

**From:** Gustave Seelig [gseelig@vhcb.org]  
**Sent:** Tuesday, August 14, 2012 8:17 AM  
**To:** London, Sarah  
**CC:** Ross, Chuck; Snyder, Michael  
**Subject:** possible alternatives for associated costs  
**Attachments:** alternatives associated costs and stewardship.doc

Sarah,  
Attached is the one page memo I mentioned in preparation for tomorrow's meeting.

Let me know if you have any questions.

Thank you,  
Gus

Gus Seelig, Executive Director  
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## **MEMORANDUM**

TO: Honorable Peter Shumlin, Governor of Vermont  
Cc: Sarah London, Chuck Ross, Mike Snyder  
FROM: Gus Seelig, Executive Director  
DATE: August 13, 2012  
RE: Possible alternate approach for the Board to consider in response to review of associated costs and stewardship endowment

In reviewing VHCB's policies regarding associated costs and stewardship endowment on farms, we are considering the pros and cons of an alternative Board policy. Some of the major points in such a change might be:

1. Transaction costs being limited to the cost of the easement acquisition and third party contractor costs such as closing attorneys, title insurance, etc.
2. VHCB, VLT, UVLT would develop for Fiscal Year 2014 (July 2013) a performance contract for services to cover staff and overhead costs out of transaction costs. Contributions to VLT operational costs would not exceed 50% of the costs of the farm program.
3. Beginning in FY '14, contributions to the stewardship endowment fund will be evaluated no less than twice a year utilizing benchmarks including the number of new easements, the fund performance and national accreditation requirements.
4. VHCB will work with Secretary Ross to convene focus groups with landowners this winter to determine whether and how a stewardship contribution can be required from landowners.

### **Background Information**

- Currently VLT carries out approximately 65 conservation deals annually. VHCB provides funds for approximately 23 of those deals. VHCB grants account for 8% of VLT's operating budget.
- VHCB funded acquisitions are 35% of VLT's annual work. Of the 56,783 acres VLT has conserved in the past five years, 36,749 acres were without VHCB assistance.
- Stewardship endowment is currently generating enough cash to cover 61% of VLT's overall costs. VLT fundraises annually to cover the balance of costs. Current stewardship contributions are 30% below the level required by NRCS and below recommended level for LTA accreditation.
- VLT's farmland access program allows 7-10 young farmers a year to acquire their first farm.
- In FY12, 70% of the farm projects included bargain sales, totaling approximately \$700,000
- Farmers are required to make a \$5,000 donation into the stewardship fund in the case of pre-approved subdivisions included in the easement. Farmers incur on average \$7,000 in costs for legal, appraisal and other closing costs in selling development rights.