



CAPITAL CONSTRUCTION 10-YEAR PLANNING NARRATIVE

Fiscal Years 2018 – 2028

Please complete one form to accompany your capital budget request.

1. **Agency:** Agency of Agriculture, Food & Markets (VAAFAM)

Department: _____

Capital Funded Program: Best Management Practice/Conservation Reserve Enhancement Program

2. **Mission:** Please briefly describe the program's mission. Include high priority initiatives or goals from the agency strategic plan.

Agricultural water quality improvements on farms through the installation of production area practices (such as waste storage structures, improved barnyards, and waste transfer systems), equipment acquisition, engineering and design services, and conservation buffer installation.

3. **Goals and priorities: Describe** the Agency/Department's long-term goals and priorities for the capital budget. Priorities should be developed and reviewed at several levels: 1) Departmental or functional priorities; 2) Fiscal priorities; and 3) Executive priorities.

Long term priorities for this program are to continue providing financial support for structural fixes and services which facilitate such improvements on Vermont farms (i.e., contracted engineering & project management). Increasing numbers of projects and more infusion of federal dollars has begun to shift priorities to services that can facilitate the efficient implementation of these additional funds.

4. **Internal and External Factors:** Describe key initiatives or challenges facing the agency/department/program in the next 10 years that may impact your capital needs. Include: what are the changes? Why are they occurring? When?

The adoption of the recently filed Required Agricultural Practice rules with the Legislative Committee on Administrative Rules and small farm inspections under Act 64 are anticipated to result in significant increases in the number of farms needing structural fixes which they cannot afford on their own. To address this need, the Agency is proposing to add two additional engineers (from other funding sources), increase the amount and percentage of state funding available to farmers who implement the practices, and coordinate with external service providers to expedite projects. TMDL implementation plans are also driving the need for capital assistance to improve water quality over the next 10 years.

5. **Assessment and projection of need:** Describe Capital needs and projections based upon current and projected statistics on capital inventories and upon State demographic and economic conditions. (Due to factors described in 4 or for any other reason).

It is anticipated that demand will increase over time with a need of \$2.5 million per year by Year 4 and \$3.0 million annually by Year 7. This will be driven by new rules and regulatory requirements for agricultural operations and due to the escalating costs of implementing water quality improvement projects.

6. **Assessing Budgetary Impact:** Describe the financial burden and funding opportunities of programs and of individual projects.

Funding opportunities will increase due to expanding federal funds that state capital funds will be able to leverage. Federal commitments to water quality project funding appear to be growing over the next several years. Implementation of projects has historically been slow due to a lack of available finances from the farmers.



CAPITAL CONSTRUCTION 10 YEAR PROJECT PROPOSAL

Fiscal Years 2018 - 2028

Available online at: <http://www.bgs.vermont.gov/formsandpublications> "Capital Construction".
(One form must be completed for each Capital Project)

1. Program Title: Best Management Practice/Conservation Reserve Enhancement Program

2. Program Mission that the Capital Investment Supports:

Agricultural water quality improvements on farms through the installation of production area practices (such as waste storage structures, improved barnyards, and waste transfer systems), equipment acquisition, engineering and design services, and conservation buffer installation.

3. Project Title: Water Quality Implementation Projects

4. Project Location: Statewide

5. Project Description:

This program provides monetary support for farmers to implement projects which are required in order for the State to meet the federal EPA requirements under the TMDL for Lake Champlain and proposed TMDL's in other parts of Vermont. These funds can be used independently or in conjunction with federal funding. It is a priority to match federal funding in order to expand the utilization of these funds to more projects. CREP projects receive federal match at a 4:1 ratio. The Agency has enlisted partner organizations, engineering services and farms to expand the annual implementation of projects in this program in order to accelerate water quality improvements.

PRIORITIZING CAPITAL PROJECTS: Projects shall be prioritized on the following criteria: Priority 1: critical; Priority 2: Prior Capital Allocation or Commitments; Priority 3: Strategic Investments and Priority 4: future investments. (Definitions are provided in the attached capital budget priority criteria).

6(a). Agency Ranking: 1	6(b). Department Ranking:	6(c). Project Priority: 1
7. Project Priority: (Define the Project according to the "Priority Criteria") This program is critical as it is being used for "Reasonable Assurances" under the TMDL for water quality in order to reduce the infrastructure requirements on State highways, waste water treatment facilities and other sources of pollution. It has been determined that implementing projects on farms are much more cost effective for water quality than larger capital construction projects at point sources of pollution.		
8(a). Total Project Cost ~\$12 M Annually	8(b). FY 2018 Capital Request \$1,800,000	8(c). FY 2019 Capital Request \$2,000,000
8(d). Cost to Complete after FY 2019 Water quality improvements are estimated to cost \$8M to \$12M Annually	9. Prior Allocations: \$23,527,359	

10. Proposed Capital	Amount FY 2018	Amount FY 2019	Amount FY 2020	Amount FY 2021	Amount FY 2022	Amount FY 2023	Anticipated Funding Need for FY'24-FY'28
Cost Allocation:							
Capital Funds	\$1,800,000	\$2,000,000	\$2,000,000	\$2,500,000	\$2,500,000	\$2,500,000	\$15,000,000
General Funds							
Other Sources (i.e., state or federal)							
Total Funds	\$1,800,000	\$2,000,000	\$2,000,000	\$2,500,000	\$2,500,000	\$2,500,000	\$15,000,000

11. Operating Cost Allocations & Source of Funds

(Information provided will be coordinated with the Department of Finance and Management):

	FY 2018	Source	FY 2019	Source	FY 2020	Source	FY 2021	Source	FY 2022	Source	FY 2023	Source
Personal Services												
Operating												
Anticipate Fee for Space Cost												
New Positions Required												

12. Describe Other Sources and Amount of Available Funds for Operating:

These funds combine with federal and landowner dollars to implement water quality implementation projects. Federal dollars for FFY 2017 were \$13.4M; landowner dollars are estimated at \$4.5M.

13. Effect on Program/Project if not funded: This program is essential for project implementation to address the TMDL. If no funding is provided, fewer projects will be completed as these funds help farmers afford the improvements. With these funds, additional funds will be needed for other pollution reduction practices potentially at a higher cost benefit ratio