



# 2023 Healthy Soils Program Demonstration Grant

## Grant Award Procedures Manual



The 2023 Healthy Soils Program Demonstration Grant is funded by the California Climate Investments (CCI).



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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 HSP Demonstration Grants create a platform promoting widespread adoption of conservation management practices throughout the state by providing financial assistance for 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 Climate Investments (CCI) authorized by the Budget Act of 2023 (SB 101).

### **Purpose of the Grant Award Procedures Manual**

The 2023 HSP Demonstration Grant Award Procedures (GAP) Manual provides direction to Grant Recipients for the successful management of funded 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**

### **California Department of Food and Agriculture**

The California Department of Food and Agriculture (CDFA), Office of Environmental Farming and Innovation (OEFI) oversees the Healthy Soils Program Demonstration Grant Agreements and is responsible for monitoring Grant Recipients to ensure compliance with program requirements and grant terms and conditions. Representatives from the Healthy Soils Program will function as Grant Managers. The duties of a Grant Manager will include providing Grant Recipients with assistance and consultation throughout the Grant Agreement term, and consultation on technical aspects of project implementation as necessary. OEFI Grant Managers are also responsible for conducting verifications for the projects.

### **Grant Recipients**

Grant 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 \(CPS\)](#), [2023 HSP Demonstration Grant 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.

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

### **Project Management**

Grant 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.

Grant Recipients must maintain clear and consistent communication with OEFI regarding project progress status throughout the project term, particularly if problems 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 cannot begin prior to the execution of the grant agreement with CDFA or the grant term start date (whichever is later), and implementation must be completed no later than the grant term expiration date.

Selected eligible agricultural management practices must be implemented each year for the three Project Years during the grant term. For practices involving one-time implementation such as woody plantings, Grant 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, even within the APN, during the entire term of the grant agreement.

### Data Collection

- Data collection on soil organic matter content (SOM) is required for all T and C fields. Follow the guidance, at [Soil Sampling Protocol for Soil Organic Matter Analysis](#). It includes a list of recommended, although not required, soil laboratories. The required frequency and timing for SOM data collection are listed below.
  - Prior to initial implementation of funded practices.
  - One year after initial implementation and/or prior to year 2 implementation.
  - Two years after initial implementation and/or prior to year 3 implementation.
  - Three years after initial implementation.

If you have questions, please contact the Program staff at [cdfa.HSP\\_Tech@cdfa.ca.gov](mailto:cdfa.HSP_Tech@cdfa.ca.gov).

- Data collection on soil aggregate stability and water infiltration is required from all T and C fields at least once per year in each project year for 3 years. Check Appendix C in [2023 HSP Demonstration Grant RGA](#) for guidance.
- For Type A projects, measurements of on-farm GHG emissions and crop yields are required during the grant term.
- Additional data collection is required if included in the SOW, such as:
  - Data on soil health, soil water content, co-benefits (e.g., water and air quality improvements, reduction of on-farm fuel use, crop yield etc.), and/or ecosystem services.
  - Data from economic analyses of production profitability for selected practice(s).

### Outreach Requirements

The Recipient must conduct at least three field days at the project site(s) to showcase the funded practice(s), including implementation methods, and share information on benefits and co-benefits from the implemented practice(s) with outreach attendees. The requirements for a demonstration field day can be

found in [2023 HSP Demonstration Grant RGA](#) (page 20). Recipients may meet the outreach requirement through other outreach and education efforts as specified in the [2023 HSP Demonstration Grant Request for Grant Applications](#) (pages 20-21) besides the mandatory field days.

A minimum of 80 different individual California-based farmers and/or ranchers must be reached during the grant agreement term.

Recipients are encouraged to share their outreach events with CDFA. For events to be posted on the program website, the recipient should email the program staff at least two weeks in advance detailed information including date, time, location, and contact information for a designated project representative (e.g., name, email, and phone number), registration link as applicable, and a short description of the event. CDFA may attend some of the events as part of [Project Verification](#).

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

Ten percent of the total grant funding amount will be withheld until successful project implementation is verified and evaluation of final reporting documents is complete.

### **Prior Approval Required**

Prior approval is required from CDFA 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.
- Line-item shifts request (i.e., Budget revisions)
- Purchase of special purpose equipment.
- Contracting out or obtaining the services of a third party.
- Change in key personnel.
- Absence of key personnel.

Recipients should contact their assigned Grant Manager via email 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 CDFA disallowing expenditures, suspending payment, not releasing 10% withhold of the total grant amount, or terminating the Grant Agreement.

## Scope of Work Revisions

Scope of Work (SOW) revisions are required when implementation dates or eligible agricultural management practices must be altered, especially if such changes affect the Grant Recipient's ability to implement the funded practice(s) within each designated Project Year or complete project tasks on time as identified in the original SOW. A request for revisions must be made in writing to the assigned Grant Manager 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 the project principal investigator or manager 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/modification of personnel, travel, supplies, indirect costs, etc.).
- Replacement or changes in the status of the Principal Investigator or Project Director or Manager 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 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, Grant Recipients are required to complete and submit to CDFA an SOW revision along with a Line Item Shift Request (LISR). Approval for the LISR must be obtained from CDFA 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 an SOW revision.



## Notification of Problems and Delays

Grant Recipients must immediately notify CDFA 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, Grant Recipients must contact their assigned Grant Manager immediately for purposes of resolving such delays and/or problems.

## Contractors

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

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

Contractors' budgets must be listed under the Contractual category. Contractor invoices shall include sufficient detail and information so CDFA can make a determination whether the expenditures invoiced are reasonable and allowable under the approved SOW and Budget. If the Contractor outsources to another Contractor for a specific product and/or service, supporting Contractor invoices must also include detailed itemization to ensure that only documented expenses are charged to grant funds. In addition, all Contractors/consultants must retain all project records for a period of three years following project implementation for purposes of potential examination/audit by CDFA.

If adding or changing a Contractor, the Grant Recipient must provide reasonable notice and a resume/C.V. of the new responsible person to their assigned Grant Manager in writing. A Project Modification Form and updated Scope of Work may be required to formalize the addition or change.

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

## Written Agreement

The Grant 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.

## Publicity and Acknowledgement

Grant Recipients must acknowledge the California Climate Investments and CDFA Healthy Soils Program as the funding source 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 California Climate Investments through the California Department of Food and Agriculture Healthy Soils Program.*

Grant Recipients must use the California Climate Investments logo and may use the Healthy Soils Program 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:

<https://www.caclimateinvestments.ca.gov/logo-graphics-request>. The HSP staff will provide the Healthy Soils Program logo for Grant Recipient to use.

## Grant Agreement Terminations

If a Grant Recipient wishes to terminate the Project, the Grant Recipient must send an official termination request via email to their assigned Grant Manager. The Grant Manager will provide the Grant Recipient with further instructions on the project termination process. It is important to note that if the agreement is terminated for any reason, the Grant Recipient shall be responsible for remitting any unspent advance payment or overpayment funds within (30) days of the termination request. The Grant Recipient should be aware that by requesting project termination, any remaining funds will revert back to CDFA.

## Financial Management

Grant Recipients are accountable for all grant funds awarded and must ensure all funds are used solely for their authorized purposes. Grant Recipients must maintain receipts, invoices, etc. for project expenditures submitted to CDFA for reimbursement.

## 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/or 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 Grant Recipient is uncertain whether a cost is allowable, they must contact their assigned Grant Manager before the cost is incurred.

Unallowable expenses include, but are not limited to:

- Costs incurred outside of the grant term.
- Costs covered by another State or Federal grant program.
- Costs of activities unrelated to program and project objectives.
- Purchase of a single piece of equipment with a cost greater than \$5,000 for a Type B project.
- Expenditures for purchasing or leasing land or buildings.
- Reimbursement for ineligible practices.

### **Personnel Salary/Wages and Fringe Benefits - Timekeeping Requirements**

Time and Activity reports are required to support salary and wage, and fringe benefit expenditures charged to HSP Demonstration Projects. 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 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. Review the *Time and Activity Report* template at the [Recipients Resources](#) website for detailed information.

### **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. 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: [Travel Reimbursements - CalHR](#), except for awards to the University of California, which will be reimbursed at the university 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.

<b>Meals</b>	<b>Max. allowed</b>
Breakfast	Up to \$ 7 .00
Lunch	Up to \$ 11.00
Dinner	Up to \$ 23.00
Incidentals*	Up to \$ 5.00

\*The term "incidentals" includes fees and tips given to porters, baggage carriers, hotel staff, and staff on ships. No other items may be claimed as incidentals.

### 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.

<b>Counties in California</b>	<b>Maximum Lodging Reimbursement Rate</b>
California counties/cities not listed below	Up to \$90 per night, plus tax
Napa, Riverside, Sacramento	Up to \$95 per night, plus tax
Marin county	Up to \$110 per night, plus tax
Los Angeles, Orange, Ventura, Edwards AFB, excluding the City of Santa Monica	Up to \$120 per night, plus tax
Monterey, San Diego	Up to \$125 per night, plus tax
Alameda, San Mateo, Santa Clara	Up to \$140 per night, plus tax
City of Santa Monica	Up to \$150 per night, plus tax
San Francisco	Up to \$250 per night, plus tax

### Rental Vehicle

Grant 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 Grant Recipient must provide a justification to the assigned Grant Manager.

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 [CalHR](#) at the time of travel. The standard mileage rate in effect at the time of travel can be found at the [Travel Reimbursements - CalHR](#) website. Mileage logs should be utilized to substantiate mileage costs.

### Parking

Grant 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.

### Contractor

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

Contractor budgets based on a flat rate for services require pre-approval from OEFI. When utilizing a flat rate for services, Grant 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.

### Supplies

List materials, supplies, and fabricated parts costing less than \$5,000 per unit to be purchased; for each, include a description of the item and how it is necessary for the completion of the activity (all supplies and materials must be tied to specific project activities), cost per unit, number of units to be purchased. Only expenses for items that are in the agreement is reimbursable.

### Special Purpose Equipment (Type A only)

Equipment is tangible, nonexpendable, and has 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 to meet project needs, and is 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.

### Direct and Indirect Costs

#### Indirect Cost Rate

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

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

#### Charging Direct Costs and Indirect Costs Consistently

It is not allowable to charge an indirect cost as a direct cost. Grant 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 of facilities or vehicles, 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 other 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. Because cost share is optional, Grant Recipients are not required to report cost share expense to CDFA in the grant term.

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

### **Executive Order N-6-22 – Russia Sanctions**

On March 4, 2022, Governor Gavin Newsom issued Executive Order (EO) N-6-22 regarding Economic Sanctions against Russia and Russian entities and individuals. “Economic Sanctions” refers to sanctions imposed by the U.S. government in response to Russia’s actions in Ukraine, as well as any sanctions imposed under state law. By submitting a bid, proposal, or application, Bidder/Applicant represents that it is not a target of Economic Sanctions. Should the State determine Bidder/Applicant is a target of Economic Sanctions or is conducting



prohibited transactions with sanctioned individuals or entities, that shall be grounds for rejection of the Bidder's/Applicant's bid/proposal/application any time prior to contract/agreement execution, or, if determined after contract/agreement execution, shall be grounds for termination by the State.

## Invoicing

### Payment Methods

There are two payment methods for allowable costs incurred: advance payments and reimbursement payments. It may take up to 45 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

Grant 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 payments are subject to the provisions of section 316.1 "Advance Payments" of the [California Code of Regulations, Division 1, Chapter 5](#). These costs cannot have already been incurred prior to the grant start date of the funded project.

### Advance Payment Request Process

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

- Estimate the advance amount needed for up to a three-month period for project implementation.
- Complete an Advance Payment Request and justification.
- Submit the Advance Payment Request and justification to their assigned Grant Manager no later than 45 days before the cost will be incurred.
- If the agreement is terminated for any reason, the recipient shall be responsible for remitting any unspent advance payment funds within 30 days.
- When the Grant Recipient is ready to request the advance, alert the Grant Manager. The Grant Manager will provide the form(s) to submit an advance payment request and justification. Grant Managers for the Healthy Soils Program can be reached at [cdfa.HSP\\_Tech@cdfa.ca.gov](mailto:cdfa.HSP_Tech@cdfa.ca.gov).

- The State Controller's Office only issues checks, via mail; no other payment options are available.

### Reimbursement Payment

Grant 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
January 1 – March 31 (Winter, Q1)	May 15
April 1 – June 30 (Spring, Q2)	August 15
July 1 – September 30 (Summer, Q3)	November 15
October 1 – December 31 (Fall, Q4)	February 15
Final Invoice	December 31, 2027

Invoicing and closeout of all project expenditures must be completed within 30 days after the grant agreement term expires.

### Invoicing for Payment

Grant Recipients are accountable for all grant funds awarded and must ensure all funds are used solely for their authorized purposes. Grant Recipients must maintain supporting financial documentation (i.e., receipts, invoices, etc.) for all project expenditures submitted to their assigned Grant Manager 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 Grant Recipient will not be accepted.

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

## When to Submit Invoices

Invoices are due no later than 45 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 30 days following the expiration of the Grant Agreement term or after the project is complete, whichever comes first.

Grant Recipients can email a scanned, legible copy of the signed invoice to their assigned Grant Manager at [CDFA.HSP\\_tech@cdfa.ca.gov](mailto: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

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

### No Expenditure Invoice

Grant Recipient checks the "NO EXPENDITURES" box, then names, 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

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

### Final Invoice

Grant 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 30 calendar days following the completion of the Project Year 3 implementation. All project expenses must be incurred no later than November 30, 2027.

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

## **Withholding**

### **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. For those, see Withhold Pending Closeout below.

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

### **Withholding 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**

Grant Recipients are responsible for keeping OEFI up to date on grant activities. There are three main reporting categories.

- Quarterly Progress Check-in
- Annual Program Conference
- Final Reporting

Financial records and other project documentation may be required to ensure that HSP funds are used in compliance with the Grant Agreement terms and conditions.

### **Quarterly Progress Check-in**

Grant Recipients are required to report quarterly to OEFI to provide updates on practice implementation, data collection, and/or outreach activities accomplished during the reporting period. Outreach documents in the reporting

period should be sent to OEFI as applicable. The quarterly progress check-in must be submitted together with Grant Recipients' quarterly invoicing documents. Grant Recipients are required to notify OEFI in advance when foreseeing any delays or changes in project implementation.

### **Annual Program Conference**

Grant Recipients are required to attend annual program conferences hosted by CDFA. The conferences will be held online once a year. CDFA will notify grant recipients about the conference schedule and requirements in advance. Grant Recipients are required to:

- Present their project progress and discuss related topics. Newly awarded recipients are not required to present at their first meetings but are encouraged to do so.
- Submit a summary of the presented Demonstration project (using an OEFI provided Template) to be published in the conference proceedings and posted on the program website.

### **Final Report**

Final Performance Reporting documents must be submitted no later than 30 calendar days following the expiration date of the grant agreement or after the project is complete, whichever comes first. The final reporting documents include a final overall project implementation report, a project data report in excel for all data collection as specified in the grant agreement, and an outreach attendance tracking sheet. OEFI will provide reporting templates. OEFI may compile technical reports for all closeout projects to be published on the program website. Information to be provided to OEFI may include (if not specified, applied to both Type A and B projects):

- Management practice implementation activities and impacts.
- Annual soil organic matter content for three years.
- Soil aggregate stability and water infiltration for three years.
- GHG fluxes and annual emissions data, crop yield or economic analysis (Type A Projects only).
- Other co-benefits and/or ecosystem services data collected as specified in the agreements.
- Outreach activities and impacts, including California farmer/rancher attendance report.
- Barriers encountered and overcome over the course of the project, and recommendations for successful implementation of similar practices.

- Improvement in soil health and/or co-benefits, ecosystem services including quantitative measurements (e.g., soil organic matter; refer to [Data Collection](#)), and qualitative description of impacts foreseen over the three-year implementation of the practices.

## **Compliance**

### **Project Verification**

HSP Demonstration Projects are subject to at least one Project Verification within the Grant Agreement term. Field site visits may be conducted by CDFA or by a third-party CDFA-appointed entity, who may 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), [2023 HSP Demonstration Grant RGA](#), guidelines in the [CDFA Compost Application White Paper](#) and the [CDFA Whole Orchard Recycling Report](#). It will track how 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](#), the State of California has the right to review project documents and conduct audits during project implementation and over the project life.

### **Critical Project Review**

CDFA may request that grant recipients submit to a Critical Project Review. If requested, Grant Recipients must agree the Critical Project Review, and/or an 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 withholding policy. Critical Project Review may be completed through an auditing process.

## Termination of Grant Agreement

CDFA may terminate a Grant Agreement for noncompliance. The Grant 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](mailto: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 Grant 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 CDFA. Appeals not received within this timeframe will be denied.

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

## Project Closeout

Before the project is closed out, 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: Closeout does not cancel post-project record retention, financial accountability, or other post-project requirements.*

### **Post-Project Requirements**

Grant 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 closeout letter. However, most benefits from implementation of practices accrue over the long term, and Grant Recipients are encouraged to continue and/or expand these practices on their operations to achieve long-term benefits. Additionally, Grant 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 fields/APNs such as soil organic matter content at three years after practice implementation, to report actual benefits achieved, for three years after the project close out.

### **Record Retention**

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



# Appendix A: CDFA Invoice Template

Recipient must complete all yellow shaded section 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. 9/2023

**INVOICE**  
 Healthy Soils Program Demonstration Projects

EXAMPLE

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

Grant Agreement Number: 23-XXXX-000-SG Billing Period: 10/01/2023-13/31/2023 Invoice Date: 1/3/2024 Invoice Number: 23-XXXX-000-SG-1

Recipient's Name: \_\_\_\_\_

Project Budget	Invoiced to Date	Amount Requested	Remaining Balance
<b>1 PERSONNEL</b>			
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
<b>2 OPERATING EXPENSES</b>			
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
<b>3 CONTRACTORS/ LABOR COSTS</b>			
\$20,000.00	\$0.00	\$4,000.00	\$16,000.00
<b>4 OTHER DIRECT COSTS</b>			
\$8,000.00	\$0.00	\$2,000.00	\$6,000.00
<b>5 INDIRECT COSTS</b>			
\$10,000.00	\$0.00	\$2,500.00	\$7,500.00
<b>Totals:</b>	<u>\$0.00</u>	<u>\$27,500.00</u>	<u>\$72,500.00</u>

Funds to be withheld Until Project Completion and Verification: 10% = \$10,000.00 <sup>12</sup>

Matching Funds to Date: N/A <sup>10</sup>

Approved Line Item Shifts: 0

Less Remaining Advance: \$0.00 <sup>5</sup>

Amount to be Paid: \$27,500.00 <sup>6</sup>

NO EXPENDITURES <sup>9</sup>

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

<sup>11</sup> PREPARER'S NAME \_\_\_\_\_ PHONE NUMBER \_\_\_\_\_ E-MAIL ADDRESS \_\_\_\_\_ DATE \_\_\_\_\_

AUTHORIZED NAME (REQUIRED) \_\_\_\_\_ PHONE NUMBER \_\_\_\_\_ E-MAIL ADDRESS \_\_\_\_\_ DATE \_\_\_\_\_

FOR STATE USE ONLY

\$	STATE FISCAL YEAR	GRANT SPECIALIST INITIALS AND DATE	ACCOUNT CODE	PROGRAM CODE	SUPPLIER ID
AMOUNT					
	X				
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 withhold may not be appealed.

## CDFA Invoice Template Instructions and Definitions

Grant 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, Grant Recipients should contact their assigned Grant Manager.

- 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: 10/01/2023-12/31/2023.
- 3. Invoice date:** The date Grant 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:** 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 Manager 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. Preparer/Authorized Names:** An authorized representative of the Grant Recipient organization/ operation (Grant Recipient) must print their name on the “authorized name (required)” line to certify the amount requested for each billing period. If the invoice was prepared on behalf of the Grant Recipient, the preparer should print their name on the “preparer’s name” line. OEFI will not approve invoices without the “authorized name.”

**11. 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 withholding may not be appealed.