

Chapters 735 and 736 Stakeholder Advisory Group

September 28, 2023

1:00 p.m.

West Reading Room, Patrick Henry Building

1111 E Broad St, Richmond, VA 23219

STAKEHOLDER ADVISORY GROUP MEMBERS PRESENT

The Honorable Travis A. Voyles, Secretary of Natural and Historic Resources, Co-Chair

The Honorable Matthew J. Lohr, Secretary of Agriculture and Forestry, Co-Chair

Matthew S. Wells, Department of Conservation and Recreation

Jason Bellows, Virginia Association of Counties

Tom Dunlap, James River Association

Jay C. Ford, Chesapeake Bay Foundation

Mark Frondorf, Shenandoah Riverkeeper

Lonnie Johnson, Virginia Cooperative Extension

Adrienne Kotula, Chesapeake Bay Commission

Wayne Prior, Virginia Farm Bureau Federation

Lindsay Reames, Virginia Agribusiness Council

Jim Riddell, Virginia Cattleman's Association

James Timberlake, II, Virginia Association of the Commissioners of the Revenue

Dr. Kendall Tyree, Virginia Association of Soil and Water Conservation Districts

STATE AGENCY STAFF PRESENT

Andrew Smith, DCR

Darryl Glover, DCR

Darrell Marshall, VDACS

James Martin, DCR

Christine Watlington Jones, DCR

Michael Fletcher, DCR

CALL TO ORDER AND INTRODUCTIONS

Secretary Voyles called the meeting to order at 1:05 and asked for introductions.

Secretary Voyles noted that Senator Emmit Hanger was not able to be present but would serve as the Senate representative for the remainder of the calendar year. The House of Delegates has not yet appointed someone to the Stakeholder Advisory Group (SAG).

WELCOMING REMARKS

Secretary Voyles expressed appreciation to each of the attendees. He noted that every voice in the room was important for this discussion. He commented that a lot of time and effort went into developing the compromise bill that authorized the SAG.

Secretary Voyles commented that he has appreciated working towards a new phase in the improvement of water quality of the Chesapeake Bay and that he looked forward to continuing the discussion. The progress Virginia is making is encouraging.

Secretary Lohr thanked Secretary Voyles and leadership for including the agriculture community. He expressed appreciation for the collaboration between the agencies and Secretariats.

Director Wells advised that this meeting would be establishing the basis for discussion so that future work begins with a solid foundation.

DISCUSSION OF GROUP CHARTER

Director Wells reviewed the Group charter.

The SAG was established by the General Assembly in Chapters 735 and 735 of the Acts of Assembly. The membership was established as follows:

- The Secretary of Natural and Historic Resources and the Secretary of Agriculture and Forestry shall serve as chairs.
- Membership includes representatives from the following:
 - Senate of Virginia
 - Virginia House of Delegate
 - Department of Conservation and Recreation
 - Virginia Cooperative Extension
 - Chesapeake Bay Commission
 - Chesapeake Bay Foundation
 - James River Association
 - Shenandoah Riverkeeper
 - Virginia Agribusiness Council
 - Virginia Farm Bureau Federation
 - Virginia Association of the Commissioners of the Revenue
 - Virginia Association of Soil and Water Conservation Districts.

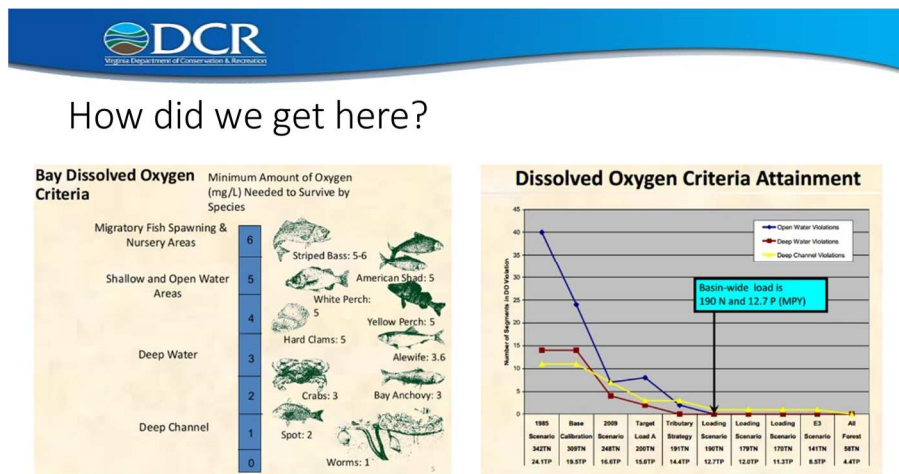
The Group Charter is set out as follows:

- §62.1-44.119:2. Agricultural commitments; workgroup
 - Review annual progress and make recommendations toward the implementation of agricultural commitments
 - Develop:
 - A process to assist any operator of 50 or more acres of Chesapeake Bay cropland in developing a nutrient management plan that meets the requirements of the goals to be achieved by the target date, and
 - A plan for the stream exclusion program in the Chesapeake Bay watershed.
- Enactment Clause 2
 - Develop a year-to-year timeline for achieving specific metrics for the achievement of the Commonwealth's agricultural sector commitments.

- Coverage of a sufficient portion of Chesapeake Bay cropland by nutrient management plans.
- Installation of a sufficient number of livestock stream exclusion practices.
- Timeline includes specific annual percentages for nutrient management plan and stream exclusion adoption.
- Timeline for achieving specific metrics used to determine reasonable progress.

OVERVIEW OF WIP AGRICULTURAL GOALS

Mr. Martin presented the following overview.

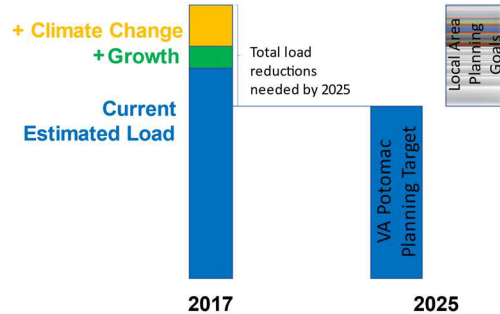


State-Basin Planning Targets

- Establish the allowable nitrogen (N) and phosphorus (P) loads for each State-Basin
- Loads must result in water quality standards attainment
- Sediment targets based on the reductions achieved from WIP III scenario meeting the N and P targets



Local Area Planning Goals

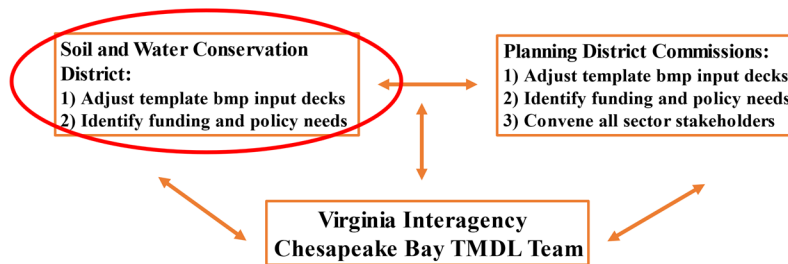


Local Area Planning Goals

- **Derived from Phase 2 WIP**
 - Run in new Phase 6 model
 - Run on 2025 forecasted conditions
 - **Satisfies Planning Targets**
 - **Accounts for Growth**
 - **Accounts for Climate Change**
- Developed at the Planning District Commission Scale
 - Developed Lands (non-MS4, non-federal)
 - Septic Sector
 - Natural Sector (Stream and Shoreline)
 - Developed at the Soil and Water Conservation District Scale
 - Agriculture
 - Natural (Harvested Forest, Stream and Shoreline)



Develop Phase III Watershed Implementation Plan



Phase III WIP – Agriculture Incentives

- Document voluntary agriculture best management practices (BMPs)
- Update and fully fund the Virginia Agricultural BMP Cost Share Program; cost share and technical assistance

- Enhance funding opportunities through the Agricultural BMP Loan Program and Tax Credits
- Enhance coordination among state and federal agencies assisting farmers
- Seek 85% implementation of nutrient management plans (NMP) on cropland through cost-share, improved documentation and reporting, and increased NMP certifications
- Additional livestock stream exclusion on perennial streams
- Increase grass and forest buffers through the Conservation Reserve Enhancement Program (CREP) and state cost share
- Pilot long term marketing plan to promote certain farm products grown on farms that participate in the Resource Management Plan program
- Enhance verification of BMPs implemented as a result of the Agricultural Stewardship Act (ASA)



Virginia’s Phase III WIP Goals Agriculture

<u>Priority BMPs</u>	<u>Percent of Ag Reductions</u>	<u>Load Reductions</u>
Cover Crops	20.0%	From 2017 Progress to WIP III
Nutrient Management Plans	15.4%	Nitrogen
Animal Waste Systems	13.2%	7.4 Million Pounds
Livestock Stream Exclusion	11.8%	Phosphorus
Tillage Management	7.8%	520,000 Pounds
Soil Conservation Plans	7.7%	Sediment
Grass and Forest Buffers	7.6%	207 Million Pounds

Mr. Martin noted that there has been a lot of progress. He advised that the Group would look more specifically at the progress later on. He noted that the initiatives were not dissimilar to the items listed in the charter for this Group.

STATE INCENTIVES FOR AGRICULTURAL PRODUCERS

Mr. Marshall reviewed the state incentives for agriculture producers.

Virginia Agricultural Best Management Practices Cost-Share (VACS) Program

- Water quality improvement program to reduce nutrient, sediment, and bacteria in waterways by implementing the most cost-effective BMPs
- Provides cost-share incentives for 60+ BMPs
- Funding provided through Virginia Natural Resources Commitment Fund
 - General funds
 - Recordation fees
- Funding recommendations for each year made by Agricultural needs Assessment Workgroup

Overview of VACS Program

- All 47 Districts locally deliver the Virginia Agricultural Best Management Practices Cost-Share Program
- Program administered by the Department of Conservation and Recreation
- Overseen by the Virginia Soil and Water Conservation Board
 - Board approves grant agreements for Districts that guide the distribution and disbursement of funds and ensures accountability

Revisions to VACS Program

- Updates and revisions made each year to increase flexibility and options for producers
- All suggestions discussed by AgBMP Technical Advisory Committee
 - Includes Districts, partners, and stakeholders
- Highlights
 - Participant cap increased to \$300,000 per year
 - Eligibility requirement for land in production reduced from 5 years to 3 years
 - Districts, partners, and federal agencies may combine funds up to 100% cost share

Livestock Stream Exclusion

- Options have expanded significantly in the last 5 years
 - Lifespan of practice: 10 years or 15 years
 - Buffer width: Greater than 35 feet or less than 35 feet (10 foot minimum)
 - Watering options: Off-stream versus limited access to stream
 - Portable fencing.

Other Incentives

Whole Farm Approach

- Began as pilot project in FY2019
- Expanded in FY2021, FY2023, and FY2024
- Focused on agronomic practices
- Producer completes single application for entire operation
- Currently at 100% of costshare rate

Small Herd Initiative

- \$7 million provided during 2022 Session
- Available to producers statewide
- Herd size of 20-49 bovines
- Producers must be eligible for VACS Program
- Up to \$50,000 for any exclusion practice



Resources Management Plans

- Comprehensive farming plan that uses proven agricultural best management practices to ensure a farm is meeting a high conservation standard
- Includes nutrient management plans and livestock stream exclusion
- 643 plans covering 144,722 acres
 - 123,574 cropland acres
 - 10,972 pasture acres
 - 5,217 hayland acres
 - 4,959 mixed used acres

Direct Pay for Nutrient Management

- Incentive program for certified nutrient management planners
- Far easier process for planners than responding to request for applications
- Payments made on first-come, first-served basis
- Available for plans in certain counties or if required by other Department programs
- 187,386 acres prepared, revised, and certified in FY2023

Poultry Litter Transport Program

- Incentive program to move litter from poultry producing countries
 - Accomack (7,350 tons moved)
 - Page
 - Rockingham (21,549 tons moved)
- FY2023, contracts requested 64,926 tons of litter to be moved
- Limited availability of litter unable to meet demand

Tax Credit for Equipment

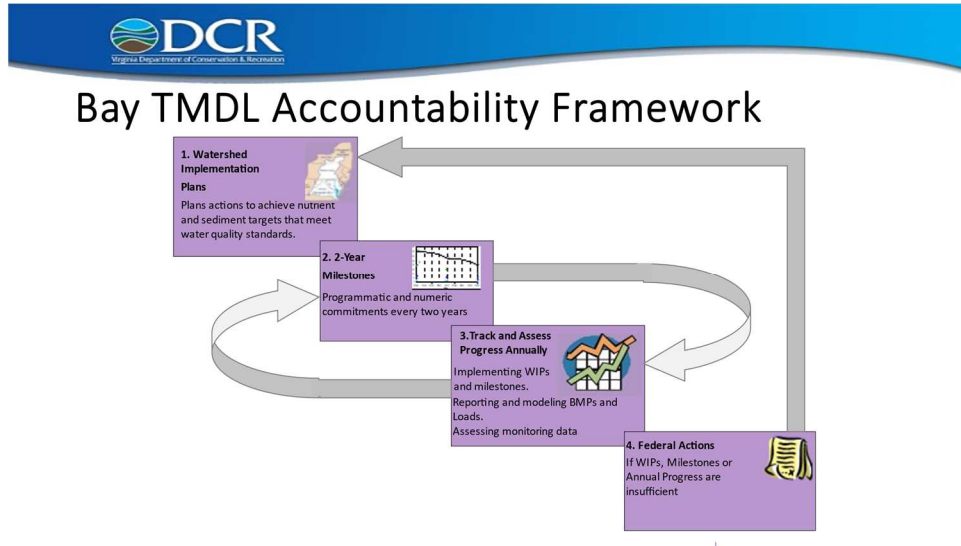
- 25% tax credit on expenditures for no-till or precision agriculture equipment
- Eligible equipment outlined in the VACS Program Manual
- Up to a maximum of \$17,500 per individual
- Must have a District-approved Conservation Plan and be implementing a Nutrient Management Plan.

Tax Credit for Installing BMPs

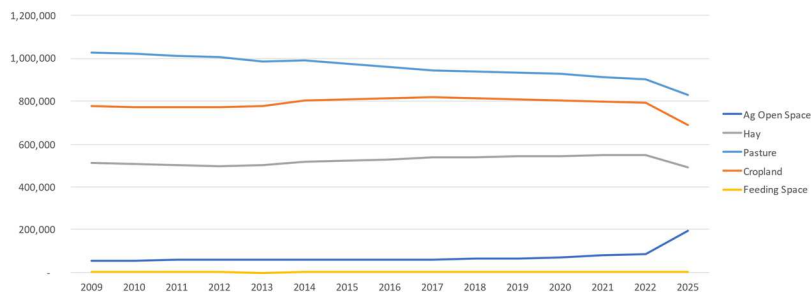
- Credits available for out-of-pocket expenses
- 50% tax credit up to \$50,000 per individual for agriculture BMPs implemented on acreage included in an approved Resource Management Plan (BMP)
- 25% tax credit up to \$25,000 per individual for BMPs implemented on acres that don't qualify for the enhanced RMP tax credit
- Producers work with their District for approval and documentation for BMP tax credits

REVIEW OF CHESAPEAKE BAY PROGRAM REPORTING REQUIREMENTS

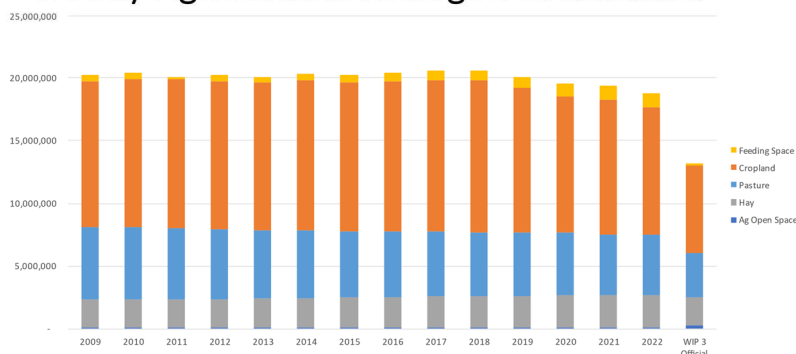
Mr. Martin reviewed the Bay Program reporting requirements.



VA Bay Agricultural Land Use (2019)

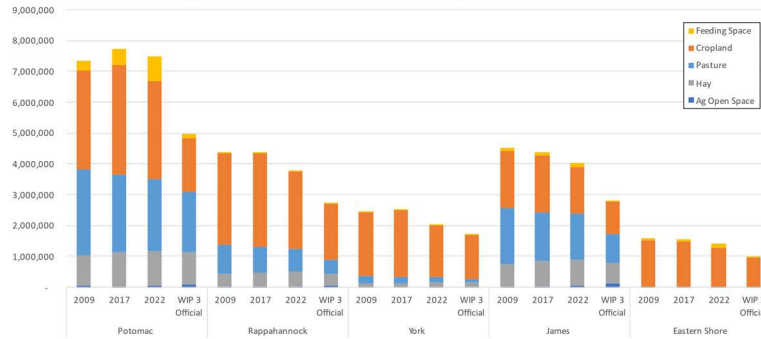


VA Bay Agricultural Nitrogen Loads (2019, delivered)





VA Basin Agricultural Nitrogen Loads (2009, delivered)



Top 10 WIP III Agricultural BMPs

Row Labels	2009	2017	2022	WIP 3 Official
*Commodity + Cover Crop	101,688	156,337	304,205	443,557
*Nutrient Application Management Core Nitrogen	543,549	599,920	645,616	951,395
†Animal Waste Management	1,448,824	1,127,337	582,003	2,228,900
*Livestock Exclusion	5,262	8,857	19,168	72,156
†Conservation + LowResidue + High Residue Tillage	653,921	674,937	630,082	608,044
*Soil and Water Conservation Plan	-	-	7,246	1,183,460
*Forest Buffer	12,248	5,443	5,565	21,965
†Land Retirement to Open Space	29,954	30,641	25,818	50,451
*Grass Buffer	2,542	5,668	5,121	24,058
†Prescribed Grazing	84,328	206,709	256,971	347,363

CURRENT NUMERIC MILESTONES DELIVERABLES FOR AGRICULTURE 2022-2023

Mr. Glover reviewed the current milestones deliverables.

Responsible agency	Best management practice	Numeric milestone
DCR	Nutrient management– core plans	700,000 acres
DCR	Precision rate- nitrogen	110,000 acres
DCR	Precision timing- nitrogen	55,000 acres
DCR and DOF	Livestock stream exclusion	2,400 newly excluded buffer acres per year which includes 500 acres of forested buffers per year
DCR	Cover crops	225,000 acres



Responsible agency	Best management practice	Numeric milestone
DCR	Animal waste storage	300 cumulative new facilities
DCR	Soil and water conservation plans	300,000 cumulative acres
DCR	Poultry litter transport	45,000 tons transported during 2022





2022-2023 Programmatic Milestones

• A-38. VDACS Dairy Producers Margin Coverage Assistance Program

- The state program will reimburse dairy farmers for the insurance premium payments in the federal Dairy Margin Coverage program if they are implementing a nutrient management plan or resource management plan.
- Assists producers in coping with industry volatility, such as depressed milk prices, increasing input costs, market changes, unforeseen events, etc.
 - In its first year, the program reimbursed 160 dairy farms \$682,612 for Tier I DMC premium payments. 34% of the dairies that applied submitted applications in which resource management plans or nutrient management plans had an effective date within one month of the program opening enrollment date. This would indicate some correlation between the program requirements and motivation to develop or update a resource management plan or nutrient management plan.
 - In the second year, the program reimbursed 139 dairy farms for \$585,710 for Tier 1 DMC premium payments. Eight of those farms were first -time applicants and the program all of them to develop a resource management plan or nutrient management plan.



2022-2023 Programmatic Milestones

- **A-19. Reporting BMPs implemented through the Agricultural Stewardship Program**
 - Ongoing
- **A-36. Reporting past stream -exclusion practices implemented prior to the use of the current reporting system (pre -2016)**
 - **104,134 linear feet of stream bank protected through livestock exclusion fencing** installed on ASA complaint sites in the Chesapeake Bay Watershed that did not receive financial assistance and would have otherwise not been tracked.



GROUP DELIVERABLES AND SCHEDULE

Director Wells reviewed the deliverables and schedule.

DELIVERABLES

- Recommendations to the Governor and the Chairman of the House Committee on Agriculture, Chesapeake and Natural Resources and the Senate Committee on Agriculture, Conservation and Natural Resources
- Preliminary report – December 1, 2023
- First annual report – July 1, 2024

- Additional progress reports on schedule determined by Group

PLAN AND PROGRESS REPORT REQUIREMENTS

- Must include:
 - Number of practices completed by river basin in the prior program year
 - Practices needed to complete the agricultural sector nutrient load reductions,
 - Including sediment reductions by river basin,
 - Identification of priority regions,
 - The number of operators affected within each region
 - Initiatives to enhance progress,
 - An accounting of funding received toward the agricultural commitments,
 - Shortfalls remaining, and
 - Consequences of such funding shortfalls
- Also, specific percentages relating to nutrient management plan and stream exclusion adoption compared to the requirements of the Phase III WIP.

TENTATIVE SCHEDULE

- Second meeting of the Group late October – mid November
- Meeting focused on
 - Proposed 2024-2025 milestones for agriculture
- Meetings anticipated to begin again in 2024 after Session with focus on development of metrics and development of first annual report

PUBLIC COMMENT

There was no public comment.

ADJOURN

There was no further business and the meeting adjourned.