

From: Gustave Seelig [gseelig@vhcb.org]
Sent: Thursday, October 25, 2012 10:03 AM
To: London, Sarah
Subject: VHCB VLT Ag Easements Costs 10-18-12.docx
Attachments: VHCB VLT Ag Easements Costs 10-18-12.docx

Sarah – here it is . Best time to talk tomorrow would be in the morning. Thanks for all you have done to bring this to closure. Warm regards, Gus

Agricultural Easement Cost Reduction Plan

The goal of this plan is to reduce the public costs, including public stewardship costs, associated with **VHCB's agricultural easement program** by 20 to 30 percent. This plan will be fully implemented by FY 2014 (July 2013).

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- 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. **The Board may consider a request to exceed this cap when exceptional circumstances exist. Such circumstances may include a very complex project requiring multiple title searches in several towns or extraordinarily expensive projects where the cost of title insurance (required for NRCS match) is very high.**

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- 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 **project specific** 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.

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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, VLT, and Secretary Ross will provide the Governor with a proposal for reducing the public stewardship contribution by January 2013, including by requiring farmers to pay for a portion of the stewardship contribution and/or by encouraging more bargain sales. VHCB, VLT, and Secretary Ross will also consider options that will allow farmers to make deferred stewardship payments over time based on ability to pay, expanding the use of conditional stewardship payments by farmers for complicated easement amendments, and increased private fundraising. **The proposal to the Governor may describe potential exemptions for hardship including circumstances such as the purchase of a farm by a young undercapitalized farmer and a seller with no motivation to share in the project costs (i.e. they might just as well exit and sell to a developer).**
- 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) VLT will conduct stewardship site visits and direct communication with farmers every other year where permitted.

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