

Agriculture & Forestry Secretariat Strategic

Focus:

*“Supporting Two Key Industries in the
New Virginia Economy”*

VIRGINIA SECRETARY OF AGRICULTURE & FORESTRY

BASIL I. GOODEN, PH.D.

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STATEWIDE IMPACT OF AGRICULTURE AND FORESTRY

- * **Two of Virginia's Largest Private Industries**
- * **Economic Impact: \$70b Revenue Annually**
 - >\$52B from Agriculture; >\$17B from Forestry
- * **Provide >400K Jobs Via Production, Value-Added & Related Industries**
- * **More Than 10% of all VA Jobs**
- * **Every Industry Job Supports 1.5 Jobs Elsewhere**

SECRETARIAT TOP PRIORITIES

- * **No new GF spending proposals in 2017**
 - * Absorbing budget reductions
 - * Continued implementation of 2016 proposals
 - * Focus on customer service
- * **Enhance Domestic Economic Development**
 - * Expand Existing Operations, Recruit New Businesses
- * **Expand International Marketing Efforts/Sales**
 - * Increase Exports to Key Growth Markets
- * **Empower Local Agricultural Infrastructure**
 - * Economic, Community and Technological Leadership
 - * Accelerate Growth Through Inclusive Partnerships

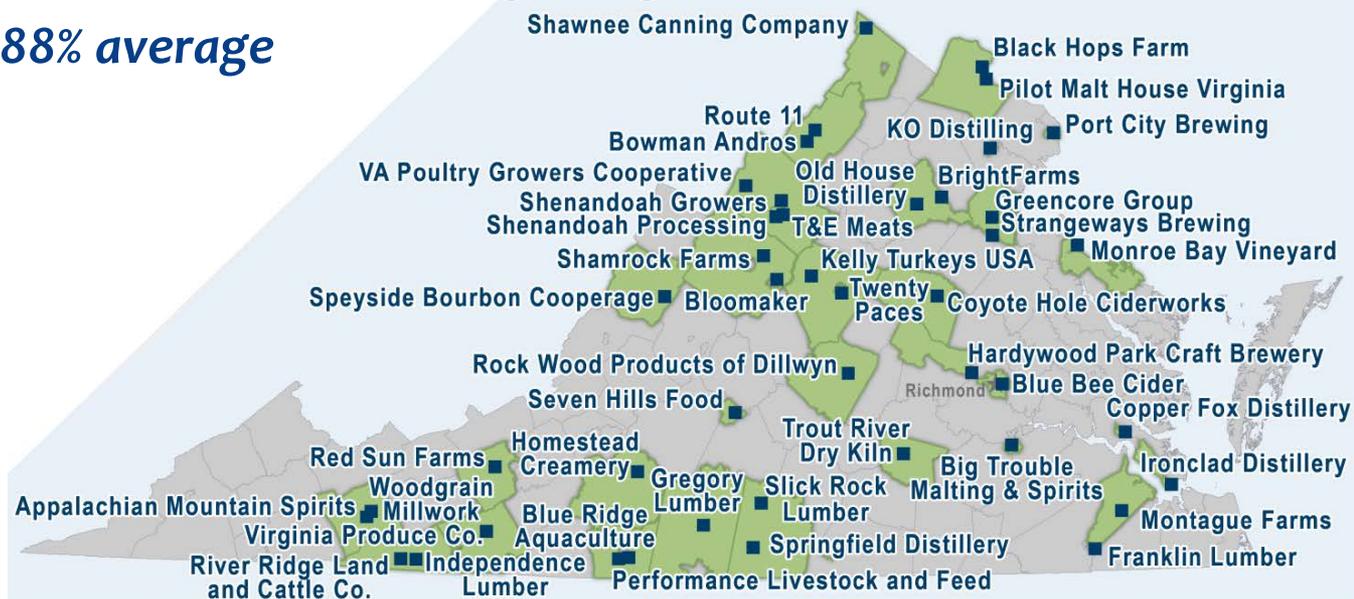
Agriculture and Forestry Industries Development (AFID) Fund

- * **Created in 2012 General Assembly session**
- * **Why? No state incentive to assist state's largest industry**
 - * **Agribusiness projects not typically eligible for other state incentives**
 - * **Not competitive between states**
 - * **High minimum thresholds for jobs, cap ex**
 - * **3 jobs in some localities really move the needle**
- * **Solution: AFID program**
 - * **No minimum jobs, cap ex requirements**
 - * **30% Virginia-grown mandate**
 - * **ROI-based**

AFID OVERVIEW

* Results

- * 43 projects in 32 localities throughout Virginia
- * Commitments to create 1619 jobs
- * Spurred \$332 million in new private investment
- * \$400 million in new Virginia-grown purchase commitments
 - * 88% average



AFID Process

- * **Project meeting on-site**
- * **Work closely with local government**
- * **Require detail projections**
- * **Approval memo (6 reviewers)**
 - * **Complex analysis of company and project**
 - * **Includes ROI analysis - Average: 25% ROI after 10 years**
- * **Performance Agreement vetted through OAG**
- * **Announcement**

AFID Process

* **Results**

- * **98% of grants still within performance period**
- * **1 completed grant: Homestead Creamery (Franklin County)**
 - * **105% of jobs target**
 - * **198% of capital investment**
 - * **170% of Virginia-grown purchases**
 - * **Another expansion under way**

AFID Process

- * **Results:**

- * **Clawback situations**

- * **1 company closed; 100% clawback paid immediately**

- * **1 company merger resulting in layoffs; 100% clawback being processed**

- * **1 company went bankrupt; active bankruptcy court filing to recoup funds**

- * **Locality files; no additional state resources**

- * **Green Plains: new owner on track to meet performance requirements of previous company**

- * **3 projects announced but never executed**

- * **No money exchanged**

AFID Spending

- * **Since creation in FY 13, \$4.4 million has been awarded through AFID facility grant and AFID planning grant**
 - * **\$3.6M facilities (to benefit companies)**
 - * **\$808,650 planning (to benefit localities)**

	APPROPRIATED TO THE AFID FUND		AWARDED	
FY 13	\$	1,000,000.00	\$	684,000.00
FY 14	\$	1,000,000.00	\$	619,700.00
FY 15	\$	1,750,000.00	\$	976,190.00
FY 16	\$	1,250,000.00	\$	1,060,960.00
FY 17	\$	1,780,000.00	\$	1,084,000.00
TOTAL	\$	6,780,000.00	\$	4,424,850.00
		UNALLOCATED BALANCE	\$	2,355,150.00

AFID Pipeline

- * **Total Active Pipeline: \$5.47M potential grants**
 - * **38 projects from Eastern Shore to SWVa**
- * **16 projects could close within 60 days**
 - * **\$1.1M AFID investment**
 - * **\$425M cap ex**
 - * **561 jobs**

Office of Farmland Preservation overview

- * **Established in 2007 to address two challenges threatening future viability of Virginia's agricultural industry:**
 - * Loss of farm and forest land to developed uses
 - * 1960: 13.5 million (54%) of Virginia's ~25 million acres was farmland.
 - * 2012: 8.3 million acres (33%) - a decrease of 5.1 million acres, (21%) of farmland in only 52 years.
 - * Aging farm population and difficulty young farmers face entering farming profession
- * **Virginia Farmland Preservation Fund:** Localities receive matching state funds to permanently preserve working farm land through local purchase of development rights (PDR) programs - **\$1-for-\$1 local match required**

STATE MATCHING PDR PROGRAM OVERVIEW

Since 2007:

- * **\$10.6 million in state PDR funds have been matched by:**
 - * \$13 million in local funds,
 - * \$3.9 million in federal funds,
 - * \$1.3 million other state funds
 - * \$265,000 in private funds
- * **State cost per acre: \$875**
- * **87 permanent conservation easements preserving 12,129 acres of working farm and forest land in 15 localities**

	ALLOCATION TO LOCAL PDR PROGRAMS	AMOUNT REIMBURSED TO LOCALITIES
FY 2014	\$1,058,749.22	\$827,427.20
FY 2015	\$1,581,695.84	\$819,281.62
FY 2016	\$1,997,772.42	\$1,697,964.29
FY 2017	\$500,000.00	\$1,249,256.56

STATE MATCHING PDR PROGRAM OVERVIEW

- * 4 conservations easements on 558 acres in 3 localities are currently under review*
- * FY 15 and FY 16 funds remaining: \$869,195 available for easements under review and other transactions*
- * Any FY 15 funds that are not spent by June 30, 2017, will be reallocated in FY 18.*

STATE MATCHING PDR PROGRAM OVERVIEW

- * **FY 17 allocation in-process:**
 - * \$500,000 to: four counties and two cities – one new locality (Warren County) and one returning locality (City of Chesapeake)
 - * Each receiving nearly \$87,000, except Warren County (\$65,000)
 - * Based upon total amount available to allocate and locality's available funding match
- * **2017: OFP producing information on current methodologies used by local PDR programs, including:**
 - * Local funding mechanisms, application ranking criteria, program outreach methods, and program management strategies

STATE MATCHING PDR PROGRAM SPENDING

	ALLOCATION TO LOCAL PDR PROGRAMS	AMOUNT REIMBURSED TO LOCALITIES
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Allocation amounts include new funding, reappropriated funds, and interest		
Localities have two years to close on easements and receive reimbursement		
* FY 2017 reimbursed amount includes pending transactions		

Silvicultural notification fee

- * § 10.1-1181.2(H) of the Code of Va. requires loggers to notify the State Forester of commercial timber harvest operations*
- * Upon notification, Dept. of Forestry staff visits the logging site and works with loggers to keep sediment out of streams*
- * Staff typically visits the site multiple times depending on the size, location and complexity of the operation*
- * These services are provided at no cost to loggers or landowners*

Silvicultural notification fee

- * DOF receives more than 5,000 commercial timber harvest notifications a year*
- * The proposed \$100 (one-hundred) dollar notification fee would generate approximately \$500,000 to help offset the cost of administering this program*
- * Failure to generate this revenue would require ten (10) layoffs*
- * The layoffs would further reduce DOF's capacity to respond to wildfires, perform timber harvest inspections and provide adequate forestland management services*