

MEMORANDUM

TO: Jolinda LaClair, Deputy Secretary
FROM: Jeffrey B. Cook, Financial Manager I
DATE: February 7, 2014
SUBJECT: Capital Construction Funding Summary

Below is a summary of the various capital construction funding accounts for the Agency of Agriculture (Agency) as of January 22, 2014. These funds provide financial assistance for the Best Management Practice (BMP) Cost Share Program, Conservation Reserve Enhancement Program (CREP), Capital Equipment Assistance Program (CEAP), and Vermont Farmers' Markets capital project.

<u>Department ID</u>	<u>Unspent Funds As Of 07/01/13</u>	<u>Expended Thru 01/22/14</u>	<u>Funding Remaining</u>	<u>Financial Obligations</u>	<u>Funding Not Obligated</u>
2200990801	\$594,814.49	\$264,528.14	\$330,286.35	\$330,286.35	\$0.00
2200990901	\$908,163.83	\$222,337.64	\$685,826.19	\$676,040.82	\$9,785.37
2200991002	\$855,840.61	\$26,870.57	\$828,970.04	\$455,749.04	\$373,221.00
2200991102	\$743,247.12	\$97,094.89	\$646,152.23	\$646,152.23	\$0.00
2200991202	\$933,963.61	\$124,336.00	\$809,627.61	\$809,627.61	\$0.00
Totals	\$4,036,029.66	\$735,167.24	\$3,300,862.42	\$2,917,856.05	\$383,006.37

Since January 22, 2014, the Agency has expended an additional \$74,974.62 (\$19,212.62 from the 2200990901 and \$55,762.00 from the 2200991002 Department ID accounts) bringing the total amount expended for Fiscal Year 2014 to \$810,141.86 and the capital funds remaining to \$3,225,887.80.

During the 2013 legislative session, the Agency, Department of Buildings & General Services, and Legislature agreed the Agency would not seek capital funds for these programs in Fiscal Year 2014 in exchange for the ability to retain and expend prior fiscal year allocations and reduce the number of active accounts. Since March 2013, the Agency spent \$1,729,947.46 of prior year capital allocations for the programs listed above. This has resulted in the liquidation of three of the prior fiscal year accounts.

The Agency was also tasked with cleaning up older grant agreements with farmers. This exercise resulted in the cancellation of 293 practices in 75 older BMP grants totaling \$694,528.07. The cancelled funds have been reallocated with other capital dollars to fund 61 new BMP and CEAP grants totaling \$2,129,737.44. The total financial obligations remaining for these programs are listed in the table above. These obligations represent approximately 80 grant agreements.

The table also shows \$383,006.37 in funding remains unobligated. These dollars are earmarked for the CREP program. CREP works in conjunction with the United States Department of Agriculture (USDA) and establishes buffers along waterways in Vermont. When a farmer signs up for this program, he/she receives a federal contract and a state grant. The farmer receives federal funding for participating in the program and an up-front incentive payment from the Agency. CREP is authorized under the U.S. Farm Bill. Until the President signs the new Farm Bill, USDA staff cannot work with farmers to enroll in this program. Once a new Farm Bill is passed, the fate of this program will become clearer.

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In past years, the Agency has returned \$605,241.68 in capital construction funds to Buildings through the FY2011 Capital Budget Act (\$355,241.68 from FY2001 through FY2005 allocations) and in FY2012 (\$250,000 was removed from the Agency's allocation and redirected for the Vergennes Capital Project).

The Agency has received 45 BMP applications from farms for water quality projects. The Agency also maintains a priority listing which includes another 80+ farms needing improvements to comply with water quality regulations. The Agency's engineering design and construction oversight capacity varies based on the recommended structural improvement but is typically between 40 to 50 farms annually. The annual BMP cost share payments to farms for Agency designed and constructed projects are generally between \$500,000 and \$750,000.

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