

SENATE FINANCE SUB-COMMITTEE: ECONOMIC  
DEVELOPMENT/NATURAL RESOURCES

---

2012 SOIL AND WATER CONSERVATION DISTRICTS  
FUNDING STUDY

2012 CHESAPEAKE BAY AND VIRGINIA WATERS  
CLEAN-UP PLAN (INCLUDES “NEEDS ASSESSMENT”)

DOUG DOMENECH, SECRETARY OF NATURAL RESOURCES

## **SWCD FUNDING STUDY**

The Secretary of Natural Resources shall convene a stakeholder group consisting of representatives including:

- Secretary of Agriculture and Forestry
- Department of Agriculture and Consumer Services
- Department of Conservation and Recreation
- Soil and Water Conservation Districts
- Virginia Association of Soil & Water Conservation Districts
- Virginia Farm Bureau Federation
- Virginia Agribusiness Council
- Chesapeake Bay Commission
- Chesapeake Bay Foundation

## CHARGE:

Conduct a review of the following and make recommendations:

- a. The historical distribution of funding for administration and operations of all soil and water conservation districts and a projection of future funding needs and any recommended changes to the methodology for distribution of these funds;
- b. The historical distribution of funding for technical assistance for agricultural best management practices and a projection of the future funding and staffing needs necessary for districts to provide efficient and effective technical assistance to farmers;
- c. Operational and technical assistance needs in relation to the amount of agricultural best management practices cost-share dollars allocated to the districts; and,
- d. The process, timing and methodology for distribution of agricultural best management practices cost-share funds to be provided to farmers by the Department of Conservation and Recreation through the districts.

## **PROCESS:**

- Five Full Stakeholder Meetings
- Multiple Workgroup Meetings
  - Finance
  - Template for reporting District budget
  - Calculation for needs assessment

**Status:** Complete

## RECOMMENDATIONS:

- Modify Appropriations Act language to include three service areas for District Funding
  - District Technical Assistance
  - District Financial Assistance
  - Cost-Share Program Funding
- **Purpose:** Increase Transparency
- **Status:** Complete (proposed amendment)

## **RECOMMENDATION:**

- Use SWCD budget forecasting to inform FY2015-16 financial assistance “overhead”
  - Develop clear guidance for using budget templates
  - District User training
  - Peer review process

**Status:** Underway. District budget submissions due to DCR June 15, 2013

## **RECOMMENDATION:**

- Develop training and certification programs for District staff
  - Resource Management Plans Provider certification
  - Conservation Planning certification

**Status:** Planning underway

## RECOMMENDATION:

- Identify solutions for District needs:
  - Engineering support
  - Information technology
- **Status:** Planning underway. DCR is already providing \$300,000 to Districts in 2013 for upgrading antiquated IT systems.

## **RECOMMENDATION:**

- **Consider** District funding changes to provide sufficient, stable, predicable funding for:
  - Cost-Share Program
  - Technical Assistance
  - District Operations(Example: expanding use of recordation fee for increasing 8% TA)
- **Status:** Being evaluated.

## **RECOMMENDATION:**

- Study cost reduction and efficiency strategies
  - District boundaries realignment
  - Regional workforce options
  - Consolidating purchasing power for vehicles, etc.
  - Alternatives to District funds distribution
  - Develop District performance standards

**Status:** To be determined

## **NEEDS ASSESSMENT**

- 2012 CHESAPEAKE BAY AND VIRGINIA WATERS CLEAN-UP PLAN REPORT
- COMBINATION OF A NUMBER OF WATER REPORTS INCLUDING THE NEEDS ASSESSMENT.

## CALCULATION FOR FUNDING NEEDS

- The report provides options for calculating the estimates for needs funding of agricultural best management practices to meet:
  - 2017 and 2025 goals of the Chesapeake Bay Watershed Implementation Plan (WIP)
  - Total Maximum Daily Loads (TMDLs) established in the impaired Southern Rivers.
- By estimating the application of AG bmps to achieve the goals, and applying cost/bmp estimates.

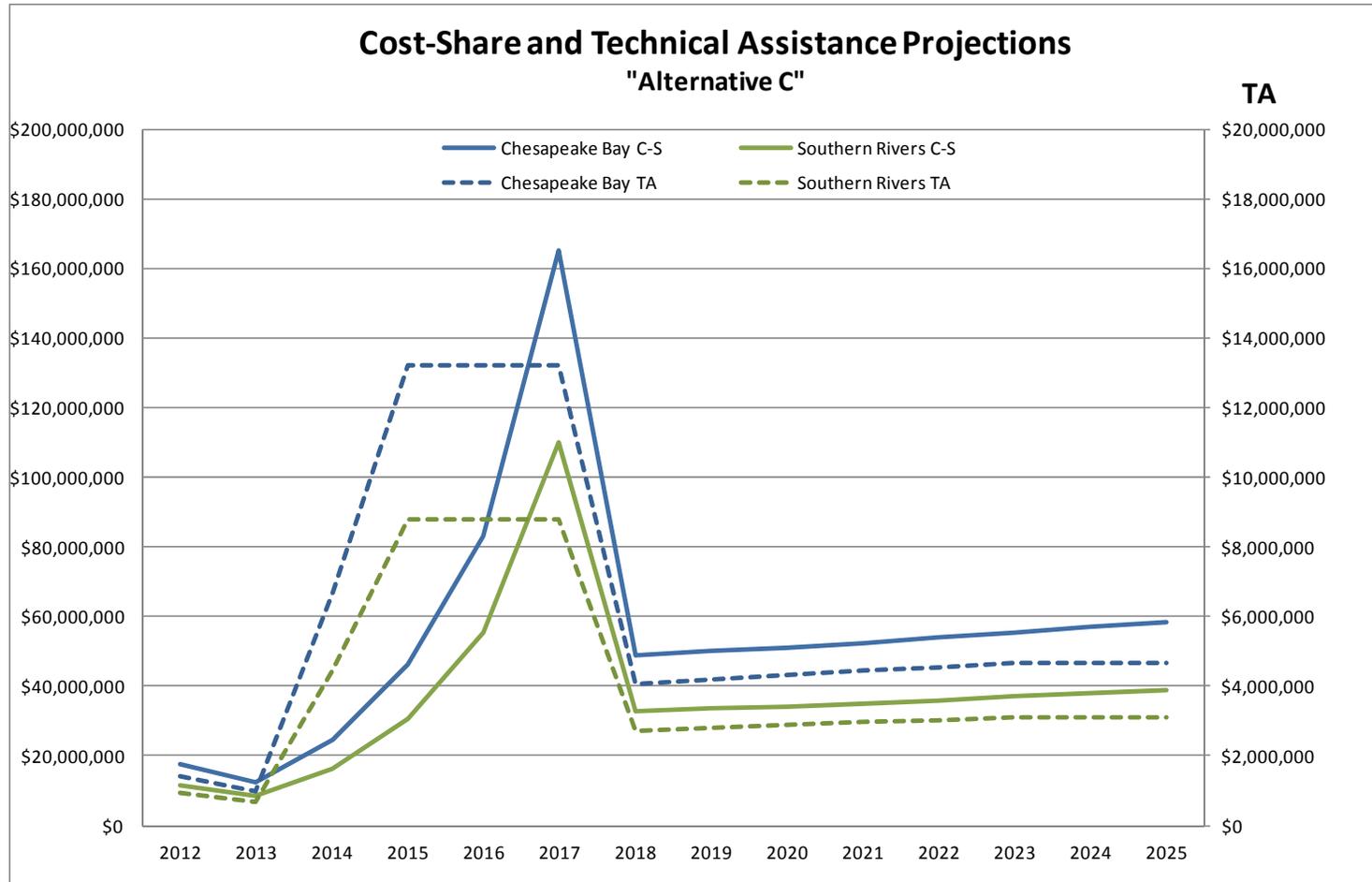
## **IMPORTANT CAVEATS:**

- Costs and clean-up plans for the Southern Rivers and the Chesapeake Bay are not on the same timetable.
- It is difficult to include technical efficiencies in this cost calculation.
- Federal funding and participation are a significant determining factor.
- It is difficult to estimate the number of willing agricultural land owners with capacity to cost-share.

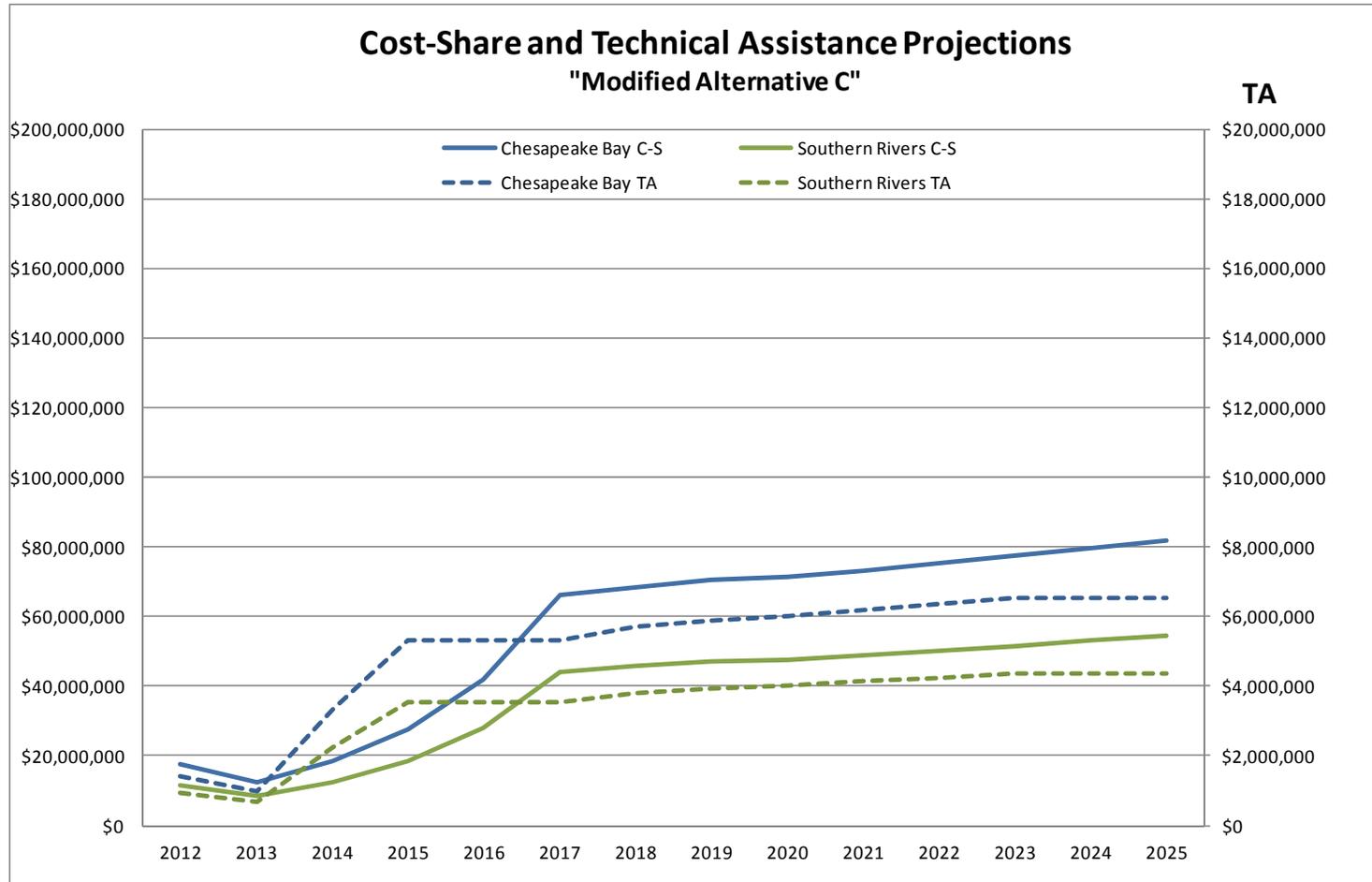
## OPTIONS FOR NEEDS CALCULATION

- Report provides two options for calculating needs
  1. Funds Ag BMP Cost-Share implementation to complete 60% of the Ag WIP goal by 2017
  2. Funds Ag BMP Cost-Share implementation to complete 100% of the WIP goal by 2025
- Both scenarios include Ag BMP Cost-Share implementation for the Southern Rivers reduction goals at 40% of the TMDL goal.
- Both scenarios are financially aggressive.

# Option for Calculation of Need



# Option for Calculation of Need



**Statewide Agricultural Implementation Costs  
"Option 1"**

<b>Year</b>	<b>Cost-Share</b>	<b>Technical Assistance</b>	<b>Tax Credit</b>	<b>Federal</b>	<b>Producer</b>	<b>Total</b>
2014	\$40,975,067	\$11,070,267	\$3,983,687	\$28,454,908	\$40,405,969	\$124,889,898
2015	\$76,996,011	\$22,000,274	\$7,485,723	\$53,469,452	\$75,926,622	\$235,878,083
2016	\$138,378,338	\$22,000,274	\$13,453,449	\$96,096,068	\$136,456,416	\$406,384,545
2017	\$275,003,427	\$22,000,274	\$26,736,444	\$190,974,602	\$271,183,935	\$785,898,683
2018	\$81,411,381	\$6,782,997	\$7,914,995	\$56,535,681	\$80,280,667	\$232,925,722
2019	\$83,826,310	\$6,980,239	\$8,149,780	\$58,212,716	\$82,662,056	\$239,831,101
<b>Total</b>	<b>\$696,590,535</b>	<b>\$90,834,325</b>	<b>\$67,724,080</b>	<b>\$483,743,427</b>	<b>\$686,915,666</b>	<b>\$2,025,808,032</b>

**Statewide Agricultural Implementation Costs  
"Option 2"**

<b>Year</b>	<b>Cost-Share</b>	<b>Technical Assistance</b>	<b>Tax Credit</b>	<b>Federal</b>	<b>Producer</b>	<b>Total</b>
2014	\$30,691,289	\$5,559,618	\$2,983,875	\$21,313,395	\$30,265,021	\$90,813,199
2015	\$45,754,190	\$8,845,460	\$4,448,324	\$31,773,743	\$45,118,715	\$135,940,433
2016	\$69,495,228	\$9,138,194	\$6,756,481	\$48,260,575	\$68,530,017	\$202,180,495
2017	\$110,568,247	\$9,402,420	\$10,749,691	\$76,783,505	\$109,032,577	\$316,536,440
2018	\$114,227,425	\$9,503,463	\$11,105,444	\$79,324,601	\$112,640,933	\$326,801,866
2019	\$117,530,246	\$9,773,007	\$11,426,552	\$81,618,226	\$115,897,882	\$336,245,913
<b>Total</b>	\$696,590,535	\$90,834,325	\$67,724,080	\$483,743,427	\$686,915,666	\$1,408,518,345

**Cash & Revenue**

	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
Cash Balance as of Start of Fiscal Year	10,340,011	7,632,186	38,160,495	23,083,990	19,795,289
Estimated Recordation Revenue		8,509,725	8,866,566	9,100,000	9,100,000
Interest Income	64,498				
Current Budget Request	15,200,000	27,878,895		19,639,933	
Available Cash	25,604,509	44,020,806	47,027,061	51,823,923	28,895,289

**Cash Expenditures\***

	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
Technical Assistance (8% of Expenditures)***	1,600,000	1,204,452	1,843,154	1,843,154	1,843,154
CREP Expenditures	293,570	144,817	59,404	540,596	0
Ag BMPs in TMDLs Expenditures	790,625	497,931	1,475,116	3,324,884	3,000,000
Ag BMP Cost Share	15,288,128	4,013,111	20,565,397	26,320,000	16,130,000
<b>Total Cash Expenditures</b>	<b>17,972,323</b>	<b>5,860,311</b>	<b>23,943,071</b>	<b>32,028,634</b>	<b>20,973,154</b>
Cash Balance at end of Fiscal Year	7,632,186	38,160,495	23,083,990	19,795,289	7,922,135

# Governor's Budget

- Water Quality Bond - \$200 Million (point)
- WQIF Deposit - \$16.9 Million
- Anticipates additional \$9.1 Million deposit from recordation tax
- Virginia Enhanced Conservation Initiative
  - \$3.0 Million for up to 100% Cost Share for Stream Exclusion

**END**

# Consolidation of Water Quality Programs

- Enhance coordination of state resources and collaboration with Soil and Water Conservation Districts
- Provide efficient management and distribution of federal grant funds.
- Provides comprehensive management of all pollution sources.
- Enhances collaboration when dealing with complex water quality issues with both point and nonpoint sources