    - Acres of prime soils that are conserved: With the Landscape Plan, the FCAT program will prioritize the acquisition and conservation of farmland most in need of protection from development pressure.
    - Assessment of price points per acre and acre-foot of water once encumbered, as compared to unencumbered irrigated land in the Basin: The agricultural conservation easements placed by the FCAT program will result in more affordable land and water prices for producers compared to unencumbered at-large land and water assets. These metrics directly represent the financial benefits to Beginning Producers.

- HU farmer and rancher metrics:
    - Number of Beginning Producers engaged: Beginning Producers will be an integral focus in the initial 9 months of the CIG project, in which their input on their needs and preferences for conservation practices will be the basis for the program design.
    - Number of Beginning Producers accessing affordable farmland: The FCAT program will enable access and ownership of farmland by Beginning Producers.
    - Number of acres secured for Beginning Producers: This metric will measure the FCAT program's success as a financial intervention for farms threatened by development, as well as a route to opportunity for Beginning Producers.

4f. Project Deliverables and Products

The project team will present during the grant period at an agricultural conservation or western water conference to share project progress. The final fact sheet submission will discuss project successes and lessons learned. In addition, we will submit the following at the end of this CIG Grant:

1. A Landscape Plan that identifies the most threatened farmland and senior water rights the South Platte River Basin of Colorado.
2. A repository that links water producers and municipalities in northeastern Colorado with opportunities to access water rights that have been adjudicated to support both agriculture and water leasing opportunities for municipal use.
3. A directory of Young Producers in Larimer and Weld Counties who are interested in accessing agricultural conservation easement-encumbered farms and implementing NRCS climate-smart agricultural practices.
4. A report on the NRCS climate-smart agricultural practices most historically prevalent and most viable in northeast Colorado based on both the analysis by Brown & Caldwell and feedback from Beginning Farmers convened by Poudre

Valley Community Farms, with a discussion of the localized economic, operational, and agronomic implications.

5. A report summarizing the relative economic efficiency, financial benefits, and conservation outcomes of the FCAT, including:
    a. Walkthrough of the financial structure, including organizational design, flow of funds, key partners, and financing strategies used.
    b. Assessment of the cost savings to HU producers in land access and conservation practice implementation.
    c. Financial and other implications of the strategy for NRCS, conservation groups, agricultural industry groups, eligible producers, and other key stakeholders.
    d. Recommendations for how NRCS, state regulators, and federal officials can support the development and scaling of types of conservation strategies like this.
6. At least one case study documenting pilot outcomes, including details of property acquired, agricultural conservation measures implemented, partners utilized, the Beginning or Limited Resource Farmer being given land access, and the funding/financing approach used.

4g. Project Outcomes and Benefits

Primary outcomes and benefits within the CIG project term include:

- *A replicable, scalable model for leveraging investment and philanthropic and public agricultural conservation dollars to accelerate conservation in high competition land and water markets*: The kind of capital intervention needed to protect high-value agricultural lands can only come from a blend of capital sources. The magnitude of capital needed is beyond what either philanthropic or public grant dollars can provide. However, philanthropic and public dollars are important in helping to reduce risk for private capital. The FCAT layers the strengths of both types of capital together, letting conservation dollars go further and faster in supporting agricultural conservation. In the short-term, this tool can be scaled within the region to protect critical farmland and senior water rights for the next generation. In the longer-term, our report and case study detailing the strategy and application of this tool will help other land trusts and farm access groups apply it in other geographies.
- *A conservation plan that encompasses traditional elements, such as soil quality, with other interests, including HU and beginning producer needs, municipal water leasing and instream flow*: This plan will demonstrate to other land trusts how collaborative planning and engagement can increase conservation impact and affordable land access.

- *A model for irrigation management that results in on-farm soil benefit and off-farm water sharing and streamflow benefits*: The conservation practices implemented on farms under the FCAT program will result in outcomes like soil carbon sequestration, reduced nutrient runoff, and increased habitat. Most critically, the water sharing agreements will result in increased flows in stream reaches with critical aquatic species, which is especially important in drier years when flows are low enough to threaten populations.
- *Demonstration of the farm-level economics of adoption of conservation practices for producers to allow for data-driven decisions that reduce risk and enhance climate resilience*: Producers across Colorado are realizing the value of conservation practices like cover cropping, irrigation water management, and crop rotation. However, adoption of these practices happen with only a subset of the interested producers because of the inherent risk of changing a farm's operations. The FCAT will implement and experiment with practices on acquired properties, absorbing the business risk of adoption before property ownership transfers to Beginning Farmers.

The more important outcomes of the FCAT financial strategy will be felt in the long run as HU producers take ownership of conserved lands with climate-smart management plans. The outcomes will be especially pronounced in comparison to nearby properties which were taken out of production and developed.

- *Long-term, secure access to productive farmland for HU producers*: It's estimated that more than half of American farmers will reach retirement age within the next decade[8]. In 2012, the average age of a farmer in Colorado was 59. Between 2011 and 2018, the state lost around 7% of its agricultural acreage to non-agricultural uses[9]. It is critical that a capital intervention like the FCAT bridge this important transition of farmland to the younger generation, especially for those who are disadvantaged like Beginning Farmers.
- *An alternative to buy-and-dry that balances urban and rural economic growth*: As urban areas continue to grow in Colorado, the balance of dollars and political pressure will continue to shift. Certain partnerships like water-sharing agreements can enable a farmer to produce in most years while entering into temporary compensated fallowing agreements with urban water users in other years. Offering downstream urban water users this alternative provides a viable alternative to purchasing a farm to send its entire water right downstream.
- *Long-term sustainability of agriculture in northeastern Colorado*: The FCAT will provide this benefit in two ways. First, by allowing Beginning Farmers to affordably acquire land, the mantle is being passed from an aging farmer population to the next generation. Second, the FCAT will implement agricultural conservation easements on each acquired property that prevent conversion to development into perpetuity.

4h. Geographic Location and Size of Project Area

Colorado's South Platte River Basin (*Figure 2*) is home to its most productive agricultural economies, built on the foundation of its best soils. The basin currently supports 850,000 acres of irrigated farmland. This project seeks to structure a capital intervention to keep as much of those irrigated acres in production. Nearly one million people live in the rural communities within the basin that rely on this foundation of agricultural land. If the pace of conservation cannot be accelerated, these communities could face a similar fate to that of Crowley County in Southern Colorado.

4i. EQIP-Eligible Producer Participation

COL will be partnering initially with one EQIP eligible producer. Todd Olander is a Beginning Farmer who is EQIP eligible. COL will consult with Todd to implement the targeted conservation practices on his farm which is also subject to a conservation easement. This will serve as a demonstration plot for other Beginning Farmers who are interested in purchasing FCAT farms once they are conserved. Todd's farm presents an opportunity to see how those practices work on an irrigated farm with prime soils and climate conditions that are representative of the greater project area. These on-the ground practices will inform the development of the Farm Management Plans that will accompany the conservation easements.

One of the project goals will be to identify a pool of EQIP eligible producers in the South Platte River Basin who qualify as Beginning Farmers and are interested in acquiring conserved farms at agricultural price points. Poudre Valley Community Farms will conduct outreach to the farming community, local ditch companies and regional NRCS offices to create a system that will link Beginning Farmers with purchase opportunities. COL estimates that 5-10 EQUIP eligible producers will be identified.

4j. Project Action Plan and Timeline

The CIG Project Team will implement the Farmland Conservation Accelerator Tool in three workstreams (*Figure 3*). Workstream 1 will focus on creation of the Landscape Plan that identifies the farmland and agricultural senior water rights most threatened by conversion across the South Platte River Basin of Colorado. Workstream 2, running concurrently with Workstream 1, will focus on the execution of 1-3 conservation acquisitions to field-test the financial and legal strategies involved. Subsequently, Workstream 3 will combine the products of Workstreams 1 and 2 to raise and deploy capital at scale to conserve the priority threatened agricultural land and water assets identified by the Landscape Plan.

Workstream 1: Landscape Plan development:

1. Landscape Planning Process Begins. Identification of properties by specific parameters that help to achieve desired outcomes. Parameters may include seniority of water supplies, location of water supplies relative to city boundaries

or water infrastructure, soil types, productivity of lands, impediments to water exchanges, availability of supplemental supplies, source of supplies (surface water or groundwater), location of growing water demands, etc. (Months 1 – 6)

2. Stakeholder and Young Producer engagement to determine viable climate-smart conservation practices on selected lands (Months 3-6)
3. Prioritization Workshop: The team will meet to review the data collected and identify/rank the data and parameters to assess what layering strategies can be utilized to identify opportunities to implement the FCAT model. (Month 7)
4. Geospatial Prioritization and Tool Creation: Data sets will be input into GIS and overlayed to identify geographic areas where important parameters intersect. Rankings or prioritization characteristics will be incorporated into GIS data sets so that the most important parameters are weighted more than less important parameters. Geographic areas where multiple, important parameters intersect will likely be favorable for the establishment of conservation easements. The analysis will be conducted for each element of the strategic framework to identify geographic areas most favorable to each. (Months 8-12)
5. Strategic Landscape Plan: Based on data collected and GIS Analysis, a comprehensive Landscape Plan will be developed to inform the acquisition strategy (Months 13-15)

<u>Workstream 2: Pilot transactions:</u>

1. Identify initial conservation properties (Months 1 – 2): Identify 1 – 3 farms currently known by the CIG project team, its partners, or local stakeholders to be threatened by conversion to non-agricultural land uses.
2. Build pro forma financial model (Months 1 – 2): Create Excel financial models to represent the acquisition, NRCS conservation practice implementation, and sale to a Beginning Farmer of candidate properties. The models will be used both to identify viable transaction strategies as well as to aid due diligence by capital providers.
3. Identify transaction strategy (Months 2 – 4): Based on the financial needs of the candidate transactions, the CIG team will assess various strategies for a viable transaction, including structuring conservation easement tax incentive deals, switching farm business models or crops, and utilizing Special Purpose Vehicles.
4. Implement transaction vehicle (Months 4 – 6): Certain legal or financial steps may be necessary to execute the chosen transaction strategy.
5. Conduct capital raise (Months 6 – 12): The financial model and transaction strategy provides a target for raised capital as well as specifics around investment timing, risks, and potential return. The CIG team will engage and secure commitments from capital providers in both grants and return-seeking capital.

6. Secure acquisitions (Months 10 – 19): The raised capital will be deployed to up to 3 farms identified in step 1 of this Workstream.
7. Deploy funding for conservation practices (Months 17 – 22): Once the farms have been acquired, the CIG team will work with a local Beginning Farmer who will lease the property and implement NRCS conservation practices, with financial aid mediated by the CIG team.

Workstream 3: Scaled Farmland Conservation Accelerator Tool

1. Identify potential acquisition portfolio through utilization of Landscape Plan (Months 16 – 17):
2. Design scaled transaction structure (Months 17 – 19): The CIG team will use lessons learned from Workstream 2's pilot transactions on a viable transaction strategy that is not only able to efficiently raise and deploy capital, but also can do so at scale across the South Platte River Basin.
3. Iterative market testing (Months 18 – 21): The CIG team will engage with our network of investors, advisers, legal counsel, and conservation organizations to refine the scalable transaction structure. We will validate with funders the requisite interest in providing capital given the business case pro forma, potential acquisition pipeline, and market demand.
4. Create capital raise strategy with investment-ready pro forma and investor outreach collateral (Months 20 – 22): Assess the operating model needed to utilize the tools identified in the previous phase. The result of this phase will be targets for the type and amount of capital we raise.
5. Create the transaction vehicle (Months 21 – 23): Using Workstream 2 as a blueprint, work with legal counsel and investors to create the scale transaction vehicle with the correct structure, governance, and authorities.
6. Conduct capital raise (Months 21 – 33): Using the Landscape Plan-validated acquisition portfolio and investor feedback from previous steps in this Workstream, we will conduct a closed fundraise to raise a blended capital stack into the FCAT program ready to deploy for project implementation.
7. Secure acquisitions (Months 28 – 36): The raised FCAT program funds will be deployed to execute conservation acquisition transactions on the identified portfolio of farmland most threatened by conversion in the South Platte River Basin.
8. Deploy funding for conservation practices (Months 31 – 36): As in Workstream 2, once the farms have been acquired, the CIG team will work with the Beginning Farmers who will take over the farm to implement NRCS conservation practices, with financial aid mediated by the FCAT program.
9. Document findings and policy recommendations (Months: 35 – 36): The CIG team will deliver a report summarizing key learnings from the CIG project, including a discussion of the FCAT financial strategy itself as well as a discussion

of the benefits to economic efficiency, financial benefits, and conservation outcomes.

10. Prepare business plan to replicate and scale (Months 35 – 36): Assuming the FCAT strategy has succeeded in raising and deploying impact-aligned capital to protect threatened farmland and implement conservation practices, the CIG team will prepare next steps to continue a next program phase to repeat the process in the South Plate River Basin to protect more farmland, as well as through the rest of Colorado.

4k. Project Management

This project will be led and managed by Colorado Open Lands (COL). COL is a statewide land trust which holds 700 conservation easements on over 600,000 acres across Colorado and is a Certified Entity through NRCS, with over 20 years of successful award and implementation of NRCS easement funding and with three Regional Conservation Partnership Program grants. COL has two full time staff in the South Platte River Basin and is heavily engaged in the agricultural and water communities. Carmen Farmer, Senior Conservation Project Manager, serves on the Larimer County Agricultural Advisory Board, regularly attends the South Platte Basin Roundtable, and was appointed by the Governor to serve on the Colorado Conservation Easement Oversight Commission.

The project team will include Quantified Ventures, Brown and Caldwell Engineering, Poudre Valley Community Farms, Western Water Partnerships, McCarty Land & Water Valuation, and Colorado Water Trust. This team has a lengthy and robust experience with federal award management and delivery of results. A core planning team will schedule regular meetings, while including key collaborators for certain stages of the project as needed. Additional calls will be scheduled on an as-needed basis for specific aspects of project implementation, such as farmer engagement and feedback sessions, creation of transaction vehicle(s) and legal entity(ies), and investor outreach and pitches.

More specifically, contributions of the project partners towards project management are:

- Colorado Open Lands: Overall project management, grant management, communication and coordination across the project team and identification of conservation easement priorities and funding opportunities; engagement with key partners and producers within the South Platte River Basin.
- Quantified Ventures: Project management of financial structuring and implementation of the FCAT, including the creation of investment strategy, due diligence of target properties, engagement with market experts, and investor outreach. QV will also lead the capital raise.
- Brown & Caldwell: Development of the Landscape Plan. Brown & Caldwell is a respected engineering firm that supported data and analysis for Colorado's Water Plan, especially regarding water supply constraints and opportunities. B&C will

be responsible for developing the Landscape Plan that will ultimately inform the deployment of the FCAT model. B&C will collect and data that are outlined in the model and create a GIS-prioritization tool. B&C will also collaborate to create the project deliverables and reports.

- Poudre Valley Community Farms: Facilitating input from local HU farmers and ranchers, including collecting feedback on viable conservation practices and connecting to those interested in farming the acquired parcels.
- Western Water Partnerships (WWP): Outreach to municipalities and water providers to facilitate water leasing opportunities.
- McCarty Land & Water Valuation: Consultation and sales data on both irrigated farmland and water rights. Kevin McCarty is one of the most highly qualified appraisers of water rights in the South Platte Basin and is also qualified to do conservation easement appraisals. He will provide information to inform the Landscape Plan and vet the values and assumptions that the FCAT will utilize in farm acquisitions.
- Colorado Water Trust: Data and analysis on stream flows and support of the Landscape Plan instream flow opportunities.

As part of the project start-up, the project team will schedule meetings with the Colorado NRCS State Conservationist, related NRCS state office staff, and the state Department of Agriculture to share progress, collect feedback on alignment, and explore continued opportunities for leverage of goals. Project work will proceed according to a detailed work plan (based on the project action plan and timeline) to be developed upon successful award from NRCS.

4l. Technology Transfer

The CIG project team is excited about the potential for this financial strategy to accelerate agricultural land protection and adoption of climate-smart practices not just in our project area, but across Colorado and even into neighboring western states. Results will be communicated by key staff via case studies, webinars, and conference presentations. In addition, key stakeholders and partners will be encouraged to attend events to speak about their experience and act as ambassadors for the project. Within the basin, there are many regular meetings bringing agricultural producers and relevant water managers together, such as the monthly South Platte Basin Roundtable, the South Platte Regional Water Opportunities Group, and the South Platte River Forum. A particular focus of publicly shared materials will be on laying the groundwork for agriculture-focused land trusts, conservation districts, and agricultural communities to replicate this strategy. Colorado Open Lands is an active member of the Land Trust Alliance and has strong relationships with the Rocky Mountain Farmers Union, Colorado Ag-Water Alliance, Western Landowners Alliance, and other groups which will be critical to disseminating information. Key lessons learned will be shared to help them ride up the learning curve faster, and our action plan will be templatized to allow for replication and adaptation to local conditions.

4m. Graphics

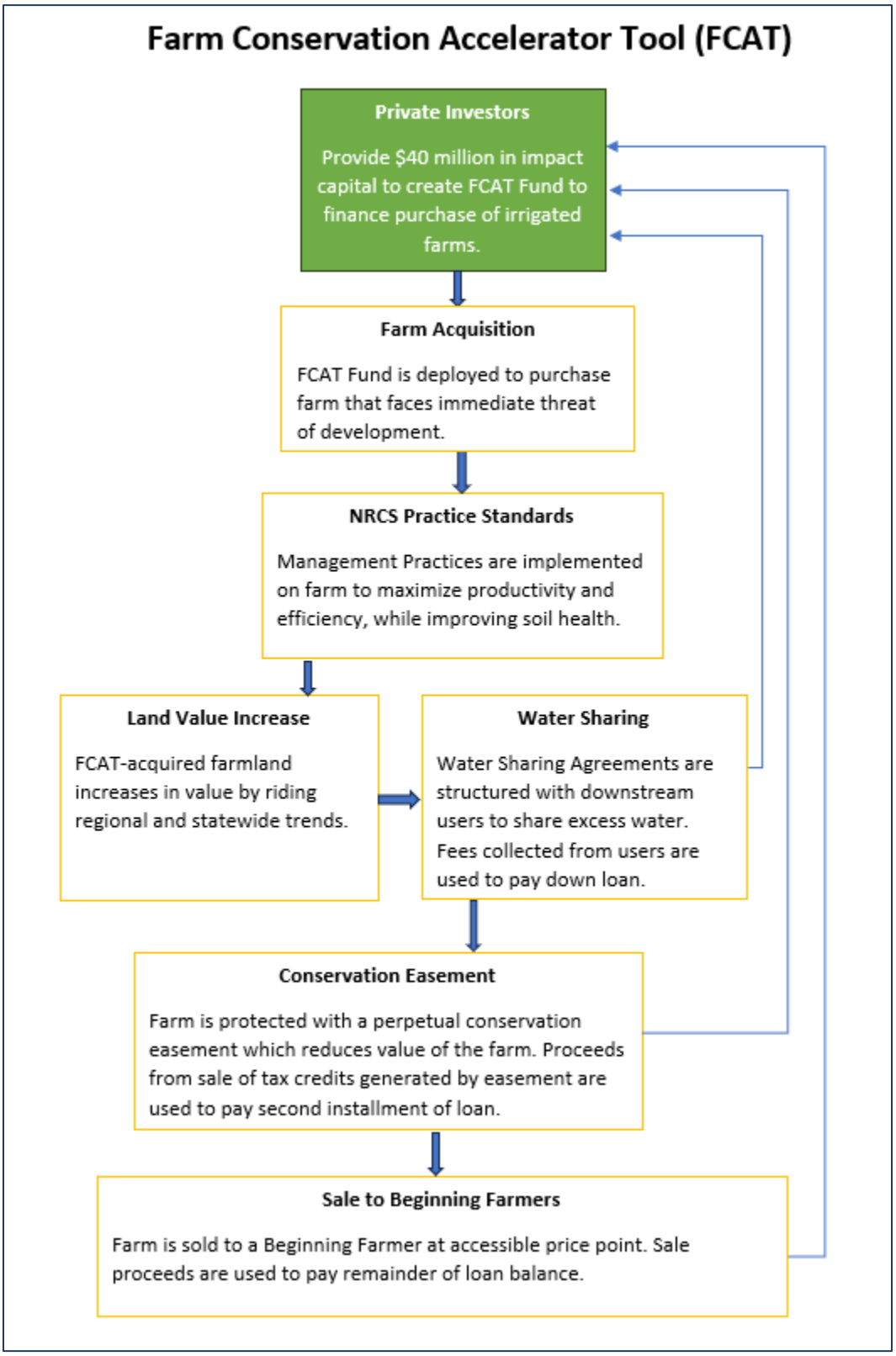


Figure 1: Flowchart of an FCAT transaction

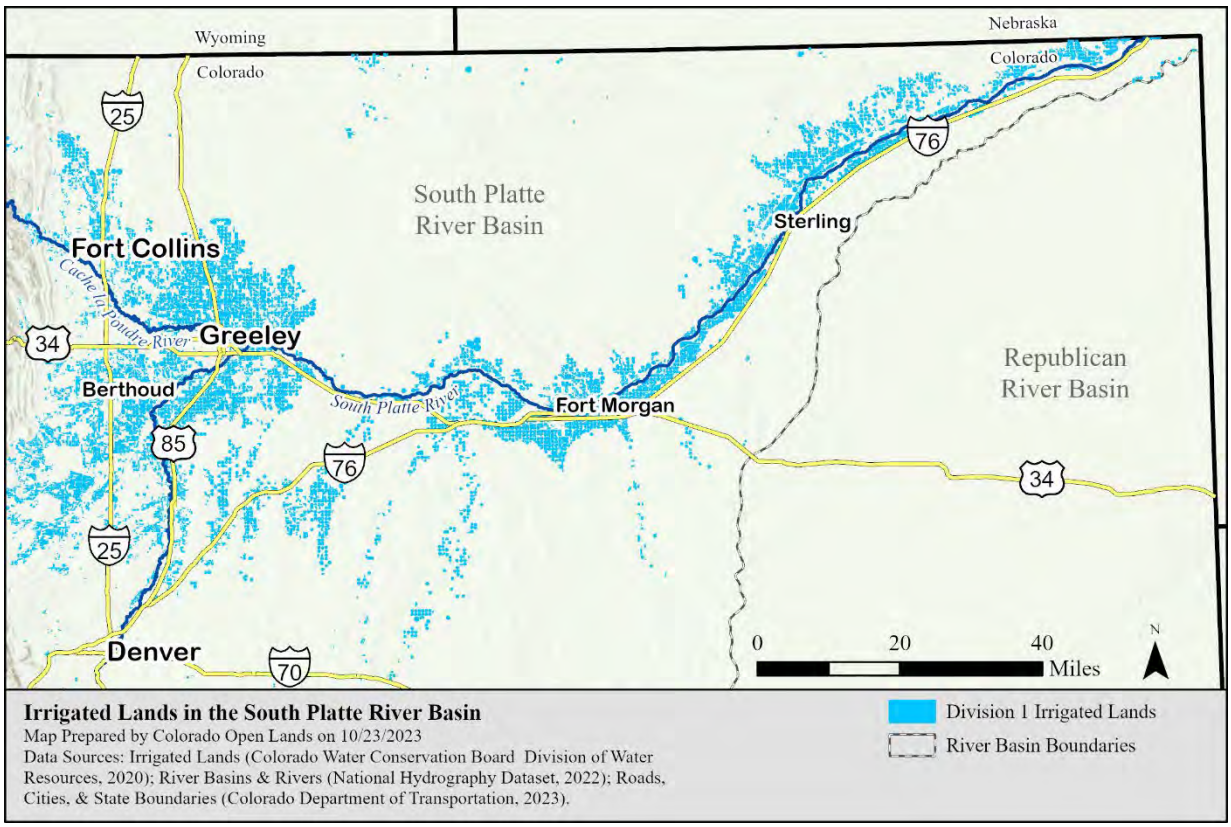


Figure 2: A map of the CIG project area

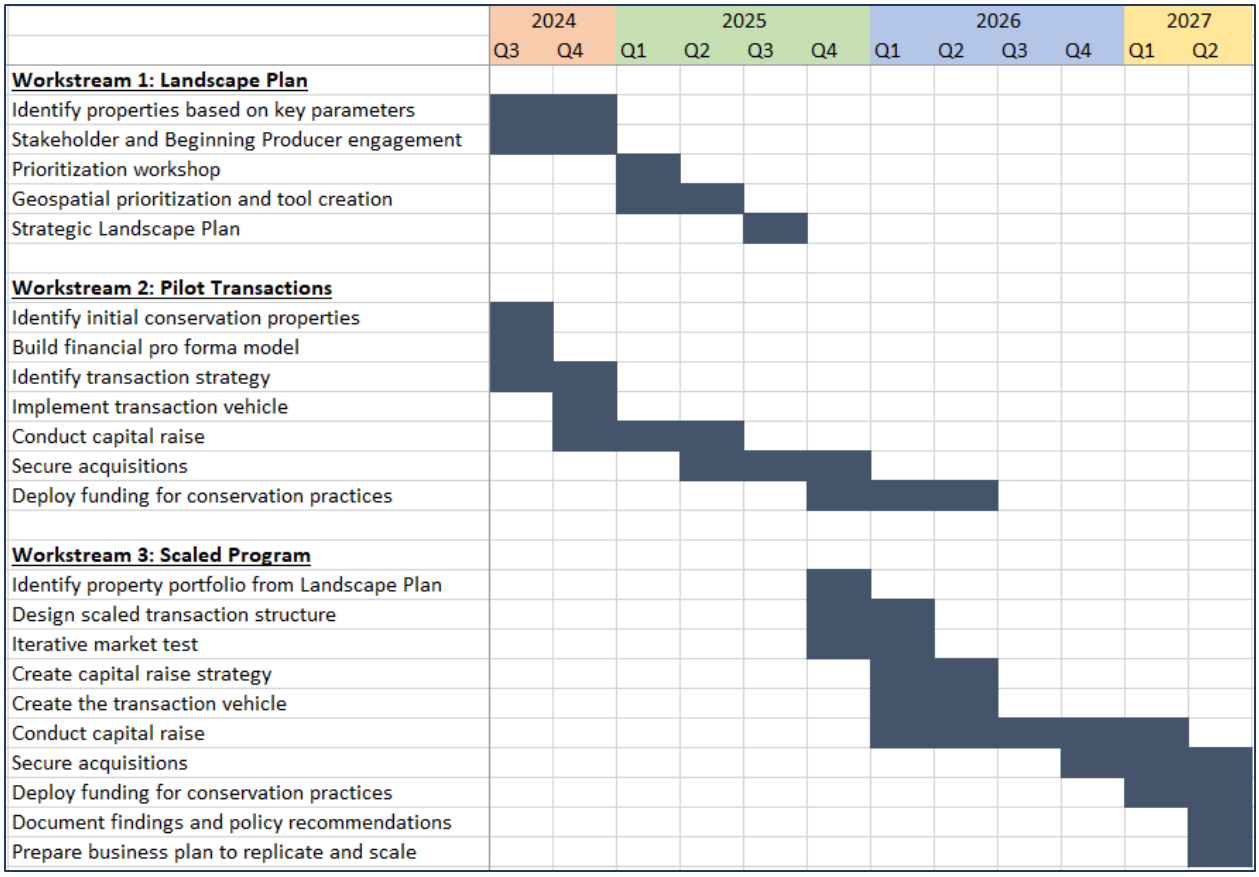


Figure 3: CIG project action plan

BUDGET NARRATIVE

Applicant: Colorado Open Lands
Project Title: Accelerating Conservation to the Speed of Development: Innovating to protect Colorado's South Platte River Basin
Project Total: $865,100
Federal Portion: $258,220
Non Federal Contribution: $606,880

FEDERAL BUDGET:

1. **Personnel: $77,220**
    a. Carmen Farmer, Senior Project Manager will oversee the project management and grant management, identify key conservation easement priorities, engage with key partners and producers in the South Platte Basin and be the point of contact for NRCS communication.
    Full Time Annual Salary: $86,993, 38% Year 1, 40% Year 2 and 14% Year 3 will be paid by Federal Funds.
2. **Fringe Benefits - none**
3. **Travel: $6,000**
    a. Travel for NRCS staff has been included pursuant to the Notice of Funding Opportunity Instructions.
4. **Equipment – none**
5. **Supplies – none**
6. **Contractual: $175,000**
    a. Quantified Ventures will provide project management of financial structuring and implementation of the FCAT, including the creation of investment strategy, due diligence of target properties, engagement with market experts, and investor outreach. QV will also lead the capital raise. ($115,000)
    b. Brown & Caldwell will develop the Landscape Plan, conduct interviews with Beginning Farmers, research water rights, compile GIS data and provide analysis to inform the financial model that is developed. ($40,000)
    c. Poudre Valley Community Farms coordinate outreach with Beginning Farmers, conducting interviews and creating links for Beginning Farmers to acquire conserved properties. ($20,000)
7. **Construction – none**
8. **Other – none**
9. **Indirect Costs – none**

NON-FEDERAL BUDGET:

1. **Personnel: $227,800 Cash, $8,800 In-Kind**
    a. Carmen Farmer, Senior Project Manager will oversee the project management and grant management, identify key conservation easement

priorities, engage with key partners and producers in the South Platte Basin and be the point of contact for NRCS communication.
   b. Sarah Parmar, Director of Conservation will advise the project team, provide input on conservation easement components and water rights identification.
   c. Jenn Murdock, GIS Manager, will provide GIS technical assistance.
   d. Jon Lantz, Director of Finance, will provide assistance with grant management, payment of consultants and processing of invoices.
   e. Leslie Volkar, Director of Communications, will handle external communications about the Grant, draft publications and assist with outreach to producers. COL is providing Leslie's time as in-kind match.

2. **Fringe Benefits - none**
3. **Travel: $7,000**
   a. Travel will include site visits to farms with Climate Smart practices and also to prospective farms for pilot opportunities. ($7,000)
4. **Equipment – none**
5. **Supplies – none**
6. **Contractual $372,080**
   a. Quantified Ventures will provide financial analysis of candidate farms and practices, creating collateral (models, pitch decks, term sheets) for investor engagement, and structuring and managing raised capital. ($80,000)
   b. Western Water Partnerships will provide technical assistance with water leasing opportunities, interface with municipalities and water providers, identify water leasing opportunities and negotiate water sharing agreements. ($45,000)
   c. Brown & Caldwell will develop the Landscape Plan, conduct interviews with Beginning Farmers, research water rights, compile GIS data and provide analysis to inform the financial model that is developed. ($140,000)
   d. McCarty Land & Water will provide appraisal data on irrigated farms in the region to inform the development of the Landscape Plan. ($20,000)
   e. Colorado Water Trust will identify environmental in-stream flow opportunities where potential farms can help supplement stream flows by optimizing irrigation water management. ($15,000)
   f. Private Contractor Water Rights. COL will hire a private water rights contractor to compile various water rights in the project region. ($6,080)
   g. Water Attorney. COL will contract with a water attorney to review water rights decrees for farms that are identified as potential pilots. ($20,000)
   h. Conservation Easement Attorney. COL will contract with an attorney to help structure the conservation easements on potential pilots. ($6,000)
   i. Colorado West Land Trust will collaborate with COL to explore opportunities to scale this project to other basins, specifically the Colorado River Basin. ($40,000)
7. **Construction – none**
8. **Other – none**

9. **Indirect Costs – none**

Federal Budget

Description	Year 1	Year 2	Year 3	Total
Personnel	**$40,800.00**	**$21,420.00**	**$15,000.00**	**$77,220.00**
COL	$40,800.00	$21,420.00	$15,000.00	$77,220.00
Travel	**$6,000.00**	**$0.00**	**$0.00**	**$6,000.00**
NRCS Travel	$6,000.00	$0.00	$0.00	$6,000.00
Contractual	**$90,000.00**	**$60,000.00**	**$25,000.00**	**$175,000.00**
Quantified Ventures	$45,000.00	$45,000.00	$25,000.00	$115,000.00
Brown & Caldwell	$30,000.00	$10,000.00	$0.00	$40,000.00
Poudre Valley Community Farms	$15,000.00	$5,000.00	$0.00	$20,000.00
Federal Total	$136,800.00	$81,420.00	$40,000.00	**$258,220.00**

Non-Federal Budget Expenses (Covered by Matching Grants)

Description	Year 1	Year 2	Year 3	Total
Personnel	**$122,720**	**$54,200**	**$50,880**	**$227,800**
Colorado Open Lands	$122,720	$54,200	$50,880	$227,800
Contractual	**$209,080**	**$143,000**	**$20,000**	**$372,080**
Quantified Ventures	$30,000	$50,000	$0	$80,000
Western Water Partnerships	$20,000	$15,000	$10,000	$45,000
Brown & Caldwell	$100,000	$40,000	$0	$140,000
McCarty Land & Water	$10,000	$10,000	$0	$20,000
Colorado Water Trust	$15,000	$0	$0	$15,000
Private Contractor Water Rights	$6,080	$0	$0	$6,080
Water Attorney	$10,000	$10,000	$0	$20,000
Conservation Easement Attorney	$3,000	$3,000	$0	$6,000
Colorado West Land Trust	$15,000	$15,000	$10,000	$40,000
Travel	**$3,500**	**$3,500**	**$0**	**$7,000**
Travel/Partner Meeting Expenses	$3,500	$3,500	$0	$7,000
Non-Federal Total	$335,300	$200,700	$70,880	**$606,880.00**

Non-Federal Budget

Match Sources

Description	Year 1	Year 2	Year 3	Total
Personnel	**$8,880**	**$0**	**$0**	**$8,880**
Colorado Open Lands (in-kind)	$8,880	$0	$0	$8,880
Matching Grants	**$326,420**	**$200,700**	**$70,880**	**$598,000**
CWCB - Small Grant	$32,350	$0	$0	$32,350
Great Outdoors Colorado	$200,000	$98,000	$0	$298,000
CWCB - Water Plan Grant	$94,070	$102,700	$70,880	$267,650
Non-Federal Total Match	$335,300	$200,700	$70,880	**$606,880**

United States Senate
Washington, D.C. 20510

October 25th, 2023

The Honorable Tom Vilsack
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington. D.C. 20250

Dear Secretary Vilsack,

We write to express support for the application submitted by Colorado Open Lands to the U.S. Department of Agriculture (USDA) for funding from the USDA Conservation Innovation Grant. If awarded, funds will support Colorado Open Lands and key partners in a three year pilot to purchase, improve, and protect agricultural lands in Larimer and Weld Counties.

Agriculture is an important element of Colorado's economy, history, and identity. This project will identify farm and ranch land at risk of private sale and development and implement conservation methods to advance agricultural best practices and rural economic opportunities in Colorado. This application is a collaborative effort with Colorado Open Lands, Quantified Ventures, Western Water Partnerships, Colorado Water Trust, Brown & Caldwell, and Poudre Valley Community Farms.

We respectfully encourage you to give Colorado Open Lands' application your full and fair consideration consistent with all applicable laws and regulations. Thank you for your review, and please notify our office of any funds awarded.

Sincerely,

Michael F. Bennet
United States Senator

John Hickenlooper
United States Senator

Garden Spot of Colorado

807 Mountain Avenue | PO Box 1229 | Berthoud, CO 80513 | O 970.532.2643 | F: 970.532.0640 | Berthoud.org

October 20, 2023
Re: Application of Colorado Open Lands to the Conservation Innovation Grant Program

To Whom it May Concern:

On behalf of the Town of Berthoud, I would like to support Colorado Open Lands' application Accelerating Conservation to the Speed of Development: Innovating to protect Colorado's South Platte River Basin.

The Town of Berthoud recognizes the extreme pressure that Colorado's agricultural producers face in an atmosphere of land and water conversion to meet a rapidly growing population. Located in the middle of Colorado's Northern Front Range, the Town of Berthoud is at the epicenter of this unprecedented growth. Historically, Berthoud was a community built around agriculture. Recently, we updated our Comprehensive Plan, which included a guiding principle of preserving Berthoud's agrarian character and charm, rural landscape and operation of existing farms. To protect our rural economy, both farms and the senior water rights that support them need to be protected.

Colorado Open Lands and the Town of Berthoud have a longstanding relationship. Through traditional conservation easement efforts, Colorado Open Lands has protected multiple farms in our area. However, given the development pressure that has arisen in the last decade, those traditional models are limited in their ability to keep up with development interests. If we want to keep enough lands in production to support our rural economy, we need to explore new and innovative tools, particularly to help the next generation of farmers find affordable access to land.

We are excited to support this application from Colorado Open Lands, which proposes to marry different tools, such as conservation easements and water-sharing agreements, to protect critical agricultural resources while creating new land access opportunities for young farmers. We support this concept as it creates a viable alternative to the dry up and development of Colorado's most productive agricultural lands.

The Town of Berthoud strongly encourages you to fund this proposal.

Sincerely,

Mayor, William Karspeck

COLORADO
Department of Agriculture

October 24, 2023

Conservation Innovation Grant Review Panel
USDA -NRCS
1400 Independence Ave, Southwest, Room 6141-S
Washington, D.C. 20250

Re: Application of Colorado Open Lands to the Conservation Innovation Grant Program

To Whom it May Concern,

On behalf of the Colorado Department of Agriculture, I would like to support Colorado Open Lands' application "Accelerating Conservation to the Speed of Development: Innovating to protect Colorado's South Platte River Basin."

The Colorado Department of Agriculture (CDA) recognizes the extreme pressure that Colorado's agricultural producers face in an atmosphere of land and water conversion to meet a rapidly growing population. Nowhere is this tension as great as in the South Platte River Basin where cities vie to access water rights that are close to Front Range Cities. Our agency works closely with the Colorado Water Conservation Board (CWCB) to support water solutions that do not sacrifice the state's agricultural economy and heritage.

The Colorado Department of Agriculture strives to be a resource for Colorado's current farmers and ranchers and to cultivate the next generation. CDA has developed numerous programs to support beginning farmers and ranchers, including a low interest loan program financing land access and a NextGen scholarship program. We are very interested in how these programs could be best leveraged by conservation to create viable pathways to land access.

We are thrilled to support this application from Colorado Open Lands, which proposes to marry different tools, such as conservation easements and water-sharing agreements, and possibly our loan program, to protect critical agricultural resources while creating new land access opportunities. We support this concept as it creates a viable alternative to the dry up and development of Colorado's most productive agricultural lands.

The Colorado Department of Agriculture strongly encourages you to fund this proposal.

Sincerely,

Kate Greenberg, Commissioner
Colorado Department of Agriculture

COLORADO
Colorado Water Conservation Board
Department of Natural Resources
1313 Sherman Street, Room 718
Denver, CO 80203

10/17/2023

To: Natural Resources Conservation Service
Re: Colorado Open Lands @ Conservation Innovation Grant Program

The South Platte River Basin is the most populous river basin in the state. Approximately 70 percent of Colorado's population resides there, and its Front Range area is Colorado's economic engine. The basin also has the greatest concentration of irrigated agricultural lands in Colorado. Agricultural sales in 2017 from counties in the South Platte and Republican River Basins at $5.6 billion made up 75 percent of the statewide total. Irrigated lands in the South Platte River Basin have been lost to both urbanization and permanent transfer of senior agricultural water rights to municipal use and the trend is continuing at a rapid pace. The accelerated increase in value of water rights makes it difficult for young farmers to acquire irrigated farmland and increases "buy-and-dry" pressure.

Colorado Open Lands is developing a "Buy-Protect-Sell" model to help level the playing field between the agricultural community and other economic forces, while simultaneously helping to promote much-needed conservation best practices. This model uses a combination of strategies including conservation easement tax credits, collaborative water sharing agreements, and the sale of the conserved farms (i.e., to a young farmer), to conserve irrigated farmland in areas influenced by urbanization.

The Applicant, Colorado Open Lands, is one of the largest conservation organizations in our state and a nation-wide leader in innovative approaches toward land and water conservation. Their effectiveness is based on close collaboration with producers to implement agricultural conservation strategies. The proposal team they have assembled with Quantified Ventures, Western Water Partnerships, Colorado Water Trust, Brown & Caldwell, and Poudre Valley Community Farms builds on that expertise with the kind of interdisciplinary partnerships needed to pilot new tools for modern-day challenges.

The Colorado Water Conservation Board would like to provide our support for Colorado Open Lands' NRCS Conservation Innovation Grant application. The proposal will further strategies in the Colorado Water Plan, including collaborative water sharing agreements and multi-benefit, collaborative projects that could have national transferability. This concept aligns with matching funds that we provide through our Water Plan Grant Program.

Thank you in advance for your time and consideration of this proposal.

Sincerely,

Lauren Ris,
Colorado Water Conservation Board Director

City of Greeley Colorado

October 26, 2023

Conservation Innovation Grant Review Panel
USDA -NRCS
1400 Independence Ave, Southwest, Room 6141-S
Washington, D.C. 2050

Re: Application of Colorado Open Lands to the Conservation Innovation Grant Program

To Whom it May Concern:

On behalf of the City of Greeley, I would like to support Colorado Open Lands' application Accelerating Conservation to the Speed of Development: Innovating to protect Colorado's South Platte River Basin.

The City of Greeley recognizes the extreme pressure that Colorado's agricultural producers face in an atmosphere of land and water conversion to meet a rapidly growing population. Located in the middle of Colorado's Northern Front Range, Greeley is at the epicenter of this unprecedented growth. Greeley was founded on irrigated farmland and continues to be the epicenter of agricultural production in Colorado. As the largest city in Weld County, Greeley plays an immense role in the $1 billion agricultural economy that Weld County produces. At the same time Greeley, has been an innovator in the utilization of water rights as it has grown, exploring water sharing opportunities and investing in cutting edge water storage projects. To protect our rural economy, the City recognizes that both farms and the senior water rights that support them need to be protected.

Through traditional conservation easement efforts, Colorado Open Lands has protected multiple farms with senior water rights in our area. However, given the development pressure that has arisen in the last decade, those traditional models are limited in their ability to keep up with development interests. If we want to keep enough lands in production to support our rural economy, we need to explore new and innovative tools, particularly to help the next generation of farmers find affordable access to land.

We are excited to support this application from Colorado Open Lands, which proposes to marry different tools, such as conservation easements and water-sharing agreements, to protect critical agricultural resources while creating new land access opportunities for young farmers. We support this concept as it creates a viable alternative to the dry up and development of Colorado's most productive agricultural lands.

The City of Greeley strongly encourages you to fund this proposal.

Sincerely,

Sean Chambers, Director of Water & Sewer

Water and Sewer · Water Resources · 1001 11th Avenue, 2nd Floor · Greeley, CO 80631
970-350-9811 · Fax 970-350-9805 · Water@greeleygov.com · GreeleyGov.com/water

Conservation Innovation Grant Review Panel
Natural Resource Conservation Service
1400 Independence Avenue, SW
Washington, D.C. 20250

October 30th, 2023

RE: Application of Colorado Open Lands and partners for a USDA Conservation Innovation Grant

Dear CIG Review Panel,

Colorado Open Lands and its partners have submitted an application to the USDA NRCS Conservation Innovation Grant. The Larimer Conservation District is submitting this letter in support of that proposal.

Irrigated agriculture is a critical element of Colorado's economy, history, and identity. However, producers across the state are under increasing overlapping pressures of an uncertain economy, inflationary land prices, a changing climate, and encroaching development. Many of the farms being developed into residential and commercial uses are in some of the most productive agricultural land in the state. In the face of such challenges, initiatives like the one proposed by Colorado Open Lands and its partners are extremely important. In our view, such an innovative financial strategy is vital to help level the playing field between the agricultural community and other economic forces, while simultaneously helping to promote much-needed conservation best practices.

Colorado Open Lands is one of the largest conservation organizations in our state and a nation-wide leader in innovative approaches toward land and water conservation. Their effectiveness is based on close collaboration with producers to implement agricultural conservation strategies. The proposal team they have assembled with Quantified Ventures, Western Water Partnerships, Colorado Water Trust, Brown & Caldwell, and Poudre Valley Community Farms builds on that expertise with the kind of interdisciplinary partnerships needed to pilot new tools for modern-day challenges. This paired with a direct nexus to Larimer Conservation District's current programs creates a unique opportunity to help shape the future of our local agricultural communities.

Thank you in advance for your time and consideration of this proposal.

Gretchen Reuning
Executive Director
Phone: 970.893.0375
Email: gretchen@larimercd.org
2150 Centre Ave. Bldg. A Fort Collins, CO 80526
www.larimercd.org

OLANDER FARMS
Loveland, Colorado

October 23, 2023

Re: Application of Colorado Open Lands to the Conservation Innovation Grant opportunity

To Whom it May Concern:

As a young farmer in the South Platte Basin of Colorado, I would like to express my support for Colorado Open Lands' application to the Conservation Innovation Grant program, titled Accelerating Conservation to the Speed of Development: Innovating to Protect Colorado's South Platte River Basin.

In Colorado's South Platte Basin, high value agriculture is directly in the cross-hairs of Colorado's growth, creating extremely high prices for irrigated agricultural land and fueling a rapid rate of farmland loss. Despite a growing interest of young people in this region that are interested in farming, the next generation cannot afford or obtain financing that can compete with development prices. This shuts out myself and many other farmers in my generation from finding access to irrigated farm ground.

Colorado Open Lands is one of our state's largest land trusts and has not only been a successful partner in protecting agricultural land through traditional land conservation easements, but has been on the leading edge of innovative efforts to adjust conservation tools to meet community water challenges.

I support and urge consideration of this Conservation Innovation Grant proposal. Colorado desperately needs a conservation tool that can compete with developers, protecting farms and wildlife habitat, while providing access to beginning farmers and ranchers.

With thanks,

Todd Olander

Todd Olander
Co-Founder, Olander Farms
(970) 227-0475
toddolander81@gmail.com

October 26, 2023

Re: Application of Colorado Open Lands to the Conservation Innovation Grant Program

To Whom it May Concern:

On behalf of Poudre Valley Community Farms, we would like to offer our strong support for Colorado Open Lands' application Accelerating Conservation to the Speed of Development: Innovating to protect Colorado's South Platte River Basin. Our mission at Poudre Valley Community Farms is to help food producers access land and water resources, so they can grow food that is good for people and good for the land. We work closely with the next generation of young producers to create connections to land, water, infrastructure, and business development support to help them build long-term, sustainable, conservation-oriented farms and businesses.

We recognize the immense challenges that young producers face in finding access to affordable farmland in the South Platte Basin of Colorado, particularly as development pressures continue to convert our most productive irrigated soils at an unprecedented rate. We lose over 2,500 acres of farmland each year in Larimer County alone, as it is converted to development. This puts young and diverse farmers, who are more likely to come from backgrounds that do not provide generational access to land, in a situation where they struggle to find long-term, stable access to farmland. In a recent survey of current and aspiring producers in Larimer, Weld, and Boulder Counties, we found that access to land and water was a major concern for more than 60% of farmers and ranchers. In addition, a recent survey conducted by the National Young Farmers Coalition found that more than 80% of young farmers across the US are motivated by environmental conservation and use regenerative and sustainable farming practices, such as rotational grazing, low and no-till methods, and biodynamic farming. These young farmers could play a fundamental role in achieving conservation and carbon sequestration goals critical to our future, if they can secure long-term, affordable access to land. It will require novel, innovative programming, such as the program proposed by Colorado Open Lands, to meet this need, for the good of our community, our farmers, and our ecosystems.

We are thrilled to support this application from Colorado Open Lands, which proposes to combine different tools, such as conservation easements and water-sharing agreements, to protect critical agricultural resources while creating new land access opportunities. We support this concept as it creates a viable alternative to the dry up and development of Colorado's most productive agricultural lands. We are committed to working with them to incorporate the feedback of our local agricultural community members to ensure that the resulting program meets producer needs and achieves conservation goals.

Poudre Valley Community Farms strongly encourages you to fund this proposal.

Sincerely,

Stacy Lischka, Ph.D.
Executive Director
Poudre Valley Community Farms

K-Lynn Cameron
President, Board of Directors
Poudre Valley Community Farms

Rocky Mountain Farmers Union
7900 E. Union Ave., Suite 200 • Denver CO 80237
303.752.5800 • 1.800.373.7638 • rmfu.org

October 24, 2023

Conservation Innovation Grant Review Panel
USDA -NRCS
1400 Independence Ave, Southwest, Room 6141-S
Washington, D.C. 2050

Re: Application of Colorado Open Lands to the Conservation Innovation Grant opportunity

To Whom it May Concern:

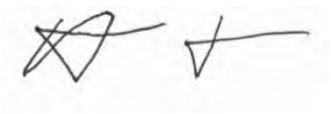
On behalf of the Rocky Mountain Farmers Union, I would like to offer my support Colorado Open Lands application to the FY24 Conservation Innovation Grant opportunity.

Rocky Mountain Farmers Union (RMFU) is a grassroots organization that represents roughly 17,000 family farmers and ranchers. Since 1907, RMFU has been dedicated to sustaining our rural communities, to the wise stewardship and use of natural resources, and to the protection of our safe, secure food supply. We at RMFU believe this project would benefit both agriculture and the community. As Director of RMFU and former director of Colorado's Land Link program, I have seen firsthand the challenges of land access. Land access is especially challenging along Colorado's northern front range, an ideal location for young farmers wanting to locate near markets. Demand for water rights for new residential growth has put irrigated farmland out of financial reach for most agricultural producers, especially beginning farmers.

I believe that this proposed project from Colorado Open Lands offers the potential to increase options for retiring farmers while creating new opportunities for land access. RMFU supports conservation tools and is excited to see proposed innovation to not only address conservation, but to support a continued farm economy in Colorado's South Platte River Basin.

I encourage you to fund Colorado Open Lands' proposal, *Accelerating Conservation to the Speed of Development: Innovating to protect Colorado's South Platte River Basin.*

Sincerely,



Daniel Waldvogle, Director of Rocky Mountain Farmers Union