

## Overview of a Municipality's Potential Costs Related to Conservation Easements

The bottom line is often ... well, the bottom line. Having a sense of what a conservation easement program will cost is a critical consideration for a municipality.

The detailed costs for a municipality in establishing and maintaining a conservation easement program will vary based on numerous choices they make, and based on their own costing of items such as staff time. Below is a **plausible** breakdown of the costs a municipality might face for 1) program establishment, 2) conservation easement acquisition costs, and 3) on-going maintenance of a program and its associated conservation easements.

**Disclaimer: It is imperative to be aware that this information is intended only to be a coarse estimate!**

### ***Establishment Costs***

Establishment costs are those costs that a municipality would incur in setting a conservation easement program. Again, these will vary, but at a base level would likely include the following:

PROGRAM AREA	COST ESTIMATES / FACTORS
<p><i>Policy development –</i> Depending on the approach taken by the municipality, these costs may simply be subsumed in the development of various policies and plans (Municipal Development Plan, Land Use Bylaw, Area Structure Plan, etc.). However, this would include staff time and any consultants needed for the program design.</p>	<ul style="list-style-type: none"> <li>• Staff time (likely incorporated in the development the various plans)</li> <li>• A consultant on the policy development could range from a few thousand dollars for basic advice where you are clear on what you need, to \$15K-\$20K for a more comprehensive program design.</li> </ul>

<p><i>Templates and documentation –</i> The templates needed for a conservation easement program will take specific expertise to develop, but there are models and examples to draw on from other Alberta municipalities. These might include patterns for the conservation easement agreement, baseline report, monitoring template and management plan. As well, it is worthwhile creating an internal process manual.</p>	<ul style="list-style-type: none"> <li>• Basic templates are available through this resource for free (conservation easement, baseline report, management plan)</li> <li>• Tailoring those to municipal needs would be in the range of \$5000</li> <li>• An internal procedures manual could take 2-5 days of staff time (depending on the complexity of the procedures)</li> </ul>
<p><i>Legal advice –</i> Every aspect of your conservation easement program should be submitted to legal counsel to identify the specific liabilities or issues for your municipality.</p>	<ul style="list-style-type: none"> <li>• Based on legal counsel rates</li> <li>• The items you would likely want them to review in the 'establishment phase would be the template conservation easement agreement (presumably at the same cost as reviewing other contract types)</li> </ul>
<p><i>Recordkeeping –</i> At the outset it is important to be clear as to what your internal recordkeeping structures and protocols will be. Precisely how this looks will vary between municipalities based on their existing structures, but the process should accommodate the planning documentation needs (how will the existence of conservation easements be captured in such a way that the planning department is aware on an on-going basis), the legal documentation needs (how will legal, land services, corporate service, etc. be aware that parcels are encumbered by an easement held by the municipality), and tax role documentation needs (most municipalities track parcels in the community by tax roles, so how will tax role information reflect the</p>	<ul style="list-style-type: none"> <li>• Staff time (time for all the affected personnel to discuss recordkeeping needs)</li> <li>• Staff time (implementing the structures following direction from the task above; perhaps 3-5 days depending on how complex it is to modify the existing systems)</li> </ul>

existence of conservation easements).	
<p><i>Promotion –</i> Some programs are created intentionally to be passive – accepting conservation easements when they are offered. However, programs that are created with the intent to achieve certain goals or target certain land areas/types will need to have a promotion component. This would involve both staff time and promotion materials/expenses.</p>	<ul style="list-style-type: none"> <li>• Staff time (could be incorporated in the existing outreach work of communications or agricultural fieldmen staff)</li> <li>• Materials (web or print materials describing the program; approximately \$1K - \$3K)</li> </ul>

### **Acquisition Costs**

After a conservation easement *program* is established, there are costs associated with each *individual* conservation easement negotiation and transaction.

<b>PROGRAM AREA</b>	<b>COST ESTIMATES / FACTORS</b>
<p><i>Baseline reports / management plans</i> Each conservation easement will require a Baseline Document Report that outlines the conservation values and features of the property. Municipalities may also choose to create a management plan for each conservation easement. In both these cases, dedicated staff may develop these using the template, or these might be hired out.</p>	<ul style="list-style-type: none"> <li>• Baseline reports – \$3500-\$5000 / quarter (but this depends on what needs to be monitored)</li> <li>• Management plans would have a similar cost</li> </ul>
<p><i>Appraisal –</i> If there are any financial dimensions to the grant of the conservation easement (e.g., a tax receipt), an appraisal by a qualified appraiser will be needed. Most often this is undertaken by the landowner, but in some cases the municipality may wish to contribute to that cost.</p>	<ul style="list-style-type: none"> <li>• Appraisals cost around \$5K</li> </ul>
<p><i>Discussion/Negotiation –</i> Acquiring a conservation easement requires</p>	<ul style="list-style-type: none"> <li>• Staff time</li> <li>• Allow at least 5 days for the</li> </ul>

<p>conversation, invaluable time spent talking at the outset to save problems later on. This could be roughly divided into time spent answering questions conceptually, and time spent negotiating the specifics of the conservation easement document that might vary from the template conservation easement. This could involve staff from more than one department – for example, agricultural services may initiate the discussion, while land services might finalize the agreement.</p>	<p>discussion/negotiation, but recognize that may change if the discussion becomes more complex.</p>
<p><i>Legal review –</i> Both the landowner and the municipality should have the conservation easement document reviewed by their legal counsel. The use of a template will reduce this time considerably. For some municipalities, this would also involve their legal land services department.</p>	<ul style="list-style-type: none"> <li>• Legal counsel time to review the conservation easement (in various iterations)</li> <li>• It would likely be costed at a rate similar to how a comparably-sized contract is costed</li> </ul>
<p><i>Implementation –</i> Once the agreement has been drafted, a couple of steps are required to execute the agreement. These include sending out the required notifications, and registering the conservation easement with the land titles office. The municipality will also need to account for the time spent entering information into any internal tracking or documentation processes.</p>	<ul style="list-style-type: none"> <li>• Staff time</li> <li>• Allow at least two days per basic conservation easement</li> </ul>
<p><i>Ecological Gift Certification –</i> If the grant the conservation easement will be a ‘gift of ecological property’ (or an ‘EcoGift’), that gift must be certified as such. This is the responsibility of the landowner, but the conservation easement holder usually assists in this process.</p>	<ul style="list-style-type: none"> <li>• Staff time</li> <li>• Allow at least 3 days for the work required on the municipality’s end (if the municipality chooses to take on a greater role, this would be expanded)</li> </ul>

## On-going Costs

After setting up a program, and after negotiating each conservation easement, the municipality will face some on-going costs they should plan for. These include the following:

PROGRAM AREA	COST ESTIMATES / COST FACTORS
<p><i>Monitoring –</i> Monitoring is essentially assessing the current state of the conservation easement lands against the original baseline document report and the conservation values it catalogues. Monitoring can take several forms, but is generally done once per year using a standardized monitoring form. It is important to note that the complexity of monitoring is tied to the complexity of the easement’s restrictions (and prescriptions). For example, repeating a series of photo points and ensuring no subdivision or building has happened will be more straightforward (less costly) than repeating range health assessments, extensive vegetation surveys, etc.</p>	<ul style="list-style-type: none"> <li>• Staff time</li> <li>• Allow approximately 2 days for monitoring a quarter section and then writing up the monitoring report (larger parcels will take longer)</li> <li>• This should be repeated at least once per year.</li> </ul>
<p><i>Enforcement –</i> Most ‘enforcement’ can simply happen during the annual monitoring visits, and involve only a conversation, as most infractions are unintentional. However, municipalities should be aware that a conservation easement is ‘perpetual’ meaning it is very likely at some point a matter will go to court. Costs here are difficult to predict, obviously, but legal services should be prepared to include this in their basket of legal considerations.</p>	<ul style="list-style-type: none"> <li>• Legal counsel services as needed</li> <li>• Some non-profit organizations create an legal endowment fund to which they contribute a certain amount per year or per easement</li> </ul>
<p><i>Promotion –</i> As noted above, for a conservation easement</p>	<ul style="list-style-type: none"> <li>• This would be the same as the ‘establishment’ costs, only</li> </ul>

<p>program which a municipality wishes to actively promote, there will be costs related to both staff time and possibly communication materials.</p>	<p>repeated on an annual basis to the degree the municipality wants to proactively secure projects.</p>
<p><i>Recordkeeping –</i> Although likely to be minimal cost once set up, it is important to note that on-going recordkeeping should be explicitly identified and budgeted for. Because a municipality may actually see few if any conservation easement acquisitions in any given year, this activity may go untended, with obvious consequences if that were to happen.</p>	<ul style="list-style-type: none"> <li>• Estimate 0.5 day / conservation easement / year</li> </ul>