

2021 Healthy Soils Program Demonstration Projects

The 2021 Healthy Soils Program is funded by the California State Budget and the California Climate Investments



Grant Award Procedures Manual



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Overview

Authority and Program Purpose

The Healthy Soils Program (HSP) stems from the California Healthy Soils Initiative, a collaboration of state agencies and departments that promotes the development of healthy soils on California's farmlands and ranchlands. The 2021 HSP Demonstration Projects create a platform promoting widespread adoption of conservation management practices throughout the state by providing financial assistance for funding on-farm demonstration projects showcasing conservation management practices that mitigate greenhouse gas (GHG) emissions and increase soil health. The program is funded by the California State Budget and the Greenhouse Gas Reduction Fund (GGRF) authorized by the Budget Act of 2021 (SB 170). All projects that receive GGRF monies are required by [Government Code Section 16428.9](#) to achieve GHG emission reductions and further the purposes of the Global Warming Solutions Act of 2006 ([AB 32](#)).

Purpose of the Grant Award Procedures Manual

The HSP Demonstration Projects Grant Award Procedures (GAP) Manual provides direction to Grant Recipients (Recipients) for the successful management of HSP Demonstration Projects. The GAP Manual identifies the roles and responsibilities of the parties to the agreement and describes the processes and procedures required by the terms and conditions in the Grant Agreement.

General Responsibilities

Office of Environmental Farming and Innovation

CDFA's Office of Environmental Farming and Innovation (OEFI) will manage the HSP Grant Agreements and ensure Recipients are compliant with program requirements and grant terms and conditions. This will include providing Recipients with assistance and consultation throughout the Grant Agreement term, and consultation on technical aspects of project implementation as necessary. OEFI is also responsible for conducting verifications for the projects.

Grant Recipients

Recipients are responsible for project implementation as outlined in the Grant Agreement scope of work (SOW) which includes ensuring that all project

activities, including contractor activities, comply with program requirements and grant terms and conditions.

All management practices must be maintained for a minimum of three years. Implementation of the practice(s) must be according to United States Department of Agriculture (USDA) Natural Resources Conservation Service (NRCS) Conservation Practice Standards (CPS), 2021 HSP Demonstration Projects Request for Grant Applications (RGA), guidelines in the [CDFA Compost Application White Paper](#) and the [CDFA Whole Orchard Recycling Report](#). For practices that involve establishment of woody cover (i.e., tree plantings), the expected practice life span is ten years.

Reference the [Post-Project Requirements](#) section for details regarding expectations and responsibilities for continuing the implementation of management practices after the project term. Recipients should contact their assigned Grant Specialist with questions.

Recipient Resources

Forms and templates referenced in this manual, as well as other resources, can be found on the CDFA HSP Demonstration Projects [Recipient Resources page](#).

Prior Approval Required

Prior approval is required from OEFI for the following:

- Revision of the Scope of Work, eligible agricultural management practices including change in species selected for planting, work plan, activities, milestones, dates, or deliverables.
- Budget changes.
- Line item shifts.
- Purchase of special purpose equipment.
- Contracting out or obtaining the services of a third party.
- Change in Recipient organization or key personnel.
- Absence of key personnel.

Recipients should contact their assigned Grant Specialist in writing whenever a change requiring prior approval is necessary or if they are uncertain whether a project activity or cost requires prior approval. Failure to obtain prior approval

may result in costs being deemed unallowable and request for grant funds being denied.

Project Management

Recipients are responsible for the overall management of the project, ensuring all project activities are completed as identified in the SOW and comply with program requirements and the Grant Agreement terms and conditions.

Recipients must maintain clear and consistent communication with OEFI regarding project progress status throughout the project term, particularly if problems and/or delays occur resulting in delays.

Program Requirements

Implementation

Eligible agricultural management practice implementations must occur on the fields located on Assessor Parcel Number(s) (APNs) identified in the approved SOW. Implementation must begin on or after the execution of the grant agreement with CDFA, but no later than December 31, 2022. Failure to implement the project prior to December 31, 2022 may result in all or any portion of the grant funding withheld or termination of the Grant Agreement.

Selected eligible agricultural management practices must be implemented each year for the three Project Years from the date of execution of the grant agreement in 2022 through March 31, 2025. Implementations must begin prior to December 31 of each Project Year. For practices involving one-time implementation such as woody plantings, recipients are required to maintain plants in a healthy condition throughout the duration of the grant term.

All implementations must include a Treatment field (T) where the selected eligible management practices will be implemented and a corresponding Control field (C) to be maintained without any changes to the pre-implementation management practices that will serve as a comparison to T. T and C fields must not be moved to a different location within the APN during the entire term of the grant agreement.

Data Collection

- Reports on soil organic matter content¹ are required for all T and C fields:
 - Prior to initial implementation of funded practices in Project Year 1 (2022).
 - One year after implementation (2023).
 - Two years after implementation (2024).
 - Three years after implementation (2025).
- Providing additional data collection on soil health, co-benefits (e.g., water and air quality improvements, reduction of on-farm fuel use, crop yield etc.), and/or ecosystem services is required if included in the SOW.
- For Type A projects, GHG emissions and crop yield data are required.

In addition, submitting a detailed economic analysis is required if included in the SOW.

Outreach Requirements

A minimum of 120 different individual California-based farmers and/or ranchers must attend the demonstration project sites during the term of the grant agreement (i.e., 40 attendees per year). Grant recipients must conduct at least one field day per year at the project site to showcase HSP practices to other farmers and ranchers. Site-specific field days may be conducted via virtual meeting or webinar platforms in situations where in-person field days are not possible, such as the COVID-19 pandemic.

Recipients must provide within thirty days of execution of a grant agreement, a schedule of outreach events, specifically on-farm field days. CDFA may attend some of the events as part of [Project Verification](#).

¹ A laboratory report of soil organic matter content for each T and C can come from laboratories at the University of California, California State Universities or Cal Poly, or any of the accredited soil analytical laboratories recommended by CDFA:

- Selected Plant and Soil Laboratories in Northern and Central California: <https://cesonoma.ucanr.edu/files/27431.pdf>
 - UC Cooperative Extension Merced County List of Laboratories for Soil Testing in Fresno, Madera, Merced, and Stanislaus: https://cemerced.ucanr.edu/ClimateSmartAg/HSP/SoilTest/Soil_Testing_Laboratories_in_Fresno_Madera_Merced_and_Stanislaus_Counties/.
- UC Cooperative Extension El Dorado County List of Laboratories for Tissue/Soil/Water – Agricultural Analysis: <https://cecentralsierra.ucanr.edu/files/115331.pdf>.
- Selected Plant and Soil Testing Laboratories in Central and Southern California: https://ceventura.ucanr.edu/Com_Ag/Subtropical/Avocado_Handbook/Resources/Plant_Disease_Diagnostics_and_Soil_Testing_Labs_in_California-1999/

Recipients are required to provide documentation showing outreach efforts and farmer and/or rancher attendance records as part of the [Reporting Requirements](#).

Failure to meet outreach and education requirements may be considered grounds for termination of the Grant Agreement.

Allowable Costs

A cost is allowable if it directly relates to the approved project and is incurred solely to advance the work under the Grant Agreement. Allowable costs may include salaries and wages, fringe benefits, travel, supplies, special purpose equipment (used only for project-related research, scientific or other technical activities), subcontractors and materials, data collection and analysis, and equipment rentals.

Examples of allowable costs include, but are not limited to:

- Costs to implement eligible agricultural management practices.
- Costs for sample analyses.
- Costs of meals/snacks/refreshments may be allowed when reasonable and necessary for hosting an official demonstration of the project's eligible management practices (excluding travel meal costs). Expenses must be reasonable and appropriate for the purpose and nature of the meeting. Allowable costs should follow [California State Human Resources \(CalHR\)](#) policy except for awards to the Regents of the University of California (UC) which should follow the established UC policy.
- Costs of materials needed for outreach activities (e.g., printed handouts or brochures).

Expenditures must conform to CDFA program requirements, be made in compliance with State laws and regulations as applicable, and be:

- Necessary and reasonable for proper and efficient performance and administration of the project.
- Authorized or not prohibited under State or local laws or regulations.
- Consistent with policies, regulations, and procedures that apply uniformly to State funds and other activities of the governmental unit.
- Determined in accordance with generally accepted accounting principles.
- Adequately documented.

Unallowable Costs

A cost is unallowable if it does not comply with program requirements or other terms and conditions of the Grant Agreement. A cost is also unallowable if it is not contained in the approved SOW and is not necessary and reasonable to advance the work of the project.

Specific expenses that are unallowable include, but are not limited to, predevelopment costs (project design), training and certification costs to obtain professional certification, general purpose equipment (office equipment and furnishings), and purchasing and leasing land or buildings.

If a Recipient is uncertain whether a cost is allowable, they must contact their assigned Grant Specialist before the cost is incurred.

Direct and Indirect Costs

Indirect Cost Rate

The indirect cost rate specified in the Recipient's approved SOW will remain in effect for the duration of the agreement.

Recipients should contact their assigned Grant Specialist with questions regarding indirect cost rates.

Charging Direct and Indirect Costs Consistently

It is not allowable to charge an indirect cost as a direct cost. Recipients are responsible for presenting costs incurred for the same purpose in like circumstances consistently and must not include costs associated with their organization's indirect cost as direct cost.

Direct costs are costs that can be identified specifically with a particular project or can be directly assigned to a project activity relatively easily with a high degree of accuracy. Typically, direct costs include, but are not limited to, compensation for employees who work directly on the project, travel, and supplies necessary to the project.

Indirect costs (also known as "facilities and administrative costs") are costs incurred for a common or joint objective that cannot be identified specifically with a particular project. Typically, indirect costs include, but are not limited to, compensation for executive officers and administrative and clerical staff, costs of operating and maintaining facilities, general administration expenses (such as

supplies that cannot be identified specifically with a particular project), accounting and personnel services, depreciation, and insurance.

The salaries of administrative and clerical staff should normally be treated as indirect costs. However, direct charging of these costs may be appropriate where all of the following conditions are met:

- Administrative or clerical services are integral to the project or activity;
- Costs involved can be specifically identified with the project or activity;
- Such costs are explicitly included in the approved budget; and,
- The costs are not also recovered as indirect costs.

All criteria above must be met before a determination can be made whether the costs are allowable as direct costs. Approval must also be obtained from OEFI. Compliance with other requirements, such as [Timekeeping Requirements](#), must also be met.

The following are considered indirect and may not be charged to the grant as direct costs:

- Information technology services
- Rent
- Utilities and internet service
- Telephone service (mobile and landline)
- General office supplies
- Insurance and indemnification

Cost Share

Cost share refers to matching funds and/or in-kind contributions.

All cost share, including any optional cost share for the project term, must be reported on Progress Reports and Final Reports (see [Reporting Requirements](#)). Reporting on Progress and Final Reports includes the type of cost share (i.e., matching funds or in-kind contributions) and the amount.

The Recipient is to notify the assigned Grant Specialist if the amount or activities covered by the cost share has changed.

Scope of Work Revisions

SOW revisions are required when implementation dates or eligible agricultural management practices must be altered, especially if such changes affect the Recipient's ability to implement practices within each designated Project Year or complete implementation of the approved practices. Request for revisions must be made in writing to the assigned Grant Specialist and provide a detailed justification explaining the need for the change and how the proposed change benefits or enhances the project.

Revisions must be requested by an authorized official of the Recipient organization and approved by OEFI. Reimbursement is available only for approved project activities. Failure to obtain prior approval of SOW revisions may result in costs being deemed unallowable and request for reimbursement denied.

Examples of project changes that require SOW revisions include, but are not limited to:

- Changes within the budget line items (addition/deletion of personnel, travel, supplies, indirect costs, etc.).
- Replacement or changes in the status of the Principal Investigator or Project Director such as withdrawing from the project entirely, being absent during any continuous period of three months or more or reducing the time base by 25 percent or more.
- Transfer of project work to a third party through a contract, sub-grant, or any other means.
- Addition or deletion of activities, deliverables, or a contractor, or revisions to existing activities, deliverables, or contractor activities or deliverables.
- Change of staff personnel involved in project and their roles.

Line Item Shift Request

In the event a change to a budget line item is necessary, Recipients are required to complete and submit to OEFI a SOW revision along with a Line Item Shift Request (LISR). Approval for the LISR must be obtained from OEFI prior to incurring costs under the revised budget.

The following restrictions and requirements apply to LISRs:

- The project award amount cannot be increased or decreased through this process.

- LISRs must be accompanied by a SOW revision.

Notification of Problems and Delays

Recipients must immediately notify OEFI of any delays, problems, and/or adverse conditions that may materially affect the project. Examples include but are not limited to: inability to collect data; inability to implement the approved eligible agricultural management practices according to specifications; inability to implement the approved management practice(s) according to the work plan or work plan schedule; and inability to meet outreach and education requirements.

In such cases, Recipients must contact their assigned Grant Specialist immediately for purposes of resolving such delays and/or problems.

Timekeeping Requirements

[Time and Activity reports](#) are required to support salary and wage, and fringe benefit expenditures charged to HSP Demonstration Projects grants. Each report must account for the total activity for which each hourly and salaried employee is compensated, as well as the hours worked on a particular HSP Demonstration Projects grant project. A description of activities must be included, and the description must include enough detail to determine whether the activity is project-related. Costs not adequately supported are unallowable and will not be reimbursed.

Travel

All travel costs must be substantiated by receipts. Costs not substantiated by receipts are considered unallowable and will not be reimbursed. Credit card statements are not acceptable as receipts to support travel costs.

Restriction on Travel to States with Discriminatory Laws

California Assembly Bill 1887 prohibits the use of state-funded or state-sponsored travel to any state that has enacted discriminatory laws or practices. The Attorney General will maintain a current list of states that are subject to the travel prohibition on its website: <https://oag.ca.gov/ab1887>. The following states are currently subject to California's prohibition on state-funded or state-sponsored travel: Alabama, Arkansas, Florida, Idaho, Iowa, Kansas, Kentucky, Mississippi, Montana, North Carolina, North Dakota, Ohio, Oklahoma, South Carolina, South Dakota,

Tennessee, Texas, and West Virginia. Costs associated with travel to the states affected by this restriction are unallowable.

Reimbursement is available for actual costs up to the maximum allowance for meal, incidental, and lodging expenses for each complete 24 hours of travel. The maximum travel rates allowable are established by CalHR and can be found on their website <http://www.calhr.ca.gov>, except for awards to the UCs which will be reimbursed at the UC travel rates.

Meals

The maximum allowable per diem rates established by [CalHR](#) are provided in Table 1 below.

Table 1. Maximum allowable per diem rates for meals.

Meals	Max. allowed
Breakfast	\$ 7.00
Lunch	\$ 11.00
Dinner	\$ 23.00
Incidentals	\$ 5.00

Lodging

Reimbursements for lodging and applicable taxes are for actual costs and must be substantiated with a receipt. The maximum lodging rates established by [CalHR](#) are provided in Table 2 below.

Table 2: Maximum allowable per night rates for lodging.

Counties in California	Max. amount allowed for lodging per night
California counties/cities not listed below	Actual expense up to \$90 per night, plus tax
Napa, Riverside, Sacramento counties	Actual expense up to \$95 per night, plus tax
Marin county	Actual expense up to \$110 per night, plus tax
Los Angeles, Orange, Ventura counties, Edwards AFB, excluding the City of Santa Monica	Actual expense up to \$120 per night, plus tax

Monterey, San Diego counties	Actual expense up to \$125 per night, plus tax
Alameda, San Mateo, Santa Clara counties	Actual expense up to \$140 per night, plus tax
City of Santa Monica	Actual expense up to \$150 per night, plus tax
San Francisco	Actual expense up to \$250 per night, plus tax

Rental Vehicle

Recipients should utilize the most economical rental vehicle option available. Reimbursement is up to the actual cost. Excessive costs will be disallowed and/or reduced to a reasonable, allowable rate. In cases where there is a need for another type of vehicle (such as several people traveling together with luggage or carrying equipment), the Recipient must provide a justification to the assigned Grant Specialist.

Fuel reimbursement when using a rental vehicle will be at the actual cost for the fuel and must be supported with receipts.

Privately Owned Vehicle

Mileage reimbursement for using a privately-owned vehicle will be at the standard mileage rate established by the United States Internal Revenue Service (IRS) in effect at the time of travel. The standard mileage rate in effect at the time of travel can be found on the IRS website. Mileage logs should be utilized to substantiate mileage costs.

Parking

Recipients should utilize the most economical parking option available. Reimbursement for parking is up to the actual cost. Excessive costs will be disallowed and/or reduced to a reasonable, allowable rate.

Air Travel

Reimbursement is available up to actual airfare expenses incurred. Economy-based rates are to be used by all travelers.

Contractors

Recipients may contract for services that cannot be provided by staff employed by the Recipient.

Generally, these services are for a short-term period and provide a specific and identifiable product or service. Recipients are responsible for ensuring their contractors comply with program requirements. Contracting out must not affect the Recipient's overall responsibility for the management of the project, and the Recipient must reserve sufficient rights and controls to enable it to fulfill its responsibilities for the project.

Prior approval is required when contracting out or obtaining the services of a third party. Refer to [Scope of Work Revisions](#).

Written Agreement

The Recipient must have a written agreement with each contractor. The written agreement must include at a minimum: beginning and ending dates, dollar amount of the contract, a description of activities, services to be performed with a time schedule, or deliverables, and a budget. The budget must include the same line item categories as the Grant Agreement budget.

Compensation

Contractor invoices must include sufficient information to determine that the expenditures invoiced are allowable. Recipients must maintain contractor invoices as supporting financial documentation along with documentation for all project expenditures submitted for reimbursement. Refer to [Invoicing for Payment](#).

Compensation based on a flat-rate for services requires pre-approval from OEFL. When utilizing a flat-rate for services, Recipients must include a justification for the flat-rate fee and demonstrate the rate is reasonable and consistent with fees in the marketplace for similar services. The inclusion of costs that would otherwise be unallowable within a flat-rate for services is prohibited.

Indirect Rate

University of California (UC) and California State Universities (CSU) may claim their established indirect cost rate with CDFR. All other eligible organizations for HSP

Demonstration Projects may claim an indirect cost rate of 20 percent of total direct costs.

Equipment

Equipment is tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

Special purpose equipment used only for project-related research, scientific or other technical activities is allowable with prior approval from OEFI. General purpose equipment is not allowable. General purpose equipment which is not specific for the proposed research, scientific or technical activities specific to project needs and not utilized for other purposes (e.g., office equipment and furnishings, or farm equipment used for non-project purposes) is not allowable. Farm equipment purchases may not be allowed for projects without reasonable justification demonstrating that the equipment is critical for widespread adoption of practice(s) by farmers and ranchers and is necessary for demonstration purposes.

Publicity and Acknowledgement

Acknowledgement of Support

Recipients must acknowledge the California Climate Investments as a funding source of CDFA's Healthy Soils Program whenever projects funded, in whole or in part, are publicized in any conferences, meetings, news media, brochures, publications, audiovisuals, or other types of promotional material. The acknowledgement must read as follows:

'This publication [or project] was supported by the 'California Climate Investments' program.'

Recipients must use the California Climate Investments logo but may not use the CDFA logo. Guidance on California Climate Investments logo usage, signage guidelines, and high-resolution files is contained in a style guide at:

<http://www.caclimateinvestments.ca.gov/logo-graphics-request>.

Invoicing

Payment Methods

There are two payment methods for allowable costs incurred – advance payments and reimbursement payments. It may take up to 90 days from the date the invoice or advance payment request is approved for a check to be issued by the State Controller's Office on behalf of CDFA.

Advance Payments

Recipients may be eligible to receive a one-time advance payment to cover anticipated project expenditures at the start of the project implementation during the first year. The advance payment may not exceed 25 percent of the total award and must be expended within a three-month period. The remaining funds will be allocated on a reimbursement basis. Requests must be submitted using the Advance Payment Request form provided by CDFA.

Advance Payment Requests Procedures

To ensure timely processing of an Advance Payment Request, Recipients must do the following:

- Estimate the advance amount needed for up to a three-month period;
- Complete an Advance Payment Request and justification (e.g., cash flow issues); and
- Submit the Advance Payment Request and justification to their assigned Grant Specialist no fewer than 45 days before the cost will be incurred.

Reimbursement Payment

Recipients submit invoices to OEFI for reimbursement of actual expenditures incurred. Invoices must be submitted at least quarterly, but not more than monthly, in arrears. The quarterly periods are provided below in Table 3.

Table 3. Quarterly Periods for Reimbursement of Expenditures.

Quarterly Period	Invoice Due (no later than)
Project Year 1 From Start date of Grant Agreement to June 2023	
Start date of grant agreement until September 30	December 31
October 1 – December 31	March 31
January 1 – March 31	June 30
April 1 – June 30	September 30
Project Year 2 July 2023– June 2024	
July 1 – September 30	December 31
October 1 – December 31	March 31
January 1 – March 31	June 30
April 1 – June 30	September 30

Project Year 3 July 2024 – March 2025	
July 1 – September 30	December 31
October 1, 2022 – March 31, 2023	March 31

Invoicing for Payment

Recipients are accountable for all grant funds awarded and must ensure all funds are used solely for their authorized purposes. Recipients must maintain supporting financial documentation (i.e., receipts, invoices, etc.) for all project expenditures submitted to their assigned Grant Specialist for reimbursement.

OEFI initiates each invoice cycle by generating an electronic invoice template. OEFI emails Recipients an invoice template with the Grant Agreement Number, Recipient Name, Project Title, Invoice Number, Project Budget, and Invoiced to Date entered. The invoice template provided by OEFI must be used; invoices generated or altered by the Recipient will not be accepted.

Invoices and supporting financial documentation submitted to the assigned Grant Specialist will be reviewed for completeness and accuracy. The assigned Grant Specialist will promptly notify the Recipient of any incompleteness or deficiencies which appear on the invoice. Once the incompleteness or deficiencies are corrected, the assigned Grant Specialist will process the invoice for payment.

When to Submit Invoices

Invoices are due no later than 90 days after the quarterly invoice period and are required even if no project costs are incurred during the invoice period. Final invoices are due no later than 90 days following the expiration of the Grant Agreement term or after the project is complete, whichever comes first.

Recipients can email a scanned, legible copy of the signed invoice to their assigned Grant Specialist at CDFA.HSP_tech@cdfa.ca.gov (preferred method), or a hard copy can be mailed to:

California Department of Food and Agriculture
Office of Environmental Farming and Innovation
Healthy Soils Program
1220 N Street
Sacramento, CA 95814

Note: Invoices mailed as hard copy may experience delays in processing.

Completing an Invoice

Invoice

Recipient completes the Amount Requested column on the invoice, signs, dates, and submits the invoice with supporting documentation to OEFI.

No Expenditure Invoice

Recipient checks the “NO EXPENDITURES” box, signs, dates, and submits the invoice to OEFI. No Expenditure Invoices must be accompanied by an explanation of why no costs were incurred during the billing period.

Advance Payment Offset Invoice

Recipient follows the instructions for an Invoice. The invoice template automatically calculates the amount to be paid less the advance payment amount. The Grant Specialist adjusts the ‘Less Advance’ amount each billing period until the advance is offset 100 percent by expenditures.

Final Invoice

Recipient follows the instructions for an Invoice, and checks the “FINAL INVOICE” box, indicating all payment obligations have been met and no further payments are due. Final Invoices (required at the end of Project Year 3) are due no later than 90 calendar days following the completion of the Project Year 3 implementation. All project expenses must be incurred no later than March 31, 2025.

For detailed instructions on completing the CDFA invoice template, refer to [Appendix A](#).

Withholds

Withhold Payment Notification

OEFI will issue a Withhold Payment Notification to delay payment of an invoice if there is an invoice discrepancy or error, unallowable costs claimed, or outstanding reports. The Withhold Payment Notification describes the reason for withholding payment and what actions, if any, are required to resolve the issues for withholding payment. Invoices are processed once all issues are resolved. A Withhold Payment Notification will not be sent for funds withheld pending closeout, see Withhold Pending Closeout below.

See [Appeal Process](#) for information regarding appealing a Withhold Payment Notification.

Withhold Pending Closeout

OEFI will withhold ten percent of the Grant Agreement award until approval of the Final Invoice, [Reporting Requirements](#), [Project Verification](#), and/or resolution of any performance issues through the project term. A Withhold Payment Notification will not be sent, and the 10 percent withheld may not be appealed. The 10 percent withholding will be released contingent upon approval of the Project Verification and resolution of all outstanding performance issues.

Reporting Requirements

Reporting Requirements

Recipients are required to submit the following types of progress reports during the project term:

- Mid-year Progress Reports
- Annual Progress Reports
- Final Report

Financial records and other project documentation may be required to ensure HSP funds are used in compliance with the Grant Agreement terms and conditions. Schedule of all required reports is provided in Table 4.

Table 4. Schedule of all required reports during the project term.

Report Type	Reporting Period	Report Due (no later than)
1 st Mid-year Progress Report	Start date of grant agreement – December 31, 2022	January 31, 2023
1 st Annual Progress Report	Start date of grant agreement – June 30, 2023 (Project Year 1)	July 31, 2023
2 nd Mid-year Progress Report	July 1 – December 31, 2023	January 31, 2024
2 nd Annual Progress Report	July 1, 2021 – June 30, 2024 (project year 2)	July 31, 2024
3 rd Mid-year Progress Report	July 1 – December 31, 2024	January 31, 2025

Final Report	Start date of grant agreement – March 31, 2025	No later than 30 calendar days after the project is complete, or April 30, 2025, whichever is earlier
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Progress Reports

The progress report is used to identify milestones, results achieved, success stories, potential concerns and other pertinent information and to report data collected. Progress reports shall include information including but not limited to:

- Status of project implementation, including all work completed and any reportable data.
 - Management practice implementation activities and impacts.
 - Outreach activities and impacts.
 - Soil organic matter data (reference [Data Collection](#)).
 - Co-benefits and ecosystem services (optional).
 - For Type A Projects, GHG emissions and crop yield data.
- Plan for the next six months (including anticipated dates of all Project Demonstrations).

Recipients are required to submit progress reports no later than 30 days after each reporting period ends. Recipients will receive a progress report template from OEFI approximately one month prior to each reporting due date.

Final Report

Final report should include:

- Summary of project implementation activities, barriers encountered and overcome, and recommendations for successful implementation.
- Summary of outreach activities and impacts for the entire project term, including:
 - Recommendations on forms and methods for effective outreach events.
 - Changes in participants’ number, knowledge, and depth of involvement.
 - Adoption of demonstration practices by farmers and/or ranchers.

- Analysis of data collected during the entire project term.
- Improvement in soil health and/or co-benefits, ecosystem services including quantitative (e.g., soil organic matter; refer to [Data Collection](#)) and qualitative description of impacts for the three-year implementation of the practices.

Recipients are required to submit a Final Report no later than 30 calendar days after the project is complete, or April 30, 2025, whichever is earlier. Recipients will receive a final report template from OEFI approximately one month prior to the end of the project.

Compliance

Project Verification

HSP Demonstration Projects are subject to at least one Project Verification within the Grant Agreement term. Field site visits will be conducted by CDFA or a third-party CDFA appointed entity who will attend on-farm field day events to verify program compliance during the Grant Agreement term.

Verification will ensure that the eligible agricultural management practices have been implemented according to the SOW and in a manner consistent with United States Department of Agriculture (USDA) Natural Resources Conservation Service (NRCS) Conservation Practice Standards (CPS), 2021 HSP Demonstration Projects Request for Grant Applications (RGA), guidelines in the [CDFA Compost Application White Paper](#) and the [CDFA Whole Orchard Recycling Report](#); and, outreach activities are provided to a diverse group of farmers/ranchers. Additionally, it will determine whether and when deliverables are being met and evaluate project progress to ensure all project activities are completed within the Grant Agreement term.

Consistent with the [CCI Funding Guidelines for Administering Agencies \(2018\)](#), the State of California has the right to review project documents and conduct audits during project implementation and over the project life.

Termination of Grant Agreement

CDFA may terminate a Grant Agreement for noncompliance. The Recipient will be notified in writing of the reasons for termination, the date the termination is effective, and the method for appealing the termination.

Appeal Process

Actions that may be appealed include but are not limited to:

- Withhold Payment Notification (see [Withhold Pending Closeout](#));
- Termination of Grant Agreement (see above)

Appeals must be in writing either emailed (preferred) to:

CDFA.LegalOffice@cdfa.ca.gov

Or via mail to:

California Department of Food and Agriculture
Legal Hearing and Appeals Office
1220 N Street
Sacramento, CA 95814

The appeal must include a copy of the notification or the name of the Recipient organization, the project number, the title of the project, the reasons the action should not be imposed, including any documentation to support the appeal, and the signature of the authorized representative.

Appeals must be postmarked (date stamped if via email) within 10 business days of the notice of action from OEFI. Appeals not received within this timeframe will be denied.

The action specified in the notification remains in effect while the appeal is under review.

Closeout

Before the project is closed, OEFI will review the [Final Invoice](#), [Project Verification](#), and [Final Report](#), as well as verify resolution of any project performance concerns. A closeout letter will be issued when closeout review is completed.

Note: Close-out does not cancel record retention, financial accountability, or post-project requirements.

Record Retention

Recipients must retain invoices, project records, and any other relevant supporting documents for a period of three years from the date of the close-out letter.

Post-Project Requirements

Recipients are expected to maintain implementation of practices incentivized through the HSP Demonstration Projects for a minimum of three years from the date of the close out letter. However, benefits from implementation of practices are expected to be achieved in the long term. Recipients have a continued expectation to expand these practices on their operations to achieve long-term benefits. Additionally, Recipients are required to maintain documentation related to their HSP funded projects, including records documenting maintenance of the agricultural management practice(s) and any soil testing reports for the project APNs, to report actual benefits achieved for three years after the project close out.

Critical Project Review

CDFA may request grant recipients for a Critical Project Review. Grant recipients must agree to a Critical Project Review and audit during the project term to verify project progress. If it is determined by CDFA from the Critical Project Review that at that time the grant project is not meeting and is unlikely to meet certain milestones, CDFA has the right to terminate the Grant. Termination may result in forfeiture by the grantee of any funds retained pursuant to 10 percent retention policy. Critical Project Review may be completed through an auditing process.

Appendix A: CDFA Invoice Template

Recipient must complete all yellow shaded sections below.

Bill to:
 STATE OF CALIFORNIA
 CA DEPARTMENT FOOD & AGRICULTURE
 OFFICE OF ENVIRONMENTAL FARMING AND
 INNOVATION
 1220 N STREET, ROOM 162-1
 SACRAMENTO, CA 95814
 GRANTS INVOICE
 Rev. 3/2021

INVOICE
 Healthy Soils Program Demonstration Projects

EXAMPLE

Make Check Payable to:
 Name
 Address
 City, State, Zip Code
 Attn:

Grant Agreement Number: 21-XXXX-000-SO Billing Period: 10/01/2021-12/31/2021 Invoice Date: 1/3/2022 Invoice Number: 21-XXXX-XXX-SO-1
MM/DD/YYYY to MM/DD/YYYY

Recipient's Name: ABC Resource Conservation District

Project Budget	Invoiced to Date	Amount Requested	Remaining Balance
1 PERSONNEL			
a) Salaries & Wages \$25,000.00	\$0.00	\$5,000.00	\$20,000.00
b) Fringe Benefits \$5,000.00	\$0.00	\$1,000.00	\$4,000.00
2 OPERATING EXPENSES			
a) Supplies \$20,000.00	\$0.00	\$13,000.00	\$7,000.00
b) Special Purpose Equipment \$10,000.00	\$0.00	\$0.00	\$10,000.00
c) Travel \$2,000.00	\$0.00	\$0.00	\$2,000.00
3 CONTRACTORS/ LABOR COSTS \$20,000.00	\$0.00	\$4,000.00	\$16,000.00
4 OTHER DIRECT COSTS \$8,000.00	\$0.00	\$2,000.00	\$6,000.00
5 INDIRECT COSTS \$10,000.00	\$0.00	\$2,500.00	\$7,500.00
Totals: \$100,000.00	\$0.00	\$27,500.00	\$72,500.00

Funds to be withheld Until Project Completion and Verification: 0% = \$10,000.00
 Matching Funds to Date: \$0.00
 Approved Line Item Shifts: 0

Less Remaining Advance: \$0.00
 Amount to be Paid: \$27,500.00

NO EXPENDITURES

11

I certify the amount requested is for actual and allowable expenditures incurred for Demonstration Projects activities performed in accordance with the Grant Agreement provisions.

PREPARER'S SIGNATURE _____ PHONE NUMBER _____ E-MAIL ADDRESS _____ DATE _____

AUTHORIZED SIGNATURE (REQUIRED) _____ PHONE NUMBER _____ E-MAIL ADDRESS _____ DATE _____

FOR STATE USE ONLY

\$ _____ AMOUNT STATE FISCAL YEAR _____ GRANT SPECIALIST INITIALS AND DATE _____ ACCOUNT CODE _____ PROGRAM CODE _____ SUPPLIER ID _____

CDFA AUTHORIZED APPROVER _____ CDFA AUTHORIZED SIGNATURE _____ DATE _____ OBJECT CODE _____ PRGM COST ACCT (PCA) _____ VENDOR ID _____

Liquidate against Advance payment. Withhold 10% of Grant Award until Project is verified. Project verified. Final payment.

* - CDFA withholds 10% of the total grant amount and it will not be released until all tasks noted in project Scope of Work are completed by Recipient and verified by CDFA, including approval of the Final Project Report by CDFA. A Withhold Payment Notification will not be sent, and the 10 percent withheld may not be appealed.

CDFA Invoice Template Instructions and Definitions

Recipients must complete all yellow sections identified on the CDFA invoice template. The following provides definitions and instructions on completing specific sections of the

CDFA invoice template to request reimbursement payments for costs incurred to implement the project. For questions regarding and assistance with completing this template, Recipients should contact their assigned Grant Specialist.

- 1. Project Budget:** The total grant award amount for each budget category as identified in the approved Budget. Reimbursement for project expenditures is based on these categories and amounts.
- 2. Billing Period:** The quarterly or monthly period in which project costs were incurred. For example: 10/01/2021-12/31/2021.
- 3. Invoice date:** The date Recipient completes and signs the CDFA Invoice template. This date must be after billing period is over.
- 4. Amount Requested:** Enter the dollar amounts in each budget category to request reimbursement for project costs that were incurred during the billing period. The amount requested in each budget category cannot exceed the total amounts listed under the "Grant Budget."
- 5. Less Remaining Advance:** The OEFI adjusts the "Less Remaining Advance" amount based on approved advance payment. The invoice template will automatically calculate the amount to be paid less the advance payment.
- 6. Amount to be Paid:** The total payment amount requested for project costs that were incurred during a billing period. The invoice template will automatically calculate this total. Once OEFI approves the invoice, the "Amount to be Paid" will be the payment check amount issued for reimbursement.
- 7. Remaining Balance:** The amount of grant funding remaining that has not been paid. OEFI will not approve an invoice with negative balances in this column. Contact your assigned Grant Specialist if a budget revision is needed.

- 8. Invoiced to Date:** The total project cost amount reimbursed for each budget category based on previously approved invoices. OEFI will adjust the “Invoiced to Date” amount each billing period.
- 9. No Expenditures:** Mark this box if no project costs were incurred during billing period. In addition, explanation of why costs were not incurred must accompany the invoice.
- 10. Matching Funds to Date:** Input the total matching funds and/or in-kind contributions contributed by Recipient to implement the project.
- 11. Preparer/Authorized Signatures:** An authorized representative of the recipient organization/ operation (Recipient) must print their name and sign on the “authorized signature” line to certify the amount requested for each billing period. If the invoice was prepared on behalf of the Recipient, the preparer should print their name and sign on the “preparer’s signature” line. OEFI will not approve invoices without the Recipient signing as the “authorized signature.”
- 12. Funds to be withheld Until Project Completion and Verification:** CDFA withholds 10% of the total grant amount and it will not be released until all tasks noted in project Scope of Work are completed by Recipient and verified by CDFA, including approval of the Final Project Report by CDFA. A Withhold Payment Notification will not be sent, and the 10 percent withhold may not be appealed.

Appendix B

Soil Sampling Protocol for Soil Organic Matter Analysis

What do I need?

Bring the following materials with you when heading to the field for soil sampling.

As shown in Figure 1, these materials include:

1. Two buckets (one for sample and one for supplies)
2. Soil sample bags: one-gallon freezer storage bags (or soil sample bags); one bag per sample
3. One clipboard and papers for recording
4. Permanent marker and/or pen
5. A soil probe or straight shovel (sharpshooter or drain spade style).
6. Ice pack(s) (**optional**, needed for hot days when samples for nitrogen content or biological properties.)



Figure 1. Materials needed for soil sampling.

Where to sample?

Determining the number of samples to be taken from each field (or APN)

Decide whether one sample will adequately represent the field (or APN), or whether an APN should be split into multiple sampling units. A field is not the same and may vary in soil type, fertility, or cropping and management histories. Divide the field into different sampling units and make sure conditions inside the same sampling unit are as uniform as possible. If a uniform field is very large, you may need to divide it into several sampling units so as each sampling unit is no larger than 20 acres. One soil sample is needed from each unit. Inside a sampling unit, a composite soil sample is taken.

1. Identify locations within the unit where soil samples are representative.
2. Borders and irregular areas should be avoided, unless a sample is specifically being collected from those areas to identify constraints.
3. As shown in Figure 2, one soil core from each location. Total 14 cores will be taken mixed in bucket to make a composite soil sample to represent the sampling unit.
4. For a sampling unit, about 10-20 locations should be selected to make a composite sample.

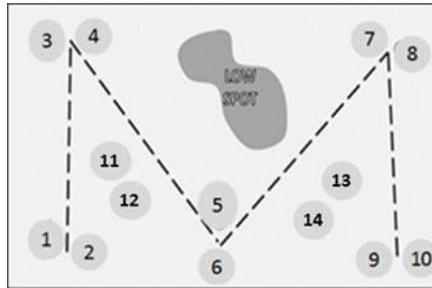


Figure 2. Locations where samples should be taken within a sampling unit.

How to take a composite soil sample?

Two important requirements must be met when taking soil samples:

1. A uniform slice of soil from the soil surface to a desired depth must be taken.
2. The same volume of soil must be collected from each sample location.

Determining Depth for Sampling:

Depth to take soil samples is usually determined by the crop, what you are interested to know, and your knowledge about the soil profile. For soil organic matter content for the purpose of the CDFA Healthy Soils Program, sampling depth should be from surface to 8" deep.

Taking Samples with a Soil Probe (Figure 3)

1. Remove surface debris (A).
2. Push probe steady and straight to the desired depth (e.g., 8" in a tomato field) (B).
3. Remove the core and place it in the clean bucket.
4. Go to the next location and repeat steps 1-3.
5. Finish sampling from all (ten or more) locations.

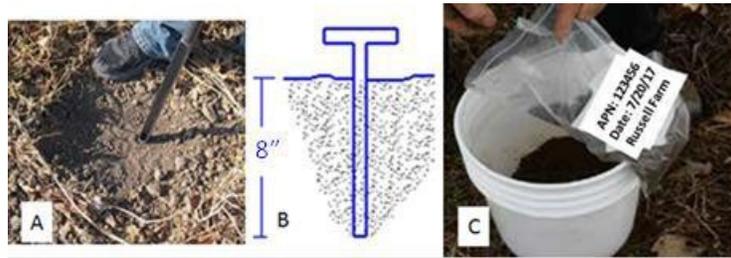


Figure 3. Taking samples with a soil probe.

6. Gently mix soils in the bucket and collect them in the sample bag labeled with the APN, sampling date, and farm name (C).

Taking Samples with a Shovel or Spade (Figure 4)

1. Remove surface debris (A).
2. Use the spade to dig a small hole about 8'' deep. From the side of the hole, **take a vertical, rectangular slice of soil 8'' deep and about 2'' thick** (B).
3. Remove any extra soil to ensure that the sample is the same width at the top and bottom of the slice. It is important to collect the same amount of soil through the 6'' sample profile so that it is not biased with more soil from the surface compared to the subsurface (C).
4. Place sample into a clean bucket.
5. Go to the next location and repeat the steps 1-4 for all locations.
6. Gently mix soils in the bucket and collect 6 cups of well-mixed soils (or no less than 1 lb.) into the sample bag labeled with the APN, sampling date, and farm name (D).



Figure 4. Taking samples with a shovel.

[Sample storage and shipping to a soil testing laboratory](#)

Before you send your soil samples for analysis, ensure that the laboratory uses University of California test methods, which are test methods proven on California

farms by the University. Contact the soil testing laboratory where you plan to send your samples.

CDFA recommends the laboratories listed at the following websites for tests conducted for the Healthy Soils Program:

- Selected Plant and Soil Laboratories in Northern and Central California:
<https://cesonoma.ucanr.edu/files/27431.pdf>
- UC Cooperative Extension Merced County List of Laboratories for Soil Testing in Fresno, Madera, Merced, and Stanislaus:
https://cemerced.ucanr.edu/ClimateSmartAg/HSP/SoilTest/Soil_Testing_Laboratories_in_Fresno_Madera_Merced_and_Stanislaus_Counties/.
- UC Cooperative Extension El Dorado County List of Laboratories for Tissue/Soil/Water – Agricultural Analysis:
<https://cecentralsierra.ucanr.edu/files/115331.pdf>.
- Selected Plant and Soil Testing Laboratories in Central and Southern California:
https://ceventura.ucanr.edu/Com_Ag/Subtropical/Avocado_Handbook/Resources/Plant_Disease_Diagnostics_and_Soil_Testing_Labs_in_California-1999/

Please check with the laboratory where you intend to send samples to ensure if there are specific requirements regarding sample storage, packing and shipping. Requirements may be different depending on what soil properties are to be tested. Provided below are general guidelines regarding handling of soil samples:

- Ship your soil samples to a soil test laboratory as soon as possible.
- Ensure all sample bags are correctly labeled and sealed.
- Provide a soil sampling form together with samples in the shipping box.
- For tests on soil texture, organic matter content, pH, cation exchange capacity or mineral contents other than nitrogen, samples can be handled at room temperature.
- For tests on nitrogen content and/or biological properties (e.g., microorganisms), keep samples out of direct sunlight and store as cool as possible (ice packs recommended) during sampling and storage. Store samples in a refrigerator or cold room after returning from the field. Pack soil samples with ice packs when shipping.
- Contact the soil testing laboratory a few days after samples are shipped to check they were received and are being handled properly.

Data Collection

Required by CDFA

The following data collection is required for both Treatment (T) and Control (C) in each APN identified in the project, for both Type A and Type B projects:

- Soil organic matter from each APN that is part of the project:
 - Prior to initial implementation of funded practices (2022, baseline data)
 - One year after implementation of funded practices (2023)
 - Two years after implementation of funded practices (2024)
 - Three years after implementation of funded practices (2025)

Additionally, the following data are required for Type A projects through the project term:

- Measurements of GHG emissions on T and C project sites where Soil Management Practices are implemented.
- GHG measurements from other eligible management practices are optional, as applicable.
- Crop yield data.

Optional data encouraged but not required by CDFA

For both Type A and Type B projects, the following data are not required but strongly encouraged.

- Additional data on soil health, co-benefits, and/or ecosystem services.
- Detailed economic analyses on production profitability for selected practice(s).

Note: Collection of data corresponding to metrics beyond those listed in A. above, and including but not limited to those listed in B. above, if included in project SOW, are considered as a program requirement and must be completed according to the terms of the grant agreement.

References

Moebois-Clune B.N., D.J. Moebois-Clune, B.K. Gugino, O.J. Idowu, R.R. Schindelbeck, A.J. Ristow, H.M. van Es, J.E. Thies, H.A. Shayler, M.B. McBride, D.W. Wolfe, and G.S. Abawi. 2016. Soil sampling protocol. In *Comprehensive Assessment of Soil Health*. Soil and Crop Science Section, Cornell University. Ithaca, NY. P. 27-30.

USDA NRCS. 2007. Soil sampling for nutrient management.

https://www.nrcs.usda.gov/wps/PA_NRCSConsumption/download?cid=nrcs144p2_051273&ext=pdf

UCCE UC Small Farm Program, 2017. Soil sampling.

http://sfp.ucdavis.edu/pubs/Family_Farm_Series/Veg/Fertilizing/soil/

Appendix C

HSP Practices: Implementation Guidelines and Verification Requirements

Information on guidelines for implementation of practices, and verification requirements for completed practices are provided in the 2021 HSP Demonstration Projects [Request for Grant Applications](#). Please see pages 30-55 of the [Request for Grant Applications](#).