Conservation Incentive Loan Product

CalCAN Lightning Talk

February 28, 2017

RESOURCE CONSERVATION DISTRICT OF SANTA CRUZ COUNTY

Sustainable Conservation

CALIFORNIA FARMLINK

A farmer's perspective…

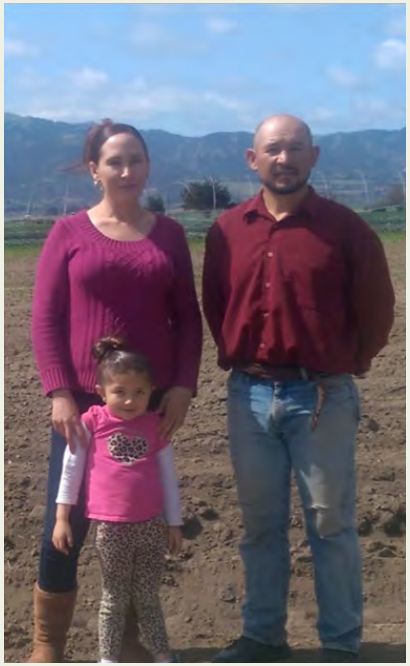
CALIFORNIA FARMLINK

What is a "Conservation Incentive" loan product?

A SOLUTION ADDRESSING 3 ISSUES IN AGRICULTURE:

- Social/financial barriers
- Water quality & quantity
- Conservation practice implementation

CALIFORNIA FARMLINK



CALIFORNIA
FARMLINK

How will this be achieved?

Overarching Strategy:

- Provide educational resources, equipment, and a **financial incentive** to work with Conservation Specialist, to implement practices, and achieve conservation goals

Key components:

- Complementary partnership
- Appropriate resources & specialists provided to farmers
- ***Financial incentive provided by lender***
- Operating Cost reduction (water & nutrient use)

CALIFORNIA FARMLINK

How does it work?

Year 1 (Prerequisite):

1) Initial inquiry/ Basic eligibility
2) Conservation evaluation/ baseline / goals
   1) Water use
   2) Nutrient use
3) Loan application preparation

➢ **INCENTIVE: Program pre-approval &**

End of season "Bonus check"

CALIFORNIA FARMLINK

How does it work?

Year 2-5:

1) Loan application/approval
2) Conservation practice implem
3) Measurement of performance

- **INCENTIVE:** **End of season "Rebate Check"**

CALIFORNIA FARMLINK

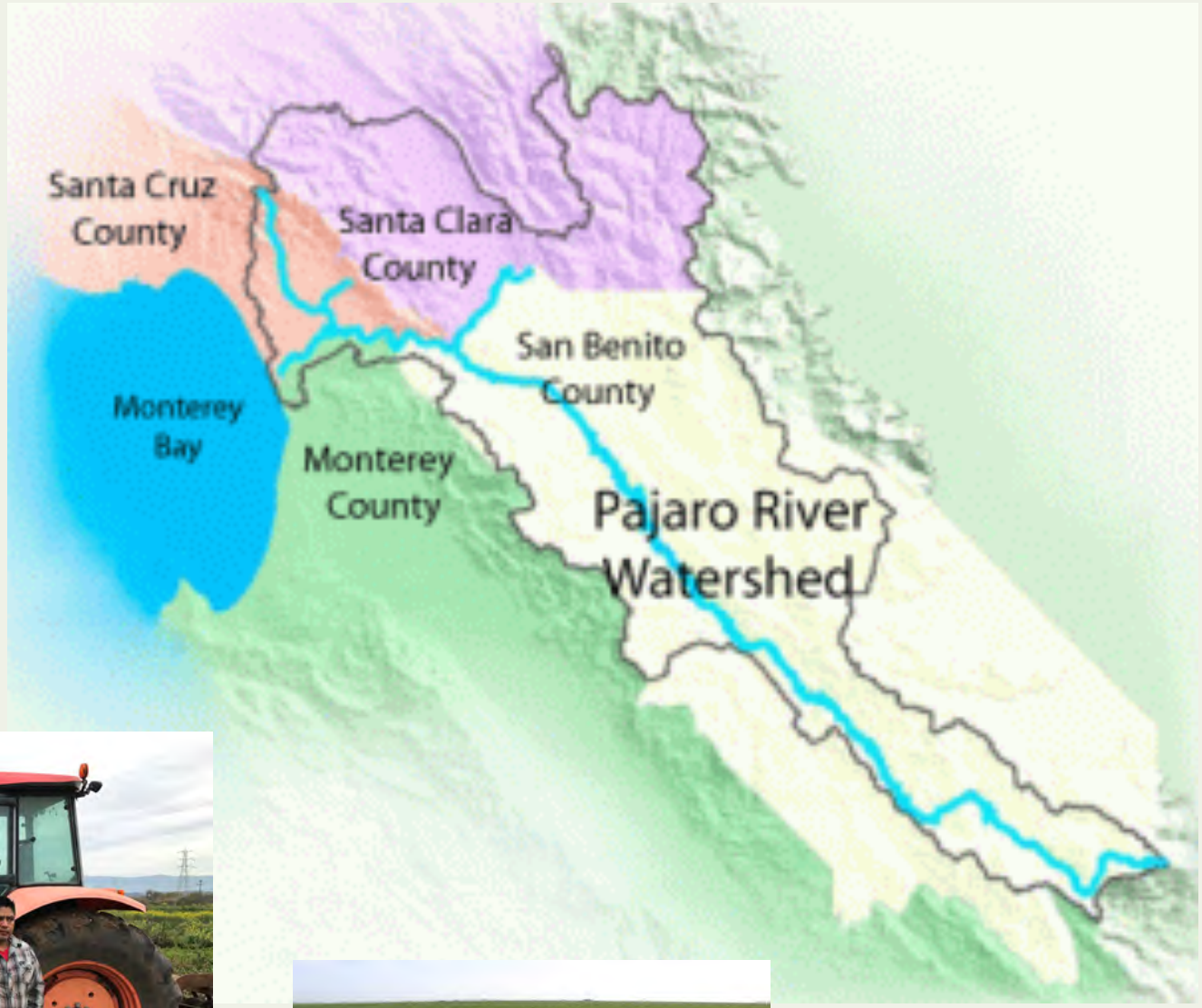
Financial Incentive Tiers

Years 2-5 (Implementation & Performance):

2. Improved Performance	• Highest incentive
3. Maintained performance	• Slightly lower incentive
1. Implementation	• Slightly lower incentive
0. Reduced performance	• *No incentive*

CALIFORNIA FARMLINK

LOAN TYPES:	Operating Loan	Equipment Loan
Intended use:	**Operating/ working capital expenses:** seeds, amendments, lease, labor, etc…	**Equipment & infrastructure:** Tractor, implements, irrigation system
Amount:	$2,000 - $750,000 ? - ?	$2,000 - $750,000 ? - ?
Loan Fee:	2%	2%
Interest Rate:	7% → ?	7% → ?
Repayment Terms:	6-14 months	12-84 months



CALIFORNIA FARMLINK

Where are we in the process?

As of today…

- Collaborative product/program design
- Pilot cohort: evaluation/baseline/goal establishment

Looking ahead…

- Financial incentive structure: Amount & format
- Development activities: seeking loan & TA funds
- Pilot cohort: financial incentive roll-out
- Enrollment open to next cohort
- Assessment & Replication

CALIFORNIA FARMLINK

Thank you!

Ali Robinson
(831) 425- 0303 ext. 7012 | Ali @ cafarmlink.org