



January 16, 2018

Memorandum

To: Members of the Senate Institutions Committee
From: Jen Hollar, Director of Policy and Special Projects
Subject: Water Quality Grants to Farmers

During VHCB's testimony last week, a discussion arose on whether there is a cost share requirement for the Water Quality Improvement Grants funded by the FY18 Capital Construction and State Bonding Act and administered by VHCB. The committee confirmed it did not intend to require farmers to pay 10% of the cost of a project for which they receive one of these grants. It also stated the grants are meant to be flexible and fill "gaps" not covered by other funding sources. We are writing in response to your request that we confirm all potential applicants know that these WQ grants can help meet a cost share.

As explained by Gus Seelig at the time, nearly all farmers that have received WQ Grants from VHCB thus far have contributed 10% or more to their projects. Nonetheless, guidance provided to applicants ensures all farmers have an equal opportunity to request help in meeting a cost share required by another programs. Our WQ Grant application instructions include the following:

"As a general guideline, VHCB encourages and expects grant applicants to demonstrate at least 10% of project costs are provided by the applicant farm, through cash, loan, and/or in-kind contributions. We expect farmers to contribute to and be invested in the project, and we want to provide grants to projects and businesses that are viable and sustainable over time. This is true for both projects with match from the Vermont Agency of Agriculture Food & Markets' Best Management Practices program, as well as those that use other sources of match. If a farm is requesting funds to cover some or all of the final 10% of a project, VHCB staff and grant review committee members will take a close look at financial statements, management capacity, and other factors to assess the overall viability of the operation as part of the decision making process. Farmers are highly encouraged to contact our staff to discuss this situation before applying."



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In addition, staff from VHCB's Farm & Forest Viability Program works with each farmer to understand the project's cost and the farm's finances. If a cost share is a barrier to an otherwise worthy project, the farmer is informed that it is possible to use WQ Grant funds for that purpose. Lenders and other funding agencies are aware of this possibility as well.

Please let us know what other information would be helpful.