



STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Joint Fiscal Committee Members
From: Nathan Lavery, Fiscal Analyst
Date: March 27, 2013
Subject: Grant Requests

Enclosed please find four (4) items that the Joint Fiscal Office has received from the administration.

JFO #2616 – \$781,226 grant from the U.S. Department of Agriculture to the Vermont Department of Agriculture, Food and Markets. These funds will be used to develop a water quality trading initiative intended to reduce nonpoint source phosphorus pollution loading in Lake Champlain (from the Missisquoi Bay and Otter Creek).

[JFO received 03/22/13]

JFO #2617 – \$75,000 grant from the U.S. Department of Agriculture to the Vermont Department of Agriculture, Food and Markets. These funds will be used to support the State's efforts to develop an agricultural water quality improvement program through outreach to farmers and nonagricultural stakeholders and the creation of a database designed to track water quality progress.

[JFO received 03/22/13]

JFO #2618 – \$10,000 grant from the National Alcohol Beverage Control Association to the Vermont Department of Liquor Control. These funds will be used to produce and distribute materials to help employers detect fraudulent identifications.

[JFO received 03/27/13]

JFO #2619 – \$219,898 grant from the Northern Border Regional Commission to the Vermont Telecommunications Authority (VTA). These funds will be used to assist the VTA in completing construction of a 13-mile segment of a 178-mile fiber-optic network in the northeastern Vermont.

[JFO received 03/27/13]

Please review the enclosed materials and notify the Joint Fiscal Office (Nathan Lavery at (802) 828-1488; nlavery@leg.state.vt.us) if you have questions or would like an item held for legislative review. Unless we hear from you to the contrary by April 10 we will assume that you agree to consider as final the Governor's acceptance of these requests.



State of Vermont
 Department of Finance & Management
 109 State Street, Pavilion Building
 Montpelier, VT 05620-0401

Agency of Administration

[phone] 802-828-2376
 [fax] 802-828-2428

JFO 2616

**STATE OF VERMONT
 FINANCE & MANAGEMENT GRANT REVIEW FORM**

Grant Summary:		This USDA grant is one of several that Agriculture is receiving to develop a Certainty Program for agricultural water quality improvements. It is for the Lake Champlain Phosphorus Trading Initiative. The project involves two sub-basins of the Lake Champlain watershed (Missisquoi Bay and Otter Creek). It will demonstrate how effective the market oriented nutrient trading approach is there and depending on its success may be used in other areas of the State and Lake Champlain.			
Date:		3/15/2013			
Department:		Agriculture, Food and Markets			
Legal Title of Grant:		USDA Conservation Innovation Grant			
Federal Catalog #:		10.912			
Grant/Donor Name and Address:		USDA Natural Resources Conservation Service, PO Box 2890, Room 6227-S, Washington, D.C. 20013-2890			
Grant Period:		From:	To:		
		10/1/2012	9/30/2014		
Grant/Donation		781,226			
	SFY 1	SFY 2	SFY 3	Total	Comments
Grant Amount:	\$346,638	\$363,329	\$71,259	\$781,226	
Position Information:		# Positions	Explanation/Comments		
		0			
Additional Comments:					
Department of Finance & Management		3/18/13		(Initial)	
Secretary of Administration		MC 3/18/13		(Initial)	
Sent To Joint Fiscal Office		3/20/13		Date 3/20/13	



STATE OF VERMONT REQUEST FOR GRANT (*) ACCEPTANCE (Form AA-1)

BASIC GRANT INFORMATION			
1. Agency:	Agriculture, Food and Markets		
2. Department:	Agriculture Resource Management		
3. Program:	The Lake Champlain Phosphorus Trading Initiative		
4. Legal Title of Grant:	USDA Conservation Innovation Grant		
5. Federal Catalog #:	10.912		
6. Grant/Donor Name and Address:	USDA, NRCS, PO Box 2890, Room 6227-S, Washington, D.C. 20013-2890		
7. Grant Period:	From:	10/1/2012	To: 9/30/2014
8. Purpose of Grant:	Developing a water quality trading initiative to cost-effectively reduce nonpoint source phosphorus pollution loading into the Vermont side of Lake Champlain Basin.		
9. Impact on existing program if grant is not Accepted:	The components of this grant are going to help target where funding is spent in the future for all agricultural projects. Without this grant the rate of water quality results from implemented conservation practices will be reduced.		

10. BUDGET INFORMATION				
	SFY 1	SFY 2	SFY 3	Comments
	FY 13	FY 14	FY 15	
Expenditures:				
Personal Services	\$480,560	\$478,745	\$111,187	\$1,070,492
Operating Expenses	\$85,387	\$77,743	\$19,950	\$183,080
Grants	\$119,118	\$152,060	\$37,702	\$308,880
Total	\$685,065	\$708,548	\$168,839	\$1,562,452
Revenues:				
State Funds:	\$338,427	\$345,219	\$97,580	\$781,226
Cash	\$265,000	\$263,000	\$76,000	
In-Kind	\$73,427	\$82,219	\$21,580	
Federal Funds:	\$346,638	\$363,329	\$71,259	\$781,226
(Direct Costs)	\$315,125	\$331,549	\$63,531	
(Statewide Indirect)	\$	\$	\$	
(Departmental Indirect)	\$31,513	\$31,780	\$7,728	
Other Funds:	\$	\$	\$	
Grant (source)	\$	\$	\$	
Total	\$685,065	\$708,548	\$168,839	\$1,562,452

Appropriation No:	2200040000	Amount:	\$781,226
			\$
			\$
			\$
			\$
			\$
			\$

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STATE OF VERMONT REQUEST FOR GRANT (*) ACCEPTANCE (Form AA-1)

Total \$781,226

PERSONAL SERVICE INFORMATION

11. Will monies from this grant be used to fund one or more Personal Service Contracts? Yes No
 If "Yes", appointing authority must initial here to indicate intent to follow current competitive bidding process/policy.

Appointing Authority Name: Jolinda LaClair Agreed by: JHL (initial)

12. Limited Service Position Information:	# Positions	Title
Total Positions		

12a. Equipment and space for these positions: Is presently available. Can be obtained with available funds.

13. AUTHORIZATION AGENCY/DEPARTMENT

I/we certify that no funds beyond basic application preparation and filing costs have been expended or committed in anticipation of Joint Fiscal Committee approval of this grant, unless previous notification was made on Form AA-IPN (if applicable):

Signature: Jolinda H LaClair Date: 3-14-13
 Title: Deputy Secretary

Signature: _____ Date: _____
 Title: _____

14. SECRETARY OF ADMINISTRATION

Approved: [Signature] (Secretary or designee signature) Date: 03/18/13
 Deputy

15. ACTION BY GOVERNOR

Check One Box: Accepted
 Rejected
 (Governor's signature) [Signature] Date: 3/19/13

16. DOCUMENTATION REQUIRED

Required GRANT Documentation

- | | |
|---|---|
| <input type="checkbox"/> Request Memo | <input type="checkbox"/> Notice of Donation (if any) |
| <input type="checkbox"/> Dept. project approval (if applicable) | <input type="checkbox"/> Grant (Project) Timeline (if applicable) |
| <input type="checkbox"/> Notice of Award | <input type="checkbox"/> Request for Extension (if applicable) |
| <input type="checkbox"/> Grant Agreement | <input type="checkbox"/> Form AA-IPN attached (if applicable) |
| <input type="checkbox"/> Grant Budget | |

End Form AA-1

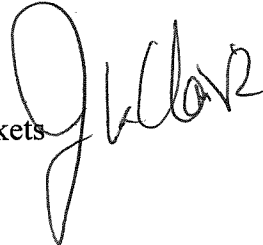
(*) The term "grant" refers to any grant, gift, loan, or any sum of money or thing of value to be accepted by any agency, department, commission, board, or other part of state government (see 32 V.S.A. §5).

Agency Of Agriculture, Food & Markets
116 State Street
Montpelier, VT 05620-2901
www.VermontAgriculture.com

MEMORANDUM

TO: Secretary Spaulding

FROM: VT Agency of Agriculture, Food & Markets
for Secretary Chuck Ross, Jr.



DATE: March 14, 2013

SUBJECT: The Lake Champlain Phosphorus Trading Initiative

This project will establish and implement an innovative, flexible, cost-effective water quality trading initiative to: (a) achieve net reductions in phosphorus loadings into Lake Champlain; (b) involve and improve collaboration among point sources (publicly owned waste water treatment facilities and municipalities) and nonpoint sources (farming sector); (c) identify cost-effective solutions for achieving phosphorus load reductions; (d) improve flood resiliency in the agricultural sector of the state in order to reduce phosphorus loadings from severe flood events; (e) provide incentives to achieve phosphorus reductions from point sources and non-point sources; (f) spur producers to implement Best Management Practices beyond the regulatory requirements by using a nutrient trading model; (g) enhance coordination and oversight among the Vermont Department of Environmental Conservation (DEC), Agency of Agriculture, Food and Markets (AAFM), and the United States Department of Agriculture, Natural Resources Conservation Service (NRCS); (h) achieve other benefits, including enhanced ecosystem function, improved soil management at the farm, and improved economic viability of the farming sector, greater food security; and (i) consider expanding the initiative to other watersheds.

The geographic scope of this project is limited to two sub-basins of the Lake Champlain watershed: the Missisquoi Bay and Otter Creek sub-basins. The effectiveness of nutrient trading in these two sub-basins will allow us to expand the program to the rest of the Lake Champlain watershed and elsewhere.

Fundamentally, this proposed project will demonstrate the extent to which a market-oriented approach will produce cost-effective nutrient load reductions in watersheds dominated by agricultural nonpoint source pollution. The results will inform the project partners on how to achieve similar results throughout the Lake Champlain Basin and statewide.

The project will identify all baseline requirements for all involved parties, which will have the benefit of describing the regulatory component to prevent water quality degradation, provide an opportunity to evaluate these tools for effectiveness, and offer transparency for the public and stakeholder in understanding how a market-based approach will build upon the regulatory programs to achieve expected load reductions. Baseline requirements for agriculture include Accepted Agricultural Practices (AAPs; the base level of water quality management required of all farms), Medium Farm Operations and Large Farm Operations permits, and the Confined Animal Feeding Operation general permit. Baseline requirements in the developed landscape include Municipal Separate Storm Sewer

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VAAFM CIG Application
Detailed Itemized Budget for Lake Champlain Phosphorus Trading Initiative

		Budget Period		From:	To:							
				10/01/12	10/01/14							
Position Number	Position Title	Hrly Rate	Sal Adj 1.03	COLA	Half Step	Two Year Salary	% to Grant	Salary Expense	Fringe Benefits			
	Deputy Director ARMS	28.82	29.88	1.020	1.015	124,123.38	20%	24,825	9,433			
	Agricultural Water Quality Specialist	21.77	22.42	1.020	1.015	93,760.08	5%	4,688	1,781			
	Agricultural Water Quality Specialist	21.77	22.42	1.020	1.015	93,760.08	5%	4,688	1,781			
	Agricultural Water Quality Specialist	28.13	28.91	1.020	1.015	112,537.94	20%	22,508	8,553			
	Deputy Secretary of VAAFM	38.70	39.86	1.020	1.015	166,675.02	3%	5,000	1,900			
	Secretary of VAAFM	55.57	57.24	1.020	1.015	239,331.54	5%	11,967	4,547			
	Finance Officer	25.58	26.35	1.020	1.015	110,169.17	15%	16,525	6,280			
	Business Office Assistant	20.00	20.60	1.020	1.015	86,141.27	15%	12,921	4,910			
	Business Office Manager	32.96	33.95	1.020	1.015	141,953.71	5%	7,098	2,697			
	Contract-Program Development Coordinator							129,389				
		(hide columns)				Total FTEs →	0.58					
Personnel (listed above)								subtotal \$	239,608	P/S		
Fringe Benefits (based on department average) (incl. FICA, retirement, health insurance & workers' comp)								subtotal \$	41,884	P/S		
Travel (does not include fleet lease payments; see "Other")												
~ In-State Travel (site visits, monitoring activities, local meetings) (Based on 3,200 vehicle-miles traveled/yr at \$0.5/mile rate)								3,200				
~ Out-of-State Travel (NRCS)								9,000				
								subtotal \$	12,200	O/E		
Equipment (Items with a unit cost of less than \$5,000 are deemed to be supplies.)								0				
								0				
								subtotal \$	-			
Supplies												
Miscellaneous Office supplies								4,000				
Computer/Smart phone 1 new position								5,000				
								subtotal \$	9,000	O/E		
Contractual												
Trading Framework (contract)								120,000	P/S			
GIS-based CSA Framework (contract)								135,000	P/S			
VACD (grant)								308,880	Grant			
Market Feasibility (contract)								30,000	P/S			
								subtotal \$	593,880			
Other												
VAAFM Ecosystem Restoration Program								504,000	P/S			
phones/Internet/misc								10,000	O/E			
Recruitment & Training								4,534	O/E			
Meeting support								5,308	O/E			
								subtotal \$	523,838			
Indirect Charges (based on % of personnel costs)												
								Rate				
								10.00%	subtotal \$	142,042	O/E	
GRAND TOTAL								GRAND Total \$	1,562,462			
								Federal Share 50%	\$	781,226		
								Non-Federal Share 50%	\$	781,226		



Vermont Department of Environmental Conservation
Commissioner's Office
103 South Main Street, 1 South [phone] 802-241-3808
Waterbury, VT 05671-0401 [fax] 802-244-5141

Agency of Natural Resources

MATCH COMMITMENT LETTER

Date: February 27, 2012

Mr. Chuck Ross, Secretary
Agency of Agriculture, Food & Markets
116 State Street
Montpelier, VT 05620

RE: USDA Conservation Innovation Grant (CIG) --VT DEC Match Commitment

Dear Secretary Ross,

Please accept this letter by the Vermont Department of Environmental Conservation (DEC) as a commitment to provide a portion of the required match for your "Lake Champlain Phosphorus Trading Initiative" proposal under the U.S. Department of Agriculture's Conservation Innovation Grant (CIG). In summary, the phosphorus concentrations in most segments of the Lake continue to exceed the allowed limits described in the State's water quality standards. This proposal focuses on developing a water quality trading initiative to cost-effectively reduce nonpoint source phosphorus pollution loading into the Vermont side of Lake Champlain Basin.

DEC in support of the overall project goals to establish and implement an innovative, flexible, cost-effective water quality trading initiative is committed to providing the Vermont Agency of Agriculture, Food & Markets (AAFM) match towards this CIG proposal in the amount of \$50,000 annually for the two year period of October 1, 2012 to October 1, 2014. It is our intent to provide that total match of \$100,000 over the course of those two years using our DEC Ecosystem Restoration Program funds.

Sincerely,

A handwritten signature in black ink, appearing to read "DK Mears", written over a horizontal line.

David K. Mears
Commissioner