

**Fiscal Year 2014 Cost-share and Technical Assistance Policy Comment and Discussion Document
July 26, 2013**

Overview and Policy Development Process

The purpose of this policy is multi-purpose:

- 1) To address audit concerns and recommendations regarding the proper distribution of state cost-share and technical assistance appropriations in accordance with 2013 Appropriation Act and Code of Virginia requirements;
- 2) To produce a detailed distribution methodology that staff may use as a template for future allocations; and
- 3) To produce a process by which the Commonwealth’s funding can be best distributed in order to advance water quality improvements to the most nutrient and sediment polluted waters.

In terms of development, the Department has followed a set public process as would be conducted for a typical state regulatory action:

- 1) Develop ideas that support the purposes for which the Policy is being developed;
- 2) Discuss potential ideas with an ad-hoc group;
- 3) The Department weighs options and alternatives and prepares a DRAFT Policy document;
- 4) Present the DRAFT Policy to the Board and in this case consult with them on its contents in accordance with the 2013 Appropriation Act and Code of Virginia requirements;
- 5) Following discussions with the Board, distribute the Policy to interested stakeholders for comment;
- 6) As is typically done following any public comment process, analyze the comments, produce a comment matrix that includes Department discussion, and make determinations on what processes are in the best interest of the Commonwealth;
- 7) Share those final determinations with stakeholders; and
- 8) Director adopts the Policy.

Comments

Comments included in this matrix include those from the Director’s Ad-hoc Group, the Virginia Soil and Water Conservation Board, and from 21 commentors from 20 Soil and Water Conservation Districts (Hanover-Caroline, Shenandoah Valley, Peaks of Otter, Clinch Valley, Culpeper, Southside, Lonesome Pine, Piedmont, Thomas Jefferson, John Marshall, Lord Fairfax, Eastern Shore, Robert E. Lee, Peanut, Tidewater, Halifax, Skyline, Mountain, Lord Fairfax, and Monacan).

Issue	Commenter(s)	Issue	Recommendation	Discussion	Final Determination
1	Director’s Ad-hoc Group Virginia Soil and Water Conservation Board	CS - Use of hydrologic unit analysis for allocation of cost-share.	The Board and stakeholder groups recommended the continued use of the HU as part of the process for cost-share allocation calculations.	In accordance with recommendations received, the Department utilized the HU analysis process as it has for a number of years. As was noted in the draft Policy presentation to the Board on June 6 th , the use	The Fiscal Year 2014 Policy continues to utilize and further explains this process that is utilized to extract output from the

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	2012 Summer Study Stakeholder Advisor Group			<p>of this process alone, absent any other formula alterations, creates changes in District cost-share allocations as the model inputs may change every 2 years to account for BMPs implemented and accordingly to calculate nitrogen, phosphorus, and sediment loads that drive the allocations. This is the case for the Fiscal Year 2014 allocations.</p> <p>Cost-share allocations made for Fiscal Year 2013 were based on the 2008 NPS assessment. For Fiscal Year 2014, the 2010 NPS assessment is being utilized. Accordingly, new data inputs that take into account BMPs implemented between 2008 and 2010 are being utilized and do result in changes in cost-share allocations to Districts.</p>	most recent Nonpoint Assessment and utilize it to determine high, medium, and low hydrological units to which cost-share is allocated.
2	McGann Saphir – Hanover-Caroline Megen Dalton – Shenandoah E. B. Watson – Peaks of Otter Clinch Valley Eugene Morris – Southside London Johnson – Lonesome Pine Brian Wagner – Thomas Jefferson John Marshall	CS - Allocation of cost-share to high, medium, and low hydrologic units: Continuation of 50-30-20.	<p>Maintain the current formula for the allocation process at the 50-30-20 level.</p> <p>What is the justification for changing the percentage for high, middle, and low land units? In our area [Tidewater] we have a mix of areas but without the lower areas getting an opportunity to receive funding only a couple of guys will receive the funding.</p> <p>Protecting low ranked hydrologic units should be a high priority for DCR and changing to a 60%-30%-10% distribution of funds will affect water quality in these areas. Therefore we suggest</p>	In the June 4 th version of the draft Policy, District allocations of cost-share were based on a 60-30-10 distribution instead of a 50-30-20 distribution in order to further target the Commonwealth’s funding to those waters shown through the HU analysis to be in the worst condition based on N, P, and sediment pollutants.	The Department has utilized the suggested compromise approach, which is 55-30-15 for Fiscal Year 2014. Beginning with distributions in Fiscal Year 2015, a distribution of 60-30-10 will be recommended by the Department. It remains the Department’s position that as the steward for the Commonwealth’s funding,

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	<p>Carl Thiel-Goin – Tidewater W. Page Wilkerson – Halifax Keith Burgess – Monacan Barbara McGarry – Henricopolis Director’s Ad-hoc Group</p>		<p>staying with the current structure of 50%-30%-20% to ensure adequate funding is available to support conservation in Low ranking watersheds.</p> <p>The change in funding from 50-30-20 to 60-30-10 will reduce Monacan’s VACS allocation by approximately 40%. Monacan has only 1 very small portion of 1 high priority watershed, 5 medium priority watersheds and 22 low priority watersheds. This will significantly reduce Monacan’s ability to implement the VACS program on sites needing conservation.</p> <p>Could cause those Districts with low HUs to have greatly reduced TA allocation and to face layoffs.</p> <p>Low HUs may become worse; keep healthy waters healthy.</p> <p>Need more time to prepare for changes.</p> <p>Districts that receive significant increases may not have the technical capacity to utilize it effectively, while Districts that receive significant decreases will likely have a backlog of willing farmers and excess technical capacity.</p> <p>Putting such an emphasis on priority watersheds will inevitably underfund highly beneficial projects in low priority watersheds.</p> <p>50-30-20 allows for a more consistent and</p>		<p>that a greater emphasis should be placed on providing funding to those waters shown through the HU analysis to be in the worst condition based on N, P, and sediment pollutants.</p>

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			marketable program.		
3	Tara Williams - Peanut Robert Brame, Culpeper Board/ Staff - Lord Fairfax Matt Kowalski – Lord Fairfax	CS - Allocation of cost-share to high, medium, and low hydrologic units: Potential use of 60-30-10.	<p>The Peanut District is in full support of the new Policy. We can't argue at all with this as it is beneficial to our District.</p> <p>While we understand your priorities in shifting the hydrologic unit emphasis in stronger favor of high areas, we are also aware of many extenuating circumstances that would favor funding additional projects in low and medium priority areas (such as a project in a low or medium rated area that can help create credibility with producers which farm in many hydrologic areas) and that some larger, high dollar projects can skew the results data substantially.</p> <p>While the shift in percentages by watershed priority areas more clearly emphasizes the need to clean up our streams, the change will be significant for many districts and does not allow much time for transition. The unpredictable nature of funding has always been a challenge and is now being compounded by these rather abrupt changes in allocation procedures. This makes it quite difficult for Districts to efficiently manage staffing and implement programs. For multi-county districts that have high, medium and low watershed areas, it may also lead to pitting farmers in one part of our district against others in the competition for limited funds and assistance.</p>	<p>In the June 4th version of the draft Policy, District allocations of cost-share were based on a 60-30-10 distribution instead of a 50-30-20 distribution in order to further target the Commonwealth's funding to those waters shown through the HU analysis to be in the worst condition based on N, P, and sediment pollutants.</p>	<p>The Department has utilized the suggested compromise approach, which is 55-30-15 for Fiscal Year 2014. Beginning with distributions in Fiscal Year 2015, a distribution of 60-30-10 will be recommended by the Department. It remains the Department's position that as the steward for the Commonwealth's funding, that a greater emphasis should be placed on providing funding to those waters shown through the HU analysis to be in the worst condition based on N, P, and sediment pollutants.</p> <p>It should also be noted that Districts retain flexibility within their secondary considerations to target projects meeting their criteria throughout their District.</p>

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			<p>This will focus the money where needed. However, in order for it to work as intended, the policy should also focus the money specifically into the watersheds that are ranked high/ medium/ and low as appropriate otherwise Districts with multiple ranked watersheds could focus more money into a watershed in their District that ranks lower.</p>		
4	Deanna Fehrer - Piedmont	CS - Allocation of cost-share to high, medium, and low hydrologic units: Use of 55-30-15 as a compromise.	<p>As a compromise, consider using 55-30-15.</p> <p>Provide an explanation of how the HU assessment scores are calculated in the model.</p>	<p>In the June 4th version of the draft Policy, District allocations of cost-share were based on a 60-30-10 distribution instead of a 50-30-20 distribution in order to further target the Commonwealth's funding to those waters shown through the HU analysis to be in the worst condition based on N, P, and sediment pollutants.</p> <p>One of the purposes of the Policy is to provide a detailed explanation of how the HU assessment scores are calculated.</p>	<p>The Department has utilized the suggested compromise approach, which is 55-30-15 for Fiscal Year 2014. Beginning with distributions in Fiscal Year 2015, a distribution of 60-30-10 will be recommended by the Department. It remains the Department's position that as the steward for the Commonwealth's funding, that a greater emphasis should be placed on providing funding to those waters shown through the HU analysis to be in the worst condition based on N, P, and sediment pollutants.</p>

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					The Policy now refers to two technical documents that provide additional information on the HU procedures.
5	Eastern Shore	CS - Allocation of cost-share to high, medium, and low hydrologic units: Use of 51-30-19.	The Board proposes 51-30-19.	In the June 4 th version of the draft Policy, District allocations of cost-share were based on a 60-30-10 distribution instead of a 50-30-20 distribution in order to further target the Commonwealth's funding to those waters shown through the HU analysis to be in the worst condition based on N, P, and sediment pollutants.	The Department has utilized the suggested compromise approach, which is 55-30-15 for Fiscal Year 2014. Beginning with distributions in Fiscal Year 2015, a distribution of 60-30-10 will be recommended by the Department. It remains the Department's position that as the steward for the Commonwealth's funding, that a greater emphasis should be placed on providing funding to those waters shown through the HU analysis to be in the worst condition based on N, P, and sediment pollutants.
6	McGann Saphir – Hanover-Caroline	CS - Consider all TMDLs in the allocation process, particularly those with an	TMDL watersheds (Chickahominy and Pamunkey) are not being considered in the allocation process, despite the fact that we have	The Department did assess whether the analysis (water quality targeting) could be improved by placing additional emphasis on	Based on an assessment of TMDL information available, we believe that

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		implementation plan in place or in development for 2014	an implementation plan in place with considerable agricultural BMP needs.	nonpoint TMDLs. The Department found that over 80% of the land area of the Commonwealth (visual assessment of map) is within a non-shellfish non-point source TMDL. At this time, the only metric available would be to include a column indicating whether the HU is within a nonpoint TMDL or not, as actual levels of bacterial impairments do not exist or are not readily available. Due to the wide distribution of TMDLs, it was determined that this would provide little additional water quality targeting value. Accordingly, the models existing emphasis on animal units and manure application appears to properly weigh agricultural water quality impacts. However, the Department does recommend that bacteria be considered by DEQ in development of the 2016 model as it would likely take several years to properly develop and calibrate a nonpoint TMDL model component for bacteria through which TMDL's in various HUs could be compared as to levels of water quality impact.	TMDLs are being sufficiently accounted for in the HU analysis. It should be noted that additional emphasis on TMDL waters occurs through District secondary considerations including the consideration of CEF results. However, in the approved Policy, the Department recommends that bacteria be considered by DEQ in development of the 2016 model as it would likely take several years to properly develop and calibrate a nonpoint TMDL model component for bacteria through which TMDL's in various HUs could be compared as to levels of water quality impact which is not currently possible.
7	Director's Ad-hoc Group	CS expenditures	Review cost-share payment rates in order to prioritize/optimize the BMPs that are most efficient and effective and look at the duration for cost-share allowance (number of years).	The June 4 th version of the draft Policy recommended in a NOTE that "[t]he BMP Technical Advisory Committee shall also be charged with developing recommendations	No changes were made to the approved Policy although the subjects of interest will be reviewed

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				regarding the state cost-share rates for approved BMPs with the intent of developing reduced rates for standard operating practices in order to allow cost-share dollars to be spread further but for the state to still be able to continue to collect BMP usage information. Additionally, the TAC should examine acreage caps for agronomic practices and the allowable duration of payments for certain practices.”	as noted in the approved Policy.
8	Clinch Valley London Johnson – Lonesome Pine Deanna Fehrer - Piedmont	CS – In the June 4 th version, SL-6 is not subject to the cap as the practice shall be paid at 100% and during reallocation 70% of funds shall be allocated to BMP Tracking Program identified SL-6 (Stream Exclusion with Grazing and Management) practices.	<p>A 100% cost-share rate needs to be consistently available for a set number of years, rather than unpredictable offerings, like the VECI program.</p> <p>It would be unwise for the future promotion of the program to continue to implement these random 100% offerings. Sporadic offerings actually makes selling the program more difficult and creates overall hardships for the District when dealing with the next round of sign-ups at the normal 75% cost-share rates.</p> <p>100% reimbursement for exclusion practices has set a precedent for the ‘cost share’ program and if it continues for this program year, future participation in subsequent years could be affected if rates are reduced back to the 75/25.</p>	<p>The June 4th version of the draft Policy recommends that SL-6 be paid at 100% because stream exclusion provides water quality benefits by reducing nitrogen and phosphorus from animal waste and reducing bank destabilization, which creates sediment issues. It is the Department’s understanding that participation in the SL-6 practice will increase if it is not capped at \$70,000.</p> <p>Use of SL-6 can increase productivity and profitability with stream-exclusion systems. Benefits can include fewer outbreaks of disease among cattle, greater forage production, and better pasture management and pasture quality. Also, keeping livestock out of local waters is critical to reducing bacteria levels and excess nitrogen that pollute many of Virginia’s rivers and streams.</p> <p>We would also note that these engineered</p>	<p>The approved Policy continues to pay SL-6 at 100%. However, as a compromise, the approved Policy now states that, participants receiving cost-share funds for SL-6 in excess of \$70,000 in Fiscal Year 2014 shall not be eligible for additional cost-share funds for any other cost-share practices.</p> <p>Additionally, for distribution of reallocated cost-share, the language was modified to specify that “[a]ll reallocated cost-share funds shall be allocated to BMP Tracking Program</p>

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				<p>practices have a greater longevity to them further justifying the costs.</p> <p>During reallocation, the June 4th draft Policy, as a slight moderation of the ad-hoc group recommendation, designated, 70% of reallocated funds to SL-6.</p>	<p>identified priority agricultural BMP practices with the lowest Conservation Effectiveness Factor (CEF) factors within the original drainage allocations.” Originally, 70% was specified for SL-6 only.</p> <p>Additionally, the Department is marketing the SL-6 program at 100% for FY14 and FY15 after which time the cost-share percentage will be reduced. All participant enrollments received during this two-year period will be honored as cost-share funds become available even if enrollment outpaces available funding during that time.</p>
9	Director’s Ad-hoc Group	CS – In the June 4 th version, SL-6 is not subject to the cap as the practice shall be paid at 100% and during reallocation 70% of funds	Do not have VECI in 2014. SL-6 for 2014 and 2015 use 100% cost-share rate as caps are an inhibitor. If 100%, could get more for the taxpayer if 35’ buffer on total farm or similar action is required. Letter of intent for participant	The June 4 th version of the draft Policy recommends that SL-6 be paid at 100% because stream exclusion provides water quality benefits by reducing nitrogen and phosphorus from animal waste and reducing	The approved Policy continues to pay SL-6 at 100%. However, as a compromise, the approved Policy now states that,

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		<p>shall be allocated to BMP Tracking Program identified SL-6 (Stream Exclusion with Grazing and Management) practices.</p>	<p>guaranteeing payment would be needed. To maximize participation, a longer-term strategic approach overtime should reduce rates to get early adopters. Accordingly, after 2015 consider graduated scale ~90, 85, 75; however, all other practices remain at \$50,000; except animal waste at \$70,000.</p> <p>For reallocation dollars, allocate 75% to SL-6 and 25% to lowest CEF practices.</p> <p>For the SL-6 calculation process, use estimated cost/ # of linear feet of streambank exclusion and animal units.</p> <p>Very disruptive to introduce new programs mid-year.</p>	<p>bank destabilization, which creates sediment issues. It is the Department’s understanding that participation in the SL-6 practice will increase if it is not capped at \$70,000.</p> <p>Use of SL-6 can increase productivity and profitability with stream-exclusion systems. Benefits can include fewer outbreaks of disease among cattle, greater forage production, and better pasture management and pasture quality. Also, keeping livestock out of local waters is critical to reducing bacteria levels and excess nitrogen that pollute many of Virginia’s rivers and streams.</p> <p>We would also note that these engineered practices have a greater longevity to them further justifying the costs.</p> <p>The June 4th version of the draft Policy also allowed a participant to be able to receive other cost-share up to the existing caps for other practices.</p> <p>During reallocation, the June 4th draft Policy, as a slight moderation of the ad-hoc group recommendation designated, 70% of reallocated funds to SL-6.</p>	<p>participants receiving cost-share funds for SL-6 in excess of \$70,000 in Fiscal Year 2014 shall not be eligible for additional cost-share funds for any other cost-share practices.</p> <p>Additionally, for distribution of reallocated cost-share, the language was modified to specify that “[a]ll reallocated cost-share funds shall be allocated to BMP Tracking Program identified priority agricultural BMP practices with the lowest Conservation Effectiveness Factor (CEF) factors within the original drainage allocations.” Originally, 70% was specified for SL-6 only.</p> <p>Additionally, the Department is marketing the SL-6 program at 100% for FY14 and FY15 after which time the cost-share</p>

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					percentage will be reduced. All participant enrollments received during this two-year period will be honored as cost-share funds become available even if enrollment outpaces available funding during that time.
10	Robert Brame - Culpeper	CS – In the June 4 th version, SL-6 is not subject to the cap as the practice shall be paid at 100% and during reallocation 70% of funds shall be allocated to BMP Tracking Program identified SL-6 (Stream Exclusion with Grazing and Management) practices.	Are we to assume this [includes is applicable] regardless of hydrologic unit [H, M, and L]? Please confirm that status of WP-2 at 100 percent.	The SL-6 practice pays at 100% and is applicable to all hydrologic units (high, medium, low.) WP-2 is not included in the 100% as it is a limited access practice whereas SL-6 is considered total exclusion and provides greater water quality benefits.	No changes were made to the approved Policy.
11	Matt Kowalski – Lord Fairfax	CS – In the June 4 th version, SL-6 is not subject to the cap as the practice shall be paid at 100% and during reallocation 70% of funds shall be allocated to BMP Tracking Program identified SL-6 (Stream Exclusion with Grazing and Management) practices.	Perhaps rotational fence should be excluded from SL-6 as we can fence livestock out of streams and let farmers pay to install rotational fences.	The rotational fence issue is a good suggestion and should be addressed through the BMP Technical Advisory Committee (TAC). We do recognize that rotational fencing is not a required component of SL-6 and is not a reportable item although it does improve management of upland acres.	No changes were made to the approved Policy regarding the rotational fence issue.

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12	Eastern Shore Carl Thiel-Goin – Tidewater W. Page Wilkerson – Halifax Cynthia Hancock – Skyline Lord Fairfax Keith Burgess - Monacan	CS – In the June 4 th version, SL-6 is not subject to the cap as the practice shall be paid at 100% and during reallocation 70% of funds shall be allocated to BMP Tracking Program identified SL-6 (Stream Exclusion with Grazing and Management) practices.	<p>Not setting a cap for SL-6 practices could lead to available funds being used by one producer alone in some areas outweighing other practices and ultimately discouraging sign-up the following year.</p> <p>Picking and choosing which programs are and are not going to follow the cap is not where we should go with our programming. In a district with a single farmer with lots of SL-6 the entire district funding could go to one producer and no one else. Also, is not a fair standard to say that one practice doesn't have to follow the rules of all the rest.</p> <p>We strongly encourage DCR not to increase the funding level of the SL-6 to 100% cost-share. We do not believe increasing the cost-share rate to 100% increases participation enough to justify the loss of funds that would be going to additional practices. The demand for stream exclusion at 75% cost-share is still very high and we see not need in increasing the percentage paid to 100% as it will compromise our ability to put more conservation on the ground.</p> <p>Opposed to the concept of 100% cost share for SL-6. The participant has very little or no ownership in the practice, this could jeopardize the long term management of the system and maintenance of the practice.</p>	<p>The June 4th version of the draft Policy recommends that SL-6 be paid at 100% because stream exclusion provides water quality benefits by reducing nitrogen and phosphorus from animal waste and reducing bank destabilization, which creates sediment issues. It is the Department's understanding that participation in the SL-6 practice will increase if it is not capped at \$70,000.</p> <p>Use of SL-6 can increase productivity and profitability with stream-exclusion systems. Benefits can include fewer outbreaks of disease among cattle, greater forage production, and better pasture management and pasture quality. Also, keeping livestock out of local waters is critical to reducing bacteria levels and excess nitrogen that pollute many of Virginia's rivers and streams.</p> <p>We would also note that these engineered practices have a greater longevity to them further justifying the costs.</p> <p>The June 4th version of the Policy also allowed a participant to be able to receive other cost-share up to the existing caps for other practices.</p> <p>During reallocation, the June 4th Policy, as a slight moderation of the ad-hoc group</p>	<p>The approved Policy continues to pay SL-6 at 100%. However, as a compromise, the approved Policy now states that, participants receiving cost-share funds for SL-6 in excess of \$70,000 in Fiscal Year 2014, shall not eligible for additional cost-share funds for any other cost-share practices.</p> <p>Additionally, for distribution of reallocated cost-share, the language was modified to specify that “[a]ll reallocated cost-share funds shall be allocated to BMP Tracking Program identified priority agricultural BMP practices with the lowest Conservation Effectiveness Factor (CEF) factors within the original drainage allocations.” Originally, 70% was specified for SL-6 only.</p>

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			<p>Is it the intent to allow SL-6s to be paid for 100% if the contract exceeds \$70,000? If so, is there no limit on the total amount that may be paid for SL-6s except, of course, the qualified, legitimate contract costs?</p> <p>VACS stands for the Virginia Agricultural Cost-Share program. When practices are funded at 100% or higher than the cost of implementation, VACS is no longer a cost-share program but instead a conservation payment program. We have received many complaints from previous participants that they should have waited to implement SL-6s so they could have received 100% payment, not cost-share. The more than 100% cost of implementation is a primary reason the SL-8B program was such a success. Farmer's began farming the program for payment, not for conservation. Conservation was secondary, the payment was primary.</p> <p>Currently Monacan has a list of requests for SL-6, SL-8B, and WP-1 for over 3x our projected 2014 VACS allocation. With the proposed changes in the program, we have a tremendous workload ahead of staff over the next 2 months. Directors and staff believe we must process all requests prior to any 2014 VACS approvals. This is due to the lack of district payment limitations including no limitations for SL-6 practices at the 100% payment rate. We believe we could have</p>	<p>recommendation designated, 70% of reallocated funds to SL-6.</p>	<p>Additionally, the Department is marketing the SL-6 program at 100% for FY14 and FY15 after which time the cost-share percentage will be reduced. All participant enrollments received during this two-year period will be honored as cost-share funds become available even if enrollment outpaces available funding during that time.</p> <p>It also should be noted that when paying cost-share for SL-6 at 100%, the participant also has contract obligations to maintain the practice for an extended period otherwise the District is required to secure repayment under breach of contract. Accordingly, the participant does have financial obligations.</p>

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			<p>legitimate complaints if we approve any practices without evaluating all applications at the same time. Currently we know 2 of the SL-6 practices each, could take all of the 2014 allocation.</p> <p>The removal of local payment limitations we feel is a detriment to the overall success of the VACS program. In the past with limited funding, swcds were able to distribute funds to multiple practices, watersheds, and applicants. Several producers and local government officials have complained about a few operations continuing to get most of VACS money. Through payment limitations, we have been able to distribute funds to a larger number of participants. This had lead to more conservation through education of BMPs. Producers have seen the benefits of cover crops, nutrient management, and livestock exclusion. Many of these producers have since implemented conservation without cost-share assistance. Removal of the SL-6 payment limitation will reduce distribution of funds.</p> <p>The removal of payment limitations for the SL-6 practice will significantly reduce the ability of the local swcds to distribute funding throughout all watersheds. In the past, we were able to fund multiple SL-6 practices throughout evenly ranked watersheds. We currently have 8 applications for SL-6 practices. Two of these operations could each take our entire allocation of over \$115,000 and come back for more funding. Both practices</p>		

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			<p>are in the same watershed with very similar management practices and environmental benefits.</p> <p>While Monacan understands the initial concept of paying 100% for SL-6 practices, we believe there is a flaw in the idea. While this may have been intended to help the less financially able, it decreases the amount of conservation going on the ground while increasing program costs to the Commonwealth of Virginia.</p> <p>If the intent is to help the less financially able, then it may be in the program's best interest to develop a program for limited resource operations.</p>		
13	Deanna Fehrer - Piedmont	CS – In the June 4 th version, SL-6 is not subject to the cap as the practice shall be paid at 100% and during reallocation 70% of funds shall be allocated to BMP Tracking Program identified SL-6 (Stream Exclusion with Grazing and Management) practices.	<p>This might be a topic for the summer study efficiency committee rather than the cost-share policy.</p> <p>Instead of a cost-share percentage, DCR should look at a incentive payment approach. How does DCR know if Districts are properly calculating payments? Are they paying a per component basis using the eligible cost per component if an SL6 practice or are they using total cost. It could provide more dollars to the cost share program if all districts are calculating the payment using the same method.</p>	<p>It is our understanding that the approach being suggested parallels the USDA approach that uses a flat fee for the practice regardless of geographic location or ultimate cost. The state approach is based on real costs supported by invoices that reflect local costs. For sign-up, local average costs are applied.</p> <p>We are willing for the BMP Technical Advisory Committee (TAC) to discuss this matter.</p>	No changes were made to the approved Policy regarding the SL-6 payment process.
14	Robert Brame -	CS- The Policy stipulates	Clarify what specific verification may be	We have not made any substantive changes	No changes to the

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	Culpeper	that “Districts should be prepared to verify and document that their cost-share allocations are being spent in accordance with their priority and secondary considerations and in accordance with the <i>Program Year 2014 Virginia Agricultural Cost Share (VACS) BMP Manual.</i> ”	requested or what process that may follow. Suggest that there be flexibility in any verification process particularly if it includes any notion of hydrologic unit restrictions.	<p>regarding distribution of allocated funds by Districts. The only items added under secondary considerations are the following:</p> <p>“One key secondary consideration that shall be considered by each District when comparing projects for cost-share funding as a component of their decision process is the Conservation Efficiency Factor (CEF). ...”</p> <p>“Additionally, for Districts within the CB, Districts shall give priority to BMPs addressed within the Virginia Chesapeake Bay Watershed Implementation Plan and for Districts OCB, priority shall be given to BMPs in the highest priority agricultural TMDL watersheds (as ranked by the Department; H, M, and L).”</p> <p>The CEF is already being run and considered by most Districts and the other two are coming from existing District grant agreement obligations and were added in the approved version as secondary considerations during grant agreement refinements.</p>	approved Policy have been made.
15	Deanna Fehrer - Piedmont	CS – The Policy does not speak to the establishment of local acreage caps.	Districts should be allowed to set local acreage caps for agronomic practices. For example, SL8H [Harvestable Cover-crop] already includes a 300 maximum acreage limit.	The June 4 th version of the draft Policy recommended in a NOTE that “[t]he BMP Technical Advisory Committee shall also be charged with developing recommendations regarding the state cost-share rates for approved BMPs with the intent of developing	No changes were made to the approved Policy although the subjects of interest will be reviewed as noted in the approved Policy.

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Issue	Commenter(s)	Issue	Recommendation	Discussion	Final Determination
				<p>reduced rates for standard operating practices in order to allow cost-share dollars to be spread further but for the state to still be able to continue to collect BMP usage information. Additionally, the TAC should examine acreage caps for agronomic practices and the allowable duration of payments for certain practices.”</p>	
16	<p>Deanna Fehrer – Piedmont Carl Thiel-Goin – Tidewater Keith Burgess - Monacan</p>	<p>CS – Districts currently establish secondary considerations for comparing projects.</p>	<p>Keep secondary considerations local and setup a committee that includes, but not limited to, the Cost-share program manager, a CDC, a director and staff person to review secondary considerations.</p> <p>Changes in secondary consideration requirements and documentation need to be flushed out and trainings held if the process is being changed. CEF has been part of the cost share practice so not real sure what is being asked of districts here.</p> <p>The Monacan SWCD has worked for many years to develop and successfully implement Secondary Considerations that address local conservation needs. Our Secondary Considerations used more than a dozen factors to generate a local conservation efficiency factor that included the CEF factor, water quality conservation, local TMDL and other factors. We believe our method was truly putting dollars where they could generate the best conservation for the least cost. The proposed overall changes are taking away</p>	<p>The approved Policy notes that “[t]he Department shall review, <u>along with stakeholders</u>, Department primary and District secondary criteria utilized for project selection and consider developing a more standardized set of criteria and process through which cost-share might be better directed to improve water quality <u>while still providing District flexibility</u>”.</p> <p>The Policy also states that “[o]ne key secondary consideration that shall be considered by each District when comparing projects for cost-share funding as a component of their decision process is the Conservation Efficiency Factor (CEF)”.</p>	<p>The approved Policy emphasizes that any review and standardization of primary and secondary criteria will be conducted working with stakeholders and will still provide District flexibility. What we are trying to do is avoid Districts from having to recreate a lengthy list of considerations annually if there is a core set that all Districts generally use. Then the submittal can be limited to unique District considerations beyond the core thus limiting the submittal and processing time.</p>

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			local prioritization tools. Please see attachment for Secondary Considerations.		
17	Director's Ad-hoc Group	CS Reallocation - On March 31, 2014 all unallocated cost-share (where 90% of allocations has not been obligated) will be redistributed by the Department.	<p>For reallocation utilize a March 31st deadline for cost-share obligations. The cost-share is subject to reallocation if less than 90%; of the original allocation remains unobligated. For those not meeting the 90% obligation threshold, DCR should take 90% of unobligated and leave 10%. The Grant Agreement should include language noting that "90% of allocated cost-share must be obligated by March 31st."</p> <p>For reallocation dollars, DCR should allocate 75% to SL-6 and 25% to lowest CEF practices.</p> <p>As part of redistribution strategies and for supporting General Assembly cost-share funding a need for continuous sign-up is recognized.</p>	<p>In accordance with recommendations, the June 4th version of the draft Policy specified that "Data collected from the budget summary page of the Virginia Agricultural BMP Tracking Program (Tracking Program) on April 1, 2014 will be analyzed to identify those Districts that have obligated ninety percent (90%) or more of their Total VACS allocation. The percent of their VACS allocation obligated will be identified by dividing the "Allocation" amount by the "Approved" amount. For those Districts that did not obligate at least ninety percent (90%) of their Total VACS allocation by April 1, 2014, unobligated cost-share funds will be summed and all of a District's unobligated VACS funds will be reallocated. This includes amounts already distributed to Districts for which a project has since been discontinued (which shall be reverted back to the Department at the Department's direction) as well as VACS funds still being held by the Department for which there are no pending obligations against it. Technical assistance funding shall not be reallocated and shall remain with the District to which it was originally allocated."</p> <p>The Grant Agreement contains a detailed</p>	<p>The approved Policy has updated the sentence noted in the discussion for this item to read that for "Total VACS allocation by April 1, 2014, unobligated cost-share funds will be summed and all of a District's unobligated VACS funds will be reallocated, except that 10% of the unobligated balance shall remain with the District to approve small practices or to make adjustments to existing cost-share practices."</p> <p>Additionally, for distribution of reallocated cost-share, the language was modified to specify that "[a]ll reallocated cost-share funds shall be allocated to BMP Tracking Program identified priority agricultural BMP</p>

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				discussion of the reallocation process and obligation deadline and threshold in Part 14 of that document.	practices with the lowest Conservation Effectiveness Factor (CEF) factors within the original drainage allocations.” Originally, 70% was specified for SL-6 only.
18	Megen Dalton – Shenandoah E. B. Watson – Peaks of Otter Brian Wagner – Thomas Jefferson	CS Reallocation - On March 31, 2014 all unallocated cost-share (where 90% of allocations has not been obligated) will be redistributed by the Department.	Suggest leaving a percentage of the unallocated funds within the District. Leave 10% of the unobligated funds with the District. It is unwise for all unallocated funds to be pulled leaving a District with no funding for three months to approve small practices or to make adjustments to existing cost-share practices.	In accordance with recommendations, the June 4 th version of the draft Policy specified that “Data collected from the budget summary page of the Virginia Agricultural BMP Tracking Program (Tracking Program) on April 1, 2014 will be analyzed to identify those Districts that have obligated ninety percent (90%) or more of their Total VACS allocation. The percent of their VACS allocation obligated will be identified by dividing the “Allocation” amount by the “Approved” amount. For those Districts that did not obligate at least ninety percent (90%) of their Total VACS allocation by April 1, 2014, unobligated cost-share funds will be summed and all of a District’s unobligated VACS funds will be reallocated. This includes amounts already distributed to Districts for which a project has since been discontinued (which shall be reverted back to the Department at the Department’s direction) as well as VACS funds still being held by the Department for which there are no pending	The approved Policy has updated the sentence noted in the discussion for this item to read “Total VACS allocation by April 1, 2014, unobligated cost-share funds will be summed and all of a District’s unobligated VACS funds will be reallocated, except that 10% of the unobligated balance shall remain with the District to approve small practices or to make adjustments to existing cost-share practices.” Additionally, for distribution of reallocated cost-share, the language was modified to specify that “[a]ll reallocated cost-

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				<p>obligations against it. Technical assistance funding shall not be reallocated and shall remain with the District to which it was originally allocated.”</p> <p>The Grant Agreement contains a detailed discussion of the reallocation process and obligation deadline and threshold in Part 14 of that document.</p>	<p>share funds shall be allocated to BMP Tracking Program identified priority agricultural BMP practices with the lowest Conservation Effectiveness Factor (CEF) factors within the original drainage allocations.” Originally, 70% was specified for SL-6 only.</p>
19	Megen Dalton – Shenandoah Eastern Shore	CS Reallocation - Reallocated funding is to be split 70:30 between SL-6 practices and general cost-share practices that are unobligated within the tracking system.	<p>Reallocated funds should be targeted to the five priority practices rather than be split 70:30.</p> <p>The SL-6 practice does not apply to areas of the Eastern Shore. Identifying high priority practices by district for fund allocation should be considered so that funds could be used across the whole State towards practices that can actually be implemented within that District.</p> <p>What if upon redistribution that the tracking system only contains SL-6 practices that would expend 30 percent of the funds; would the balance then go to any other practices within the system or remain earmarked for SL-6?</p>	<p>The June 4th version of the draft Policy recommended that SL-6 be paid at 100% and be a priority for reallocated funds (70%) because stream exclusion provides water quality benefits by reducing nitrogen and phosphorus from animal waste and reducing bank destabilization, which creates sediment issues and the Department’s wanted to increase participation in the SL-6 practice.</p> <p>We would also note that these engineered practices have a greater longevity to them further justify the costs.</p>	<p>For distribution of reallocated cost-share, the language was modified to specify that “[a]ll reallocated cost-share funds shall be allocated to BMP Tracking Program identified priority agricultural BMP practices with the lowest Conservation Effectiveness Factor (CEF) factors within the original drainage allocations.” Originally, 70% was specified for SL-6 only.</p>

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20	Megen Dalton -- Shenandoah	CREP - CREP is zeroed out by the Appropriation Act in Fiscal Year 2014 as no funds are available in 50301 to pay for CREP.	Lack of CREP funding is of significant concern and is a very big issue that needs addressing.	<p>The June 4th version of the draft Policy reflects legislative action and states ‘[n]o funds are allocated to this program as the 2013 Appropriation Act specifies in Item 360 B that “[i]t is the intent of the General Assembly that balances in Stormwater Management [Sub-program 50301] be used for the Commonwealth's statewide match for participation in the federal Conservation Reserve Program.” No new appropriations are available for use for Fiscal Year 2014.’</p> <p>FSA has indicated as of June 20, 2013 that there may be as much as \$1.25 in state funding needed in FY14 to meet current commitments. With rental payments this is ~\$1.434 M.</p> <p>Since 2000, fiscal year expenditures have averaged around \$820,000 per year.</p>	<p>Discussions with DPB and General Assembly Money committees have resulted in the Department being authorized to transfer \$600,000 from Agricultural BMPs Cost Share Assistance (50323) to Stormwater Management (50301). This should allow the Department to cover CREP costs through most of the year.</p> <p>Funding for CREP will likely be revisited during the 2014 General Assembly Session.</p>
21	Carl Thiel-Goin - Tidewater	CREP - CREP is zeroed out by the Appropriation Act in Fiscal Year 2014 as no funds are available in 50301 to pay for CREP.	The CREP paragraph just makes no sense. CREP is used a good bit with SL-6 type practices so not funding it is counterproductive to protecting sensitive areas.	This was not an issue created by the Department as we can only expend funds that are available to us for CREP unless otherwise authorized. The June 4 th version of the draft Policy reflects legislative action and states ‘[n]o funds are allocated to this program as the 2013 Appropriation Act specifies in Item 360 B that “[i]t is the intent of the General Assembly that balances in Stormwater Management [Sub-program 50301] be used for the Commonwealth's statewide match for	Discussions with DPB and General Assembly Money committees have resulted in the Department being authorized to transfer \$600,000 from Agricultural BMPs Cost Share Assistance (50323) to Stormwater Management (50301). This should allow the

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				<p>participation in the federal Conservation Reserve Program.” No new appropriations are available for use for Fiscal Year 2014’</p> <p>FSA has indicated as of June 20, 2013 that there may be as much as \$1.25 in state funding needed in FY14 to meet current commitments. With rental payments this is ~\$1.434 M.</p> <p>Since 2000, fiscal year expenditures have averaged around \$820,000 per year.</p>	<p>Department to cover CREP costs through most of the year.</p> <p>Funding for CREP will likely be revisited during the 2014 General Assembly Session.</p>
22	John Marshall	TA - The Policy calls for a stakeholder committee to assess technical assistance levels for various BMPs.	<p>TA for agronomic practices should be 8-15% and TA for livestock and other structural practices should be 15-20%.</p> <p>Additional TA should be split between agronomic and structural practices. Within each of these pots of funds the distribution should be based on acreage and linear stream bank protected respectively.</p>	The June 4 th version of the draft Policy recommended in a NOTE that “[i]n Fiscal Year 2014, the Department, working with a stakeholder advisory group, shall determine levels of technical assistance appropriate for various BMPs in order for greater levels of technical assistance to be awarded to Districts for practices that are more time-consuming to review and approve”.	This note has been removed from the approved Policy although the subject of interest will be reviewed as noted in the Director’s approved Policy’s transmittal letter.
23	Megen Dalton -- Shenandoah	TA - Technical assistance to issue a tax credit is not captured or reimbursed.	There should be a way for Districts who are providing tax credit in lieu of cost-share or that are implementing tax credit only practices are compensated for the technical assistance to complete that practice as Districts are obligated to provide tax credits through the Code of Virginia.	<p>The Department does recognize that there are components of the farming community that will not participate in the cost-share program but will seek tax credits.</p> <p>As such, this comment does raise a reasonable question. Although unable to address this matter in the current Policy as technical assistance is being provided for the delivery</p>	No changes were made to the approved Policy although the subject of interest will be further considered as Districts submit base-budget information to the Department.

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				of cost-share, this should be an issue that is looked at during the ongoing District base-budget submittal process for Fiscal Year 2015 consideration.	
24	Megen Dalton -- Shenandoah	TA - Clarify whether the basis for technical assistance allocation is based on cost-share dollars approved in the tracking system or actual cost-share funds paid out.	If the distribution is based on actual cost-share funds paid out, this is not fair as many Districts have considerable amounts of funding allocated to large structural projects that are not able to be completed within the same FY of approval and require carryover.	<p>The June 4th version of the draft Policy recommended that “[t]he distribution of technical assistance to Districts shall be based on the prior fiscal year’s cost-share allocations and will reward those Districts that most effectively convert allocated cost-share funds into on the ground conservation practices”.</p> <p>The process outlined in the June 4th version of the Policy is neither of those noted as it utilized FY13 total cost-share allocated to the District after redistribution (obligated and unobligated).</p> <p>As one can tell from the comments on this issue there was no clear consensus on the approach with suggestions including: Base it all on FY14 cost-share; Base it on FY13 and FY12 Supplemental cost-share; Base it in FY11, FY12, and FY13 cost-share; Base it in FY10, FY11, and FY12 cost-share; Base it on the \$1.843 M with remainder based on FY13 cost-share Base it on the \$1.843 M with remainder based on FY14 cost-share</p>	In the approved Policy, the distribution of technical assistance to Districts is based on Fiscal Year 2013 technical assistance fund allocations approved in the amount \$1,843,154. This figure represents a base allocation for Fiscal Year 2014 for technical assistance and represents a level at which Districts have indicated they can adequately deliver services. The base amount (or constant) of \$1,843,154 is subtracted from the total technical assistance available in Fiscal Year 2014 (\$2,371,929) and results in a technical assistance balance of \$528,775. This remaining balance is distributed proportionally to the allocation of 2014

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				<p>The Department considered these and dozens of other potential allocation strategies.</p> <p>However, based on comments outlined in this document, the technical assistance allocation procedure has been altered in the approved Policy.</p>	<p>cost-share to Districts. A formula outlining the calculation process is set out in the approved Policy with input variables and results presented in TABLE 8 of the approved Policy.</p> <p>In Fiscal Year 2014, the Department will analyze base-budget technical assistance information submitted by the Districts to see if District base technical assistance, needs further adjustments</p>
25	Megen Dalton – Shenandoah Jim Jarvis – Robert E. Lee	TA - Fiscal Year 2014 technical assistance allocations were based on Fiscal Year 2013 cost-share allocations in the June 4 th version of the Policy and did not account for Fiscal Year 2012 Supplemental cost-share that was largely allocated in Fiscal Year 2013.	<p>Include the Fiscal Year 2012 Supplemental in the Fiscal Year 2013 cost-share computations upon which the Fiscal Year 2014 technical assistance is calculated.</p> <p>Performance based TA has the potential to encourage Districts to approve and pay for projects that are not the least cost technically sound option for addressing WQ.</p>	<p>The June 4th version of the draft Policy recommended that “[t]he distribution of technical assistance to Districts shall be based on the prior fiscal year’s cost-share allocations and will reward those Districts that most effectively convert allocated cost-share funds into on the ground conservation practices”.</p> <p>As one can tell from the comments on this issue there was no clear consensus on the approach with suggestions including: Base it all on FY14 cost-share; Base it on FY13 and FY12 Supplemental</p>	<p>In the approved Policy, the distribution of technical assistance to Districts is based on Fiscal Year 2013 technical assistance fund allocations approved in the amount \$1,843,154. This figure represents a base allocation for Fiscal Year 2014 for technical assistance and represents a level at which Districts have indicated they can</p>

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				<p>cost-share; Base it in FY11, FY12, and FY13 cost-share; Base it in FY10, FY11, and FY12 cost-share; Base it on the \$1.843 M with remainder based on FY13 cost-share Base it on the \$1.843 M with remainder based on FY14 cost-share The Department considered these and dozens of other potential allocation strategies.</p> <p>However, based on comments outlined in this document, the technical assistance allocation procedure has been altered in the approved Policy.</p>	<p>adequately deliver services. The base amount (or constant) of \$1,843,154 is subtracted from the total technical assistance available in Fiscal Year 2014 (\$2,371,929) and results in a technical assistance balance of \$528,775. This remaining balance is distributed proportionally to the allocation of 2014 cost-share to Districts. A formula outlining the calculation process is set out in the approved Policy with input variables and results presented in TABLE 8 of the approved Policy.</p> <p>In Fiscal Year 2014, the Department will analyze base-budget technical assistance information submitted by the Districts to see if District base technical assistance, needs further adjustments</p>
26	Megen Dalton –	TA - Fiscal Year 2014	In order to provide a more stable funding stream	The June 4 th version of the draft Policy	In the approved Policy,

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	<p>Shenandoah Deanna Fehrer – Piedmont John Marshall Lord Fairfax Keith Burgess - Monacan</p>	<p>technical assistance allocations were based on Fiscal Year 2013 cost-share allocations in the June 4th version of the Policy and did not utilize a multi-year running average.</p>	<p>and to account for uncontrollable year to year variability within a District, take a rolling average of District’s annual allocated cost-share funds.</p> <p>A running average would take into account lots of variables that could affect implementation, including weather conditions, economic conditions, and staff capacity.</p> <p>The average could be adjusted by a percentage level annually based on what a District thinks it could or could not implement.</p> <p>Allocating technical assistance funding based on the previous year's funding will also lead to inefficiencies. Often our work with individual farmers evolves over time, and lack of predictability about available funds or practice priorities erodes our working relationship and credibility. It also affects our ability to efficiently address staffing levels. Basing TA allocations on a 'rolling three year average' would help buffer abrupt changes in funding levels so that districts can make more orderly adjustments.</p> <p>Technical funding should be tied to both requests for practices and dollars paid out for successful BMP implementation. This past year, we had significant cancellations of SL-8B practices both at planting and at completion. We incurred expenses during signup for staff time and during field inspections that resulted in the cancellation</p>	<p>recommended that “[t]he distribution of technical assistance to Districts shall be based on the prior fiscal year’s cost-share allocations and will reward those Districts that most effectively convert allocated cost-share funds into on the ground conservation practices”.</p> <p>As one can tell from the comments on this issue there was no clear consensus on the approach with suggestions including: Base it all on FY14 cost-share; Base it on FY13 and FY12 Supplemental cost-share; Base it in FY11, FY12, and FY13 cost-share; Base it in FY10, FY11, and FY12 cost-share; Base it on the \$1.843 M with remainder based on FY13 cost-share Base it on the \$1.843 M with remainder based on FY14 cost-share The Department considered these and dozens of other potential allocation strategies.</p> <p>However, based on comments outlined in this document, the technical assistance allocation procedure has been altered in the approved Policy.</p>	<p>the distribution of technical assistance to Districts is based on Fiscal Year 2013 technical assistance fund allocations approved in the amount \$1,843,154. This figure represents a base allocation for Fiscal Year 2014 for technical assistance and represents a level at which Districts have indicated they can adequately deliver services. The base amount (or constant) of \$1,843,154 is subtracted from the total technical assistance available in Fiscal Year 2014 (\$2,371,929) and results in a technical assistance balance of \$528,775. This remaining balance is distributed proportionally to the allocation of 2014 cost-share to Districts. A formula outlining the calculation process is set out in the approved Policy with input variables and results presented in</p>

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			<p>due to unsuccessful implementation. We use secondary considerations that consider unsuccessful applicants in previous years. In our current financial situation, I do not anticipate Monacan will request additional funds without TA dollars. Why should any financially responsible organization incur expenses without offsetting income in the future? We would suggest a rolling average formula with a current year check & balance system be implemented to encourage districts to increase VACS program recruitment and implementation.</p>		<p>TABLE 8 of the approved Policy.</p> <p>In Fiscal Year 2014, the Department will analyze base-budget technical assistance information submitted by the Districts to see if District base technical assistance, needs further adjustments</p>
27	<p>Robert Brame – Culpeper Matt Kowalski – Lord Fairfax Lord Fairfax</p>	<p>TA - Fiscal Year 2014 technical assistance allocations were based on Fiscal Year 2013 cost-share allocations in the June 4th version of the Policy and was not based on Fiscal Year 2014 cost-share allocations.</p>	<p>Use of past accomplishments creates a disconnect between cost-share and technical assistance. We have heard of other versions of recommendations from other[s] for a TA policy based on some combination of previous years workloads and find them all lacking of forward planning.</p> <p>We prefer that technical assistance be based on the current workload along with considerations for multi-year staffing plans.</p> <p>Base the TA money on know allocations so you get \$x for staff to allocate and use that money for BMP cost-share.</p> <p>The proposed allocation model would make hiring and retaining staff difficult and unpredictable, we need trained experienced staff and need to keep them working.</p>	<p>The June 4th version of the draft Policy recommended that “[t]he distribution of technical assistance to Districts shall be based on the prior fiscal year’s cost-share allocations and will reward those Districts that most effectively convert allocated cost-share funds into on the ground conservation practices”.</p> <p>As one can tell from the comments on this issue there was no clear consensus on the approach with suggestions including: Base it all on FY14 cost-share; Base it on FY13 and FY12 Supplemental cost-share; Base it in FY11, FY12, and FY13 cost-share; Base it in FY10, FY11, and FY12 cost-share; Base it on the \$1.843 M with remainder based on FY13 cost-share</p>	<p>In the approved Policy, the distribution of technical assistance to Districts is based on Fiscal Year 2013 technical assistance fund allocations approved in the amount \$1,843,154. This figure represents a base allocation for Fiscal Year 2014 for technical assistance and represents a level at which Districts have indicated they can adequately deliver services. The base amount (or constant) of \$1,843,154 is subtracted from the total technical</p>

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				<p>Base it on the \$1.843 M with remainder based on FY14 cost-share The Department considered these and dozens of other potential allocation strategies.</p> <p>However, based on comments outlined in this document, the technical assistance allocation procedure has been altered in the approved Policy.</p>	<p>assistance available in Fiscal Year 2014 (\$2,371,929) and results in a technical assistance balance of \$528,775. This remaining balance is distributed proportionally to the allocation of 2014 cost-share to Districts. A formula outlining the calculation process is set out in the approved Policy with input variables and results presented in TABLE 8 of the approved Policy.</p> <p>In Fiscal Year 2014, the Department will analyze base-budget technical assistance information submitted by the Districts to see if District base technical assistance, needs further adjustments</p>
28	Director's Ad-hoc Group	TA – Fiscal Year 2014 technical assistance allocations were based on Fiscal Year 2013 cost-share allocations in the June 4 th version of the Policy and	When allocating technical assistance, no one should receive less than year before. Distribute \$1.843 M as it was in 2013 with the \$500 K difference to available technical assistance (~\$2.3 M) to be allocated proportionally to cost-share [2014 allocations].	In the June 4 th version of the draft Policy the Department based the technical assistance calculations proportionally to Fiscal Year 2013 cost-share obligations. This approach had been presented to the Director's ad-hoc work group as a potential distribution	In the approved Policy, the distribution of technical assistance to Districts is based on Fiscal Year 2013 technical assistance fund allocations

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		<p>did not utilize the \$1.843 M as a starting basis for distribution.</p>	<p>Technical assistance should be set for the year and not be attached to cost-share. Accordingly, no technical assistance should be associated (taken) with reallocation.</p>	<p>methodology that the Department was considering although the ad-hoc group preferred benchmarking technical assistance using the \$1.843 M allocated in 2013 as a base.</p> <p>The Department’s initial concerns with the \$1.843 M is that it actually had no basis. It does not represent what Districts should have or did actually receive in technical assistance and accordingly had no technical basis behind it as the Department explained to the Board on June 6th. However, we have come to recognize that some Districts have represented they could adequately operate a program if they were allocated these amounts. Accordingly we have set this as the base distribution amount and allocated the remaining cost-share in accordance with 2014 cost-share allocations.</p> <p>As one can tell from the comments on this issue there was no clear consensus on the approach with suggestions including: Base it all on FY14 cost-share; Base it on FY13 and FY12 Supplemental cost-share; Base it in FY11, FY12, and FY13 cost-share; Base it in FY10, FY11, and FY12 cost-share; Base it on the \$1.843 M with remainder based on FY13 cost-share Base it on the \$1.843 M with remainder based</p>	<p>approved in the amount \$1,843,154. This figure represents a base allocation for Fiscal Year 2014 for technical assistance and represents a level at which Districts have indicated they can adequately deliver services. The base amount (or constant) of \$1,843,154 is subtracted from the total technical assistance available in Fiscal Year 2014 (\$2,371,929) and results in a technical assistance balance of \$528,775. This remaining balance is distributed proportionally to the allocation of 2014 cost-share to Districts. A formula outlining the calculation process is set out in the approved Policy with input variables and results presented in TABLE 8 of the approved Policy.</p> <p>In Fiscal Year 2014, the Department will analyze</p>

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				<p>on FY14 cost-share The Department considered these and dozens of other potential allocation strategies.</p>	<p>base-budget technical assistance information submitted by the Districts to see if District base technical assistance, needs further adjustments</p>
29	<p>E. B. Watson – Peaks of Otter Clinch Valley Robert Brame – Culpeper Brian Wagner – Thomas Jefferson</p>	<p>TA – Fiscal Year 2014 technical assistance allocations were based on Fiscal Year 2013 cost-share allocations in the June 4th version of the Policy and did not utilize the \$1.843 M as a starting basis for distribution.</p>	<p>Ensure that no District receives technical assistance less than Fiscal Year 2013. Distribute \$1.843 as was done last year and the remaining \$500 K distribute proportionally to a District’s FY 14 cost-share allocation.</p> <p>Distribute the remaining \$500 K based on FY13 cost-share “rewards” approach.</p> <p>This approach leads to a total disconnect between the new formula for individual District’s cost-share allocation and its FY14 TA funds. Districts need stability.</p>	<p>In the June 4th version of the draft Policy the Department based the technical assistance calculations proportionally to Fiscal Year 2013 cost-share obligations. This approach had been presented to the Director’s ad-hoc work group as a potential distribution methodology that the Department was considering although the ad-hoc group preferred benchmarking technical assistance using the \$1.843 M allocated in 2013 as a base.</p> <p>The Department’s initial concerns with the \$1.843 M is that it actually had no basis. It does not represent what Districts should have or did actually receive in technical assistance and accordingly had no technical basis behind it as the Department explained to the Board on June 6th. However, we have come to recognize that some Districts have represented they could adequately operate a program if they were allocated these amounts. Accordingly we have set this as the base distribution amount and allocated the remaining cost-share in accordance with 2014</p>	<p>In the approved Policy, the distribution of technical assistance to Districts is based on Fiscal Year 2013 technical assistance fund allocations approved in the amount \$1,843,154. This figure represents a base allocation for Fiscal Year 2014 for technical assistance and represents a level at which Districts have indicated they can adequately deliver services. The base amount (or constant) of \$1,843,154 is subtracted from the total technical assistance available in Fiscal Year 2014 (\$2,371,929) and results in a technical assistance balance of \$528,775. This remaining balance is</p>

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				<p>cost-share allocations.</p> <p>As one can tell from the comments on this issue there was no clear consensus on the approach with suggestions including: Base it all on FY14 cost-share; Base it on FY13 and FY12 Supplemental cost-share; Base it in FY11, FY12, and FY13 cost-share; Base it in FY10, FY11, and FY12 cost-share; Base it on the \$1.843 M with remainder based on FY13 cost-share Base it on the \$1.843 M with remainder based on FY14 cost-share The Department considered these and dozens of other potential allocation strategies.</p>	<p>distributed proportionally to the allocation of 2014 cost-share to Districts. A formula outlining the calculation process is set out in the approved Policy with input variables and results presented in TABLE 8 of the approved Policy.</p> <p>In Fiscal Year 2014, the Department will analyze base-budget technical assistance information submitted by the Districts to see if District base technical assistance, needs further adjustments</p>
30	Jim Jarvis – Robert E. Lee	TA distribution	Using percentage benchmarks for the distribution of TA was fair. E.g. In the distribution of the TA for supplemental funds, TA was broken into the following percentages: 4% on grant agreement, 1% @ 50% obligation, 1% @ 75% obligation, and 2% @ 100% obligation on the level of cost-share allocation.	In the June 4 th version of the draft Policy, the Department states that “Fiscal year 2014 Technical Assistance allocations generated from the surplus funds (See TABLE 9) shall be disbursed to Districts during the first quarter of Fiscal Year 2014 after the Fourth Quarter Fiscal Year 2013 reports have been submitted to the Department and the Grant Agreement has been executed and the original signed Agreement returned to the District’s assigned Department CDC.”	The approved Policy removes the funding stream sources, sets out specific percentages, and states “FY14 Technical Assistance allocations (See TABLE 8) shall be disbursed to Districts in accordance with the following procedures. During the first quarter of FY14, after the Fourth

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				<p>“Fifty percent of the Technical Assistance allocations generated from the recordation fee funds shall be awarded at the beginning of the 2nd quarter and the remaining fifty percent at the beginning of the 3rd quarter.”</p> <p>“During cost-share reallocation, unexpended technical assistance shall remain in the District to which it was first allocated and shall not be subject to reallocation.”</p> <p>The technical distribution strategy outlined by the commentor works well when technical assistance is tied to cost-share delivery. However, the technical assistance delivery process being used is largely disconnected from cost-share and is being delivered at set intervals and percentages over the first three quarters provided that noted deliverables are satisfied.</p>	<p>Quarter FY13 reports have been submitted to the Department and the Grant Agreement has been executed and the original signed Agreement returned to the Department, fifty percent of the Technical Assistance allocations shall be awarded; with an additional twenty-five percent awarded each at the beginning of the second quarter and at the beginning of the third quarter provided updates to the BMP cost-share tracking database are being regularly made to the satisfaction of the Department.”</p> <p>“During cost-share reallocation, unexpended technical assistance shall remain in the District to which it was first allocated and shall not be subject to reallocation.”</p>
31	Matt Kowalski –	TA – The Policy stipulates	Additional TA funds are necessary to administer	The Department does recognize the point	No changes were made to

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	Lord Fairfax	that “[d]uring cost-share reallocation, unexpended technical assistance shall remain in the District to which it was first allocated and shall not be subject to reallocation”.	spending more money. Just because you have a farm signed-up, doesn’t mean that spending more money on a “known” project won’t need more TA time.	being raised by the commentor; however, during formulation of the draft Policy, the Department followed the recommendations of Director’s ad-hoc group that stated that “[t]echnical assistance should be set for the year and not be attached to cost-share. Accordingly, no technical assistance should be associated (taken) with reallocation.”	the approved Policy in response to this comment.
32	Carl Thiel-Goin - Tidewater	Policy Authority - This Policy document specifies the Department of Conservation and Recreation’s (Department) process, developed in consultation with the Virginia Soil and Water Conservation Board (Board), by which funds are to be allocated by the Department to the Commonwealth’s 47 local Soil and Water Conservation Districts (Districts) for cost-share and technical assistance in Fiscal Year 2014.	I was under the impression that the General Assembly gave the VA Soil and Water Board the authority and management of cost share allocations and other district disbursements as part of the restructuring of DCR.	<p>The Department has closely followed Appropriation Act and Code authorities regarding the development of this Policy. Although greater authority was given to the Board, the Appropriation Act specifies as noted in the Policy, that both the surplus and the recordation funding shall be dispersed pursuant to § 10.1-2128.1, Code of Virginia. This Code section notes that each soil and water conservation district in the Commonwealth shall receive a share according to a method employed by the Director of the Department of Conservation and Recreation in consultation with the Virginia Soil and Water Conservation Board.</p> <p>It is anticipated that the Department will address some of the Code inconsistencies in the upcoming Session to vest Policy authorities with the Board.</p> <p>It also needs to be recognized that although the Board may be vested with authority to</p>	No changes were made to the approved Policy in response to this comment.

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				determine allocations through Policy, actual daily administration of the Virginia Agricultural Best Management Practices Cost-Share Program in accordance with such Policy must remain vested with the Department of Conservation and Recreation for the Program to function.	
33	Director's Ad-hoc Group	RMP - In Fiscal Year 2014, \$100,000 (\$60,000 Chesapeake Bay; \$40,000 Non-Chesapeake Bay Drainages) is allocated to provide cost-share for Resource Management Plan (RMP) development to Districts to address TMDLs through the new Resource Management Plan Program.	The ad-hoc group generally found the draft RMP distribution plan reasonable as presented to the group and as subsequently incorporated into the Policy as a potential distribution strategy.	<p>In the pursuit of transparency, the Department is sharing how it is generally planning to distribute the RMP funding set-a-side in this Policy's spending plan.</p> <p>The Department recognizes that when it is ready to distribute this funding that additional programmatic details will be necessary.</p>	No changes were made to the approved Policy in response to this comment.
34	Carl Thiel-Goin - Tidewater	RMP - In Fiscal Year 2014, \$100,000 (\$60,000 Chesapeake Bay; \$40,000 Non-Chesapeake Bay Drainages) is allocated to provide cost-share for Resource Management Plan (RMP) development to Districts to address TMDLs through the new Resource Management Plan Program.	<p>RMP information and structure is very vague and unguided as to how funds are distributed, to who, etc. It seems there is a system for districts to be provided for based on writing plans but there is not a breakdown of how much each district will get to spend, to who, and who decides etc.</p> <p>To this point also is a lack of "transparency" on funding allocations and how. There is no set method given as to how money will be divided, disbursed, or redistributed. Math teachers always ask "show the math" meaning write out the step</p>	<p>In the pursuit of transparency, the Department is sharing how it is generally planning to distribute the RMP funding set-a-side in this Policy's spending plan.</p> <p>The Department recognizes that when it is ready to distribute this funding that additional programmatic details will be necessary.</p>	No changes were made to the approved Policy in response to this comment.

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			by step process.		
35	Cynthia Hancock - Skyline	RMP	Why include RMP “potentials”?	<p>In the pursuit of transparency, the Department is sharing how it is generally planning to distribute the RMP funding set-a-side in this Policy’s spending plan.</p> <p>The Department recognizes that when it is ready to distribute this funding that additional programmatic details will be necessary.</p>	No changes were made to the approved Policy in response to this comment.
36	W. Page Wilkerson - Halifax	Grant Agreement timing	Not having PY 2014 cost-share agreements ready for implementation on July 1, 2013 will drastically hinder water quality across the state. Cost-share practices that are time sensitive, such as any type of planting, may not get implemented since approval and subsequent design will be delayed.	The Department is diligently working on reviewing, considering, and responding to comments received in order to prepare a final Policy. Although we do recognize that this delay is an inconvenience, we believe that the Fiscal Year 2014 Program should be up and running shortly.	No changes were made to the approved Policy in response to this comment.
37	Barbara McGarry - Henricopolis	Grant Agreement timing	In recent years, one of our most popular practices has been small grain cover crop practices and, as you know, timing is critical for planting of this crop. We look forward to the announcement that an agreeable policy has been adopted and that we can begin our cost-share program year.	The Department is diligently working on reviewing, considering, and responding to comments received in order to prepare a final Policy. Although we do recognize that this delay is an inconvenience, we believe that the Fiscal Year 2014 Program should be up and running shortly.	No changes were made to the approved Policy in response to this comment.
38	Cynthia Hancock - Skyline	Terminology use	Why change program drainage area names from Bay and Southern Rivers to Chesapeake Bay and Non-Bay/Exclusively Outside the Chesapeake Bay?	As noted in the Policy, the Code of Virginia specifies that cost-share be used for matching grants for agricultural best management practices on lands in the Commonwealth exclusively or partly within the Chesapeake	In keeping with the Code of Virginia, language was slightly modified in the approved Policy to utilize “lands in the

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				<p>Bay watershed; and on lands in the Commonwealth exclusively outside of the Chesapeake Bay watershed. The Southern Rivers terminology differs from the term non-Bay as Southern Rivers excludes portions of the Commonwealth from funding such as Atlantic coastal waters.</p>	<p>Commonwealth exclusively or partly within the Chesapeake Bay watershed” or “CB” and “lands in the Commonwealth exclusively outside of the Chesapeake Bay watershed” or “OCB”.</p>
39	Cynthia Hancock - Skyline	Fiscal Shortfalls	<p>In reference to item 13 on page 21 ... “Should a reduction in funds occur during the course of Fiscal your 2014, each District will receive an equal percent reduction which will be calculated and deducted from each District’s total approved cost share and technical assistance funds ...” How does a District that has allocated by signed Virginia BMP Incentive Program Contract to participants make these reductions legally? On page 13 the NOTE states that “Should revenue fall short of appropriation projects then adjustments will be made to the next fiscal year’s spending plan to honor existing commitments from the prior fiscal year.” This would appear to be a contradiction.</p>	<p>The Department has revisited this language in the approved Policy, Grant Agreement, and participant contract so that it is understood by all parties that “[f]unding allocated to Districts as cost-share and technical assistance is contingent upon appropriations by the General Assembly. Should funding availability fall short of appropriation projections during the course of FY14, every District will receive an equal percent reduction which will be calculated and deducted from each District’s unobligated total approved cost-share and technical assistance funding specified within the Department/District Grant Agreement. When a reduction of funds is necessary, the Department will make reductions from available unobligated cost-share first and reduce technical assistance last. Should a reduction of funds occur, every District must return funding within 30 days of receiving notice of such reduction from the Department.</p>	<p>We appreciated this comment and Policy revisions were made to further clarify what happens should funding not be forthcoming as expected.</p>

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				Should all cost-share and technical assistance funding within a District be obligated and it becomes necessary to reduce such funds, then adjustments will be made to the next fiscal year's spending plan to honor existing commitments from the prior fiscal year first or during reallocation as determined by the Department."	
40	Lord Fairfax	General Comment	Particularly in the past two years, DCR has been constantly 'tweaking' allocation formulas and other processes, often with limited input from Districts. There should be no tweaking done in the last 18 months of an Administration; while some of the proposed changes have merit, it is inevitable that when the new governor takes office in January 2014, new appointees with new ideas will also appear. In effect, these proposed procedures will likely have a lifespan of 6 months - again creating disruption and inefficiency in district operations and ability to adapt.	The purpose of this Policy is to add stability to the process particularly as Administrations change and actually should make it more difficult to enact broad changes without stakeholder discussion. As noted in the introduction to this discussion document, the purpose of this policy is multi-purpose: <ol style="list-style-type: none"> 1) To address audit concerns and recommendations regarding the proper distribution of state cost-share and technical assistance appropriations in accordance with 2013 Appropriation Act and Code of Virginia requirements; 2) To produce a detailed distribution methodology that staff may use as a template for future allocations; and 3) To produce a process by which the Commonwealth's funding can be best distributed in order to advance water quality improvements to the most nutrient and sediment polluted waters. 	No changes were made to the approved Policy in response to this comment.

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41	Lord Fairfax	General Comment	While the policy statement attaches high importance to the "encouragement" of the installation of BMPs and to the "recruitment" of applicants, it needs to acknowledge the key part which formal and organized Education and Information efforts can and do play in this regard. Some districts, the LFSWCD included, now have a staff position dedicated to doing just that, and with excellent result for the promotion of BMPs.	Although in agreement with the educational needs articulated in this comment, the Department suggests that this need is more related to operations and administration and should be an issue that is looked at during the ongoing District base-budget submittal process for Fiscal Year 2015 consideration.	No changes were made to the approved Policy although the subject of interest will be further considered.
42	Ellen Ford - Mountain	General Comment	<p>Granted that the members of the legislature and the State Soil and Water Board "need" numbers on which to base their decisions about what money to ask for and how to allocate it around the state and to districts, the decisions are essential political and should be based on recognition that the work of the Districts goes toward real needs and well beyond distribution of cost-share money in a given year, region, of designation of geographic areas' "potential for pollution".</p> <p>We must all agree that one major imperative is to help professional staff, farmers and other land managers/owners take actions that tend toward sustaining healthy soils and healthy waters. This includes finding, supporting and maintaining staff who have the insight and connections to work with those farmers, owners and managers. It includes the recognition that some kinds of farming, grazing, forestry, development, and lawn care are "better" than others. Better than bare</p>	<p>As noted in the introduction to this discussion document, the purpose of this policy is multi-purpose:</p> <ol style="list-style-type: none"> 1) To address audit concerns and recommendations regarding the proper distribution of state cost-share and technical assistance appropriations in accordance with 2013 Appropriation Act and Code of Virginia requirements; 2) To produce a detailed distribution methodology that staff may use as a template for future allocations; and 3) To produce a process by which the Commonwealth's funding can be best distributed in order to advance water quality improvements to the most nutrient and sediment polluted waters. <p>There was no intention for anything in this document to be punishment and all of the accountability language was added for clarity</p>	No changes were made to the approved Policy in response to this comment.

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			<p>eroding ground. Better than sediment in our waters. Better than roofs. Better than pavement. And, at least, may offer the possibility of moving toward really good or even wonderful management.</p> <p>I sense a punishment mentality in some of what I read about future allocations, claw-back and technical assistance technicalities. Let's not go too far in that direction. We all need to remember the long term benefits of diversity in both outlook and in vegetative cover. And, remember, that sometimes after being allowed to make and recognize a mistake a better path emerges than would have been possible in an environment of accountability minutia and fear of loss.</p>	<p>and to put a framework on fiscal processes that were determined to be lacking.</p>	