

**Chapters 735 and 736 Stakeholder Advisory Group**

**August 21, 2024**

**Virginia Farm Bureau Federation**

**Glen Allen, VA**

**STAKEHOLDER ADVISORY GROUP MEMBERS PRESENT**

Stephanie Taillon, Deputy Secretary of Natural and Historic Resources, for The Honorable Travis Voyles, Secretary of Natural and Historic Resources, Co-Chair  
The Honorable Matthew J. Lohr, Secretary of Agriculture and Forestry, Co-Chair  
Matthew Wells, Director, Department of Conservation and Recreation  
Brad Copenhaver, Virginia Agribusiness Council  
Tom Dunlap, James River Association  
Jay C. Ford, Chesapeake Bay Foundation  
Mark Frondorf, Shenandoah Riverkeeper  
Matt Lail, Virginia Cooperative Extension  
Adrienne Kotula, Chesapeake Bay Commission  
Wayne Prior, Virginia Farm Bureau Federation  
Jim Riddell, Virginia Cattlemen's Association  
Dr. Kendall Tyree, Virginia Association of Soil and Water Conservation Districts

**STATE AGENCY STAFF PRESENT**

Andrew Smith, DCR  
Darryl Glover, DCR  
James Martin, DCR  
Derrick Bolen, DCR  
Christine Watlington Jones, DCR  
Darrell Marshall, VDACS  
Michael Fletcher, DCR

**OTHERS PRESENT**

Luke Allison, MOVA Technologies Inc.  
Evan Branosky, Conservation Innovation Fund  
Ethan Cassec, EcoPros  
Luke Crytzer, MOVA Technologies Inc.  
Mike Gerel, Chesapeake Bay Foundation  
Harry Huntley, EPIC  
Sam Jasinski, Department of Environmental Quality  
Casey Jensen, Eco-Cap  
Matt Kowalski, Chesapeake Bay Foundation  
Eric Paulson, VSDA  
Jonathan Rak, Department of Environmental Quality  
Jon Roller, Ecosystem Services  
Michael Rolband, Department of Environmental Quality  
Kendra Shifflett, SFAC

Kurt Stephenson, Virginia Tech  
Shannon Varner, Troutman Pepper  
Jeff Wade, SWVA Biochar  
Joe Wood, Chesapeake Bay Foundation

### **CALL TO ORDER AND INTRODUCTIONS**

Director Wells called the meeting to order and welcomed attendees. He called for introductions of the Stakeholder Advisory Group (Group) and asked that all attendees sign in.

Director Wells thanked Virginia Farm Bureau for hosting the meeting.

### **DISCUSSION REGARDING UNACCOUNTED PRACTICES**

Deputy Secretary Taillon led a discussion regarding unaccounted practices and the importance of including all implemented practices in the progress reports submitted to EPA by Virginia. She noted that this was a key item in the report submitted by the Group in July.

Mr. Lail reported on the voluntary survey being conducted by Virginia Cooperative Extension. The first meeting of the work group designing the survey was scheduled for August 23. The workgroup consists of a diverse and varied membership that brings expertise in the agricultural industry. He expressed appreciation for the time commitment made by the members.

Mr. Lail noted that at the first meeting the group would review time frames for the survey, discuss previous successes, and identify key areas for improvement.

Mr. Lail noted that the representative from the Virginia Tech Office of Analytics and Institutional Effectiveness would not be able to serve on the work group. Dr. Goerlich is working with the VCU Survey and Research Lab instead. The proposal will be reviewed by stakeholders and members before moving ahead.

Mr. Ford asked if the meeting would be public.

Mr. Lail indicated that, at this time, the meeting was not set up for public input.

Deputy Secretary Taillon asked for SAG member input regarding these unaccounted practices, items agencies should consider, or other strategies that could be utilized to increase the number of these practices included in the progress reports.

Ms. Kotula advised that the Bay Program and EPA are open to accepting these practices.

Mr. Martin noted that there were unaccounted practices installed by NRCS but that the NRCS data collection system does not have the detail to report on some of these practices. One such practice is livestock exclusion. The NRCS practice is reported in the same manner whether the practice includes perimeter fencing, cross fencing, or boundary fencing.

Mr. Martin advised that the EPA has typically not allowed the reporting of these practices, because of the lack of detail. It is hoped GIS may be used to determine which practices include exclusion fencing, which would be reportable. That information is not yet available.

## **PRESENTATION AND DISCUSSION ON PAY FOR OUT COMES BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY**

Mr. Rak gave the following presentation.

### *Agenda*

- Presentation of Draft Request for Applications
- Clarifying Questions by SAG Members
- Comments and Discussion by SAG Members
- Audience Questions and Comments

## **Background Research**

VIRGINIA STATE BUDGET			
2024 Session Budget Amendments - HB30 (Conference Report) Bill Order » Item 365 #1c Pay-for-Outcomes Pilot Program			
Item 365 #1c	First Year - FY2025	Second Year - FY2026	
<b>Natural and Historic Resources</b>			
Department of Environmental Quality	\$20,000,000	\$0	GF

### *FY 2025 Budget Language - Process*

- The Department shall:
  - issue requests for nonpoint source pollution reduction proposals,
  - conduct a transparent proposal selection process based on project ranking criteria,
  - executive contracts with selected entities,
  - verify that the promised nonpoint source pollutant reductions are being achieved, and
  - make payments when contractually defined terms are verified.

### *FY 2025 Budget Language - Ranking*

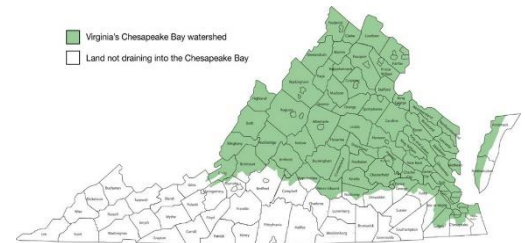
- The project ranking criteria shall include:
  - cost per pound of nutrients removed,
  - the level of assurance that nutrient reductions shall be provided,
  - habitat and resilience benefits,
  - readiness to process,
  - local government coordination,

- the provision of long-term maintenance and
- applicability to locally impaired waters

### *Request for Applications (RFA)*

#### Competitive RFA

- Open to public, non-profit, and for-profit applicants
- Minimum award \$500,000
- Maximum award \$7,500,000
- Restricted to Virginia's Chesapeake Bay Watershed
- Payment for outcomes not reimbursement for expenses



#### *Payments*

- Award of grants during FY 25
- Payments extended up to 5 years
- Most of payment made when outcomes documented
- Possibility of "seed" money up front
- Awardee may contract with other groups to help implement

#### *Reviewers*

- Technical Review Panel
  - Subject matter experts from VIMS and Va Tech.
  - Evaluates new technologies
  - Confirms TN/TP removal estimates
  - Provides "success confidence" score
- Selection Committee
  - Representatives of DEQ and DCR
  - Determine remaining scores and calculate final cumulative scores
  - Rank the applications based on scores

#### *Schedule*

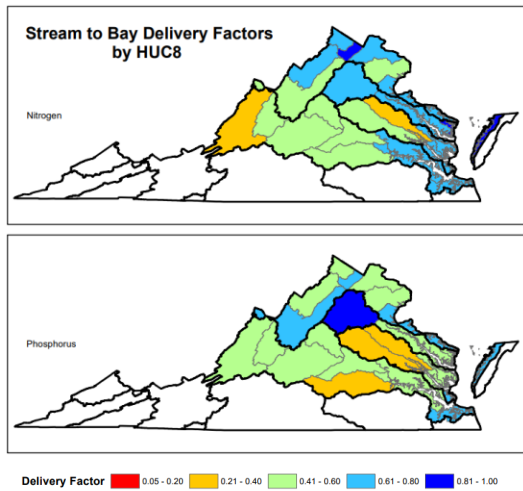
- September 16, 2024 - RFA Issued
- September 30, 2024 - Pre-application conference (optional)
- December 23, 2024 - Pre-application conference registration (mandatory)
- January 6, 2024 - Pre-application conference (mandatory)
- February 3, 2024 - Proposals Due
- February 7, 2024 - Technical Review Panel Meeting and Begin Scoring
- February 10, 2024 - Selection Committee Meeting and Begin Scoring
- March 7, 2024 - Technical Report Deadline to Selection Committee
- March 10, 2024 - Selection Committee Meeting and Final Ranking

- March 17, 2024 - Announcement of Awards

*Scoring*

Criteria	Who Determines	Maximum Points
<b>Cost-Efficiency of Pollution Removal</b> <ul style="list-style-type: none"> <li>• Measured in \$/pound removed (in present value using a 3% discount rate)</li> <li>• Adjusted by delivery factor where applicable except for locally impaired waters</li> <li>• TN used as reference pollutant unless TP approved by DEQ on a case-by-case basis</li> </ul>	Technical Review Panel vets calculations and applies formula	60
Success Confidence	Technical Review Panel recommends	15
Habitat and Resilience Benefits	Selection Panel	10
Readiness to Proceed	Selection Panel	10
Local Government Coordination	Selection Panel	5
<b>Total Maximum Points</b>		<b>100</b>

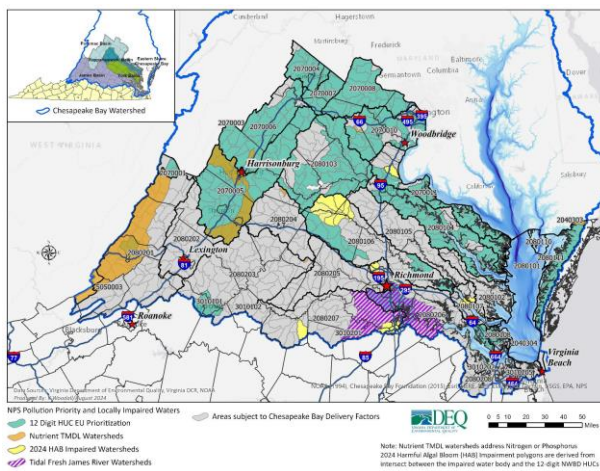
*Chesapeake Bay Delivery Factors*



Stream to Bay Delivery Factor for Stream Banks			
River Basin	Hydrologic Unit Code (HUC)	Nitrogen Delivery Factor	Phosphorus Delivery Factor
Eastern Shore/Chesapeake Bay	2080111	0.86	0.75
James	2080108	0.79	0.68
James	2080201	0.36	0.41
James	2080202	0.41	0.58

James	2080203	0.55	0.48
James	2080204	0.56	0.57
James	2080205	0.57	0.46
James	2080206	0.63	0.53
James	2080207	0.41	0.27
James	2080208	0.68	0.69
Potomac/Shenandoah	2070001	0.53	0.60
Potomac/Shenandoah	2070004	0.71	0.53
Potomac/Shenandoah	2070005	0.56	0.65
Potomac/Shenandoah	2070006	0.70	0.59
Potomac/Shenandoah	2070007	0.84	0.63
Potomac/Shenandoah	2070008	0.66	0.53
Potomac/Shenandoah	2070010	0.57	0.52
Potomac/Shenandoah	2070011	0.74	0.61
Rappahannock	2080102	0.85	0.56
Rappahannock	2080103	0.64	0.84
Rappahannock	2080104	0.77	0.52
York	2080102	0.64	0.43
York	2080105	0.39	0.29
York	2080106	0.42	0.33
York	2080107	0.73	0.46
York	2080108	0.76	0.66

*NPS Pollution Priority and Locally Impaired Waters*



Mr. Rak reminded the Group and the public that questions or comments should be submitted to DEQ by August 28.

Director Wells opened the discussion for questions from SAG members.

Mr. Glover asked how the results would be measured.

Mr. Rak advised that there had been discussion regarding the practicality of measuring. Depending on the methodology, it may be more effective to conduct water quality monitoring. Some reduction techniques such as the installation of riparian buffers would take years to measure. Part of the

application will be the submission of a monitoring plan, if that was the most appropriate way to measure the reductions achieved.

The grant agreement will specifically trigger how payment will occur.

Secretary Lohr asked if this had been tried elsewhere. Mr. Rak commented that the pay for outcome structure has been tried. He noted that the Virginia approach differs slightly from Maryland.

Mr. Rak advised that DEQ would provide an excel spreadsheet for calculations as well as GIS information so that the applicant could tag the location of the proposed measures.

### **PUBLIC COMMENT**

Director Wells opened the floor for public comment.

Mr. Rak noted that, as this was not a rule making or regulatory action, there is no official public comment period. However, he advised that DEQ would be taking public comment in written form until Wednesday, August 28. The address for commenting is: [NPSPilot@dcr.virignia.gov](mailto:NPSPilot@dcr.virignia.gov).

*Shannon Varner, Troutman Pepper*

Mr. Varner commented that, based on the cost per pound discussion and the preference for local governments to support proposals, it seems that other entities that are trying to submit an application may be excluded from participating. He noted that often with local governments and tax funded programs, staff and equipment are already available; therefore, those costs would not appear on proposals. However, other entities would not have those resources. He asked DEQ to consider those costs in proposals and agreed to submit written comments.

*Evan Branosky, Conservation Innovation Fund*

Mr. Branosky asked if the list of impaired waters was from the integrated report. He also asked if DEQ had preferences on the land management side regarding loading rates and whether eligible farms would need conservation plans or be required to meet other criteria.

Other comments received included:

- Whether the cost would be based on capital expenditure or the cost of research.
- What Virginia is doing will be a model for conservation across the United States.
- For buffer projects that have a lifespan of more than five years, how will it be determined that reductions are still happening after the grant agreement expires.

Mr. Rak advised that additional comments and questions should be directed to DEQ by August 28, 2024.

Director Wells called for additional comments from SAG members.

Ms. Kotula asked that the SAG be briefed on the perennial stream mapping efforts at the next meeting.

Mr. Riddell asked for additional information regarding the change of land use in Virginia.

Director Wells advised that the next report from the Group is due in July 2025. Staff will follow up on future meetings and the list of deliverables for that report.

Deputy Secretary Taillon encouraged members to review the report that was submitted in July.

Deputy Secretary Taillon thanked DEQ and DCR for their work in preparation for the meeting.

There was no additional business and the meeting adjourned.