

From: Gustave Seelig [gseelig@vhcb.org]
Sent: Monday, October 01, 2012 3:24 PM
To: London, Sarah
CC: Ross, Chuck
Subject: Sarah London Response VLT 9-25-12.docx
Attachments: Sarah London Response VLT 9-25-12.docx

Sarah – After consulting with Chuck and checking in with VLT I have re organized the terms you sent and added to them. The largest formatting change was to try to group everything related to stewardship together. I hope what you will find are no substantive changes but rather clarifications and additional criteria. As you will see VLT was confused by what #1 meant . I am proposing and they will agree to implement changes to their data base that will allow for ongoing tracking of the information I think you want us to have and analyze. If there is a substantive change it is that we would look at the stewardship fund annually rather than twice a year. I will try to reach you at the end of the day or Tuesday pm. I appreciate all the time you have put into this.
Warm regards, Gus

Sarah London Follow-up

- 1) Document, on per easement basis, total and nature of following costs: (a) stewardship; (b) bringing a project into program; (c) closing a transaction.

Need to ask Sarah what this mean: how the grant is disbursed at closing, or does she really want on-going data collection? We assume that "bringing a project into program" means the staff time component of the block grant which will be handled through an annual performance contract starting in FY14 and that "closing a transaction" means title, insurance and recording?(ABOVE IS VLT FEEDBACK)

Proposed alternative below as new #1 -

- 1) VLT will develop and implement an information system to be operational April 1, 2013. The new system will then begin to track VLT's total costs of stewardship by easement, the cost of developing each project for board approval and each project's closing costs. The Board will review reports from that system in preparation of review and approval of annual performance contracts for the farm program.
- 2) The VHCB contribution for "standard closing costs" (title search, title insurance, recording fees) will be capped at \$4,000 per transaction going forward. Transaction costs will be limited to the cost of the easement acquisition and third party contractor costs such as title search, title insurance, recording fees, etc.
- 3) VHCB, VLT, UVLT would develop for Fiscal Year 2014 (July 2013) a performance contract for services to cover staff and overhead costs including mapping and Baseline Documentation Reports—

Contributions to VLT operational costs would not exceed 50% of the costs of the farm program.

Whenever fundraising proceeds are available they will be used to cover transaction costs with a goal of reducing the need for state expenditures in 10 - 20% of transactions .

VHCB may also provide direct assistance for outreach to the farm community, development of pre applications, management of the appraisal process or the farmland access program.

On projects where VLT fundraises to cover its overhead costs fundraising contributions will be shown as a line item in the budget. VLT may exceed the \$4000 cap when such fundraising covers the additional cost.

STEWARDSHIP

- 4) Beginning in FY `14, contributions to the stewardship endowment fund will be evaluated at least annually utilizing benchmarks including the number of new easements, the fund performance, avoiding easement violations, providing farmer technical assistance, evaluate responsiveness to landowner needs, and national accreditation requirements. The Governor will be advised of the total stewardship contribution, in light of the benchmarks. In awarding stewardship funds the board will consider comparisons to other programs.
- 5) VHCB and VLT will work with Secretary Ross to convene focus groups with landowners and other interested stakeholders this winter to determine whether and how a stewardship contribution can be required from landowners starting in FY 14. VHCB and Secretary Ross will explore stewardship contributions by farmers based on a percentage of the value of the easement, a fee-based easement amendment process, and/or any other equitable cost-sharing arrangement with farmers. Such a system may include waivers for new farmers buying a farm or providing a hardship exemption. VHCB and the secretary will also examine whether encouraging bargain sales may be more financially beneficial to the state and to landowners.

VHCB and Secretary Ross will report back to the Governor regarding farmer-stewardship contributions next spring.

- 6) Landowners will continue to contribute to the stewardship fund when subdividing farmland and when costs of any requested approval review exceeds \$500 in a single year.
- 7) VHCB will work with the partners (VLT and the Agency of Agriculture) to review how stewardship approvals and amendments are made with the goal of improving the efficiency of that process.
- 8) Conduct stewardship site visits and direct communication with farmers every other year where permitted.

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