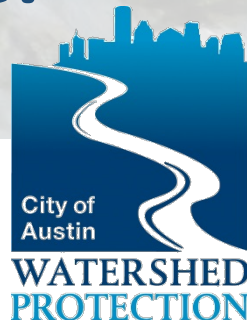




2018 Bond Election Advisory Task Force: Open Space Working Group

Water Quality Protection Lands Program

August 23, 2017



Presentation Overview

- What is a Conservation Easement?
- How are Water Quality Protection Lands managed? (AWU)
 - Fee Simple
 - Conservation Easements
- Topics for Upcoming Working Group meetings

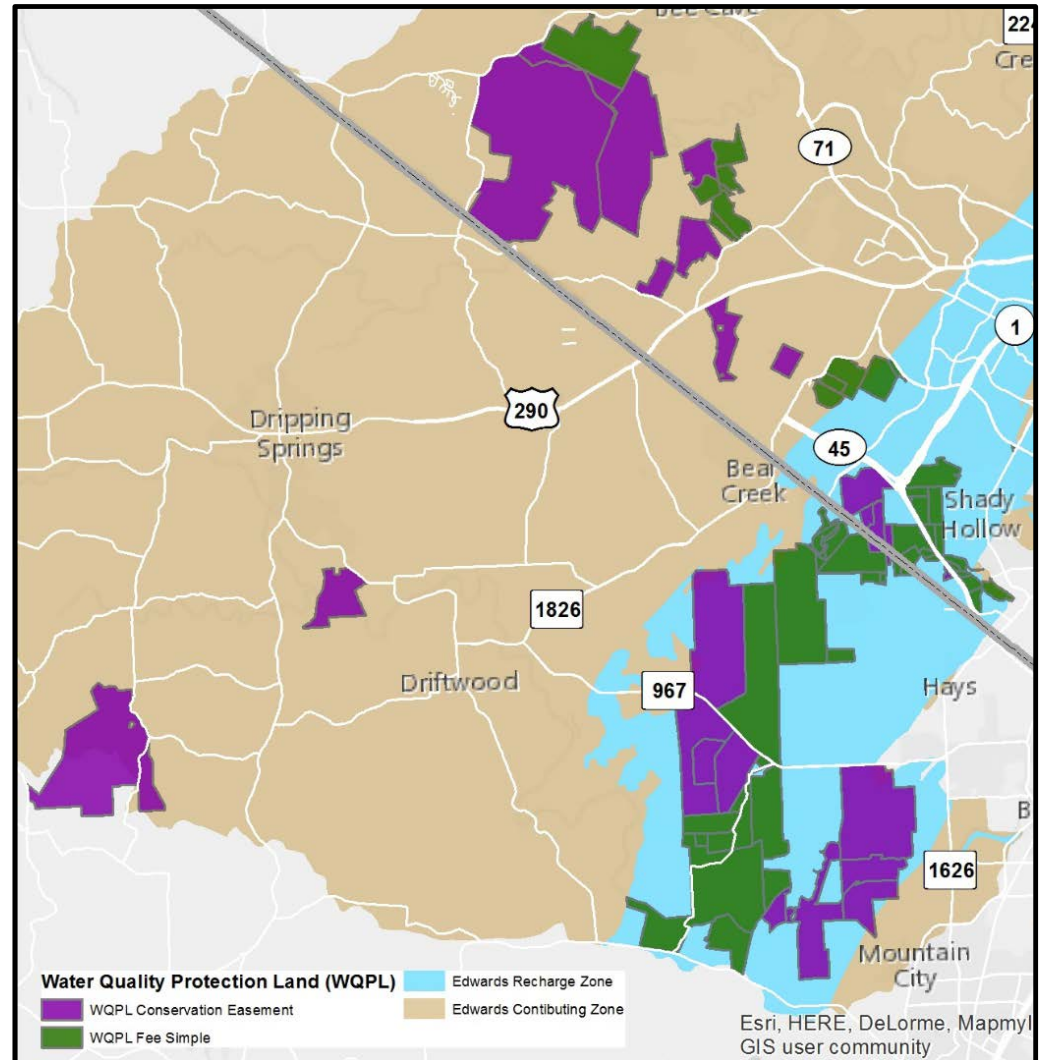
Types of Water Quality Protection Lands

- Fee Simple

38% WQPL land area

- Conservation Easement

62% WQPL land area



Conservation Easements

A **Conservation Easement (CE)** is a restriction landowners voluntarily place on specified uses of their property to protect natural, productive, or cultural features.

- It is a legal agreement between the landowner(s) and “holder” of the easement
- The CE determines types of land uses to continue and those to restrict
- Landowner retains legal title to the property
- The CE is perpetual

Internal Revenue Service (IRS) Code

- Protects relatively natural habitats of fish, wildlife or plants
- Preserves open space - including farms, ranches or forests
- Preserves land for public outdoor recreation or education
- Preserves historically important land or certified historic structures

Conservation Easement Elements

- Purpose
- Grantor's Reserved Rights
- Prohibited Uses/Restrictions
- Rights of USA
- Rights of Grantee
- Exhibits:
 - Existing improvements
 - Development plan
 - Environmental features/buffers
 - No development zone
 - Management plan
 - Animal unit table

EXECUTION VERSION
14019034 QPR 496.3 235

11-GR-20300901 JPB
RETURN TO HERITAGE TITLE
401 CONGRESS, SUITE 1500
AUSTIN, TEXAS 78701

After Recording Return To:
Hill Country Conservancy
P.O. Box 163125
Austin, Texas 78716-3125

CONSERVATION EASEMENT

THIS CONSERVATION EASEMENT (this "Conservation Easement") is made and entered by Jim and Jessie Ruby Family Partnership, Ltd., a Texas limited partnership ("Grantor"), and by Hill Country Conservancy, a Texas non-profit corporation ("HCC"), the City of Austin, a Texas municipal corporation situated in Travis County, and the United States of America (the "United States"), acting through the United States Department of Agriculture, Natural Resources Conservation Service (the "NRCS") on behalf of the Commodity Credit Corporation, as its interest appears herein, for the purpose of forever conserving the agricultural productivity of the Protected Property and its value for resource preservation and as open space. HCC and the City are sometimes collectively referred to herein as "Grantees," except as specifically noted otherwise; and the parties to this Conservation Easement are sometimes referred to herein collectively as "Parties" and individually as "Party", except as specifically noted otherwise.

STRUCTURE OF CONSERVATION EASEMENT:

Recitals & Description of Conservation Values

1. Purpose
2. FRPP Funding
3. Grantor's Reserved Rights
 - 3.1. Conveyance and Subdivision
 - 3.2. Agricultural Operations
 - 3.2.1 Property Tax Appraisal
 - 3.3. Residential Use
 - 3.4. Construction of Improvements
 - 3.5. Water Use
 - 3.6. Landscaping
 - 3.7. Hunting, Fishing and Other Recreational Uses
 - 3.8. Motor Vehicles
 - 3.9. Signs
 - 3.10. Archaeological Investigations
 - 3.11. Mineral Interests
 - 3.12. Excavation and Surface Disturbance
 - 3.13. Industrial or Commercial Uses
 - 3.14. On Farm Energy Production
4. Prohibited Uses/Restrictions
 - 4.1. Agricultural Activity
 - 4.1.1 Conservation Plan
 - 4.2. Industrial and Commercial Activity
 - 4.3. Construction
 - 4.4. Subdivision
 - 4.5. Mining
 - 4.6. Excavation and Surface Disturbance
 - 4.7. Water Use
 - 4.8. Pollution

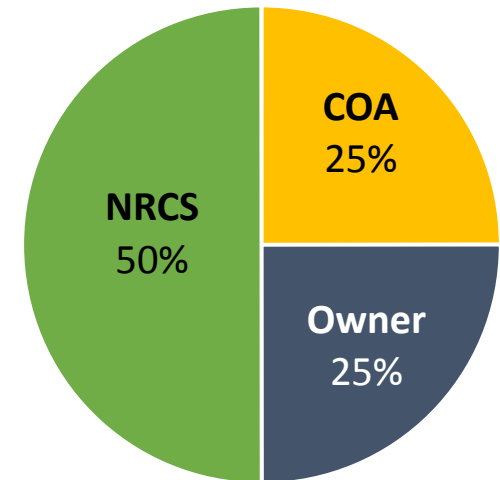
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Conservation Easement (CE) Typical Funding Breakdown Example

Example Scenario:

Typical Funding Percentages

Total Fee Simple Value	100%
Total CE Value	50% Fee
NRCS Contribution	50% CE
COA Contribution	25% CE
Owner Contribution	25% CE



Fee Simple value is typically 2x Conservation Easement value

CE Funding Breakdown Example: Compared to Fee Simple Value

Example Scenario:

Typical Funding Percentages

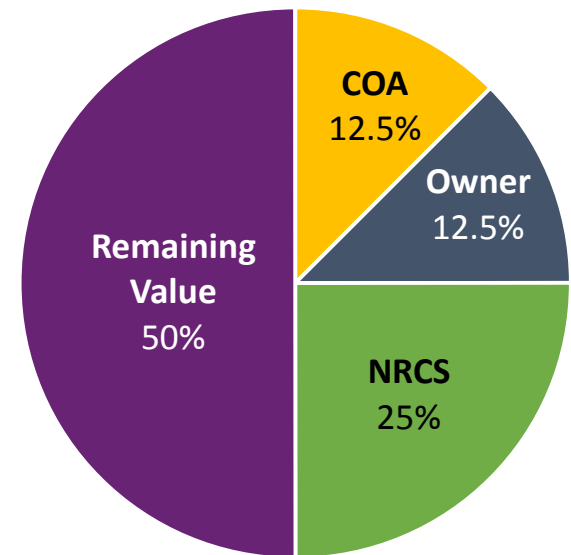
Total Fee Simple Value **100%**

Total CE Value **50% Fee**

NRCS Contribution 25% Fee

COA Contribution 12.5% Fee

Owner Contribution 12.5% Fee



Total Fee Value

Fee Simple value is typically 2x Conservation Easement value

Conservation Easement (CE) Funding Breakdown Example

Example Scenario:

~750 acre Conservation Easement

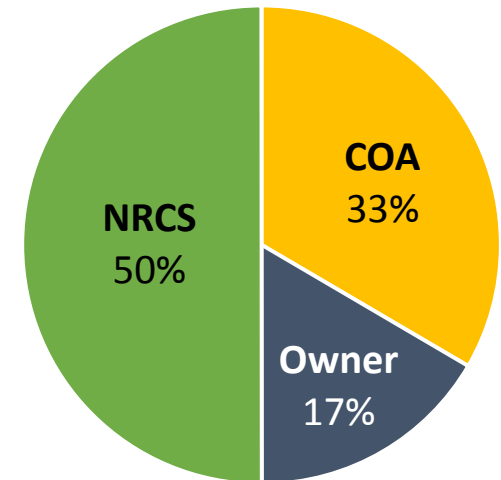
Total Fee Simple Value \$10,830,000

Total CE Value \$ 5,980,000

NRCS Contribution \$2,990,000

COA Contribution \$2,000,000

Owner Contribution \$ 990,000



Total CE Value

CE Funding Breakdown Example: Compared to Fee Simple Value

Example Scenario:

~750 acre Conservation Easement

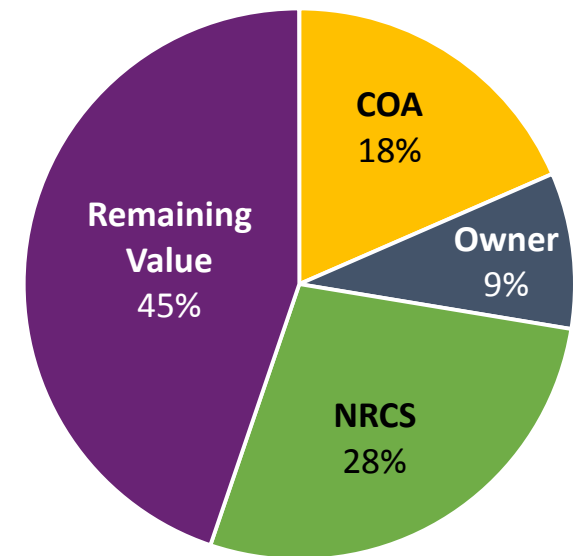
Total Fee Simple Value \$10,830,000

Total CE Value \$ 5,980,000

NRCS Contribution \$2,990,000

COA Contribution \$2,000,000

Owner Contribution \$ 990,000



Total Fee Value

Coming to a Working Group near you...

Next week potential discussion topics:

- Case Studies:
 - Past Transactions
 - Development avoided
- Revisit development & WQPL acquisitions over time
- Tracing the aquifer (dye trace studies)

Future meetings:

- Similar programs in other communities
- BEATF criteria spreadsheet

Questions?

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