



Secretary Karen Ross
 California Department of Food and Agriculture
 1220 N Street
 Sacramento, CA 95814

July 12, 2017

Dear Secretary Ross,

On behalf of the organizations listed below, we offer the following comments on CDFA's draft Requests for Grant Applications for the Healthy Soils Program. Our comments reflect our shared objective of creating a program that is appealing to all of California's farmers, transformative in its impact on agriculture and our climate, and worthy of further investment from the state.

Many thanks to you and your dedicated staff for the extensive and groundbreaking work you all have done over the past two years to create this first-in-the-nation Healthy Soils Program.

We greatly appreciate CDFA's commitment to a collaborative process and its invitation to submit comments on the program's draft Requests for Grant Application. We look forward to working with you and your staff on implementation of this important program.

Sincerely,

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Incentives Request for Grant Application

1. *Achieve GHG emission reductions and full farmer access to the Healthy Soils Program*

We share Secretary Ross's commitment to ensure that all California farmers and ranchers can take advantage of the Healthy Soils program. However, the current requirement that at least one "soil management" practice be implemented in order to be eligible for the program unnecessarily limits the impact of the Healthy Soils program and the number of producers who can access it.

Scientists from CDFA, ARB, NRCS, and the COMET-Planner team have reviewed the scientific literature and verified that all of the Healthy Soils eligible practices have demonstrable soil carbon sequestration and GHG reduction benefits¹. These benefits are reiterated in ARB's GHG Quantification Methodology for the Healthy Soils Program (see page 5 of [ARB's Draft QM](#)). As such, we believe farmers and ranchers should be free to apply for any one (or combination) of the eligible practices.

Under the proposed requirement of applying for at least one "soil management practice," farmers who already utilize most or all of the "soil management practices," as many organic farmers already do, will be ineligible for the program even though they may improve their carbon sequestration and GHG emissions reductions through the establishment of herbaceous cover or woody cover.

Furthermore, many ranchers may not be eligible to apply for the Healthy Soils program because their only "soil management practice" option is to apply compost to their rangelands and many may find that infeasible based on the steepness of their rangeland, the cost and availability of compost in their region, etc. Such limitations should not prevent organic farmers and ranchers from applying for herbaceous or woody cover practices that have demonstrable GHG emission reductions and Healthy Soils benefits.

What makes this program groundbreaking is its focus on the nexus between soil health and GHG reductions. All of California's farmers and ranchers should have the freedom to explore that nexus utilizing whichever eligible practices make the most sense on their land and operation.

Recommendation: Drop the requirement that applicants must adopt at least one "soil management practice" and allow applicants to choose freely from the list of eligible practices under the Healthy Soils program.

¹ [Food and Ag Code 569\(e\)\(2\)](#): "Healthy soils" means soils that enhance their continuing capacity to function as a biological system, increase soil organic matter, improve soil structure and water- and nutrient-holding capacity, and result in net long-term greenhouse gas benefits.

Food and Ag Code 569 (e)(1): "Greenhouse gas benefits" means greenhouse gas emissions source reduction or carbon sequestration.

2. Encourage producer interest by reducing applicant burden, simplifying application requirements, and extending proposed application deadline

We share the goal of attracting a robust pool of applicants to this program for two reasons: 1) broad competition is likely to increase the impact and diversity of projects awarded and 2) high demand for the program makes the strongest case for renewed or increased funding for the program.

To achieve these goals, farmers must be convinced that the time and costs invested in applying for the Healthy Soils program are worth the potential return.

We suggest the following changes to the application, which we believe strike the balance between program and applicant needs and ensure a robust applicant pool.

A. Simplify application and reduce redundancy

Section 10.2: Drop the proposed requirement to submit a separate project proposal (described as up to 6 pages in length) in addition to the FFAST application. Instead, convert the project proposal prompts into short answer questions and incorporate them into the FFAST application.

Section 10.2.1: We strongly encourage eliminating this section of the application. By offering the eligible practices under the Healthy Soils Program, CDFA is acknowledging the importance of those practices. Much like the USDA-NRCS EQIP application, we should seek to streamline (using check boxes, etc.) as much as possible and drop the narrative requirements under the application. The narrative, open-ended questions do not help reviewers to better understand the project, nor encourage the farmer or rancher to consider applying – quite the opposite. We should especially not ask farmers and ranchers to explain climate or other environmental science (questions 4 and 5). The state would not offer these practices through an incentives program if there was not sound science to support their implementation.

Section 10.2.2: This section requires applicants to provide a written description of the project work plan and design, and then to fill out and attach a work plan template and draw up and attach a schematic of the design. We suggest eliminating the written description prompts and modifying the work plan template and schematic design attachments to meet reviewers' and CDFA staff's needs. Bearing in mind that many applicants will have never applied for a grant program, we also suggest providing applicants with one or more examples of schematics and filled out work plan templates.

Section 10.2.3: Ensuring successful adoption of a project's proposed practices is critically important. We believe the proposed requirement that recipients sign a contract agreeing to the terms of the project and program, especially if it involves technical assistance from qualified conservation professionals from NRCS, Point Blue, or RCDs, should be sufficient to ensure success. This is the standard process for NRCS-EQIP, for example, which has very high success rates. Therefore, we suggest eliminating this section, which as proposed

requires farmers to speculate about the appropriate amount of detail to provide in responding to three vague and open-ended prompts. If CDFA requires specific data for its own program evaluation purposes, we suggest clarifying what data/metrics it will need and stating that in the project verification section of the RGA.

Recommendations: Eliminate the open-ended narrative questions of the application. Streamline the project design and work plan attachments. Offer examples of project design schematics and work plan templates to make it easier for first-time grant applicants.

B. Shift the timing of proposed soil test requirement to award recipients and reimburse them for more expensive soil tests

Section 8.3: We know baseline data are necessary for effective outcome measurement and to meet the requirements of CCI programs. However, we believe the burden of providing that data should be shifted to award recipients, who are the only entities CDFA needs that data from.

Shifting the timing of this requirement from the application to the award stage will also lighten the load on applicants and increase the likelihood of a robust applicant pool. Given the short application window and the extremely busy summer growing season for many potential applicants, we anticipate that most producers who do not already have the required soil tests will not be able to complete them in time to submit the application.

We also want to note that the list of [CDFA-recommended Soils Testing Laboratories](#) is quite limited. For example, the list does not include UC Laboratories. A quick web search turned up other UCANR-approved lists of accredited labs (examples: [Northern and Central California Soil & Plant Labs](#); [UCCE-El Dorado County List](#)) that are much more extensive. We recommend expanding the current list to give farmers and ranchers more flexibility.

Section 3.2: When a question was asked about the timing of this proposed requirement on the July 6th webinar, CDFA staff responded that the organic matter content was necessary in the application stage to determine if an applicant had higher than 12 percent soil organic matter (SOM), which would render them ineligible for compost application. A very small percentage of farmers in the state operate on soil that has higher than 12 percent SOM.

To address concerns about SOM levels above 12 percent, applicants could be asked to check that their SOM content does not likely exceed the 12 percent threshold by using the online [NRCS Web Soil Survey Map](#). After reviewing the soil survey online, applicants could be asked to check a box on their application that they have reviewed the NRCS soil survey and their soils are unlikely to exceed 12 percent SOM.

Sections 8.3, 9.2, and 11.3: In multiple sections, the RGA encourages, recommends, or offers additional consideration to applicants who provide additional soil health baseline data on their soils' water holding capacity, aggregate stability, and/or biological properties. We believe soil health data is valuable to both producers and the program. However, we

suspect the ambiguity surrounding these extra categories of data and their potential reward as an “additional consideration” will confuse applicants more than encourage them.

To avoid this confusion, we suggest CDFA: 1) shift the soil test requirement to award recipients and 2) specify which additional tests the department recommends and reimburse recipients for tests that go beyond the minimum soil texture and organic matter requirements.

Recommendations: Shift the soil test requirement to awardees, to be completed at the beginning of the project. Provide more options for CDFA-recommended soil labs. Clarify what is encouraged under the additional considerations regarding soil monitoring data and reimburse farmers and ranchers for conducting more sophisticated and expensive soil tests that include water holding capacity data, etc.

C. Give applicants a minimum of six weeks to apply

The draft RGA did not specify how many weeks applicants would have to apply, but on the CDFA webinar on July 6th, CDFA staff indicated applicants would only have one month. For technical assistance providers and other stakeholders to effectively get the word out and for farmers to have the time to design a project and apply, CDFA should grant applicants a minimum of six weeks. We have heard near-unanimous feedback from technical assistance providers that even six weeks is often too short for farmers just learning about similar programs like SWEEP. The more time applicants have to learn about, design projects, and apply for the program, the more robust the application pool will be.

Recommendation: Ensure applicants have at least six weeks to apply.

3. Support successful implementation by allowing for fall planting (e.g. cover crops and perennial herbaceous or woody cover)

In many parts of the state, the best time to plant cover crops and establish many perennial herbaceous or woody cover plants is in the fall. The proposed timeline for project implementation makes it unclear how award recipients whose work plans involve those practices would be able to do so under the proposed project implementation timeline.

Section 15.2 states that “implementation must begin on or after December 1, 2017, but no later than June 30, 2018.” If implementation is defined as “planting” for these practices, then that timeline prevents farmers from planting in the best months to do so. However, if implementation is defined as “signing one’s award contract” or “ordering seed, plants, or supplies,” then award recipients would be more likely to comply with the proposed timeline.

As such, we recommend clarifying the timeline and definition of implementation in order to assure producers that they will be able to plant cover crops and perennial plants in the best season for doing so. If CDFA is required by law to begin transferring funds to awarded

projects by June 30, 2018, we suggest explaining to applicants how and when they would need to request the optional 25% advance payment CDFA is offering.

Recommendation: Ensure successful practice implementation by allowing fall 2018 plantings under the program implementation timeline.

4. Describe evaluation criteria and prioritize GHG emissions reductions and soil health

To increase consistency in interpretations for both applicants and reviewers, we hope CDFA will provide descriptions of the evaluation criteria similar to what was provided at the May 19 EFA SAP meeting. Such descriptions can be vitally important in guiding applicant and reviewer decision-making.

Given the focus of the program, we feel those evaluation criteria should more heavily prioritize GHG emission reductions and soil health. Above, we recommended removing “Project evaluation and adoption” (Section 11.2), which would free up 10 points in the scoring criteria. If that recommendation is accepted, we would propose shifting those 10 points to the GHG emission reductions and soil health category, effectively giving equal weight to project impact and project feasibility/implementation.

Recommendations: Provide descriptions of evaluation criteria categories, drop the project evaluation and adoption category, and increase GHG reduction and soil health points by 10.

5. Incentivize the application of quality compost, regardless of its source

In recognition of the climate, soil health, and public health benefits of compost application, multiple agencies, businesses, and nonprofits are working on simultaneous efforts to boost compost production and application within the state.

We believe the role of the Healthy Soils program in that effort is to incentivize compost application – *not* a specific type of compost production. Other agency and industry efforts are directly addressing the latter. The current definition of compost in CDFA’s Compost White Paper excludes the application of on-farm compost, which is an important source of compost in rural areas of the state where compost from large municipal waste streams is either non-existent or prohibitively expensive to transport.

This exclusion is based on the erroneous notion that on-farm compost is unregulated and that the quality of compost can only be verified by commercial compost producers. We agree that when it comes to estimating soil health and GHG benefits, the quality and application rate of compost matters. Instead of excluding farmers from on-farm composting, CDFA could simply require on-farm composters to provide the results of tests for C:N ratios and any other tests CDFA deems necessary, bearing in mind that on-farm compost is already regulated for human health concerns by the Food Safety Modernization Act (FSMA).

We are also concerned that the maximum allowable application rates may be so low as to discourage applicants from applying for them, given that most producers who apply compost do so in hopes of significantly offsetting reductions in synthetic N application. It is difficult to anticipate the proposed application and payment rates' appeal to producers due to the lack of comparison for this practice to other well-established conservation incentive programs (e.g. EQIP). For that reason, we hope CDFA will seek applicant and technical assistant provider feedback on the feasibility of this practice after this initial round.

Recommendations: Allow the application of on-farm compost. Should CDFA find it necessary, require on-farm composters to submit tests on their compost's C:N ratio.

6. Clarify Disadvantaged Communities section

There appear to be some typos in Section 10.6 on Disadvantaged Communities, which may confuse an applicant about how to meet the DAC criteria and how applications will be scored for the DAC criteria. The FAAST questions in Appendix C explain the criteria clearly, so we simply suggest clarifying the Section 10.6 paragraph and explicitly mentioning the 10-point allocation for meeting the DAC criteria in an application score.

Recommendation: Clarify the DAC evaluation criteria using the Appendix C language.

7. Clarify Project Verification, Reporting, and Post-Project Completion Requirements sections to alleviate applicant concerns about unexpected mandates and terms of award agreement

Section 9.2 (Project Verification and Reporting) states *"The State of California has the right to review project documents and conduct audits during project implementation and over the incentive period."* Farmers and ranchers understandably like to know under what conditions audits will happen, what kind of notice they will receive beforehand, what audits will entail, and how much they will cost. To prevent applicants from being discouraged from applying because of the ambiguous audit language, we recommend CDFA specify what audits would consist of and when and how they would happen, as well as assure applicants that the audit will be at CDFA's expense.

Section 9.3 (Post-Project Reporting) states *"CDFA will contact a subset of awarded projects to collect data including, but not limited to management practice implementation and GHG reduction estimates, for 3 years after project completion, consistent with CARB Funding Guidelines for Administering Agencies (Final Supplement – December 2016)."* The "but not limited to" language could raise concerns for some applicants, as could the possibility of additional costs not currently specified in the project application. We suggest clarifying to the extent possible the data that would be collected, as well as reassuring applicants that any currently unspecified post-project data collection would come at CDFA's expense.

Section 16.2 (Post-Project Completion Requirement) includes a number of ambiguous phrases like "several additional years," "records documenting maintenance," and "actual benefits." Combined with the threat of recovery of funds, this ambiguity may discourage

applications. In order for applicants to feel comfortable with the terms of the program, we strongly encourage clarifying in this section the number of years that practices and records of benefits are expected to be maintained, as well as the specific records that will be required to verify such maintenance and benefits.

Recommendations: Specify to the greatest extent possible the audit process and post-project record-keeping and maintenance requirements. Assure applicants that CDFA will bear the expense for any additional costs that result from these verification and reporting requirements.

Demonstration Projects Request for Grant Application

1. Prioritize investment in projects that will promote the widespread adoption of Healthy Soils practices throughout the state

We strongly agree with CDFA that the objectives of the demonstration projects (Section 1) are to “showcase conservation management practices” with soil health and climate benefits and to create “a platform promoting widespread adoption of conservation management practices throughout the state.”

As such, we recommend prioritizing investments in demonstration projects that focus on reaching, inspiring, and educating farmers about the practical considerations and agronomic and economic benefits of Healthy Soils practices. More specifically, we recommend restoring the funding level for “Type B” projects to \$250,000 and removing Type A projects from the program. Should field measurements be maintained as a potential component of these projects, we suggest opening their focus up to other metrics/measurements that farmers are more likely to be interested in and motivated by.

We agree that crop, climate, and soil-specific research on actual GHG emissions is valuable for furthering our understanding of agricultural climate solutions, and our coalition actively seeks funding for such research from other sources. However, further research on GHG reductions potential is unlikely to achieve the main objectives of this program: to motivate and give farmers the information they need to adopt new practices. Most farmers are more motivated by other factors (cost/benefit, yields, pest pressure, labor, etc.). For those producers who care deeply about the climate science basis for adopting these practices, we believe they will accept the consensus from CDFA, NRCS, ARB, and the COMET-Planner team that we can reasonably expect climate and soil health benefits from the program’s eligible practices.

Recommendation: Focus the demonstration project funding on the statutory requirements of the demonstration projects to “establish and promote” healthy soils² by eliminating the Type A project and restoring the project cap to \$250,000 for Type B projects.

2. Increase likelihood of full subscription of demonstration project funding by basing matching fund requirements on reasonably available funding sources

At this point in time, it is not clear that there is a good source of matching funds for the Healthy Soils demonstration projects, in part due to the program’s pioneering nature. \$50,000-\$125,000 is a significant commitment for most organizations and their farmer partners to make without a matching funding source in mind, so we are concerned that the proposed matching requirement may result in undersubscription of the program. Recognizing the benefits of matching funds if they are available, we suggest aligning the Healthy Soils Program with the Alternative Manure Management Program’s approach: make matching funds preferred (and perhaps worth additional points), but not required. Of course, if more reliable sources of matching funds become available in subsequent years, the proposed requirement could be reinstated.

Recommendation: Encourage matching funds for demonstration projects by making matching funds “preferred, but not required”.

3. Ensure demonstrable, compelling demonstration project outcomes while taking into account differences in regions, cropping systems, and approaches to outreach and education

Very rarely does one size fit all in this big and diverse state. Demonstration projects are no exception. The proposed 100-farmer per year attendance requirement is unrealistic for many regions of the state. We heard near-unanimous feedback at the May EFA-SAP meeting from experienced agricultural professionals who expressed concern about setting an across-the-board attendee requirement for demonstration projects. They commented that 30-40 participants at an on-farm workshop in many rural areas of the state is considered a superb (and rare) outcome. Repeating such a turnout for the same practices in the same location 8-10 times over the course of 3 years seems highly unlikely, and the requirement would likely discourage experienced outreach and education entities from applying. Focusing on farmer attendance as the sole outcome measurement also limits organizations from seeking innovative and creative ways to leverage a demonstration site for outreach and educational purposes.

We share CDFA’s ambition and desire to achieve measureable and consequential outcomes through this program. Based on our experiences with other outreach and education programs like the Specialty Crop Block Grant (SCBG) program and USDA’s Sustainable

² [Food and Ag Code 569\(e\)\(3\)](#): “On-farm demonstration projects” means projects that incorporate farm management practices that result in greenhouse gas benefits across all farming types with the intent to establish or promote healthy soils.

Agriculture Research and Education (SARE) program, we believe the following steps would ensure both a robust and diverse applicant pool and successful program outcomes:

- A. Require applicants to set “SMART”³ goals based on their knowledge of a region’s farmers, crop types, common practices, and most effective outreach and education strategies
- B. Recruit experienced extension and outreach professionals to serve as reviewers on the Technical Review Committee

Recommendations: Drop the numeric requirement for farmer outreach (e.g. 100 farmers/year) and instead require robust “SMART” goals from applicants.

4. Describe the evaluation criteria, align the DAC and additional consideration criteria between the Incentives and Demonstration RGAs, and separate unrelated criteria

To increase consistency in interpretations for both applicants and reviewers, we hope CDFA will provide descriptions of the Evaluation Criteria similar to what was provided at the May 19 EFA SAP meeting. Such descriptions can be vitally important in guiding applicant and reviewer decision-making. For example, whether “Project Team Qualifications” is interpreted as academic degrees or field experience in farmer outreach and education could make a big difference for projects focused primarily on the latter.

As proposed, the DAC and additional consideration criteria (Section 11.2) and the way they are rewarded differs significantly between the Incentives RGA and Demonstration Project RGA. We think projects that provide benefits to DACs should be rewarded equally in the Demonstration Projects, as should the additional considerations for implementing multiple practices in the project and providing geographic (and crop system) diversity.

Given the focus of the program, it seems “GHG reductions and soil health” merits its own set of points. The remaining “multiple benefits and post-project impacts” portion of the proposed category needs clarification.

Recommendations: Describe the evaluation criteria, add 10 points each for meeting the DAC criteria and additional considerations criteria as described in the Incentives RGA, and give “GHG emissions reductions and soil health” its own set of points. Taking all of that into account, we propose the following evaluation criteria:

Criteria	Maximum Points
Project Merit:	
• Demonstration Component	20
• Outreach Component	20
• GHG emissions reductions and soil health	10
Project timeline and implementation plan	10

³ SMART stands for Specific, Measurable, Achievable, Relevant, and Time-bound

Project team qualifications	10
Project budget and justification	10
DAC criteria	10
Additional Considerations (including multiple management practices and geographic and crop system diversity)	10

5. Add tribal governments to the list of eligible entities for the program

The RGA does not list tribal governments in its list of eligible entities (Section 3.1) to apply. Given California indigenous peoples’ long history of sustainable resource management and continued stewardship of croplands and rangelands across the state, we hope CDFA will make their tribal governments eligible for the demonstration projects and proactively seek their engagement in this program.

Recommendation: Include tribal governments as eligible entities under the Healthy Soils Program.