

NRCC Finance Committee and Guests
Meeting to Discuss FY24 Conservation District Appropriations Requests
Videoconference - 7/27/2022

NRCC Finance Committee Minutes

In attendance:

Supervisors: Rick Hopkins (Winooski), Linda Corse (Windham), Richard Noel (Franklin), Vicky Drew (Franklin), Chris Von Alt (Essex)

VACD/NRCC Staff: Jill Arace, Clare Ireland, Molly Varner, Jess Miller, Lina Smith

Rick opened the meeting and Clare facilitated introductions.

Updates on FY24 Legislative Request & FY23 Budget Adjustment

Jill provided an introduction and noted the goal of the meeting is to get the finance committee's approval of the approach and get close to a number that will be subject to suggestions from Action Circles for the FY23 governor's budget request and the FY24 legislative request.

Clare noted this process began in June with several meetings with the District Managers on how to develop this budget. Acton Circles will be consulted and the draft budget is due to the Agency of Agriculture by August 1st. A general approval for the approach, strategy and the overall big picture number is requested.

FY23 Budget Adjustment:

The District Managers were consulted on what more they would request for this midyear adjustment and \$520,000 was the number arrived at. Most of the requests were for expense categories that could be spent pretty quickly such as personnel and capital items because the funds would probably be received in March and would need to be spent by the end of June. It could be used to backfill any FY23 expenses not allocated elsewhere.

Clare noted that most of this amount was in the Council budget which is something we have the most direct control over. The rest of this was developed by District Managers and in many cases they brought it to their boards for feedback.

Chris asked if guidance was given regarding hiring personnel and this being a one time budget increase.

Clare noted this was discussed at the last District Manager meeting. If awarded, the funds would be used to backfill some categories of expenses. The guidance was to consider things currently underfunded or could be allocated elsewhere.

Jill added that she didn't think any Districts were currently hiring any new people based on this.

Linda asked if a district would be held to spending funds in the category they put it in

initially?

Clare explained that the money will come through Core Services through the Agency of Agriculture and they do put in some stipulations on certain types of expenses but things can be shifted around. The agreement is structured as a base allocation of \$20,000 to each district and there is no requirement on how district's spend that. If this money is awarded, there would need to be a conversation on how this extra money would be allocated.

Linda noted that Windham is asking for a vehicle and wondered if the district would have had more flexibility if it was not in the capital fund?

Clare will ask Action Circles about this. The goal at this point was to ask for an overall budget number. How it plays out is subject to Action Circles suggestions. They will suggest how to package it.

Chris asked if the district increase was based on their budget and expressed concern on the wide diversity in the amount of money requested.

Rick noted that just like with operational money, districts are all in a different place and thought this is why there is such a variable response. He favored prioritizing operational funds over ag training.

Vicky felt this is a big ask. She wondered if the need is not as great as 6 months ago. They have had to get their training done in some way.

Clare agreed that Districts have met their training needs through other means. However, there is always the possibility of turnover and, given the amount of information the staff needs to know, it takes time to get up to speed. Perhaps keeping this bookmarked but at a lower rate. This can be discussed with Action Circles.

Jill explained that when this was put together this was looking at every district developing a full time Agriculture Resource Specialist position including training to build a program statewide which we don't have yet. This would support the role we are starting to market for districts as "triager" for farmers.

Clare noted this has been marketed as a separate line item, but it could be wrapped in with a general request if pared back.

Linda spoke in support of what districts might use this for. Having someone in the district who can help farmers with resources is exciting. The complexity of farming only increases every day. She is in favor of this being a resource in districts but didn't know if it needs \$2.1 million.

Chris: Suggested \$280,000 to \$500,000 as the overall request.

Clare then reviewed the Council portion of the budget:

- \$20,000 funding for personnel to use for help with the transition between Holden and new grants & finance specialist positions.
- \$1,025 for new software (Council is considering DocuSign to facilitate contract and grants management)
- \$75,000 held in reserve for NRCC and District contractual needs such as:
 - Legal review of contracts, policies, procedures and other documents
 - Financial audits or review of finance policies and procedures
 - Strategic planning, and
 - Website branding and design work.

Vicky asked if the money could be spent or obligated by the end of June if received.

Jill noted the money is obligated when the contract is signed. It doesn't need to be fully paid out in the fiscal year.

If awarded, the money would go to the existing core services agreement which the Agency of Ag has confirmed. Questions for Action Circles will include how much to ask for the training amount and how we would make it competitive among all the requests they will receive.

Review of FY24 budget request

A similar budgeting process was followed with District Managers. They were asked to develop a request based on district needs and capacity.

Rick asked if a jump to \$2.2 million is too big for one year.

Putting this in context, the original request to the legislature in FY23 was \$1.7 million. That is only about a \$500,000 increase over what was requested in FY23 split between 15 different entities, so it's really only a \$33,000 increase per entity or about 5% inflation. This number was generated by the districts and represents their needs around staff benefits and pay. Personnel is the largest component of the budget.

Jill added that one of the goals is to get people out from under having so many positions grant funded. Some of this represents shifting from 90% grant funding to base funding and focus on program delivery or special initiatives. Also there is a big increase to the Council budget that was not part of the previous request. If we hadn't done this budget model generated by districts, a number of \$1.6 million would have been a rough estimate. This amount would have included one full time District Manager per district at \$100,000 and 2 full time staff for Council. What came in from the districts seemed relatively appropriate given what we know about the staffing of the districts. Now that we have this, we could give more approximate guidance.

Clare: This concern about how this works with existing district funding models is a really good question and comes up often from our District Managers. A couple of things to note is that we did not get full funding for our new AgCWIP request, so we did have to

cut district budgets extensively under that agreement. What you are seeing here could be District Managers reallocating some of that unfunded expense. We also weren't fully funded for Tactical Basin planning and some of our other grants, so the districts could also be backfilling some of that. More generally, shifting to this new funding model would help provide stability, so grants can be supplemental to fund specific types of work, not relied on to have an organization at all. Going from 100% grant funding to this new model will be a bit messy, and that messiness might be unavoidable. We will need to work with districts to make sure they are allocating things correctly.

Chris: Essex runs about \$100,000 but have no rent. The office building is donated and one of the supervisor's does most of the bookwork so our overhead is lower. A worthwhile exercise might be to build a budget for the ideal district. At least there would be a model.

Clare: Have done that a bit but could do an overall model. The question about what normally goes into overhead was a point of conversation at the last District Manager meeting. Many people are aware that by adding more staff they run the risk of busting out of the NRCS offices. Might be interested in moving towards that in the future. No one was asking for money for that now but they will start thinking about what you would need if you were to make that move in the future and build small elements of that into this budget.

Rick: Thank you for reminding us that we were looking at \$1.7 million a year ago and this represents an early preliminary request. There is time and ability to refine this. He was pleased to see over half of this is for personnel and that's a reflection of long overdue needs when it comes to keeping qualified, capable staff on board and minimizing the turnover.

Clare: It's important to note this is our request and we might not get it all. This year, of the \$1.5 million of operational funding requested, we only got \$360,000, so it's unclear what will actually get funded. A number is needed by Monday for the Agency of Agriculture, so they can consider it as part of their budget development request for the governor's budget. It's very unlikely they will give us all this money, but by making that request we can go to the legislature and say we've asked for this to be included in the Governor's budget. So we need a number and then will have the ability to adjust based on what Action Circles thinks will be advantageous in talking with the legislature. Wouldn't want to amend the overall number too much but just reallocate between categories.

Jill: When we went to the legislature last year they asked if we had submitted this request to the Governor so now we are painting the vision of what we should be and our budgets should be matching our mandates which they never have.

Chris: What will you do now better than before with the additional money?

Jill: More ability to serve members and towns in the moment when they are ready. More opportunity to have an impact at the community level.

Clare: We are at a point where the State of Vermont has big tasks and ambitions:

ongoing water quality work, climate change, environmental justice, and maybe more with agroforestry and invasive species. The Conservation Districts will be the ones implementing those. We need them to be prepared.

District Managers have expressed interest in community engagement & natural resources planning beyond water quality.

Linda: Support of Community Engagement and Natural Resources Planning. Windham has struggled because funding has been around water quality. Finding funding has been challenging.

Clare: We would see more needs that exist in their district without being so constrained by funding sources. This kind of funding might support additional outreach, like, for example, translating materials into French.

Richard: If the State requires Franklin County to work with Canada, translation would be needed and not funded.

Rick: Supports the Community Engagement & Natural Resources Planning. Are you looking for approval from us?

Clare: Yes. Approval to ask the Agency of Agriculture for the amounts we're talking about and approval to Work with Action Circles on a strategy around the same amount.

FY23 Budget Adjustment Request:

\$520,000 adjustment for base operations
\$180,000 for ag training
\$700,000 Total

FY24 Request:

\$2,200,965,00 for base operations
\$450,000 for community engagement and NR planning
\$200,000 for ag training
\$2,850,965 Total

Vicky: She thinks the Ag training should eventually be part of the request in 2-3 years, then build into base later. Should be part of the base in the long run.

Rick: Agreed. Keeping our eyes on the prize. Base operational funding that is long overdue and now the notion of Community Engagement and Ag Training.

Clare: Based on Action Circles advice we may want to repackage some of this. The general numbers are what we are looking for approval to move forward with.

Chris: Noted that we are authorizing this level but it could be less:

Chris made the motion, seconded by Richard to approve the FY23 base adjustment of \$700,000 and \$2,850,965 for the FY24 request.

Rick noted that he has faith and confidence that the District Managers have been involved in this.

ACTION ITEMS:

- Updates on grant renewals will be done by email.
- Increase for one district on a Design and Implementation Block Grant will be done by email.
- Finalized agreements with districts this week for FY23 Core Services

Rick: Thanked everyone for their time and noted it was wonderful to be talking about these numbers that are long overdue for the districts.

Vicky: Noted with increased funding comes increased scrutiny and encouraged some sort of quality control with the districts.

Linda: Part of the conversation is also about growth. How do you find that balance of staying a Conservation District and hold on to the qualities that make that special and unique.

Chris: You don't have to necessarily grow but do what you do better. Given adequate resources we will be able to achieve the mandate. Growth for growth's sake is for someone who is trying to make money. We are not trying to make money. We're trying to help communities do a better job at conserving and utilizing their resources in an exciting way.

Meeting adjourned at 10:34 am.

The next meeting will be August 18, 2022