

CONSERVATION AND AGRICULTURAL EASEMENT STEWARDSHIP FUND

Revised by the Board of Trustees 01/11/2010

The grant of an agricultural or natural resource conservation easement (“conservation easement”) is a serious, long-term commitment for both the landowner and the land trust. Owners seeking to protect their land through a conservation easement want to be sure (and are required by federal tax law) to have a qualified organization hold the easement: a land trust or public agency that is capable of monitoring and upholding that agreement over time.

The Land Trust for Santa Barbara County maintains a separate Stewardship Fund, restricted to paying costs directly associated with monitoring and enforcing the conservation easements it holds. When accepting a conservation easement, whether purchased or donated, it is the policy of the Land Trust to request a charitable contribution to the Stewardship Fund from the landowner, or to raise donations from other project partners or community supporters.

Having a professional stewardship program not only protects the conservation resources of the land by ensuring easement compliance. For property owners seeking to qualify for federal tax incentives, Treasury regulations require that the entity being granted the easement must have the resources to monitor and ensure compliance over time. When a conservation easement is purchased from a landowner, land trusts are required to demonstrate their stewardship capacity before government grants will be approved.

To fulfill its responsibilities, the Land Trust visits each easement property with the owner at least once each year to observe and document land and resource conditions; to discuss stewardship practices, changes in use and planned improvements, and to ensure that the use of the property is consistent with the terms of the easement. Conservation easements may grant the Land Trust prior review and approval authority over certain land use changes or construction projects. Regular communication with owner, manager or lessee helps to promote understanding of the commitments made in the conservation easement and to reduce misunderstandings about land uses and resource stewardship practices.

The Land Trust works cooperatively with landowners to advise on easement compliance and to correct minor violations. Unfortunately violations do occur, and their likelihood increases as time passes and owners or managers change. Where a serious easement violation occurs and protected agricultural or conservation values are significantly threatened or harmed, the Stewardship Fund enables the Land Trust to take necessary legal actions, which may include mediation, arbitration or action in court to seek correction of the violation, protect the conservation resources or defend an easement from outside threat such as condemnation.

*Your tax-deductible contribution to the Land Trust for Santa Barbara County
Stewardship Fund will help ensure the protection of your land forever.*

Purpose of the Stewardship Fund

The Stewardship Fund provides the Land Trust with the financial resources necessary to ensure that:

- Each easement property is monitored at least annually.
- Conditions of the land are documented in a written report with current maps, aerial and ground photos and title documents.
- Technical experts, if necessary, can be hired to advise on agricultural, biological or land resource questions related to the easement.
- The monitoring report is explained to the landowner/manager with recommendations on any compliance matters.
- Regular contact is maintained with landowner, and with subsequent owners, managers or lessees to keep them informed of the easement terms and to identify beneficial land and resource stewardship opportunities.
- As the balance of the fund increases over time there will be a reserve for legal costs associated with defending or upholding any conservation easement held by the organization.

Stewardship Fund Donations

The Land Trust requests that landowners or other project supporters make a tax-deductible gift of cash, securities or other assets to the Stewardship Fund at the time of the easement is granted.

The Trustees of the Land Trust recognize that not all landowners are able to make a sizeable contribution, and may consider accepting an easement without the requested Stewardship Fund gift in extraordinary circumstances.

The amount of a Stewardship Fund donation should be in proportion to the size, complexity and monitoring requirements of each conservation easement. Landowners are asked to consider the following when considering an appropriate donation amount:

1. Voluntary donations to the non-profit Land Trust are eligible for federal and state income tax deductions to the extent allowed by law.
2. The Land Trust estimates the annualized cost of monitoring and stewardship activities for each new easement project. This includes annual expenses, and those that might occur periodically such as purchasing aerial photos, legal review or approval of new structures. An appropriate donation to the Stewardship Fund is then suggested that, if invested prudently, will generate endowment earnings to cover the annualized costs of the Land Trust's stewardship services and provide a reserve for legal expenses if needed.
3. Greater monitoring costs may occur in large or complex projects. For example a property may be: a) large or difficult and timely to access for monitoring; b) have multiple legal

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parcels or ownership interests, lessees or other people living or working on site; c) have significant development permitted on or adjacent to the easement; d) have many active agricultural, residential or recreational uses on or near the property; or e) require specific monitoring of biological or other resources as part of government grants, permits or mitigation agreements tied to the easement. The Land Trust staff assesses these factors in estimating the costs and recommending the amount of a landowner contribution.

4. There are many ways of making a donation to the Stewardship Fund. Some landowners choose to make a one-time cash gift at the time the easement is signed, and others make a written pledge payable over a few years. Some have connections to charitable foundations that can make a grant. Gifts of appreciated assets, including stock, bonds, insurance and personal property, can also be an effective way to contribute.

Use and Management of the Fund

Individual donations to the Stewardship Fund are pooled in a restricted account for administration and investment. Funds are invested and managed in accord with legal and accounting standards applicable to non-profit corporations, including the California Uniform Prudent Management of Institutional Funds Act.

The Stewardship Fund is not used for general operating or other Land Trust project expenses. Because funds are pooled, contributions may be used for monitoring and enforcement costs for any of the easements held by the Land Trust for Santa Barbara County. All properties will be defended equally and to the fullest extent that Land Trust resources allow. Special fundraising efforts will be undertaken as necessary to replenish any expenditure of principal or to strengthen the fund.

Thank you for considering this information.