



Response to House Corrections and Institutions Question Use of additional Water Quality-focused Funding

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Dairy Improvement Grants Program – Expansion with water quality focus: \$600,000

VHCB's existing Farm & Forest Viability program's Dairy Improvement Grants program is presently funded by Commonwealth Dairy, with eligibility limited to farmers who belong to the dairy Co-ops that the Dairy purchases milk from (St. Albans and DFA). Additional funds would allow the program to extend to all farmers – dairy and non-dairy – in the state, with funds targeted to water-quality related improvements.

There is a gap in funding available for critical kinds of water quality related investments in Vermont. Some farmers struggle to meet their cost-share required in projects funded by USDA NRCS EQIP or VAAF, especially in a year with low dairy prices, and others would like to implement high-impact projects such as manure centrifuges and equipment to convert to low-tillage methods, but cannot afford the high cost of appropriate equipment. The projects proposed would be fully vetted by a review committee including state staff, key water quality stakeholders and dairy farmers, to determine highest priority projects and assess whether each project is the right practice given the existing water quality concerns.

Eligible projects will include:

- Manure separators
- Centrifuge installation to allow phosphorous removal
- Equipment for converting to low and no-till
- In some cases, contributing to critical BMP or NRCS projects to make sure farmers can meet their cost-share and advance expensive projects

Leverage: We anticipate an average of \$3 in other funds (grants, farmer financing, etc.) for every \$1 invested by VHCB (\$1.8 million in additional resources)

Water Quality-related investments in land and easements: \$400,000

VHCB typically buys easements on working farmland (and sometimes on working forestland) and helps fund fee purchases by public or non-profit entities of recreation lands, natural areas, forestland and historic properties. In some cases, some or all of a working farm may be located in a place that is especially challenging to farm without an adverse impact on water quality – because of the proximity to water, soils types, frequency of flooding, etc. Additional funds would allow VHCB to help fund the purchase and conservation of such properties, with a goal of taking them all or mostly out of production when landowners agree to sell, and a willing buyer (likely a non-profit or public entity) can be found. Funds could also be used to help support the costs of such projects, and to provide technical assistance to farmers who want to sell a challenged farm property, and relocate to a more suitable agricultural resource.

Chittenden County example, mostly floodplain along the Winooski River– 190 acres, estimated value \$380,000 – total project costs \$410,000.

Assuming 1:1 match from other sources, \$400,000 would allow VHCB to fund approximately two projects focused on taking agricultural lands out of production, or substantially restricting production practices, in critical source areas that are especially challenging to farm without impacting water quality.

Leverage: We anticipate \$1 in matching funds invested for every \$1 awarded by VHCB (\$400,000 match).