

Natural Heritage Conservation Act FY25 Annual Report

Prepared by
Energy, Minerals and Natural Resources Department, Forestry Division
December 2024

Executive Summary

On March 23, 2023, Governor Michelle Lujan Grisham signed Senate Bill 9 to establish the Land of Enchantment Legacy (Legacy) Fund, the state's first-ever recurring annual investment in land and water conservation. The Legacy Fund allocates funding to the Energy, Minerals and Natural Resources Department, Forestry Division. \$1.4 million is expected to be available annually in Fiscal Years 2025-2028 to support the Natural Heritage Conservation Act (NHCA), with the purpose of protecting lands for conservation, purchase conservation and agricultural easements, and fund restoration projects. NHCA projects are reviewed and evaluated by the Natural Lands Protection Committee (NLPC). The Forestry Division is responsible for administering, implementing, and reporting on the projects.

The NLPC consists of seven members representing four state agencies, including EMNRD, the Department of Agriculture, the Department of Game and Fish, the State Land Office and three public members. See attached roster of the NLPC members. To date, NLPC has held four meetings, and one is planned for early January 2025. A summary is provided below, and meeting minutes are located at: <https://www.emnrd.nm.gov/sfd/public-meetings-hearings/>.

NHCA was established in 2010 and received a one-time allocation of \$5 million. In anticipation of available funds starting in FY25, a Request for Applications (RFA) was developed in March 2024. Soon after the initial RFA, land trusts expressed several challenges with the existing NHCA rule including: locating a willing qualified entity partner to co-hold easements; outdated transaction costs limits; and unfeasible timing to leverage federal program funding. In response, EMNRD agreed to:

- 1) Co-hold conservation and agricultural easements,
- 2) Facilitate a rule amendment process,
- 3) Consider changes to agreement duration to align with relevant federal funding, and
- 4) Solicit three RFA-cycles to increase partner access to the funding and to expend grant funds

As NHCA is the only dedicated funding for conservation and agricultural easements in the state, the funding appeals to landowners who would not otherwise be able to finance or manage securing easements to protect their lands. EMNRD acknowledges the outdated NHCA rule and is initiating a rule amendment process. EMNRD will host informal meetings with conservation partners and stakeholders for content of the first draft. EMNRD knows that together we can shape NHCA into a conservation resource that works well for landowners, partners and the public.

Natural Lands Protection Committee 2024 Meetings

- April 3, 2024 - The NLPC met to review and recommend four Land Conservation Incentives Act (LCIA) tax credit applications, review the NHCA, discuss available funds in FY25, and determine how the NLPC will review and score applications.
- June 3, 2024 - The NLPC met to review and recommend the first NHCA application and discussed challenges land trusts experienced with the request for applications process and the consideration for rule amendment to the Act.
- September 4, 2024 - The Committee met to review and recommend two NHCA applications, set up a timeline to review the next round of applications, and discussed EMNRD's role to prepare a draft rule amendment.
- November 13, 2024 - The NLPC met to review and recommend four LCIA applications and receive NHCA project and rule amendment updates.

Selected Projects

Three projects were selected for NHCA funding in 2024, totaling \$725,176. Forestry Division staff determined project eligibility requirements were met and provided the proposals to the NLPC for review and recommendation. See attached slide decks for more information about each project.

Rancho Las Lagunas Agricultural Easement (\$595,000)

- Acquisition of 100-acre Rancho Las Lagunas Agricultural Easement in Nambe, Santa Fe County
- Conservation values include agricultural productivity, wildlife habitat and scenic open space
- Leverage federal funds from USDA, Natural Resources Conservation Service (NRCS) Agricultural Conservation Easement Program (ACEP)-Agricultural Lands Easements (ALE) program
- Due to a conflict of interest with the original qualified entity, the project was resubmitted with a different qualified entity in the November 2024 RFA cycle



Rancho Las Lagunas Agricultural Easement

Franklin-Coggins Conservation Easement (\$73,897)

- Acquisition of 198.73-acre Franklin-Coggins Conservation Easement in Guadalupita, Mora County
- Conservation values include forestry, agriculture, water, wildlife habitat and scenic open space



Franklin-Coggins Conservation Easement

Bear Canyon Conservation Easement (\$56,278)

- Acquisition of 26.54-acre Bear Canyon Conservation Easement in Jemez Springs, Sandoval County
- Conservation values include wildlife, scenic open space, forestry and water
- After the project was selected, landowners experienced unexpected hardships and respectfully declined the award



Bear Canyon Conservation Easement

In early January 2025 the NLPC will reconvene to review and recommend three additional NHCA applications for a total request of \$1,326,100 since June 2024. EMNRD anticipates the allocated \$1.4 million to be fully committed.

The applicants provided slides with an overview of the projects. These are attached on the following pages.

NATURAL LANDS PROTECTION COMMITTEE

<p>Melanie A. Kenderdine, Secretary Designate Energy, Minerals and Natural Resources Dept. 1220 S. Saint Francis Dr. Santa Fe, NM 87505 Designee: Laura McCarthy 505-490-2954 laura.mccarthy@emnrd.nm.gov</p> <p>Stephanie Garcia Richard, Commissioner NM State Land Office 310 Old Santa Fe Trail Santa Fe, NM 87501 Designee: Camilla Romero 505-827-5851 cromero@slo.state.nm.us</p> <p>Michael Sloan, Director NM Dept. of Game and Fish 1 Wildlife Way P.O. Box 25112 Santa Fe, NM 87507 505-476-8118 matthew.wunder@state.nm.us</p> <p>Jeff Witte, Director/Secretary NM Dept. of Agriculture MSC 3189, Box 30005 Las Cruces, NM 88003 Designee: Julie Maitland 575-646-2642 jmaitland@nmda.nmsu.edu</p>	<p>Vincente Fernandez Mayordomo Acequia del Sur del Canon Taos, NM 575-779-8569 vincentefernandez@gmail.com riofernando1136@outlook.com</p> <p>Kimberly Barmann CS Ranch Cimarron, NM 505-217-6657 575-376-2827 kimberlyknell@yahoo.com</p> <p>Dr. Ladona K. Clayton, Executive Director Ogallala Land & Water Conservancy 5015 N. Prince St., Ste A Clovis, NM 88101 575-760-3098 ladona.clayton@ogalwc.org</p>
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Rancho Las Lagunas Agricultural Easement

Natural Heritage Conservation Act Application

Presentation to the
Natural Lands Protection Committee
June 3, 2024



Rancho Las Lagunas Easement Project Partners

- ▶ Qualified Entity:

Santa Fe-Pojoaque Soil & Water
Conservation District

- ▶ A political subdivision of the state

- ▶ Conservation Entity:

Santa Fe Conservation Trust

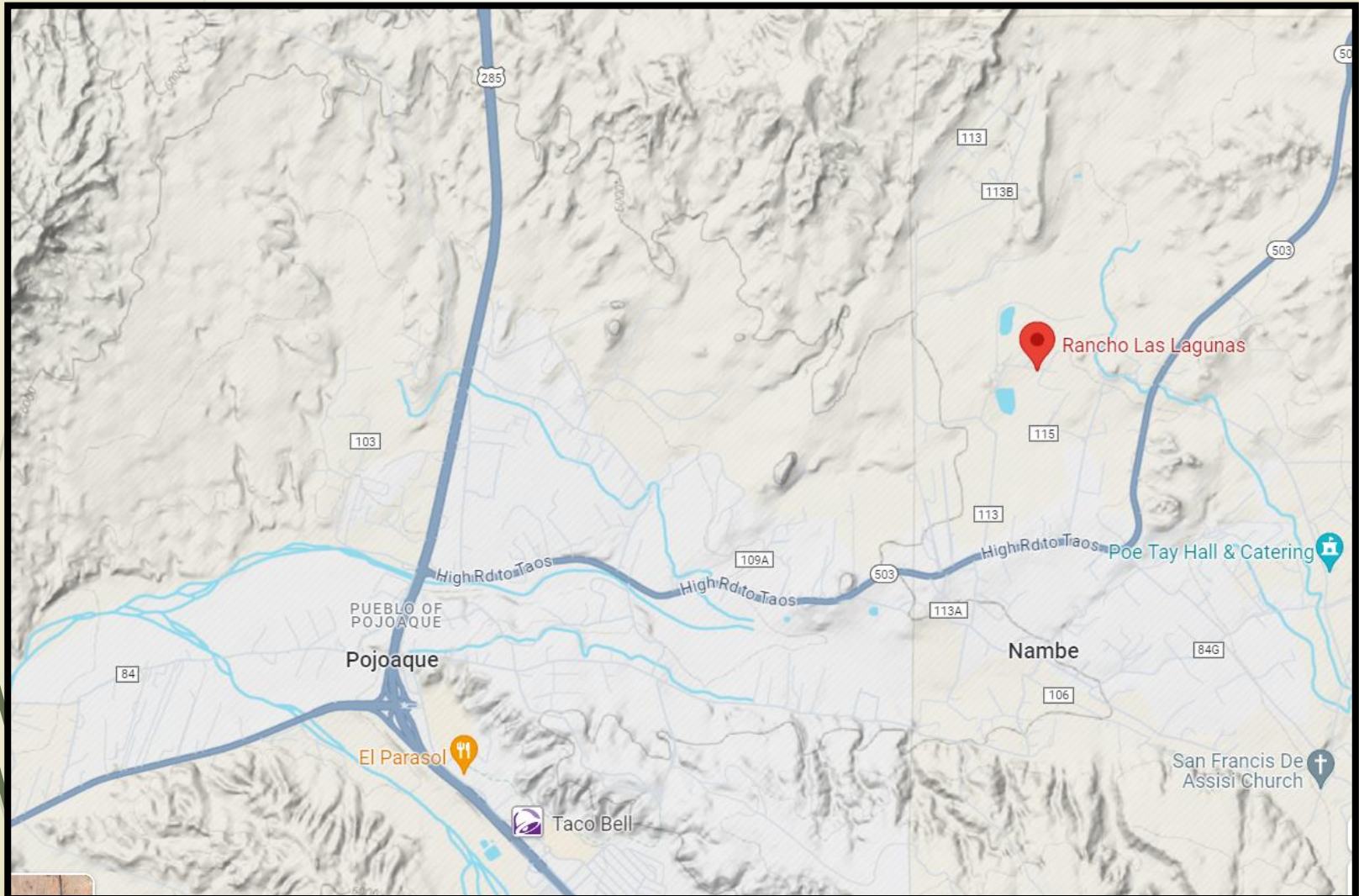
- ▶ An accredited, nonprofit land trust
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Rancho Las Lagunas Easement Partner Roles




- SFCT will be the Managing Holder responsible for project management, landowner coordination, monitoring, reporting, and enforcement. SFCT will set aside and hold funds for this perpetual stewardship.
- SF-P SWCD will be the Supervising Holder with backup enforcement rights.

Rancho Las Lagunas Agricultural Easement





Rancho Las Lagunas Agricultural Easement

- 100 acres of farmland will be protected
 - Irrigated - acequia water rights
 - Produces hay and beef
 - Operated as a dairy from 1940s to early 2000s
 - Owned by Rancho Las Lagunas Inc.
(family C corporation)
- 

Rancho Las Lagunas Agricultural Easement Conservation Values

- Agriculture: Established farm with water rights. Hay and beef production.





Rancho Las Lagunas Agricultural Easement Conservation Values



► Wildlife Habitat

- Ponds and surrounding cottonwoods provide water and cover
- Landowners have observed herons, eagles, mountain lions, bobcats, and more
- Connects blocks of natural habitat on Pojoaque and Nambe Pueblos





Rancho Las Lagunas Agricultural Easement Conservation Values

- Scenic Open Space
 - Visible from public trails on Nambe Badlands BLM land to north
 - “Name Dairy Scenic Viewpoint” is named after Rancho Las Lagunas







Rancho Las Lagunas Agricultural Easement Terms

- Easement will cover 100 acres of irrigated farmland
- Easement will:
 - Prohibit subdivision
 - Tie water rights to the land so farm will continue to be viable for agriculture
 - Restrict residential development to a single 2-acre envelope





Rancho Las Lagunas Conservation Easement

- NHCA request: \$595,000 total
 - \$570,000 towards easement purchase price
 - \$25,000 towards transaction costs
 - 67.5% of total project value
- SFCT and landowner match:
 - \$286,000 total
 - 32.5% of total project value





Conserving Land. Preserving Heritage.

Natural Heritage Conservation Act Grant Program 2024

NMLC Applications – Fall 2024

Franklin-Coggins Property



Size: ~199 acres



Type: Bargain Sale & Donated Conservation Easement



Funding: EMNRD Natural Heritage Conservation Act



Location: Guadalupita, Mora County

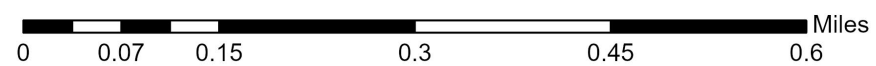
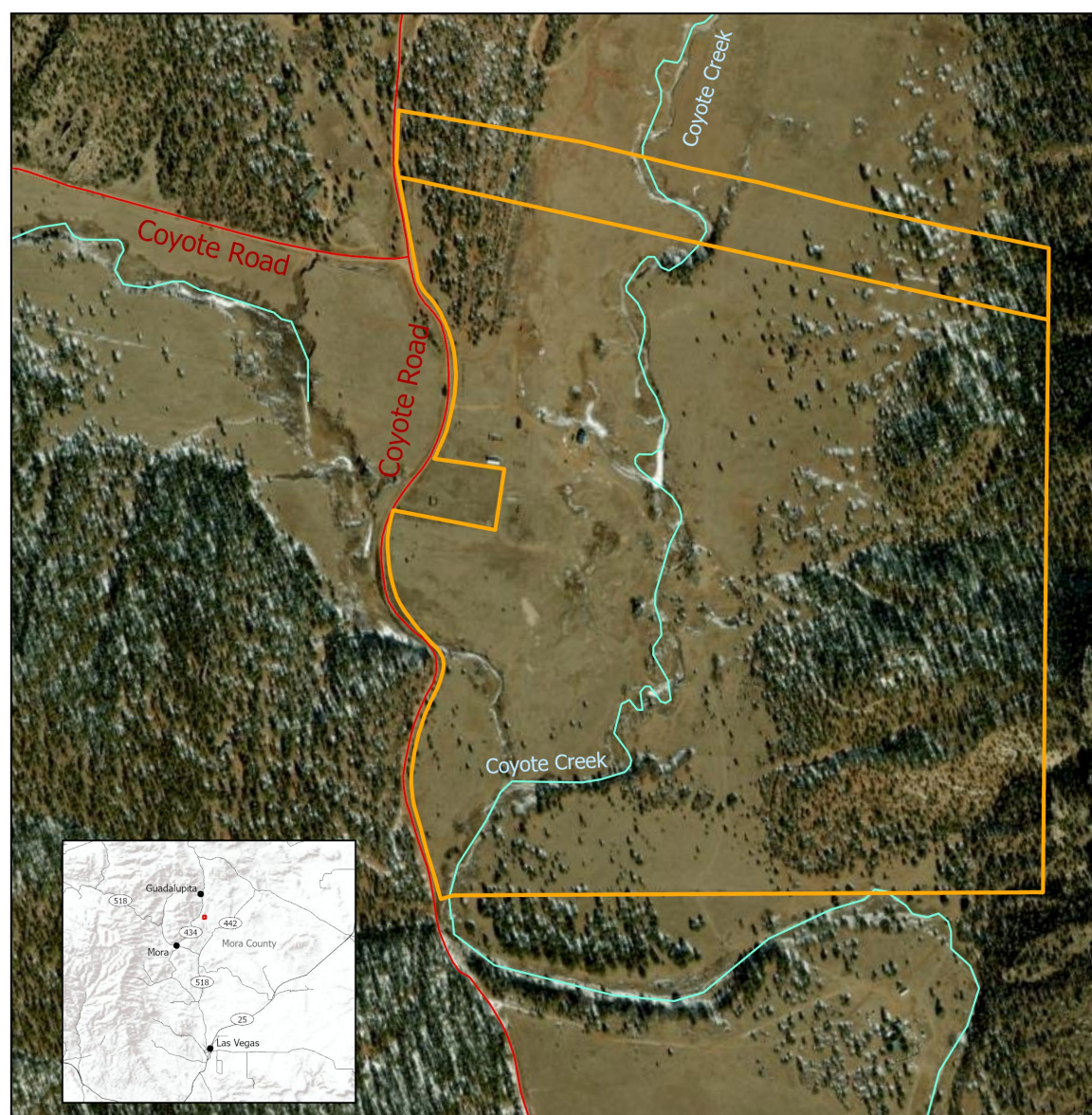


Landowner: R. David Franklin & Christiana C. Franklin Revocable Trust



Conservation Values: Forestry, Agriculture, Water, Wildlife Habitat, Scenic Open Space





 Franklin-Coggins Property (~ 198.73 deeded acres)

 Roads

 Perennial Stream

Spatial Reference
PCS: NAD 1983 StatePlane New Mexico
East FIPS 3001 Feet
GCS: GCS North American 1983
Projection: Transverse Mercator
Map units: Meter
Sources: Esri, USGS, NOAA



Conservation Values – Forestry

- 81 acres of Ponderosa-Pine forest
- State Forestry's Forest Stewardship Priority Area
- NM Forest Legacy High Priority Area



Conservation Values – Agriculture

- 117 acres of pastures



Conservation Values – Water

- 0.15 mi of tributaries
- 3 springs
- 0.9 mi of Coyote Creek



Conservation Values – Wildlife



Photo: Kelly Colgan



Conservation Values – Scenic Open Space



Franklin-Coggins Conservation Easement Draft Deed Terms

GRANTOR: R. David Franklin and Christiana C.

Franklin Revocable Trust

GRANTEE: NM Energy, Minerals, Natural Resources
Division (EMNRD) State Forestry Division (99.99%
ownership in conservation easement deed).

MANAGING GRANTEE: NMLC (0.01% ownership
interest in conservation easement deed).

PERPETUITY: The conservation is forever assigned to
the grantee(s).

EASEMENT PROPERTY USES: The Grantor shall not
perform, nor knowingly allow others to perform, any act
on or affecting the Easement Property that is
inconsistent with the Conservation Purposes

BASELINE DOCUMENTATION REPORT: Existing
conditions of property and conservation values.

PROHIBITED/RESTRICTED USES:

UTILITIES

ROADS & TRAILS

COMMERCIAL ACTIVITY

RECREATION

MINING

REFUSE/DUMPING

PUBLIC ACCESS

SIGNAGE

Franklin-Coggins Conservation Easement Draft Deed Terms

SUBDIVISION: Two (2) parcels to be considered whole and cannot be subdivided.

CONSTRUCTION: No residential building or structures may be constructed outside the building envelope.

- One building envelope will be allowed. The building envelope will be defined as less than 2% of the property's total acreage surrounding the current residential and agricultural structures.
- Within the building envelope the cumulative footprint for all buildings cannot exceed 5,000 square feet.
- All existing minor agricultural or recreational structures can be maintained, repaired, reasonably enlarged and replaced in their current locations.

WATER RIGHTS: Water rights are not allowed to be sold off. Leasing is restricted to short-term and agricultural uses.

Natural Heritage Conservation Act (NHCA) Grant Cycle 2024
NMLC Franklin-Coggins Conservation Easement Project Budget

CONSERVATION EASEMENT BARGAIN SALES

	Acres	Acre value	Land value	CE value (45% diminution)	NHCA Funds (20% CE value)
Franklin-Coggins Property	198.732	\$ 3,500.00	\$ 695,562.00	\$ 313,002.90	\$ 62,600.58
BARGAIN SALE NHCA REQUEST					\$ 62,600.58
CE landowner donation (less LCIA)					\$ 125,201.16

EASEMENT TRANSACTION COSTS

Task	Cost	Units	Total	Matching Funds	NHCA Request
Conservation easement appraisal	\$ 20,000.00	1	\$ 20,000.00	\$ 16,200.00	\$ 3,800.00
60-year title report	\$ 261.95	1	\$ 261.95	\$ -	\$ 261.95
Title insurance policy premium	\$ 1,000.00	1	\$ 1,000.00	\$ -	\$ 1,000.00
Recording/closing costs	\$ 1,000.00	1	\$ 1,000.00	\$ -	\$ 1,000.00
Mineral assessment report	\$ 1,300.00	1	\$ 1,300.00	\$ -	\$ 1,300.00
Phase I Environmental Report	\$ 5,000.00	1	\$ 5,000.00	\$ 5,000.00	\$ -
Baseline Documentation Report	\$ 5,000.00	1	\$ 5,000.00	\$ 1,065.00	\$ 3,935.00
Easement Survey	\$ 10,000.00	1	\$ 10,000.00	\$ 10,000.00	\$ -
Stewardship contribution	\$ 20,000.00	1	\$ 20,000.00	\$ 20,000.00	\$ -
TRANSACTION COST Subtotal			\$ 63,561.95	\$ 52,265.00	\$ 11,296.95

TRANSACTION COST Subtotal	\$ 63,561.95
CE VALUE Subtotal	\$ 313,002.90
NHCA PROJECT VALUE SUBTOTAL	\$ 376,564.85
NHCA Transaction Cost Total Request	\$ 11,296.95
NHCA CE Bargain Sale Request	\$ 62,600.58
PROJECT MATCH TOTAL	\$ 177,466.16
NHCA TOTAL BUDGET REQUEST	\$ 73,897.53

Bear Canyon Property



Size: 26.5 acres



Type: Bargain Sale Conservation Easement



Funding: Natural Heritage Conservation Act, Trout Unlimited



Location: Jemez Springs, Sandoval Co.

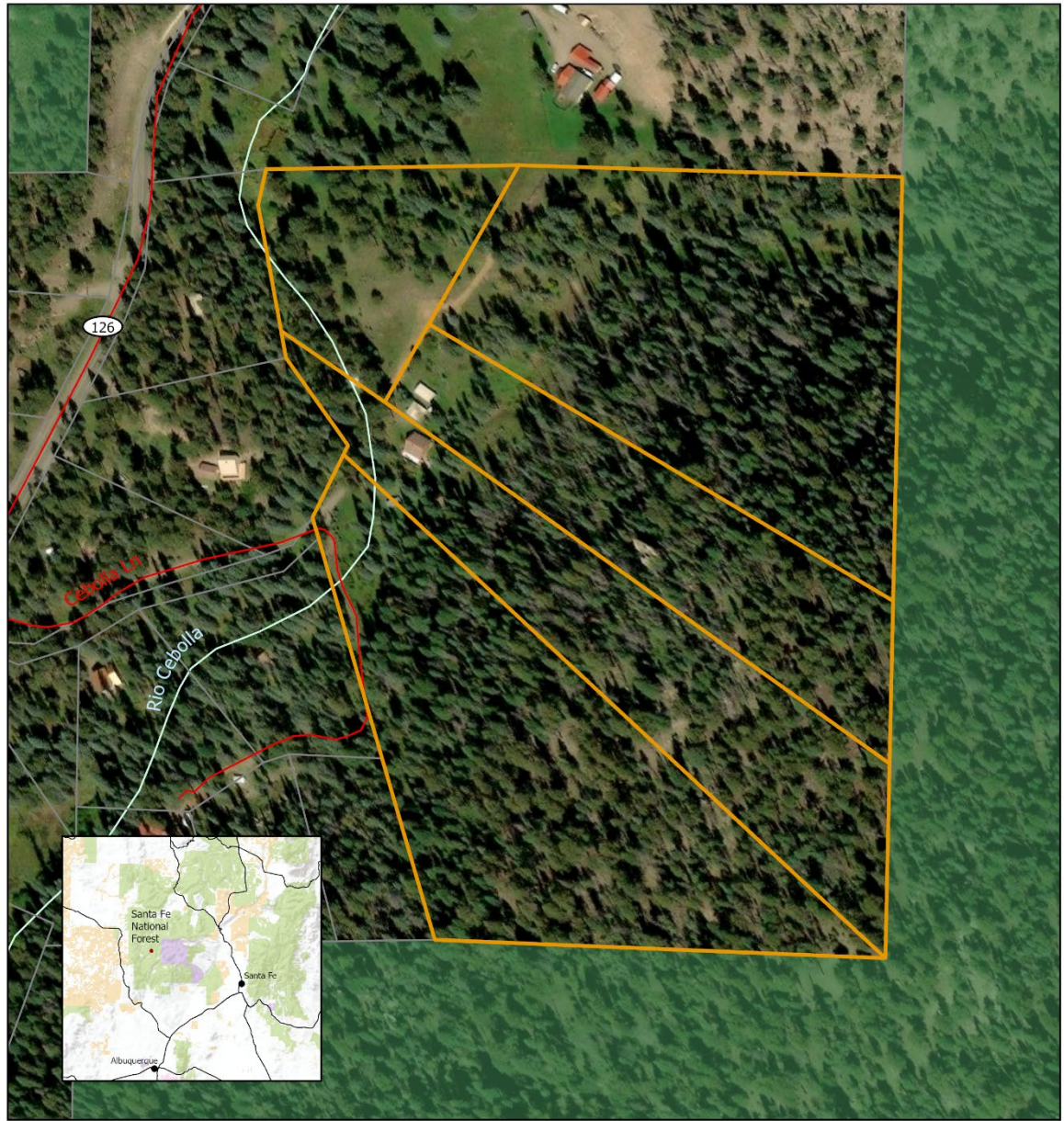







Landowner: Bear Canyon Property, LLC



Conservation Values: Forestry, Water, Wildlife, Scenic Open Space





-  Bear Canyon Property Boundary (~26.54 deeded acres)
-  USFS
-  Sandoval County Parcels
-  Perennial Stream
-  Roads



Conservation Values – Forestry

- 25.2 acres of Fir-Spruce forest
- State Forestry's Priority Landscape
- NM Forest Legacy Priority Area



Conservation Values – Water

0.15 mi of Rio Cebolla



Conservation Values – Wildlife



Conservation Values – Scenic Open Space



Bear Canyon Conservation Easement Draft Deed Terms

GRANTOR: Bear Canyon Property, LLC

GRANTEE: NM Energy, Minerals, Natural Resources Division (EMNRD) State Forestry Division (99.99% ownership in conservation easement deed).

MANAGING GRANTEE: NMLC (0.01% ownership interest in conservation easement deed).

PERPETUITY: The conservation is forever assigned to the grantee(s).

EASEMENT PROPERTY USES: The Grantor shall not perform, nor knowingly allow others to perform, any act on or affecting the Easement Property that is inconsistent with the Conservation Purposes

BASELINE DOCUMENTATION REPORT: Existing conditions of property and conservation values.

PROHIBITED/RESTRICTED USES:

UTILITIES

ROADS & TRAILS

COMMERCIAL ACTIVITY

RECREATION

MINING

REFUSE/DUMPING

PUBLIC ACCESS

SIGNAGE

Bear Canyon Conservation Easement Draft Deed Terms

SUBDIVISION: Five (5) parcels to be considered whole and cannot be subdivided.

CONSTRUCTION: No residential building or structures may be constructed outside the building envelope.

- One building envelope will be allowed. The building envelope will be defined as less than 2% of the property's total acreage surrounding the current residential and agricultural structures.
- Within the building envelope the cumulative footprint for all buildings cannot exceed 5,000 square feet.
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WATER RIGHTS: Water rights are not allowed to be sold off. Leasing is restricted to short-term and agricultural uses.

Natural Heritage Conservation Act (NHCA) Grant Cycle 2024
NMLC Bear Canyon Conservation Easement Project Budget

CONSERVATION EASEMENT BARGAIN SALES

	Acres	Acre value	Land value	CE value (40% diminution)	NHCA Funds (100% CE value)
Bear Canyon Property	26.54	\$ 5,000.00	\$ 132,700.00	\$ 53,080.00	\$ 53,080.00
			BARGAIN SALE SUBTOTAL	\$ 53,080.00	

EASEMENT TRANSACTION COSTS

Task	Cost	Units	Total	Matching Funds	NHCA Request
Conservation Easement Appraisal	\$ 20,000.00	1	\$ 20,000.00	\$ 20,000.00	\$ -
60-year title report	\$ 250.00	1	\$ 250.00	\$ 250.00	\$ -
Title insurance policy premium	\$ 1,000.00	1	\$ 1,000.00	\$ -	\$ 1,000.00
Recording/closing costs	\$ 1,000.00	1	\$ 1,000.00	\$ -	\$ 1,000.00
Mineral Assessment Report	\$ 1,300.00	1	\$ 1,300.00	\$ 101.10	\$ 1,198.90
Environmental Phase I Report	\$ 5,000.00	1	\$ 5,000.00	\$ 5,000.00	\$ -
Baseline Documentation Report	\$ 5,000.00	1	\$ 5,000.00	\$ 5,000.00	\$ -
Stewardship Contribution	\$ 20,000.00	1	\$ 20,000.00	\$ 20,000.00	\$ -
		TRANSACTION COST Subtotal	\$ 53,550.00	\$ 50,351.10	\$ 3,198.90

DUE DILIGENCE Subtotal	\$ 53,550.00
CE VALUE Subtotal	\$ 53,080.00
NHCA PROJECT VALUE SUBTOTAL	\$ 106,630.00
NHCA Transaction Cost Total	\$ 3,198.90
NHCA CE Bargain Sale Request	\$ 53,080.00
PROJECT MATCH TOTAL	\$ 50,351.10
NHCA TOTAL BUDGET REQUEST	\$ 56,278.90