Improving Capacity: Options for Virginia's Capital Region Land Conservancy

Final Report

A Collection of Sustainable Financing Strategies for the Capital Region Land Conservancy

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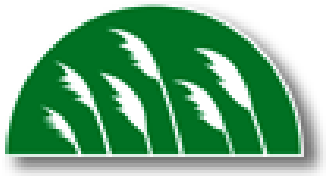
Prepared for the Capital Region Land Conservancy by
the **Environmental Finance Center** and **Defenders of Wildlife**



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Background

The Capital Region Land Conservancy (CRLC) is a Central Virginia land trust that focuses on the land preservation needs of the City of Richmond and the seven surrounding counties -- Chesterfield, Henrico, Hanover, Goochland, Powhatan, New Kent, and Charles City County. As a part of the technical assistance that the Defenders of Wildlife and the National Park Service are providing to CRLC, the Environmental Finance Center at the University of Maryland (EFC) has worked with program partners and CRLC staff and board members to develop a set of suggested steps for growing the organization and expanding its impact in the organization's service area.

The Financing Workshop

In 2009, program partners hosted a workshop that gave CRLC and related stakeholders an opportunity to prioritize potential conservation lands in the region. In September 2010, a two-hour financing workshop for the CRLC board and staff was held at the headquarters of Luck Stone in Manakin Sabot, Virginia. This session was designed to examine existing capacity and income, and then determine how CRLC might best expand capacity and generate additional revenue for implementing their conservation priorities.

Unlike other watershed organizations, land trusts have a particularly important responsibility – to exist in perpetuity. For land trusts, the financing need is two-pronged: a sustainable financing strategy that provides the organizational capacity to carry out the day-to-day operations, and the resources necessary to implement the on-the-ground conservation activities that support the land trust's mission. Still a relatively young land trust, established just five years ago, CRLC most immediate need is to focus on the capacity building steps and mechanisms that will best solidify the organization's foundation and provide the greatest opportunity to expand in a way best-suited to CRLC's goals.

Suggested Capacity Building Options

Operating at the level that that enables CRLC to pursue the protection of the lands identified as priorities for the organization will require additional personnel and support resources. The current operations and implementation budget, which ranges from $50,000 to $75,000 annually and comes primarily in the form of corporate grants and gifts, will likely need to be diversified and increased to about $125,000 over the next three to five years.

Based on an analysis of existing capacity and revenue and consultation with CRLC staff and program partners, the EFC suggests the following:

Create efficiencies that reduce costs and ensure wise resource investment.

Developing appropriate policies, procedures, and long-range strategic plans, and being held accountable to these standards ensures an organization operates efficiently and decision-making and activities stay on-target.

Strategically recruiting new board members and volunteers enables an organization to select individuals that fill certain capacity gaps within the organization, such as administrative skills, legal expertise, or connections to local leadership.

Hiring a formal Executive Director will provide a "face" for the organization and further legitimize its role in the region. It is to the benefit of the organization to have one individual clearly responsible and solely focused on the carrying CRLC's mission forward. Having the Executive Director involved in the development of the longer-term strategic plan will ensure their buy-in in the final product and infinitely improve the odds of the successful implementation of the plan.

Diversify the revenue stream.

CRLC has made effective use of the private sector relationships it has developed which has resulted in a steady flow of **corporate gifts and grants.** Although grant programs do not provide a sustainable income source, they provide critical dollars that can launch initiatives and build momentum, obtain much needed equipment for day-to-day operations, or bridge land transaction funding gaps. Cultivating existing funder relationships, as well as considering new programs, when programmatic requirements meet organizational goals, will continue to be an important part of building the capacity of the organization.

Board giving and getting and fund raising activities and events provide valuable unrestricted income. Identifying ways to ramp up these activities, with clear expectations, formal fundraising plans, and specific individuals responsible for implementation could result in a measurable increase in income.

The new opportunity, with perhaps the greatest potential for relatively quick impact, would be to develop a **major donor program**. A major donor program provides an organization's supporters who have the capacity to give more than the average donation an avenue to do so while achieving an increased level of recognition in the process. Beginning with CRLC's existing pool of supporters with fundraising tools such as newsletters, donor drives, and annual appeals can evolve into an expanded and more formal program as organizational capacity increases.

Enhance and expand partnerships.

Perhaps the greatest opportunity to reduce costs for any organization is to **enhance and expand partnerships**. Land trusts that develop strategic partnerships at the federal, state, local, and private levels can do more than position themselves for funding opportunities. These relationships can facilitate the sharing of information and the exchange of resources, creating efficiencies and potentially reducing program costs for both organizations. These associations can also enable the coordination of priorities for resource protection in a region generating additional efficiencies.

The suggested options presented here focus on the activities and opportunities with the greatest potential and best-suited to meet CRLC's goals, in the context of CRLC's position as an emerging land trust. CRLC has received a small grant from LTA to hire Faye Cooper to implement a 6-12 month action plan to begin to implement many of these options. There is, of course, a much broader universe of financing mechanisms that could present additional

opportunities of varying scale for CRLC as capacity expands and conservation priorities are pursued. These mechanisms are catalogued in the appendices of this document.

Introduction

The Capital Region Land Conservancy (CRLC) is a Central Virginia land trust that focuses on the land preservation needs of the City of Richmond and the seven surrounding counties -- Chesterfield, Henrico, Hanover, Goochland, Powhatan, New Kent, and Charles City County. The Environmental Finance Center at the University of Maryland (EFC) has worked with the CRLC staff and board members, as well as other program partners, to develop a set of suggested steps for growing the organization and expanding its impact in its service area as a part of a technical assistance program offered by the Defenders of Wildlife and the National Park Service.

Without a "how-to-pay" strategy, even the most comprehensive and thoroughly thought out conservation plans languish. Developing a financing strategy is a process involving far more than securing funding – it begins with determining organizational goals, the costs associated with putting needed programs in place to achieve these goals, and the organization's existing capacity to pay for these efforts. Taking these steps enables an organization to then identify what additional fiscal resources are ultimately needed to attain organizational goals. By engaging in this process, an organization is able to increase the efficiency of existing efforts and capitalize on new funding opportunities in a manner most appropriate to their specific needs and ideal outcomes.

Unlike other watershed organizations, land trusts have a particularly critical responsibility – to exist in perpetuity. Financial stability sustains a land trust enabling it to carry out its mission in perpetuity, and diversity is the key to achieving this stability. Dependency on a single funding source can lead to quick gains and quick declines. As foundation programs narrow their focus and competition for federal grant dollars increases, land trusts must be strategic in developing their financing plans. Establishing a diverse funding base and developing and drawing on partnerships at a variety of levels are essential to creating a financial plan that will support land conservation goals.

As the CRLC examines the extent to which it would like to grow as an organization to accommodate an expanded role in the community and the responsibilities that come with protecting additional acres of land, the organization will need to plan for the sustainable implementation of their mission and conservation priorities. The CRLC has been effective at securing grants to support the initial establishment of the organization, and although grant funds can be an effective way to launch programs and build momentum with implementation efforts, there is not, never has been, and never will be enough grant funds, either public or private, to achieve all of a land trust's conservation goals.

A combination of cost reducing measures and additional revenue streams make for an effective long-term financing strategy. Although there is a broad universe of financing mechanisms that may ultimately be of interest to CRLC, much of which is described in the included appendices, because CRLC is still an emerging land trust, this document will focus on the capacity building steps and mechanisms that will best solidify the organization's foundation and provide the greatest opportunity to expand in a way best-suited to meet CRLC's goals.

Building Organizational Capacity

The CRLC's total annual operating budget ranges from $50,000 to $75,000 annually. This funding comes primarily in the form of corporate grants and gifts from Altria, Dominion, Luck Stone, Vulcan, and Individual Donors. A $5,000 gift for the establishment of a stewardship endowment is currently under discussion.

The CRLC board numbers 11 members. Although presently without an Executive Director, three part-time coordinators assist with outreach and administrative matters. Four county advisory committees and a three-person advisory board also help to shape the land trust's work and manage its activities. The organization does not currently have formal office space and owns no equipment. To date, CRLC co-holds five easements totaling about 1,000 acres and has assisted in protecting an additional 4,500 acres by providing assistance on another ten easements.

The organization recently completed an exercise that has helped to prioritize potential conservation lands in CRLC's service area. This is an important first step in ensuring that conservation resources are invested as efficiently as possible. But before any discussion regarding allocation of conservation resources can take place, CRLC must be sure that a solid organizational foundation exists to support conservation activities.

The CRLC staff and board members in attendance at the September 29, 2010 financing workshop developed quick consensus that having full-time Executive Director, maintaining existing part-time staff, and adding a handful of board members were capacity development priority. The group also agreed that establishing a formal office space and acquiring equipment such as computers with GIS capacity and filing systems were important to furthering the credibility of the organization. The group estimated that this level of capacity would require an annual budget of about $125,000.

There is not complete agreement as to the specific approach to take in protecting the prioritized lands – continuing to co-hold and assist on easements, holding easements alone, accepting land donations, and making fee-simple purchases, were some of the options discussed. Determining what combination of approaches best meets the needs of the trust as a whole and at what pace CRLC would like to move forward with these efforts will help to determine the extent to which organization capacity must be expanded to support these activities and the associated increase in responsibility. Regardless, there are some agreed-upon initial, immediate steps that can be taken to strengthen CRLC's structure and position the organization for success in any of these pursuits.

Cost Reducing Strategies

Examining operations and procedures and creating efficiencies can reduce organizational costs. There are a number of ways a land trust might do this.

Strategic Planning

Strategic planning enables a land trust to establish organizational priorities. A strategic plan can then serve as a guiding document to aid decision making and ensure that resources are only devoted to activities that meet the organizational mission.

CRLC does not currently have a strategic plan. In the fall of 2009 James W. Abernathy, consultant to the Land Trust Alliance, conducted a retreat of the CRLC board and produced a report of the assessment of the progress of CRLC in implementing the Land Trust Alliance (LTA) Standards and Practices (Appendix C). He outlined various issues that need to be addressed as soon as possible through the creation of a strategic plan:

- Obtaining sustainable funding for staff positions and training,
- Defining the role of the organization in local policy advocacy,
- Becoming eligible under state law to hold easements,
- Further defining the organizations conservation priorities,
- Implementing the fundraising plan (developed by who and when?) focused on individual donors,
- Diversifying the representation of the board to include rural residents,
- Defining board responsibilities and forming functioning board committees to share the work load currently carried by the board President.

The 2009 workshop, facilitated by Defenders of Wildlife's Living Lands Program and the National Park Service's Rivers, Trails, and Conservation Assistance Program, resulted in CRLC further defining the organization's conservation priorities. The CRLC Finance Committee and staff have expressed concern that the majority of the organization's current funding comes from a very few corporations and foundations; therefore, they are also keenly interested in including steps to diversify organizational funding as a part of their strategic plan. CRLC board members agree that they should hold off on developing a strategic plan until they are able to hire and Executive Director. CRLC has received a small grant from LTA to hire Faye Cooper to implement a 6-12 month action plan to begin to implement many of the strategies outline in this report. A preliminary draft of the action plan was distributed at the workshop and is included in Appendix D.

Board Development

An active an engaged board is critical to land trust success. Strategic board recruitment can help to address capacity gaps within the organization. Seeking out board members that have needed skill sets, such as investment knowledge, fundraising experience, or legal expertise, can reduce the amount a land trust needs to invest in these types of professional services.

CRLC staff and the Finance Committee indicated that developing procedures for the recruitment, orientation and continuing education of board members should be a high priority for the organization, and those in attendance at the September 29, 2010 financing workshop agreed. Adding board members and achieving better representation of the rural counties in the CRLC's region were also important to the group. It was suggested that CRLC may want to look to the county advisory councils to identify potential new board members. Again, the organization should be strategic in this selection process, making sure to recruit and select board members that fill capacity gaps in the organization or have connections to land owners and/or financial resources in the region and a willingness to actively fundraise.

Volunteer Efforts

Strategic volunteer recruitment can be an equally effective way to address organizational needs. Finding reliable, skilled volunteers can help off-set the costs of day-to-day activities such as monitoring or bookkeeping.

Currently, when CRLC participates in events such as farmer's markets and local festivals, staff members represent the organization. It was suggested that perhaps volunteers could fill this role. Administrative tasks, fundraising, graphic design and photography were cited as opportunities to involve volunteers in CRLC day-to-day operations.

Policies and Procedures

Through their accreditation program, the Land Trust Alliance has developed detailed standards and practices for land trusts. The process of assessing an organization and adopting policies and procedures like the ones that move a land trust towards accreditation can help to ensure the organization operates efficiently.

Aside from the issues described under the need to develop a strategic plan, the board did agree during their 2009 retreat (Appendix C) to address the creation of the following board-adopted policies that relate to the standards and practices, however, to date these polices have not yet been developed:

- ethics,
- record keeping,
- preventing minority rule,
- conflict of interest,
- financial reviews,
- funds for stewardship and enforcement,
- risk management,
- volunteer training,
- documentation of public benefit,
- project planning,
- tax code requirements,
- appraisal requirements,
- enforcement of easements, and
- easement amendments.

The CRLC Finance Committee and staff indicated that easement and stewardship policies were a top priority and are currently under development.

Revenue Generators

Any funding gap that remains after reducing costs to the greatest extent possible will need to be address with revenue streams.

Board Giving/Getting

Being a land trust board member is a commitment that extends beyond participation meetings and activities. There is an important financial commitment to generate funding for the organization as well. Board giving is critical for a number of reasons. There is, of course, the obvious revenue impact of board donation(s); however, there are other impacts that benefit the organization as well. Board members who give are often more effective fundraisers. Board

members who have made a personal financial commitment to their organization are more readily able to motivate others to do the same. In addition, potential funders will often look at board giving levels as an indicator of organizational strength and sustainability.

Board getting is important to organizational success as well. Having clearly established fundraising goals and expectations are critical to successfully engaging board members in fundraising activities. Tailoring outside fundraising activities to the knowledge, skill set, and experience of the individual members can be an effective motivating tactic as well.

Standardizing CRLC board responsibilities with tools such as a board job description and give-get policies that would clearly define the fundraising expectations for board members were of interest to the CRLC staff and board members in attendance on September 29, 2010. In addition, the CRLC Financing Committee suggested the establishment of a board fundraising target may be in order and that an overall fundraising plan that clearly identified goals and expectations for both board and staff would help focus these efforts.

Membership and Major Donor Programs

The revenue generating opportunity that was of greatest interest to the CRLC board and staff was the development of a membership/major donor program. A major donor program provides an organization's supporters who have the capacity to give more than the average donation an avenue to do so while achieving an increased level of recognition in the process. The threshold for what is considered a "major" donation differs from one organization to another, as does the method of recognition.

Major donor programs can benefit from having a strong membership base to tap into. For many land trusts and watershed organizations, developing a strong membership base can aid in diversifying the organization's funding sources and the annual dues associated with membership can provide a steady flow of unrestricted funds. A strong membership base demonstrates organizational strength and longevity to foundations, potential corporate partners, and other funders. A membership base can also serve as a pool of potential volunteers for events, implementation projects, and day-to-day operations as well as potential donors of larger gifts, bequests, and the like.

A membership base also provides an audience for routine donor appeals. These appeals are not only a method of raising funds, but serve as a way of letting the membership know what types of accomplishments the organization is making, thereby strengthening the organization's connection with the membership base.

At this stage of CRLC's development, the organization may want to consider beginning with a less formal "supporters" program. A membership program tends to indicate that those who pay dues can expect certain benefits in return. The costs associated with managing this type of program and providing a suitable level of benefits may be more of an investment that CRLC is willing or able to make. Starting a "supporters" program could still make use of routine donor appeals and provide similar organizational development benefits without a significant investment. Actively maintaining a database of these supporters would still demonstrate organizational strength and longevity to foundations.

One tool many organizations and businesses have found to be an effective, yet low-cost, low-effort way of maintaining contact with supporters or clientele is an electronic messaging service used to send out announcement, invitations, and newsletters. For a flat monthly fee (usually starting around $15), a subscriber can send an unlimited number of emails to up to set number of contacts (usually starting around 500). Most programs offer free-trial periods and discounts (10% to 15%) for paying six months or one year in advance. For additional monthly fees, there are survey and events promotion services available as well.

One particularly helpful tool from a fundraising perspective is the ability to track which supporters opened the email and exactly which links if any they followed. This feature could be used to identify potential major donors and issues of particular concern to supporters which future campaigns can be developed around.

Again, establishing a major donor program was far and away the highest fundraising priority as indicated by the CRLC Finance Committee. The existing membership is limited, but could serve as a starting point for expansion and improvement. Engaging new and existing board members who can cultivate local relationships will be critical to the success of a major donor program.

Abernathy pointed out in his 2009 workshop (Appendix C) that there is significant unrealized potential in both the long and short term for fundraising from major donors that current board members could tap if a plan is developed and consistent leadership emerges to implement the plan. There is a longer-term potential for increasing more modest contributions from individuals through memberships as well. Another consultant to CRLC developed a description of a possible membership and major donor program (Appendix E), but it was never implemented because of lack of resources. This framework could be a useful starting point for program development.

Fundraising Events

Fundraising events and activities like auctions, festivals, tours and classes can be an effective way of bringing in revenue while spreading the word about an organization. Care must be taken to ensure that the financial and personnel resources expended on these events do not exceed the actual funds raised. However, events can build momentum over time, so if they are not "profitable" the first year, they may have the potential to generate more net income over time. Careful budgeting and local merchant engagement in sponsorships and donations can help reduce expenses and increase income.

CRLC had its first major donor event in June 2010. There were with 15 attendees and the event generated $235. They are planning their second event this fall. Lessons learned from these experiences will likely indicate the extent to which fundraising events may play a role in the financing strategy for the organization.

Foundation Grants

Although there are rarely private grants available to fund the salaries and overhead that make the day-to-day operations of a land trust or watershed organization possible, there are programs that could fund needed equipment such as computers, monitoring gear, or tools that facilitate program implementation. Although grants are not typically a good source of operational funding because of their finite nature, one-time equipment purchases or upgrades would be an appropriate use of these types of funds.

As was stated earlier, the CRLC staff and Finance Committee are highly concerned at the level to which the organization as relied on a limited number of grants for operational and implementation funds. In fact, staff indicated that 90% of the land trust's budget comes from only two sources. Obviously, if the competition for these funds increase or the priorities of the funders shift, the CRLC would be organizationally devastated. This is a precarious position for an organization that has commitments that last in perpetuity. There is a clear and pressing need to plan for how CRLC will diversify its finances as soon as possible.

Corporate Sponsorship

Corporate sponsorship can offer an effective way to connect with local retailers while developing a revenue stream. Developing a strong rapport with corporate or business sponsor can extend their involvement beyond making a donation into helping to promote the organization, upcoming activities, and contributing products or other resources for events.

Portland Trails, an urban land trust in Maine for example, has an adopt-a-trail program for their corporate sponsors, which offers a promotional opportunity in exchange for the retailer's donation. Consideration should be given to exactly what types of businesses are or are not appropriate partners and the board may want to develop guidelines to this effect.

CRLC already receives some support from Luck Stone and Vulcan Materials, as well as grants from Altria and Dominion. There are likely ways to expand these opportunities to include other sponsors, as well as increase the participation of these existing corporate partners. The Finance Committee and staff expressed an interest in the potential of a "corporate membership" program, as well as any opportunities to have corporate sponsors underwrite event costs.

Strategic Partnerships

Some of the most successful land trusts in the country have developed strategic partnerships at the federal, state, local, and private levels. Working with local, state, and federal agencies, as well as with resource protection nonprofits and corporate partners can do more than help position a land trust for funding opportunities. These relationships can facilitate the sharing of information and the exchange of resources, creating efficiencies and potentially reducing program costs for both organizations.

These associations can also enable the coordination of priorities for resource protection in a region generating additional efficiencies. The Virginia programs through Virginia Outdoors Foundation (VOF), Department of Forestry (DOF), Department of Historic Resources, and Department of Conservation and Recreation (DCR) present unique opportunities for CRLC to accomplish land conservation through such partnerships.

CRLC actively works with VOF, DOF, and DCR, while new relationships are being forged with the soil and water conservation districts and the farm bureau through CRLC's advisory councils. This engagement has enabled the organizations to partner on outreach projects.

How Best to Invest: Developing Endowments

Endowments not only provide financial stability and routine income, depending on their structure, they can also be a source of emergency or opportunity funds and strengthen the

confidence both donors and foundations have in the organization. Having the details of an endowment found codified prior to launching a campaign to support it is an important step. Being able to answer questions regarding how the fund will be managed, what the objectives of the fund are, how and when the proceeds will be dispersed, and what types of auditing and reporting will be required will build credibility with potential donors. Local community foundations may present an opportunity for partnerships that can help establish a fund and provide fund management, as well as expand a potential donor base.

Currently, CRLC does not hold any investments, although there are discussions regarding using an anticipated $5,000 gift to establish a stewardship fund. Obviously, the interest raised by an endowment of significance could improve the organization's ability to monitor and maintain their easements immensely. Depending on the structure of the endowment, these funds could even be used for day-to-day capacity support. Much like major donor program, any endowment campaign requires the internal capacity to conduct both the up-front promotions that engage potential supporters, as well as the additional work necessary to properly communicate with and adequately acknowledge supporters.

Appendix A: Additional Capacity Building Financing Mechanisms

This appendix offers some additional capacity building financing mechanisms employed by land trusts that CRLC may not currently have the capacity to investigate at this time, but may prove useful in the near future.

Contracted Fee-for-Service

Some land trusts enter into contracts with other land trusts or state or local agencies and charge fees for services provided by their staff. These services can range from mentoring, to coordinating with landowners on easement transactions, to monitoring, to educational programs. In some communities, a local land trust manages required development open space set-asides for a fee.

The Finance Committee and CRLC staff felt that the new easement policies currently under development would likely address the need for these types of fees. CRLC is working in coordination with the Land Trust of Virginia to explore the possibility of modeling a fee structure on the structure they use. There also may be an opportunity to establish fees for any stewardship CRLC performs on county-held easements.

Voluntary Surcharges

Voluntary surcharges offer a way to expand upon the corporate sponsorship concept; however, in this scenario the funds generated are not coming from the merchants themselves, but rather their clientele. These programs can be structured in a number of ways but all function similarly. In most cases, local merchants, utilities, or other community service providers agree to collect funds from their routine sales transactions or bill payment on behalf of a charitable organization.

In opt-out programs, a small percentage is added to a consumer's bill as a donation to the charity which the consumer has the option to opt out of paying. For example, the Tecumseh Land Trust in Ohio has established a program called 1% for Green Space through which approximately 40 local businesses collect a voluntary 1% donation to the trust. All but 3% admin fee goes to on the ground preservation efforts.

Although similar to opt-out programs, add-on programs give a consumer the opportunity to add an amount of their choice onto a bill as a donation to a charity. These can be done as point-of-sale transactions where a cashier rings up a specific SKU for the donations, which simplifies accounting, or as a check-off program as is done on many tax forms.

Round-up programs have been effective fundraisers as well. These programs offer bill- or rate-payers the opportunity to round their bill up to the nearest whole dollar with the change as a donation to the charity. Palmetto Electric Corporation in South Carolina created Operation Round Up which enables customers to round their bills up with the proceeds, over $300,000 in 2009, going to customers in need and a host of charities including Lights Out for Sea Turtles and Adopt-a-Highway.

Most land trusts adopt the opt-out model for their programs. Whether it is a "Buck for Open Space" of the Truckee Land Trust, or "1% for Open Space," in virtually every example of land trusts taking on this type of revenue generator, board involvement was critical to the programs success. In some cases, a board member was able to lead by example, launching the program through his or her own business. In other cases, board members played an important role in connecting the land trust with the local Chamber of Commerce or key early adopters and working to promote the program.

The existing examples of these programs tend to take one of two approaches depending on the community involved. Smaller communities with a strong, community-wide land ethic rely on many businesses adding a small surcharge. In larger, more diverse communities, programs have targeted a few businesses for larger amounts, particularly those whose economic success is tied to the landscape being protected, such as resorts, lodges, or recreational retailers.

These programs can be extremely time-consuming to establish, market, and maintain. If the organizational capacity does not exist to manage a program like this on a day-to-day basis does not exist, the program will lag, which hurts not only the credibility of the program, but the land trust itself. However, structured properly and with ample board involvement, a voluntary surcharge program with local businesses could generate significant, steady income for the LSLT.

The level of revenue generated varies, and is community dependant. Crested Butte's 1% for Open Space program raised $1.18 million in its first ten years. Jackson Hole Land Trust's program raised $170,000 over six years, and the Nantucket Green Fund brought in $225,000 over five years.[1]

The CRLC Finance Committee and staff were interested to learn more on these types of programs, but reiterated that development of a major donor program remains their highest priority. Story Clark devoted an entire chapter of her book *A Field Guide to Conservation Finance* to the subject of voluntary surcharges. There are a number of case studies of successful programs included that would provide a good model for the CRLC in developing a similar program.

Planned Giving

Planned, deferred or testamentary gifts are gifts made by donors during their lifetimes or through their estates where a significant gift comes to an organization at a later time or when the donor dies. Planned or scheduled giving can provide a steady revenue stream for an organization, although the scale of which is dependent on the capacity of the donor(s). The ability to provide a series of smaller scale gift can be appealing to donors who would like to give but think they cannot afford it. Bequests are a longer-term strategy, but often with a more significant level of income generated. Surveys of private, charitable giving have consistently indicated that nonprofit income from bequests is on par with income from private foundations.

Again, the CRLC Finance Committee and staff felt that there could be potential in a planned giving program, but a major donor program is their highest fundraising priority.

Tradeland Programs

[1] Clark, Story. *A Field Guide to Conservation Finance*. Washington, DC: Island Press, 2007. pp 147-161.

In a trade land scenario, a landowner gifts a property to a land trust outright. These properties may or may not have conservation value, and can include homes, commercial properties, and other types of real estate. A donated property is evaluated by the land trust to determine if the site holds long-term conservation significance. In cases where the land does have conservation value, the property can be protected with an easement prior to selling, perhaps to a conservation buyer. If the conservation values are very high, a land trust may choose to own and manage the property.

Proceeds from the sale of a Trandland can be applied to the day-to-day activities of the land trust or earmarked for land preservation in the region. These types of donations are often recognized as charitable gifts, with the possibility for the appraised value, as determined by a certified appraiser, to be deducted from the donor's federal and state taxable income.

The CRLC Finance Committee and staff indicated that these opportunities occasionally present themselves and that the organization should likely take steps to be better prepared to capitalize on them.

Capital Campaigns

These types of donor drives are made to members and other supporters in a manner similar to that of traditional annual appeals; depending on how they are structured, these can be a source of either unrestricted operating funds or restricted funds targeted for a specific purpose or project. Kicking off a capital campaign for the protection of a highly visible and critical property is a good way to build donor support and to grow public awareness of a land trust.

The CRLC Finance Committee and staff suggested that this may be an option worth exploring for the development of stewardship and legal defense funds.

Appendix B: Implementation Financing Mechanisms

Because the CRLC is still an emerging land trust, this report has focused on the organization's most immediate need – capacity developing strategies. However, once the organization's foundation has been solidified some of the following mechanisms may be of interest for the implementation of CRLC's conservation priorities.

Market-based Approaches

State Tax Exclusion for Sale of Easement

A Virginia state capital gains tax exclusion permits a landowner to exclude capital gains from the sale of land on which an open space easement has been placed and on which Virginia capital gains tax would otherwise have been levied.

CRLC staff and the Finance Committee indicated that the organization is not actively promoting or directing landowners to this program.

State Tax Credit for Donation of an Easement

Virginia law allows a tax credit of 40% of the value of a donated easement or property. Any unused portion of the credit may be carried forward for up to ten consecutive tax years. In addition, any portion of the tax credit can be transferred to other taxpayers.

Staff and the CRLC Finance Committee said that this program can be a major tipping point for landowners considering easement donation. However, in one recent experience, wherein a landowner was dissatisfied with the appraised easement value, CRLC actually lost the potential donation.

Development Rights Programs and Installment Purchase Agreements

Development rights programs which allow for the transfer of development rights (TDR) or purchase of development rights (PDR) have been an effective land preservation tool. Although they tend to function most efficiently when a regulatory driver is in place, there are a number of voluntary programs that have been successful as well.

In a TDR scenario, aggressive zoning limits the opportunity to subdivide property. To compensate landowners for the loss of the ability to subdivide their land, landowners are granted a "development right" for a certain number of acres of property. These development rights can then be sold to developers who use them to develop in designated growth areas. To incentivize developer participation, those who purchase these development rights are permitted to develop at a higher density than normally allowed.

In the PDR scenario, an entity offers to purchase the development rights from interested property owners and places an easement on the land that protects it, but continues to allow certain activities to take place as defined in the easement. Both Goochland and New Kent Counties in CRLC's service area have the local enabling legislation in place for PDR programs. Goochland's program has received matching funds from the state multiple times.

PDR programs often make use of an Installment Purchase Agreement (IPA) system. The IPA commits the development rights purchaser to paying interest on the easement purchase to the landowner while paying the actual principal of the purchase price of the easement at a specified point in the future. This enables the purchaser to stretch their land preservation dollars further, while still providing a steady, tax-free annual income to landowners and allowing them to defer the capital gains taxes on the purchase. These are often operated by a local government and are frequently funded through local transfer tax revenues, although there are some land trusts who make use of IPAs. The challenge is having the dedicated revenue available to make the routine interest payments.

Although the Finance Committee and CRLC staff felt that there could be a role for these types of programs in a long-range financing strategy, the organization lacks the funding, manpower, and board directive to pursue this presently. CRLC has and will continue to facilitate interested landowners in accessing the county programs that exist in New Kent and Goochland.

Limited Development Sales

On occasion, some land trusts have used the proceeds from limited development sales to fund land purchases. For example, the Franklin Land Trust in Massachusetts, through a cooperative agreement with the Trust for Public Land, preserved an agricultural property slated for a 40 home development by selling only eight building lots on a less desirable part of the property instead, and using the proceeds of the sale to ease the remaining land. In all, 380 of the 410 acre parcel were able to be preserved.

The CRLC has not come across an opportunity like this to date, but should the opportunity arise, it could be well worth considering.

Revenue Generators

In addition to the funds needed to build the capacity of the CRLC to the point where it can pursue land identified as high priority, this effort will also require additional funds for the on-the-ground implementation of land preservation programs.

Easement Fees

Other land trusts charge administrative and stewardship fees as a part of the easement purchase process to secure the dollars needed to be invested for the stewardship of the easement in perpetuity. Administrative fees of 3% of the purchase price and stewardship fees of 1.5% of the purchase price are common. These fees are structured in an almost endless variety of ways; far too many to delve into here. A very detailed description of how many of these fees operate called *Stewardship Fees: Binding Future Owners to Present Promises* has been developed by the Pennsylvania Land Trust Association and is available for download at www.conservationtools.org/tools/general/show/45.

No fee is currently collected, but as mentioned previously, easement fees will likely be a topic of discussion as the easement committee develops and establishes its easement policies. Looking again to the Land Trust of Virginia may provide a tested structure worth modeling.

Grant Programs – Federal

CRLC staff and the Finance Committee indicated that few if any federal funding programs were being accessed by the organization. The following is a brief description of a number of the land

protection programs available at the federal level, including links to additional information on each. Perhaps a board subcommittee could further research which programs' requirements may be best-suited to the CRLC's needs.

DoD, Readiness and Environmental Protection Initiative

Through the Readiness and Environmental Protection Initiative (REPI) the Department of Defense (DoD) works with land trusts and other non-federal agencies for five years to protect habitat, working lands, and compatible land uses in the vicinity of military installations.

USDA, NRCS, Conservation and Reserve Enhancement Program

The Conservation Reserve Enhancement Program (CREP) pays landowners for the installment of grass, tree or ditch buffers around wetlands. Payments can be substantial and are for permanent or 10-15-year periods. The State of Maryland works with the federal program on a cost-share basis for the installation.

USDA, NRCS, Farm and Ranch Lands Protection Program

The Farm & Ranch Lands Protection Program (FRPP) provides matching funds to help purchase development rights to keep productive farm and ranchland in agricultural uses. Working through existing programs, the USDA's Natural Resources Conservation Service partners with state and local governments and non-governmental organizations to acquire conservation easements or other interests in land from landowners. USDA provides up to 50% of the fair market easement value of the conservation easement.

USDA, NRCS, Wildlife Habitat Incentive Program

The Wildlife Habitat Incentive Program (WHIP) is a voluntary USDA program for property owners interested in developing and improving wildlife habitat primarily on private land. Through WHIP USDA's Natural Resources Conservation Service provides both technical assistance and cost-share assistance to establish and improve fish and wildlife habitat. WHIP agreements between NRCS and the participant generally last from five to ten years from the date the agreement is signed.

USDA, NRCS, Wetland Reserve Program

The Wetland Reserve Program (WRP) is a voluntary USDA program to restore and protect wetlands on private property. It is an opportunity for landowners to receive financial incentives to enhance wetlands in exchange for retiring marginal agricultural land. WRP provides landowners with 100% cost-sharing for permanent easements, 75% for 30-year easements, and 75% for restoration cost-share agreements. The landowner continues to control access to enrolled land and may utilize the land for certain compatible uses such as hunting and fishing, timber harvest, haying to mowing and wildlife food plots.

USDA, NRCS, Conservation Innovation Grants

The Conservation Innovation Grants program (CIG) is a voluntary program intended to stimulate the development and adoption of innovative conservation approaches and technologies while leveraging federal investment in environmental enhancement and protection, in conjunction with agricultural production. Under CIG, Environmental Quality Incentives Program funds are used to award competitive grants to non-Federal governmental or non-governmental organizations, Tribes, or individuals. CIG enables NRCS to work with other public and private entities to accelerate technology transfer and adoption of promising technologies and

approaches to address some of the Nation's most pressing natural resource concerns. CIG will benefit agricultural producers by providing more options for environmental enhancement and compliance with federal, state, and local regulations. NRCS administers CIG.

USDA, Forest Service, Forest Legacy

Forest Legacy is a USDA Forest Service program that compensates owners of forestland for conservation easements on their property.

USFWS, Landowner Incentive Program

The Landowner Incentive Program (LIP) provides US Fish and Wildlife grant funds to grant funds to the states to protect and restore habitats on private lands, to benefit federally listed, proposed or candidate species or other species determined to be at-risk.

USFWS, National Coastal Wetlands Conservation Grant Program

The National Coastal Wetlands Conservation Grant Program is used for easement purchases of tidal wetlands and associated uplands. The program focuses on acquiring, restoring or enhancing wetlands.

USFWS, The North American Wetlands Conservation Act

The North American Wetlands Conservation Act program provides matching grants to organizations and individuals who have developed partnerships to carry out wetlands conservation projects in the United States, Canada and Mexico for the benefit of wetlands-associated migratory birds and other wildlife. The US standard grant deadline for this year is July 30, while the small grants program (under $75,000) has a deadline of October 28, 2010.

USFWS, Coastal and Estuarine Land Conservation Program

The Coastal and Estuarine Land Conservation Program (CELCP) is a federal program that pays for conservation easements for landowners who are interested in protecting their land for wildlife. It also pays for fee-simple acquisition of lands.

EPA Grant Programs

In addition to the federal clean water and clean drinking water funds available through Maryland revolving loan funds, the Environmental Protection Agency offers a variety of watershed and wetlands protection grant programs as well. Although few focus exclusively on land conservation in the manner the FRPP does, there may be an opportunity in some cases to "sell" the water quality benefits associated with the LSLT preserving a specific property that would make a specific project, or a part of a specific project, a good candidate for one of these programs.

Grant Programs – State

Again, CRLC board members and staff indicated that the organization has capitalized on few, if any, of the state programs available for land preservation. Brief descriptions of a number of these programs follow. Although these are still grants, investigating these further may enable the organization to at least expand the number of funding sources within the realm of grants.

Virginia offers a number of state grant programs that target land preservation, including:

- Virginia Land Conservation Foundation – This fund was established by the Virginia General Assembly and the Governor to provide a source of funds for establishing conservation easements and for purchasing natural areas of significance. State funding is used to conserve certain categories of priority land including open spaces and parks, natural areas, historic areas, and farmland and forest preservation. Grants are available for state agencies, local governments, public bodies and registered (tax-exempt) nonprofit groups. For more information, call (804) 225-2048.

- Virginia Open Space Lands Preservation Trust Fund -- The Virginia Open Space Lands Preservation Trust Fund, created by the Virginia General Assembly, assists landowners with the costs involved in open-space easements and the purchase of all or part of the value of the easements. Funding may be used to reimburse legal costs, appraisal and other costs, easement value (full or partial). Potential easements are evaluated using the Virginia Outdoor Foundation's Guidelines. Applications are available on the VOF website.

- Virginia Recreational Trails Program – This is a reimbursement grant program for the creation and maintenance of trails and trail facilities funded through the Federal Highway Administration (FHWA) and administered by the Virginia Department of Conservation and Recreation (DCR). Grants are awarded for projects enhancing trail opportunities and projects with primarily recreational value. The program can be contacted through Synthia Waymack.

- American Battlefield Protection Program – The ABPP promotes the preservation of significant historic battlefields focusing primarily on land use, cultural resource and site management planning, and pubic education. The grant program invites proposals for battlefield preservation projects annually.

- Civil War Battlefield Acquisition Grants – The Land and Water Conservation Fund provides funding to help States and local communities acquire and preserve threatened Civil War Battlefields. The American Battlefield Protection Program administers Civil War Battlefield Land Acquisition Grants requiring a dollar-for-dollar non-Federal match. Grants are available to acquire battlefield land or to acquire a permanent protective interest in a battlefield land.

- Historic Resources (DHR) Incentives and Grants -- The Virginia Department of Historic Resources offers a wide variety of programs providing financial assistance for historic preservation.

- Water Quality Improvement Fund -- The Virginia General Assembly created the Virginia Water Quality Improvement Fund to provide local governments and individuals with technical and financial assistance through grants. Project eligibility is currently limited to design and installation of nutrient reduction technology at Chesapeake Bay watershed publicly owned wastewater treatment plants. For more information, please visit: http://www.deq.state.va.us/bay/wqif.html

Grant Programs – Private and Foundation

The CRLC pursued a $25,000 from the Virginia Environmental Endowment (VEE), however due to over-committing and underfunding of VEE's programs, the CRLC was turned down for the grant. The following are a series of the private and foundation grant programs land trusts in the region frequently turn to for various funding needs. Again, further investigation by a board subcommittee could identify programs that are well-suited to the needs and priorities of the CRLC.

Chesapeake Bay Small Watershed Grants Program

The Chesapeake Bay Small Watershed Grants Program is one of the NFWF Charter Program grants available through the Chesapeake Bay Stewardship Fund. The grants are awarded to organizations and local governments working on a local level to protect and improve watersheds in the Chesapeake Bay basin, while building citizen-based resource stewardship. The purpose of the grants program is to support protection and restoration actions that contribute to restoring healthy waters, habitat and living resources of the Chesapeake Bay ecosystem.

Chesapeake Bay Stewardship Fund Technical Assistance Program

Through the Chesapeake Bay Stewardship Fund Technical Assistance Program, NFWF in partnership with Chesapeake NEMO (Network for Education of Municipal Officials) seeks to provide appropriate technical assistance to both Chesapeake NEMO clients and Chesapeake Bay Stewardship Fund grantees on an as needed basis.

Chesapeake Bay Trust

Many of the Chesapeake Bay Trust grant programs focus on Maryland, however there are a limited number of programs applicable to Virginia communities. Although none directly support easement purchase, there are number of these programs that could be appropriate for other aspects of CRLC programs, such as outreach or land preservation support activities. They also offer a capacity building grant in conjunction with the Chesapeake Bay Funders Network that is designed to help organizations expand and improve their planning, implementation, and tracking efforts.

Virginia Environmental Endowment

The VEE Virginia Program supports community action, reinforced and informed by research and education. Grant making priorities in the Virginia Program are focused on water quality research and monitoring of water quality conditions; land and open space conservation; Chesapeake Bay conservation, research, and education; and environmental education.

Keith Campbell Foundation

This foundation's mission is to improve water quality and ecological balance in the Bay and its rivers by promoting the implementation and enforcement of adequate policies, leveraging the power of markets to advance sustainable economies and supporting innovative leadership and advocacy.

The Beirne Carter Foundation

The Beirne Carter Foundation was established in 1986 exclusively for charitable purposes and commenced grant making in 1989 with an initial funding of $14.0 million. Grant funding

emphasis over the years has centered upon *health, education, local history, nature, ecology and youth*.

Transfer Taxes

Transfer and other specialty taxes are being used in communities across the country to fund land preservation and land trust activities. These are frequently the method of choice for funding local PDR programs. It should be noted, however, that because these funds are tied to the real estate market and all of its inherent fluctuations, the income from these programs can be unpredictable.

CLRC staff and the Financing Committee indicated that the organization is not well-positioned to pursue a transfer tax option, but may revisit the idea in the future.

Bond Initiatives

Bonds are essentially loan programs with fixed terms designed to finance a specific project. Traditionally these are tied to community needs, like for roads, or schools, or other local services. In these scenarios, voters agree that a portion of taxes collected can be used to pay for the loan that funds a specific project. According to the Trust for Public Land, dozens of communities across the country vote to use public funds to support land conservation efforts in this way. In fact, according to their LandVote database, in 2009 25 of 40 proposed measures passed, devoting more than $600 million to conservation programs in communities nation-wide.

Although James City County has used this mechanism to fund their PDR program, the CRLC Finance Committee and staff suspect that the land conservation ethic in the region is not yet fully formed. Significant land conservation outreach and education will need to be done before the concept of a bond initiative can even be discussed.

Appendix C: Assessment of CRLC's Progress Towards LTA Standards and Practices

Memorandum

To: Capital Region Land Conservancy Board

From: James W. Abernathy, Consultant to the Land Trust Alliance

Subject:Final Report on the Assessment Process

Date: August 4, 2009

This is a report of the assessment of the progress of the Capital Region Land Conservancy (CRLC) in implementing the Land Trust Alliance (LTA) Standards and Practices.

Capital Region Land Conservancy

The Capital Region Land Conservancy mission is "to promote the conservation of the capital region's historically significant land, scenic natural areas and ecologically sensitive land, water and wildlife resources". The CRLC service area includes the City of Richmond and the Counties of Chesterfield, Henrico, Hanover, Goochland, Powhatan, New Kent and Charles City.

It was founded in March 2005 and since then has facilitated the protection of 2,700 acres of land in the area. They have been very active in educating landowners in the region on the value of land conservation. They have connected many of those landowners with the Virginia Outdoors Foundation which holds most of the easements resulting from those referrals.

Virginia law does not allow land trusts to directly hold easements until the organization is five years old. Therefore, CRLC co-holds five easements covering approximately 900 acres and will become eligible to hold them directly in March 2010.

In 2008 CRLC merged with the Goochland Land Alliance and the boards of the two organizations and responsibility for land conservation work has been integrated. They have worked with Defenders of Wildlife and the Green Infrastructure Center on research to identify the high value natural resources in the region.

CRLC is at a crucial point in its history confronting decisions about strategic focus, financial sustainability, board composition and leadership and staffing. The next several months will determine whether and how soon they will be able to have a more significant impact on land conservation in the region than they have had in their first five years.

The Process

The assessment process began with a March, 2009 agreement between the LTA Southeast Regional Office, the President of CRLC, and me on the parameters of the assessment.

After a review of annual reports, work plans, financial statements, bylaws, and other information about the structure and conservation work of CRLC, I traveled to Richmond on May 12 for a meeting and discussion with several board members and staff. In that meeting, we reviewed the work of CRLC and discussed the LTA Assessing Your Organization workbook and the assessment process in general.

Subsequent to that meeting, I interviewed several people outside CRLC who had knowledge of their land conservation work and of their board and staff. A summary of those interviews is attached to this report.

In early June, copies of the LTA Assessing Your Organization workbook along with a memorandum describing the purpose of the workbook and process were sent to the CRLC board. Eight of the thirteen members of the CRLC Board completed the workbook. A summary of those responses is below in this report.

The summary does not include the more detailed descriptions of the LTA recommendations for each practice. For each section for which board members were asked to rate "How well does this describe the land trust?" the average of the responses has been inserted. Following the average, the number of respondents that circled "?" or "N.A." is listed along with my comments.

In consultation with the CRLC President, I prepared an agenda for a board retreat that was held on July 23. It is attached. Board members were sent the summary of the workbook responses in advance of the retreat. Retreat participants included nine board members, three members of the Advisory Board, and one staff person. They are listed below.

CRLC Board Members
- Bill Greenleaf
- Dan Jones
- Bobby Lamb
- John McVickar
- Doug Palmore
- Rebecca Randolph
- Scott Reed
- Brooks Smith
- Chris Vosmik

CRLC Advisory Board Members
- Chris Albert

Norman Burns
Ben Cummings

CRLC Staff
Susan Kuroski

The retreat participants discussed the summary of the outside interviews and each of the LTA standards and practices on which there were either very low ratings, factual disagreements or a significant lack of understanding of the particular standard or practice. The discussion also revealed some important issues that needed to be addressed in subsequent discussions.

The most important product of the retreat was a work plan, time line and assignments for addressing the issues that arose during the retreat or in previous parts of the process. This work plan is attached to this report and involves all of the board members and Advisory Board members who were present and others who were not. If it is fully implemented it will result in a strategic plan with a much clearer direction for the organization, fundraising that will make use of the currently underused potential in the communities that are served by CRLC, new board leaders and an expanded and more involved board, and land conservation practices that are consistent with the LTA Standards and Practices.

Consultant Recommendations

1. Develop and Implement a Strategic Plan

During the entire assessment process but most clearly in the July 23 board retreat, it became obvious that there are fundamental strategic questions that are unresolved in the CRLC board.

The most important of these is a lack of consensus on the board regarding the focus of efforts to acquire additional easements. Some want to continue the pattern of taking opportunities as they come, others think they should decide which types of land uses should be the focus, some want to emphasize geographic opportunities for high value easements in areas where they haven't been active like Charles City County, and a few think the most important thing would be to place easements on land that is so recognizable that it would stimulate interest among landowners who weren't previously interested in conservation.

There are several related questions. One is whether CRLC is ready to make use of their new status under Virginia law beginning in 2010 allowing them to hold easements outright without a co-holder. Another is whether to begin asking or requiring easement donors to make contributions to CRLC to offset the cost of monitoring and enforcement. CRLC also needs to determine whether to leave the larger easements to the Virginia Outdoors Foundation and seek easements only on those plots smaller than 100 acres.

There is another lack of consensus regarding staffing. Some see the staffing need only in terms of educating the public about land conservation and increasing the level of interest in donating easements among landowners. Others think the traditional model of strong

staff leadership with an Executive Director taking on many of the roles the CRLC board has been playing with regard to fundraising, public relations and organizational management.

The third area where the board needs to get clearer is with regard to policy advocacy. A significant portion of the board feels that involvement in any sort of controversy would be detrimental to the achievement of the CRLC mission. Others think that involvement in policy decisions that affect land conservancy in the service area should be a consistent part of the activities of the organization. An agreement about how to decide whether such involvement is appropriate in particular instances and an understanding of what are and are not acceptable activities in the name of CRLC is essential.

All of these issues and others need to be addressed as soon as possible through the creation of a strategic plan.

2. Creating and Implementing a Fundraising Plan

One consistent message from board members and outside observers is that CRLC's service area has a much higher proportion of wealthy individuals and families than almost any other area in the country. Goochland County, for instance, has the highest average income of any county in the United States according to the Transactional Records Access Clearinghouse at Syracuse University.

CRLC had a consultant develop a fundraising plan focused on individual donors a couple of years ago but it was never fully implemented. They have depended on corporate grants for the most part but those are becoming unsure sources of revenue in the current economic climate.

There is significant unrealized potential in both the long and short term for fundraising from major donors that current board members could tap if a plan is developed and consistent leadership emerges to implement the plan. There is a longer term potential for increasing more modest contributions from individuals through memberships as well.

3. Board Composition and Leadership

It is acknowledged by board members and others that the President of the CRLC Board of Directors has taken on much of the workload of the organization in its formative years. The President has made clear to the board that he cannot and will not continue to bear that burden.

There were hopeful signs in the retreat that the rest of the board understands that they must take on more work than they have in the past, especially with such a limited staff. It is critical to the future of CRLC that they do so in the remainder of 2009 and into 2010. They will need to identify someone else to take on the role of President sometime in the next year.

It is also becoming clear to the board that the current board composition with most members living in the City of Richmond and in professions that are not directly tied to the land will not allow them to achieve their land conservation goals. New board members with

energy and enthusiasm for land conservation from counties in the service area not now represented and from professions like farming must be recruited.

One of the reasons that too much work has fallen on the shoulders of the board President is that board committees have not been functioning. The committees seem to exist only in theory and the group has been either a one man show or a committee of the whole. The retreat participants recognize this and have on their agenda the establishment of functioning committees for governance, fundraising, finance, easements and an Executive Committee.

4. Staff

CRLC has been staffed by very part-time contractors working out of their homes and has never had full time paid staff working in an organizational office. As noted above, there is no agreement about what sort of staff are needed.

Even though the agreements with contractors have listed their duties and expectations, there has not been a consistent system for supervising their work, providing training and conducting performance evaluations. Even if there is a decision arising from the strategic planning process that paid staff are needed and funds are raised with which to pay them, the infrastructure for managing staff will need to be created.

It is my view that CRLC will eventually need the traditional staff structure of an Executive Director and other staff in order to have a significant, long term impact on land conservancy in the service area. It may not be either prudent or possible to get to that level of staffing in 2010 or 2011 but it should be a goal in the next three years.

5. Implementing LTA Standards and Practices

The work that the board did in completing the Assessing Your Organization workbooks and discussing the LTA Standards and Practices in the retreat brought them to a much higher level of understanding of the relevance of those standards and practices than before although there was some skepticism about the importance of all of them. It is clear that much must be done before CRLC could contemplate applying for accreditation but there is a commitment to begin that work.

Aside from the issues above that relate to the standards and practices, the board did agree to address the creation of policies regarding ethics, record keeping, preventing minority rule, conflict of interest, financial reviews, funds for stewardship and enforcement, risk management, volunteer training, documentation of public benefit, project planning, tax code requirements, appraisal requirements, enforcement of easements, and easement amendments.

All of this can and should be accomplished within the next six months.

STANDARD

1

Mission

The land trust has a clear mission that serves a public interest, and all programs support that mission.

How well does this describe the land trust?

1 = not true
4 = always true
? = don't know

A. Mission. The board adopts, and periodically reviews, a mission statement that specifies the public interest(s) served by the organization. ***3.125***

The mission of CRLC is to promote the conservation of the capital region's historically significant land, scenic natural areas and ecologically sensitive land, water and wildlife resources. CRLC served the City of Richmond and the Counties of Chesterfield, Henrico, Hanover, Goochland, Powhatan, New Kent and Charles City.

B. Planning and Evaluation. The land trust regularly establishes strategic goals for implementing its mission and routinely evaluates programs, goals and activities to be sure they are consistent with the mission. ***1.75***

There is a disagreement among board members as to whether CRLC has a strategic plan.

C. Outreach. The land trust communicates its mission, goals and/or programs to members, donors, landowners, the general public, community leaders, conservation organizations and others in its service area as appropriate to carry out its mission. ***2.875***

CRLC communicates its goals through public outreach meetings, individual land-owner contacts, partnerships with other organizations, mailings, education seminars, the website, speakers to local groups, and information tables at local events.

D. Ethics. The land trust upholds high standards of ethics in implementing its mission and in its governance and operations. ***3.125***

Some respondents think the board has adopted an ethics statement or a statement of organizational values, others think none have been adopted, yet others believe the statements are in process, and a fourth group believes that the statements exist by implication..

Practices A, B, and D are indicator practices for accreditation.

STANDARD

2

Compliance with Laws

The land trust fulfills its legal requirements as a nonprofit tax-exempt organization and complies with all laws.

How well does this describe the land trust?

1 = not true
4 = always true
? = don't know

A. Compliance with Laws. The land trust complies with all applicable federal, state and local laws. ***4***

B. Nonprofit Incorporation and Bylaws. The land trust has incorporated according to the requirements of state law and maintains its corporate status. It operates under bylaws based on its corporate charter or articles of incorporation. The board periodically reviews the bylaws. ***3.625***

There is some uncertainty about whether the board periodically reviews the bylaws and whether CRLC is in good standing with the state department regulating nonprofits.

C. Tax Exemption. The land trust has qualified for federal tax-exempt status and complies with requirements for retaining this status, including prohibitions on private inurement and political campaign activity, and limitations and reporting on lobbying and unrelated business income. If the land trust holds, or intends to hold, conservation easements, it also meets the Internal Revenue Code's (IRC) public support test for public charities. Where applicable, state tax-exemption requirements are met. ***3***

Some uncertainty regarding whether CRLC follows all the policies needed to maintain tax exempt status.

D. Records Policy. The land trust has adopted a written records policy that governs how organization and transaction records are created, collected, retained, stored and disposed. (See 9G.) **0.625** ***?-2***

It seems clear that there is no records policy.

E. Public Policy. The land trust may engage in public policy at the federal, state and/or local level (such as supporting or opposing legislation, advocating for sound land use policy, and/or endorsing public funding of conservation) provided that it complies with federal and state lobbying limitations and reporting requirements. Land trusts may not engage in political campaigns or endorse candidates for public office. ***2 N.A.-1***

There is lots of confusion about whether CRLC engages in public policy and if so, how.

Practices A, B, and C are accreditation indicator practices.

STANDARD

3

Board Accountability

The land trust board acts ethically in conducting the affairs of the organization and carries out the board's legal and financial responsibilities as required by law.

How well does this describe the land trust?

1 = not true
4 = always true
? = don't know

A. Board Responsibility. The board is responsible for establishing the organization's mission, determining strategic direction and setting policies to carry out the mission, and, as required by law, the oversight of the organization's finances and operations. ***3.375***

B. Board Composition. The board is of sufficient size to conduct its work effectively. The board is composed of members with diverse skills, backgrounds and experiences who are committed to board service. There is a systematic process for recruiting, training and evaluating board members. ***3***

GRLC has 14 board members. They are recruited through personal connections. There appears to be no training of members and no evaluation.

C. Board Governance. The land trust provides board members with clear expectations for their service and informs them about the board's legal and fiduciary responsibilities. The board meets regularly enough to conduct its business and fulfill its duties, with a minimum of three meetings per year. Board members are provided with adequate information to make good decisions. Board members attend a majority of meetings and stay informed about the land trust's mission, goals, programs and achievements. ***3.375***

The board meets monthly. Of the 14 members, approximately 10 attend meetings. There is some disagreement about whether the agenda and other materials are sent out in advance of meetings and whether there is a board policy manual.

D. Preventing Minority Rule. The land trust's governing documents contain policies and procedures (such as provisions for a quorum and adequate meeting notices) that prevent a minority of board members from acting for the organization without proper delegation of authority. ***2 ?-1***

E. Delegation of Decision-Making Authority. The board may delegate decision-making and management functions to committees, provided that committees have clearly defined roles and report to the board or staff. If the land trust has staff, the board defines the job of, oversees and periodically evaluates the executive director (or chief staff person). ***2.25***

About half of the respondents do not think there is a functional committee structure or policies delegating functions to an executive committee.

F. Board Approval of Land Transactions. The board reviews and approves every land and easement transaction, and the land trust provides the board with timely and adequate information prior to final approval. However, the board may ***3.75***

delegate decision-making authority on transactions if it establishes policies defining the limits to that authority, the criteria for transactions, the procedures for managing conflicts of interest, and the timely notification of the full board of any completed transactions, and if the board periodically evaluates the effectiveness of these policies.

Practices B, C, and F are indicator practices for accreditation.

STANDARD

4

Conflicts of Interest

The land trust has policies and procedures to avoid or manage real or perceived conflicts of interest.

How well does this describe the land trust?

1 = not true
4 = always true
? = don't know

A. Dealing with Conflicts of Interest. The land trust has a written conflict of interest policy to ensure that any conflicts of interest or the appearance thereof are avoided or appropriately managed through disclosure, recusal or other means. The conflict of interest policy applies to insiders (see definitions), including board and staff members, substantial contributors, parties related to the above, those who have an ability to influence decisions of the organization and those with access to information not available to the general public. Federal and state conflict disclosure laws are followed. ***1.875***

Most respondents do not believe that CRLC has a written conflict of interest policy. Some think there is one in draft and others think conflicts of interest are covered by the bylaws.

B. Board Compensation. Board members do not serve for personal financial interest and are not compensated except for reimbursement of expenses and, in limited circumstances, for professional services that would otherwise be contracted out. Any compensation must be in compliance with charitable trust laws. The board's presiding officer and treasurer are never compensated for professional services. ***3.125***

No current board members are compensated.

C. Transactions with Insiders. When engaging in land and easement transactions with insiders (see definitions), the land trust: follows its conflict of interest policy; documents that the project meets the land trust's mission; follows all transaction policies and procedures; and ensures that there is no private inurement or impermissible private benefit. For purchases and sales of property to insiders, the land trust obtains a qualified independent appraisal prepared in compliance with the Uniform Standards of Professional Appraisal Practice by a state-licensed or state-certified appraiser who has verifiable conservation easement or conservation real estate experience. When selling property to insiders, the land trust widely markets the property in a manner sufficient to ensure that the property is sold at or above fair market value and to avoid the reality or perception that the sale inappropriately benefited an insider. ***N.A-4***

No respondents believe that any such transactions have ever taken place.

Practices A and C are indicator practices for accreditation.

STANDARD

5

Fundraising

The land trust conducts fundraising activities in an ethical and responsible manner.

How well does this describe the land trust?

1 = not true
4 = always true
? = don't know

A. Legal and Ethical Practices. The land trust complies with all charitable solicitation laws, does not engage in commission-based fundraising, and limits fundraising costs to a reasonable percentage of overall expenses. ***3***

There are no specific goals for fundraising and there is no current fundraising plan that is being actively implemented.

B. Accountability to Donors. The land trust is accountable to its donors and provides written acknowledgement of gifts as required by law, ensures that donor funds are used as specified, keeps accurate records, honors donor privacy concerns and advises donors to seek independent legal and financial advice for substantial gifts. ***3.25***

C. Accurate Representations. All representations made in promotional, fundraising, and other public information materials are accurate and not misleading with respect to the organization's accomplishments, activities and intended use of funds. All funds are spent for the purpose(s) identified in the solicitation or as directed in writing by the donor. ***3.25***

D. Marketing Agreements. Prior to entering into an agreement to allow commercial entities to use the land trust's logo, name or properties, the land trust determines that these agreements will not impair the credibility of the land trust. The land trust and commercial entity publicly disclose how the land trust benefits from the sale of the commercial entity's products or services. ***?-1 N.A.-4***

Practice A is an indicator practice for accreditation.

STANDARD

6

Financial and Asset Management

The land trust manages its finances and assets in a responsible and accountable way.

How well does this describe the land trust?

1 = not true
4 = always true
? = don't know

A. Annual Budget. The land trust prepares an annual budget that is reviewed and approved by the board, or is consistent with board policy. The budget is based on programs planned for the year. Annual revenue is greater than or equal to expenses, unless reserves are deliberately drawn upon. ***3.75***

Only two respondents knew the current year projected income and projected expenses of $30,000. Only three knew that the income for last year was $38,000 and expenses were $45,000. Most agree that there is no operating reserve and no long range financial plan.

B. Financial Records. The land trust keeps accurate financial records, in a form appropriate to its scale of operations and in accordance with Generally Accepted Accounting Principles (GAAP) or alternative reporting method acceptable to a qualified financial advisor. ***4***

C. Financial Reports and Statements. The board receives and reviews financial reports and statements in a form and with a frequency appropriate for the scale of the land trust's financial activity. ***3.375***

The board reviews financial statements monthly.

D. Financial Review or Audit. The land trust has an annual financial review or audit, by a qualified financial advisor, in a manner appropriate for the scale of the organization and consistent with state law. **2.6** ***?-2***

There is a disagreement about whether CRLC has a financial review or an audit.

E. Internal System for Handling Money. The land trust has established a sound system of internal controls and procedures for handling money, in a form appropriate for the scale of the organization. **3.***4 ?-1*

F. Investment and Management of Financial Assets and Dedicated Funds. The land trust has a system for the responsible and prudent investment and management of its financial assets, and has established policies on allowable uses of dedicated funds and investment of funds. ***?-2***

Most respondents did not answer this question and some thought CRLC has dedicated funds and others thought there were none.

G. Funds for Stewardship and Enforcement. The land trust has a secure and lasting source of dedicated or operating funds sufficient to cover the costs of stewarding its land and easements over the long term and enforcing its easements, tracks stewardship and enforcement costs, and periodically evaluates the adequacy of its funds. In the event that full funding for these costs is not secure, the board has adopted a policy committing the organization to raising the necessary funds. (See 6F,11A and 12A.) ***2*** **?-1**

Most respondents thought there was no tracking of stewardship and enforcement costs and no plan for raising funds for those purposes.

H. Sale or Transfer of Assets (Including Land and Easements). The land trust has established policies or procedures on the transfer or sale of assets, including real property. (See 4C, 9K and 9L.) ***?-2***

Most respondents did not answer this question. Apparently this issue has not come up to date.

I. Risk Management and Insurance. The land trust assesses and manages its risks and carries liability, property, and other insurance appropriate to its risk exposure and state law. The land trust exercises caution before using its land to secure debt and in these circumstances takes into account any legal or implied donor restrictions on the land, the land trust's mission and protection criteria, and public relations impact. **1.8** ***?-1***

Lots of confusion here.

Practices A, B, D, and F are indicator practices for accreditation.

STANDARD

7

Volunteers, Staff and Consultants

The land trust has volunteers, staff and/or consultants with appropriate skills and in sufficient numbers to carry out its programs.

How well does this describe the land trust?

1 = not true
4 = always true
? = don't know

A. Capacity. The land trust regularly evaluates its programs, activities and long-term responsibilities and has sufficient volunteers, staff and/or consultants to carry out its work, particularly when managing an active program of easements. ***1.625***

Currently, CRLC's staff capacity is extremely limited and almost all respondents believe there is insufficient staff and volunteer capacity to fulfill current program responsibilities. Most also feel that the workload is not manageable and that very little is being done to avoid burnout.

B. Volunteers. If the land trust uses volunteers, it has a program to attract, screen, train, supervise and recognize its volunteers. ***N.A.-3***

The majority of respondents either did not answer this question or marked it is Not Applicable. Most are unsure whether there is any training for volunteers.

C. Staff. If the land trust uses staff, each staff member has written goals or job descriptions and periodic performance reviews. Job duties or work procedures for key positions are documented to help provide continuity in the event of staff turnover. ***2.5***

Most respondents believe that there have been written job descriptions and annual goals for staff but the low ranking suggests that the system has not been working well.

D. Availability of Training and Expertise. Volunteers and staff have appropriate training and experience for their responsibilities and/or opportunities to gain the necessary knowledge and skills. ***1.875 ?-1***

A few respondents thought there were resources for training but most thought there was not and only one listed amounts spent on it.

E. Board/Staff Lines of Authority. If the land trust has staff, the lines of authority, communication and responsibility between board and staff are clearly understood and documented. If the board hires an executive director (or chief staff person), the board delegates supervisory authority over all other staff to the executive director. ***2.25***

There is about an even split between those who think board members understand the difference between their roles as board members and when they have a role as a volunteer assisting staff and those who don't.

F. Personnel Policies. If the land trust has staff, it has written personnel policies that conform to federal and state law and has appropriate accompanying procedures or guidelines. ***?-1 N.A. -3***

Most respondents either did not answer this question, didn't understand it or thought it wasn't applicable because staff were hired as independent contractors.

G. Compensation and Benefits. If the land trust has staff, it provides fair and equitable compensation and benefits, appropriate to the scale of the organization. ***2.375***

There is no consensus on whether the board reviews salaries and benefits periodically.

H. Working with Consultants. Consultant and contractor relationships are clearly defined, are consistent with federal and state law, and, if appropriate, are documented in a written contract. Consultants and contractors are familiar with sections of *Land Trust Standards and Practices* that are relevant to their work. ***?-2***

Most respondents did not answer this question and it is unclear whether CRLC has standard procedures for contracting.

Practice A is an indicator practice for accreditation.

Setting Priorities

Right now, the land trust's organizational strengths are…

1. *A core group of committed board members and volunteers. (6)*
2. *Specific expertise within the board.*
3. *A well defined mission and geographic area. (2)*
4. *A good foundation of properties under easement which demonstrates success.*
5. *Educating the public and potential conservation land owners in our area.*
6. *Good will in the community and with our partners.*
7. *Filling a crucial need in the Capital Region.*

Right now, the greatest organizational challenges are…

1. *Founder and President is burned out.*
2. *The need for better defined strategic and long-term funding plans.*
3. *No institutional sources of funds and no sustainable membership base. (5)*
4. *The lack of an Executive Director to drive initiatives. (4)*
5. *Money to pay for staff. (2)*
6. *To actually conserve properties.*
7. *Difficulty in setting priorities and focusing our very limited resources.*
8. *Our existence is not well known.*
9. *Financial concerns resulting from a weak economy.*
10. *Attracting and maintaining a competent staff and volunteer base.*

Some specific steps the land trust will take over the next one to three years toward overcoming the challenges are…

1. *Conducting the strategic planning process with LTA and setting priorities. (2).*
2. *Build a membership base (4)*
3. *Establishing a sustainable funding plan. (2)*
4. *Continue to expand the board.*
5. *Hire new staff person(s). (3)*
6. *Build a strong, capable and consistent staff and volunteer base.)*
7. *Further solicitation of corporate and foundation support.*
8. *Implementing an annual fundraising event.*
9. *Greater visibility within the community through better marketing.*
10. *Board leadership succession.*

STANDARD

8

Evaluating and Selecting Conservation Projects

The land trust carefully evaluates and selects its conservation projects.

How well does this describe the land trust?

1 = not true
4 = always true
? = don't know

A. Identifying Focus Areas. The land trust has identified specific natural resources or geographic areas where it will focus its work.

There is some disagreement about whether CRLC has a document that identifies high priority areas.

B. Project Selection and Criteria. The land trust has a defined process for selecting land and easement projects, including written selection criteria that are consistent with its mission. For each project, the land trust evaluates its capacity to perform any perpetual stewardship responsibilities. ***2.375***

Almost everyone agrees that CRLC does not have written selection criteria.

C. Federal and State Requirements. For land and easement projects that may involve federal or state tax incentives, the land trust determines that the project meets the applicable federal or state requirements, especially the conservation purposes test of IRC Section 170(h). ***?-1***

A majority of respondents did not answer this question.

D. Public Benefit of Transactions. The land trust evaluates and clearly documents the public benefit of every land and easement transaction and how the benefits are consistent with the mission of the organization. All projects conform to applicable federal and state charitable trust laws. If the transaction involves public purchase or tax incentive programs, the land trust satisfies any federal, state or local requirements for public benefit. ***3 ?-2***

There is some uncertainty about whether every easement documents the public benefit of the transaction.

E. Site Inspection. The land trust inspects properties before buying or accepting donations of land or easements to be sure they meet the organization's criteria, to identify the important conservation values on the property and to reveal any potential threats to those values. ***3.25***

F. Documenting Conservation Values. The land trust documents the condition of the important conservation values and public benefit of each property, in a manner appropriate to the individual property and the method of protection. **2.3** ***?-2***

G. Project Planning. All land and easement projects are individually planned so that the property's important conservation values are identified and protected, the project furthers the land trust's mission and goals, and the project reflects the capacity of the organization to meet future stewardship obligations. **2.14** ***?-1***

Most respondents do not think there is a written process to guide the planning of each project.

H. Evaluating the Best Conservation Tool. The land trust works with the landowner to evaluate and select the best conservation tool for the property and takes care that the chosen method can reasonably protect the property's important conservation values over time. This evaluation may include informing the landowner of appropriate conservation tools and partnership opportunities, even those that may not involve the land trust. **3.1***4 ?-1*

I. Evaluating Partnerships. The land trust evaluates whether it has the skills and resources to protect the important conservation values on the property effectively, or whether it should refer the project to, or engage in a partnership with, another qualified conservation organization. ***3***

J. Partnership Documentation. If engaging in a partnership on a joint acquisition or long-term stewardship project, agreements are documented in writing to clarify, as appropriate, the goals of the project, roles and responsibilities of each party, legal and financial arrangements, communications to the public and between parties, and public acknowledgement of each partner's role in the project. ***3***

K. Evaluating Risks. The land trust examines the project for risks to the protection of important conservation values (such as surrounding land uses, extraction leases or other encumbrances, water rights, potential credibility issues or other threats) and evaluates whether it can reduce the risks. The land trust modifies the project or turns it down if the risks outweigh the benefits. ***2.42 ?-1***

L. Nonconservation Lands. A land trust may receive land that does not meet its project selection criteria (see 8B) with the intent of using the proceeds from the sale of the property to advance its mission. If the land trust intends to sell the land, it provides clear documentation to the donor of its intent before accepting the property. Practices 4C, 9K and 9L are followed. ***N.A. -6***

M. Public Issues. A land trust engaging in projects beyond direct land protection (such as public policy, regulatory matters or education programs) has criteria or other standard evaluation methods to guide its selection of and engagement in these projects. The criteria or evaluation methods consider mission, capacity and credibility. **?-1** ***N.A.-2***

Most respondents did not answer this question. A policy may need to be developed.

Practices B, D, and G are indicator practices for accreditation.

STANDARD

9

Ensuring Sound Transactions

The land trust works diligently to see that every land and easement transaction is legally, ethically and technically sound.

How well does this describe the land trust?

1 = not true
4 = always true
? = don't know

A. Legal Review and Technical Expertise. The land trust obtains a legal review of every land and easement transaction, appropriate to its complexity, by an attorney experienced with real estate law. As dictated by the project, the land trust secures appropriate expertise in financial, real estate, tax, scientific, and land and water management matters. ***3.5***

There is some confusion about whether there is a standard easement template.

B. Independent Legal Advice. The land trust refrains from giving specific legal, financial and tax advice and recommends in writing that each party to a land or easement transaction obtain independent legal advice. ***3.25***

C. Environmental Due Diligence for Hazardous Materials. The land trust takes steps, as appropriate to the project, to identify and document whether there are hazardous or toxic materials on or near the property that could create future liabilities for the land trust. ***1.85 ?-1***

CRLC does not have policies or procedures to determine whether a property has hazardous waste issues.

D. Determining Property Boundaries. The land trust determines the boundaries of every protected property through legal property descriptions, accurately marked boundary corners or, if appropriate, a survey. If an easement contains restrictions that are specific to certain zones or areas within the property, the locations of these areas are clearly described in the easement and supporting materials and can be identified in the field. ***3.28 ?-1***

Apparently there are some properties for which a survey was not performed.

E. Easement Drafting. Every easement is tailored for the property according to project planning (see 8G) and: identifies the important conservation values protected and public benefit served; allows only permitted uses and/or reserved rights that will not significantly impair the important conservation values; contains only restrictions that the land trust is capable of monitoring; and is enforceable. ***3.25***

F. Documentation of Purposes and Responsibilities. The land trust documents the intended purposes of each land and easement transaction, the intended uses of the property and the roles, rights and responsibilities of all parties ***2.57 ?-1***

involved in the acquisition and future management of the land or easement.

G. Recordkeeping. Pursuant to its records policy, the land trust keeps originals of all irreplaceable documents essential to the defense of each transaction (such as legal agreements, critical correspondence and appraisals) in one location, and copies in a separate location. Original documents are protected from daily use and are secure from fire, floods and other damage. ***3 ?-1***

There is some disagreement about whether originals are kept in a safe place and whether copies are in a different location.

H. Title Investigation and Subordination. The land trust investigates title to each property for which it intends to acquire title or an easement to be sure that it is negotiating with the legal owner(s) and to uncover liens, mortgages, mineral or other leases, water rights and/or other encumbrances or matters of record that may affect the transaction. Mortgages, liens and other encumbrances that could result in extinguishment of the easement or significantly undermine the important conservation values on the property are discharged or properly subordinated to the easement. ***3.25***

I. Recording. All land and easement transactions are legally recorded at the appropriate records office according to local and state law. ***3.5***

J. Purchasing Land. If the land trust buys land, easements or other real property, it obtains a qualified independent appraisal to justify the purchase price. However, the land trust may choose to obtain a letter of opinion (see definitions) from a qualified real estate professional in the limited circumstances when a property has a very low economic value or a full appraisal is not feasible before a public auction. In limited circumstances where acquiring above the appraised value is warranted, the land trust documents the justification for the purchase price and that there is no private inurement or impermissible private benefit. If negotiating for a purchase below the appraised value, the land trust ensures that its communications with the landowner are honest and forthright. **N.A. -8**

K. Selling Land or Easements. If the land trust sells land or easements, it first documents the important conservation values, plans the project according to practice 8G, and drafts protection agreements as appropriate to the property. The land trust obtains a qualified independent appraisal that reflects the plans for the project and protection agreements and justifies the selling price. (The land trust may choose to obtain a letter of opinion from a qualified real estate professional in the limited circumstance when a property has a very low economic value.) The land trust markets the property and selects buyers in a manner that avoids any appearance of impropriety and preserves the public's confidence in the land trust, and in the case of selling to an insider (see definitions) follows practice 4C. (See 6H for sales of other assets.) ***N.A.-8***

L. Transfers and Exchanges of Land. If the land trust transfers or exchanges conservation land or easements, the land trust considers whether the new holder can fulfill the long-term stewardship and enforcement responsibilities, ensures that the transaction does not result in a net loss of important conservation values and, for donated properties, ensures that the transfer is in keeping with the donor's intent. If transferring to a party other than another nonprofit organization or public agency, the consideration is based on a qualified independent appraisal (or letter of opinion when the property has a very low economic value) in order to prevent private inurement or impermissible private benefit.

N.A. -7

Practices A, E, G, H, J, and K are indicator practices for accreditation.

STANDARD

10

Tax Benefits

The land trust works diligently to see that every charitable gift of land or easements meets federal and state tax law requirements.

How well does this describe the land trust?

1 = not true
4 = always true
? = don't know

A. Tax Code Requirements. The land trust notifies (preferably in writing) potential land or easement donors who may claim a federal or state income tax deduction, or state tax credit, that the project must meet the requirements of IRC Section 170 and the accompanying Treasury Department regulations and/or any other federal or state requirements. The land trust on its own behalf reviews each transaction for consistency with these requirements. ***3 ?-1***

There is some disagreement about whether CRLC notifies potential donors of the government requirements and whether transactions are reviewed in relation to those requirements. Some think that the Virginia Outdoors Foundation does that.

B. Appraisals. The land trust informs potential land or easement donors (preferably in writing) of the following: IRC appraisal requirements for a qualified appraisal prepared by a qualified appraiser for gifts of property valued at more than $5,000, including information on the timing of the appraisal; that the donor is responsible for any determination of the value of the donation; that the donor should use a qualified appraiser who follows Uniform Standards of Professional Appraisal Practice; that the land trust will request a copy of the completed appraisal; and that the land trust will not knowingly participate in projects where it has significant concerns about the tax deduction. ***2.66 ?-2***

Again, some think VOF does this for CRLC and others think CRLC does it.

C. No Assurances on Deductibility or Tax Benefits. The land trust does not make assurances as to whether a particular land or easement donation will be deductible, what monetary value of the gift the Internal Revenue Service (IRS) and/or state will accept, what the resulting tax benefits of the deduction will be, or whether the donor's appraisal is accurate. ***2.33 ?-2***

The majority of respondents did not answer this question.

D. Donee Responsibilities – IRS Forms 8282 and 8283. The land trust understands and complies with its responsibilities to sign the donor's Appraisal Summary Form 8283 and to file Form 8282 regarding resale of donated property when applicable. The land trust signs Form 8283 only if the information in Section B, Part 1, "Information on Donated Property," and Part 3, "Declaration of Appraiser," is complete. If the land trust believes no gift has been made or the property has not been accurately described, it refuses to the sign the form. If the land trust has significant reservations about the value of the gift, particularly as it may impact the credibility of the land trust, it may seek additional substantiation of value or may disclose its reservations to the donor. (See 5B for other gift substantiation requirements.) ***1.75 ?-4***

The majority of respondents did not answer this question.

Practices A and B are indicator practices for accreditation.

STANDARD

11

Conservation Easement Stewardship

The land trust has a program of responsible stewardship for its easements.

How well does this describe the land trust?

1 = not true
4 = always true
? = don't know

CRLC holds 4 easements on about 2,000 acres.

A. Funding Easement Stewardship. The land trust determines the long-term stewardship and enforcement expenses of each easement transaction and secures the dedicated or operating funds to cover current and future expenses. If funds are not secured at or before the completion of the transaction, the land trust has a plan to secure these funds and has a policy committing the funds to this purpose. (See 6G.) ***1.42 ?-1***

Almost all respondents do not think CRLC has sufficient resources for stewardship and enforcement of current easements.

B. Baseline Documentation Report. For every easement, the land trust has a baseline documentation report (that includes a baseline map) prepared prior to closing and signed by the landowner at closing. The report documents the important conservation values protected by the easement and the relevant conditions of the property as necessary to monitor and enforce the easement. In the event that seasonal conditions prevent the completion of a full baseline documentation report by closing, a schedule for finalizing the full report and an acknowledgement of interim data [that for donations and bargain sales meets Treasury Regulations Section 1.170A-14(g)(5)(i)] are signed by the landowner at closing. ***2.8 ?-3***

Half of the respondents did not answer this question.

C. Easement Monitoring. The land trust monitors its easement properties regularly, at least annually, in a manner appropriate to the size and restrictions of each property, and keeps documentation (such as reports, updated photographs and maps) of each monitoring activity. ***2.66 ?-2***

Some think all easements are monitored annually and others think only half are monitored.

D. Landowner Relationships. The land trust maintains regular contact with owners of easement properties. When possible, it provides landowners with information on property management and/or referrals to resource managers. The land trust strives to promptly build a positive working relationship with new owners of easement property and informs them about the easement's existence and restrictions and the land trust's stewardship policies and procedures. The land trust establishes and implements systems to track changes in land ownership. ***2.85 ?-1***

The frequency of contact with landowners is unclear.

E. Enforcement of Easements. The land trust has a written policy and/or procedure detailing how it will respond to a potential violation of an easement, including the role of all parties involved (such as board members, volunteers, staff and partners) in any enforcement action. The land trust takes necessary and consistent steps to see that violations are resolved and has available, or has a strategy to secure, the financial and legal resources for enforcement and defense. (See 6G and 11A.). ***2 ?-4***

The majority of respondents did not answer this question.

F. Reserved and Permitted Rights and Approvals. The land trust has an established procedure for responding to landowner required notices or requests for approvals in a timely and consistent manner, and has a system to track notices, approvals and the exercise of any significant reserved or permitted rights. ***1.25 ?-3***

There appears to be no written policy on responses to landowner requests.

G. Contingency Plans/Backups. The land trust has a contingency plan for all of its easements in the event the land trust ceases to exist or can no longer steward and administer them. If a backup grantee is listed in the easement, the land trust secures prior consent of the backup grantee to accept the easement. To ensure that a backup or contingency holder will accept an easement, the land trust has complete and accurate files and stewardship and enforcement funds available for transfer. (See 11H.) ***2.4 ?-3***

Some say that VOF is the back up.

H. Contingency Plans for Backup Holder. If a land trust regularly consents to being named as a backup or contingency holder, it has a policy or procedure for accepting easements from other land trusts and has a plan for how it will obtain the financial resources and organizational capacity for easements it may receive at a future date. (See 11G.) ***?-2 N.A.-3***

The majority of respondents did not answer this question.

I. Amendments. The land trust recognizes that amendments are not routine, but can serve to strengthen an easement or improve its enforceability. The land trust has a written policy or procedure guiding amendment requests that: includes a prohibition against private inurement and impermissible private benefit; requires compliance with the land trust's conflict of interest policy; requires compliance with any funding requirements; addresses the role of the board; and contains a requirement that all amendments result in either a positive or not less than neutral conservation outcome and are consistent with the organization's mission. ***1.25 ?-2***

There does not appear to be a written amendment policy.

J. Condemnation. The land trust is aware of the potential for condemnation, understands its rights and obligations under condemnation and the IRC, and has appropriate documentation of the important conservation values and of the percentage of the full value of the property represented by the easement. The land trust works diligently to prevent a net loss of conservation values. ***1.5 ?-3***

CRLC does not appear to have documentation on the percent of value of the property represented by each easement.

K. Extinguishment. In rare cases, it may be necessary to extinguish, or a court may order the extinguishment of, an easement in whole or in part. In these cases, the land trust notifies any project partners and works diligently to see that the extinguishment will not result in private inurement or impermissible private benefit and to prevent a net loss of important conservation values or impairment of public confidence in the land trust or in easements. **?-1** ***N.A.-4***

Practices A, B, C, D, E, and I are indicator practices for accreditation.

STANDARD

12

Fee Land Stewardship

The land trust has a program of responsible stewardship for the land it holds in fee for conservation purposes.

How well does this describe the land trust?

1 = not true
4 = always true
? = don't know

This section is not applicable to CRLC and so has been eliminated from this document.

Setting Priorities

Right now, the organization's land transaction strengths are…

1. *Dedicated and competent volunteer legal counsel.*
2. *Board members that have easements.*
3. *Board members residing in rural counties.*
4. *Many opportunities for land conservation.*
5. *Many potential easement partners.*

Right now, the greatest land transaction challenges are…

1. *CRLC's capacity is limited to volunteer legal counsel with no budget for legal advice or stewardship.*
2. *High value of land in the jurisdictional area compared to the sour economy.*
3. *No stewardship plan, no funding, no defense fund.*
4. *Insufficient staff.*
5. *No partners to co-hold small easements.*
6. *No great conservation ethic in the Capital region.*

Some specific steps the land trust will take over the next one to three years toward overcoming the challenges are…

1. *Develop a strategic plan.*

2. *Broaden outreach activities.*

3. *An awareness campaign including placements in the media and social events to sell message.*

4. *Using the sesquicentennial of the War Between the States to help preserve sites that meet the criteria.*

5. *Implement an active committee structure.*

TASK	PEOPLE RESPONSIBLE	DEADLINE
Strategic Planning - Develop a proposal for adoption by the CRLC Board of Directors for the creation of a strategic plan. The proposal should include a list of the issues to be addressed (including public policy advocacy and funding for stewardship and enforcement), a recommendation on whether to use outside consultant assistance, a budget, a timeline for the process, expectations for board involvement, and a recommendation for membership of a committee to oversee the process.	Norman Burns, Dan Jones, Doug Palmore and John McVickar, Broks Smith, Scott Reed	Proposal to the board by August 28.
Fundraising - Develop a proposed plan for adoption by the CRLC Board of Directors for fundraising with a focus on increasing the amount raised from individual donors and institutions, the roles of board and staff, a timeline and a budget.	Norman Burns, Brooks Smith and Chip Vosmik	Proposal to the board one week before the September board meeting.
Governance - Develop a proposal for adoption by the CRLC Board of Directors on the creation of active board committees including an Executive Committee, Governance Committee, Finance Committee, Fundraising Committee and Easement Committee. In addition, the development of several policies for adoption by the CRLC Board of Directors including an ethics statement, a written records policy, a system for safe storage of records, a conflict of interest policy, and a volunteer training program. And finally, a proposal for amending the bylaws to require a greater proportion of the Board for a quorum.	Norman Burns, Ben Cummings, and Bobby Lamb	Proposal to the board one week before the September board meeting.
Board Recruitment - Develop a list of potential new members of the Board of Directors including people from Charles City, Chesterfield, Hanover and New Kent Counties. In addition, begin the process of recruiting new board leadership.	Bill Greenleaf and Brooks Smith	Proposal to the board by August 28.
Easements - Determine whether easements currently co-held by CRLC have written documentation of public benefit, comply with their responsibilities regarding IRS forms 8282 and 8283, and have documentation of the percentage of full value of the property represented by the easement. In addition, develop for adoption by the CRLC Board of Directors a written process for project planning, a written notice to potential easement donors that the project must meet IRS and state requirements for tax deduction, a written notice to potential easement donors of the IRS appraisal requirements, a policy and procedure for enforcement of easements, a procedure for reserved and permitted rights and approvals, and a policy for considering easement amendment requests.	Chris Albert, Bobby Lamb, Rebecca Randolph and Brooks Smith	Proposal to the board one week before the September board meeting.
Financial Review - Seek a volunteer CPA to prepare a financial review of CRLC.	Carrie Pettitt	Report to the board one week before the October board meeting

Appendix D: Draft Six to Twelve Month Action Plan

6-12 MONTH ACTION PLAN (PRELIMINARY DRAFT)				
Item	**Task**	**Who**	**Priority/date**	**Status**
Governance				
Bylaws				Complete
Articles of Incorporation				Complete
IRS letter				Complete
Code of Ethics	Finalize			Draft from 2009
Strategic planning:				Needs to be developed and approved.
Mission statement	Revise			Needs to be more specific.
Vision statement	Develop			None
Values statement	Develop			None
Goals and objectives	Develop			None
Action plan	Update			Include tasks, responsibilities, timeframes
Conflict of Interest Policy	Finalize			Draft from 2009
Records Policy	Develop			None
Board agendas and minutes	?			?
Board manual	Update			Draft from 2009
LTA accreditation application	?			Wait until policies/procedures in place.
Office	?			?
Equipment	?			
Board Development				
Officer and Board Member Job Descriptions	Review			Draft
Board and staff roles and responsibilities	Review			Draft
Committee Structure	Develop			None
Board Fiduciary Responsibilities	Review			Draft from 2009
List of board members	Update			Draft from 2009
Board member bios	Update			Draft from 2009
Board matrix	Develop			None. Need to dentify gaps in expertise
Recruitment procedures	Develop			None
Orientation procedures	Develop			None
Training procedures	Develop			None
Self-assessment	Develop			None
Annual Meeting Schedule	?			None
Recruit new members	?			?
Fund Development: (Goal is to raise $100K annually for operations?)				
Membership	Finalize			Draft from consultant
Major donor	Finalize			Draft from consultant
Events	Continue?			?
Board giving	Continue/			?

	Develop?			
Capital Campaign for stewardship and legal defense endowment	?			?
Item	**Task**	**Who**	**Priority/date**	**Status**
Financial and Assets Management				
Annual budget	Update?			?
Financial Records	?			include in Records Policy?
Financial Reports and Statements	?			
Tax Filing and Financial Review or Audit	?			
Internal System for Handling Money	?			
Board Adopted Policy for Investment and Management of Financial Assets and Dedicated Funds	?			
Board Adopted-Policy on Sale or Transfer of Assets (Including Land and Easements)	?			
Risk Management and Insurance Policies	?			
Staff, Consultants, and Volunteers				
Capacity assessment	?			
Training program	?			
ED job description	?			
Personnel Policies	?			
Compensation and Benefits	?			
Standard procedures for contracting	?			
Hire ED	?			
Conservation Program				
Description of Conservation Easements	?			
Brochures	?			Draft from 2009
Articles/Fact sheets	?			Draft from 2009
Conservation priorities assessment	Finalize			Draft from 2009 workshop
Establish advisory committees in each Co				In process
Targeted landowner outreach				
Easement assists				
Regional planning coordination				
Community Outreach				
Guidelines for Media Relations	?			
Talking Points for Media Interviews	?			
List of Key Partners (Contacts)	?			
Outreach brochures	?			
News Releases	?			

Appendix E: Draft Membership/Major Donor Program Parameters

Capital Region Land Conservancy
Members and Partners

CRLC Individual Members

$1,000 Heritage Member

- Consultation Regarding Conservancy Issues, Easements
- Listing in Printed Materials and on Web Site
- Bi-annual (twice yearly) Chairman's Letter
- Conservation Conversations (as scheduled)

$2,500 Legacy Member (possibly added in the future)
$5,000 Leadership Member (possibly added in the future)
$10,000 Executive Member (possibly added in the future)

CRLC Corporate Partners

$2,500 Legacy Partner

- All of the above, plus:
- Educational Seminars for Employees (on request)
- Annual CRLC Partners Breakfast
- Bi-Annual (every two years) CRLC Capital Region Conservancy Summit

$5,000 Leadership Partner

- All of the above, plus:
- Annual CRLC Peer-to-Peer Leadership Board Meeting

$10,000 Executive Partner

- All of the above, plus:
- CRLC Board Ex officio Membership

$20,000 Principal Partner (possibly added in the future)

CRLC Members and Partners

Definitions, explanations:

Chairman's Letter is a letter from the head of CRLC's Board that provides an update regarding the organization's activities, lists members and donors, and gives details about forthcoming activities and events. This is not a full-color printed newsletter, but rather a business letter. Out-of-pocket budget for the Chairman's Letter is simply the cost of stationery and postage.

> Next step: Compose first Chairman's Letter to be dated April 1, 2007. Enclose it with acknowledgements to new members and partners.

Conservation Conversations is a name for CRLC-presented opportunities to meet and talk with various experts. For example, under CRLC's auspices an estate planning attorney could present a session dealing with easements. Out-of-pocket budget for each Conservation Conversation is the cost of modest refreshments ($150). Each site and each expert will be provided pro bono. Invitations/announcements will be distributed via e-mail blasts to CRLC members and partners.

> Next step: Be thinking about where/when/who for an initial Conservation Conversation to take place in July/August – perhaps at the offices of an estate planning attorney.

Educational Seminars for Employees means that CRLC is willing to provide someone, on request, to give educational sessions for individual corporate partners (at the corporation's facilities). Out-of-pocket budget is the cost of any handouts that are needed. The host corporation provides all else (site, optional refreshments, parking, etc.).

> Next step: Develop a one-pager that outlines what an Educational Seminarn might include. Provide it to each new Corporate Member.

CRLC Partners Breakfast is the one time each year that all Corporate Partners gather with the CRLC Board. The agenda is a "State of the CRLC" address followed by discussion and networking. Out-of-pocket budget is the cost of any handouts that are needed. It is hoped that CRLC can get a different Corporate Partner to host and fund this breakfast each year.

> Next step: Determine date/location (early November?) for the 2007 Breakfast. (Perhaps Hunton & Williams would host it.)

CRLC Capital Region Conservancy Summit is a CRLC-instigated gathering of professionals whose work relates to CRLC's mission (conservancy organization leaders, attorneys, accountants, developers, etc.). Out-of-pocket budget will include the services of a coordinator, printed agenda, lunch, and other minor costs. It is hoped that CRLC can get a corporation to provide the meeting location pro bono.

> Next step: Target first Summit for fall 2008. Begin an ongoing list of invitees. Put September 2007 tickler on calendar to select date/location.

CRLC Peer-to-Peer Leadership Board Meeting is a regularly-scheduled board meeting at which Leadership Partners and Executive Partners are invited to participate in the agenda. Out-of-pocket budget includes only handouts.

> Next step: Start thinking about this after there are at least five Leadership Partners.

CRLC Board Ex-officio Membership provides the opportunity to have a non-voting presence at board meetings.

Capital Region Land Conservancy

Corporate Partners

CRLC Corporate Partners help champion CRLC's mission to promote the conservation of the capital region's historically significant land, scenic natural areas and ecologically sensitive land, water and wildlife resources. Corporate Partners provide front-line support for CRLC's educational sessions for, and relationships with, land owners, developers, public officials, and corporate professionals.

CRLC Legacy Partners - $2,500

●Educational Seminars for Employees (as requested).
●CRLC Partners Breakfast – annual meeting of corporate partners.
●Bi-annual (every two years) CRLC Conservancy Summit – gathering of professionals (attorneys, developers, accountants, conservancy organization leaders, public officials) for networking and discussion.
●Consultation on land preservation, conservation easements, etc.
●Invitations to CRLC Conservation Conversations – presentations by, and discussions with, experts and professionals.
●Twice-yearly CRLC Chairman's Letter – an update regarding accomplishments, activities, events, and issues.
●Referrals to attorneys, accountants, and other professionals who have expertise in land preservation matters.
●Recognition in CRLC printed materials and on CRLC Web site.

CRLC Leadership Partners - $5,000

●All of the above.
●CRLC Peer-to-Peer Board Meeting – annual CRLC Board meeting.

CRLC Executive Partners - $10,000

●All of the above.
●CRLC Board Ex Officio Membership – invitation to all CRLC Board meetings.