

Agriculture Cost Share Program – PY-2007 Annual Report

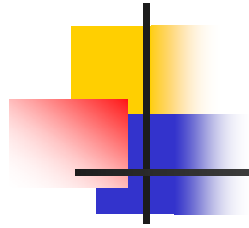


Presented to Environmental
Review Commission
March 18, 2008



Program History

- Initiated in 1984 to address water quality concerns for Jordan Lake, Falls Lake, and the Chowan River
- Expanded Statewide in 1990
- Purpose: Reduce the input of agricultural non-point source pollution into watercourses of the state. Assist agricultural producers and landowners to install best management practices to **protect water quality** and to comply with regulatory requirements



Program Implementation

- Annually 1,200+ contracts on agricultural lands
- Contracts prioritized to benefit water quality
- Cost share rate:
 - 75% of predetermined average cost
 - Up to 90% for new/limited resource farmer & Enhanced Voluntary Ag District participants
- Most practices must be maintained for 10 years (some agronomic practices less than 10).



Program Implementation

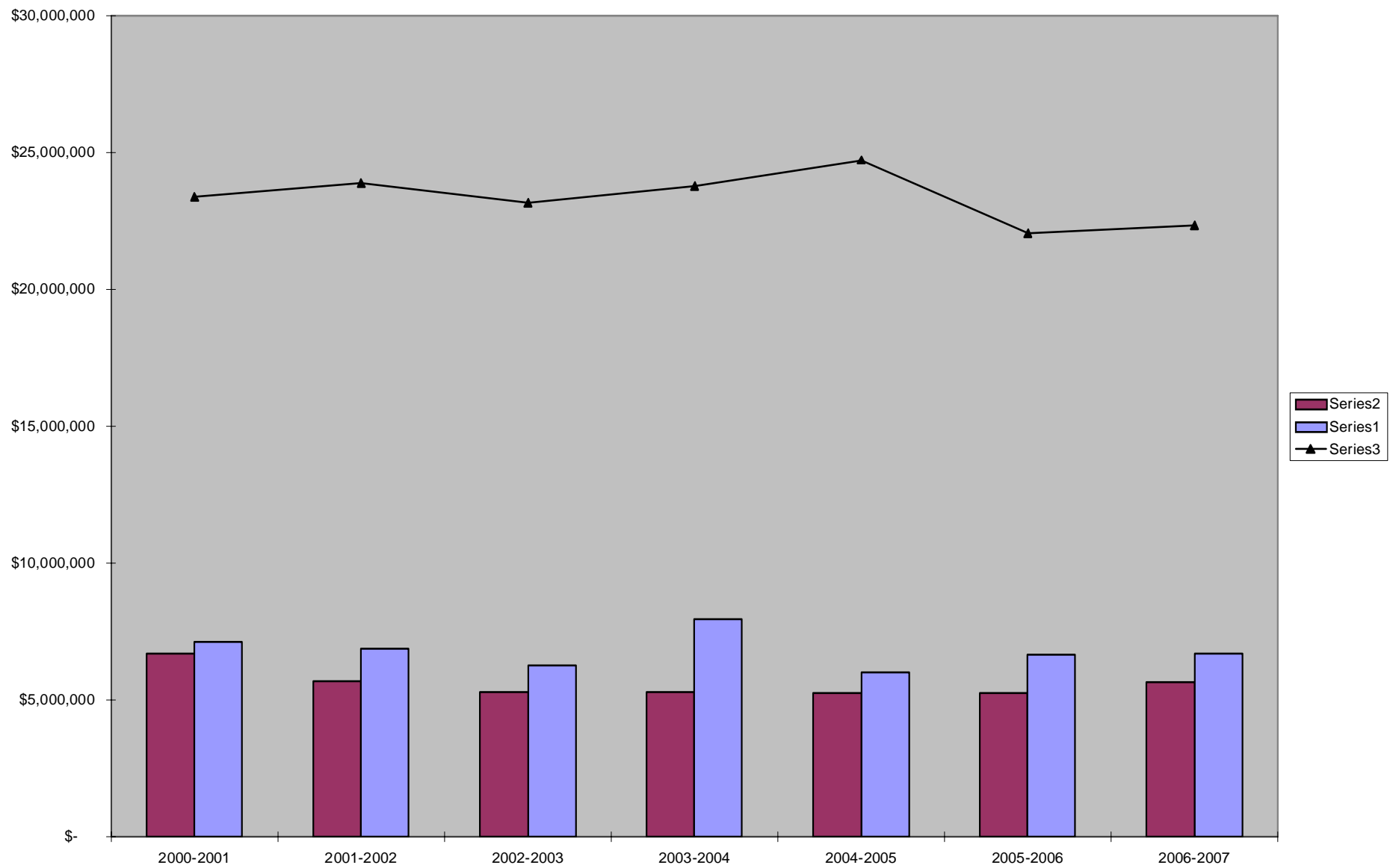
- Soil and Water Conservation Commission:
 - Establishes program rules
 - Sets eligible practices and predetermined costs
 - Allocates BMP and TA funds to conservation districts in accordance with its rules
- Local Soil and Water Conservation Districts
 - Establish local priorities
 - Solicit and rank applications for contracts
 - Develop conservation plans with farmers
 - Assist and certify BMP implementation
 - Conduct maintenance spot checks and respond



2007 Appropriation

- \$8,093,675 total
- \$5,644,897 appropriated for BMPs
 - Less \$240,000 transferred for TA
 - \$22,332,502 requested by districts
- \$2,208,778 appropriated for TA
 - Plus \$240,000 transferred from BMPs

Appropriations & Expenditures vs. Demand BMPs

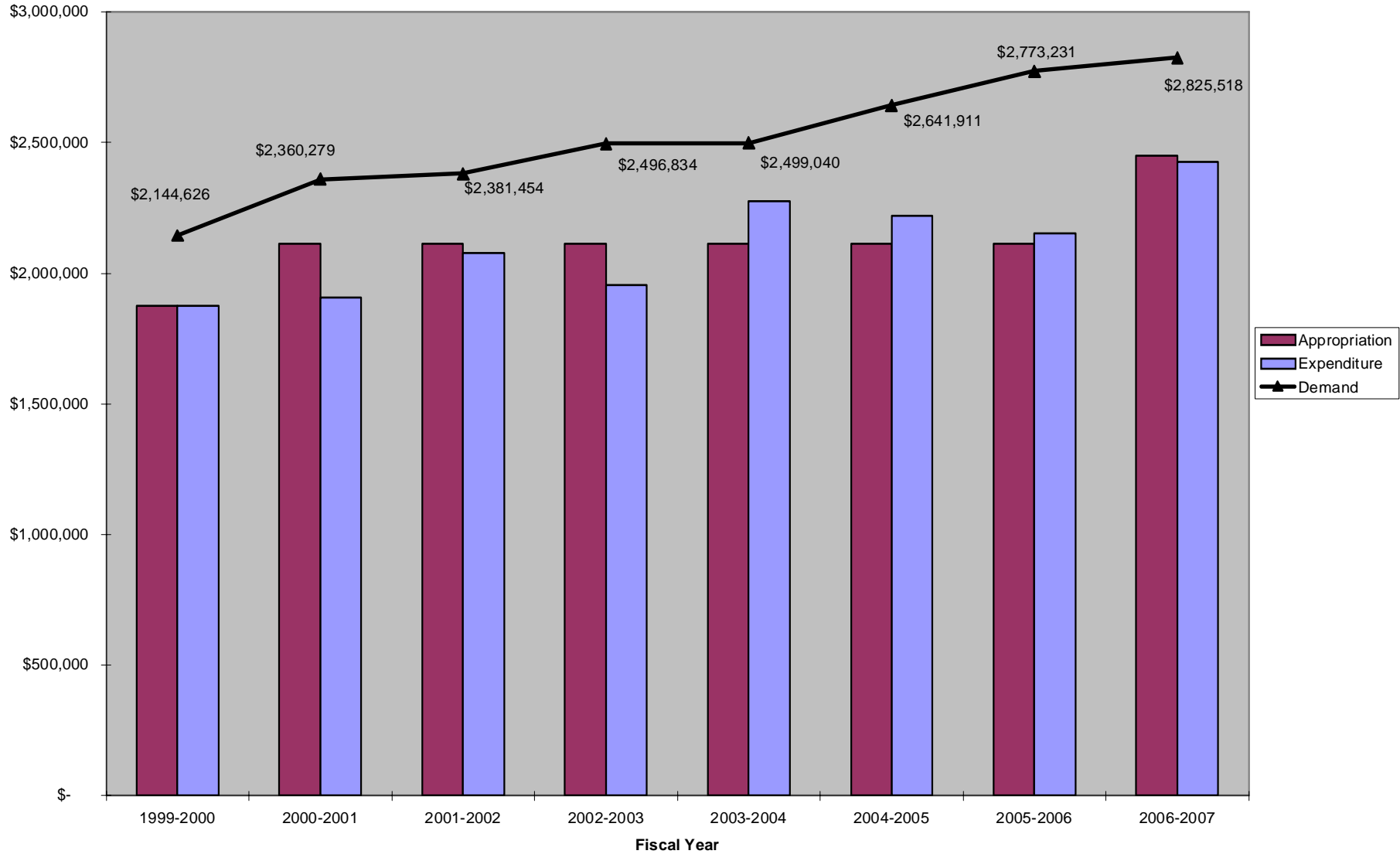




Technical Assistance

- \$2,208,708 appropriated + \$240,000 diverted from BMP funds
- 117 technical positions cost shared up to 50% in 94 districts (presently at 45% on average)
- No regular increases in appropriation to match local cost of living increases
- Commission allocation for 2 local positions will likely be eliminated in FY-2009 without added funds

Appropriation, Expenditure, and Demand Technical Assistance



Total Appropriations, Expenditures, and Fund Balance

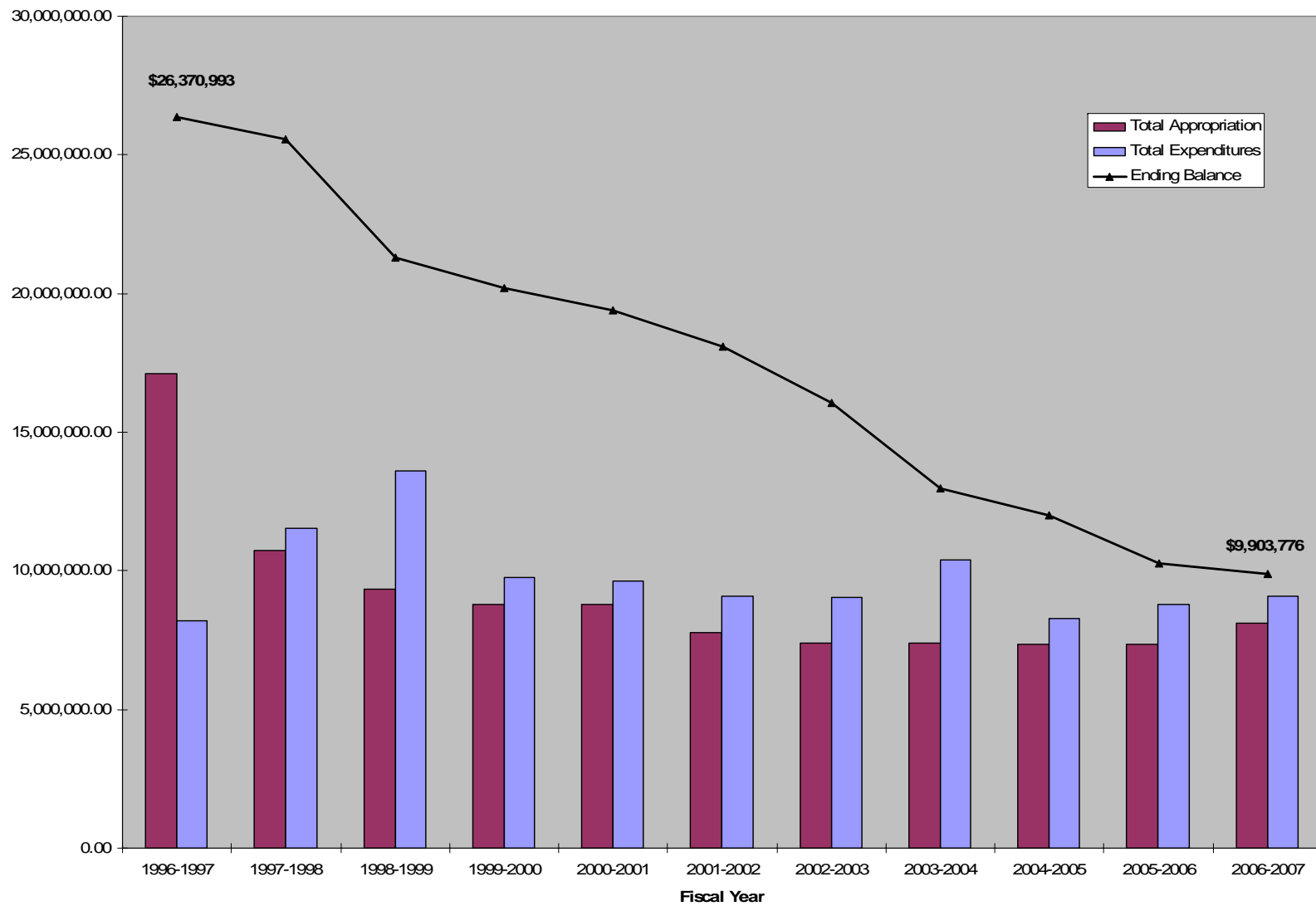
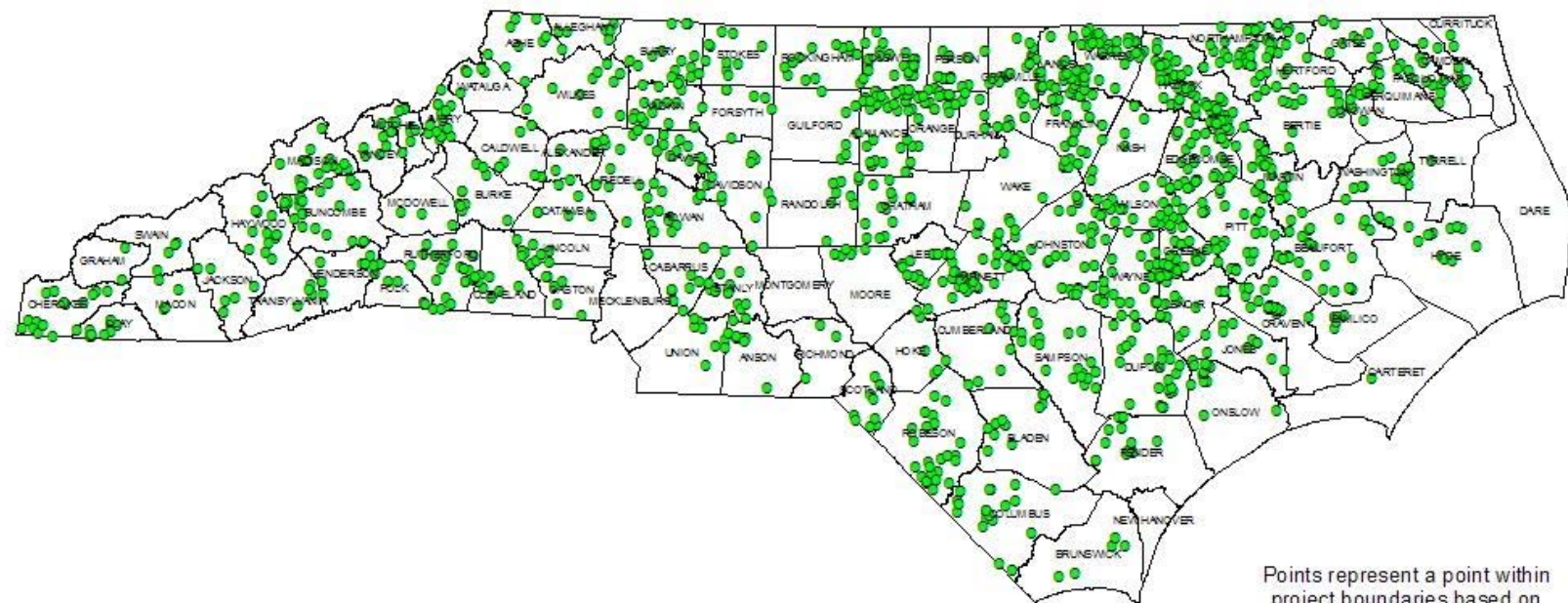


Figure 1: 2007 Agricultural Cost Share BMP Locations



Legend

- County Boundaries 100
- 2007_ACSP_BMP_POINTS Events

0 40 80 160 Miles

Points represent a point within project boundaries based on data collected by the Division of Soil and Water Conservation. This data set represents 1,406 projects in the database contracted in 2007, excluding 6 projects that were missing accurate latitude/longitude data.

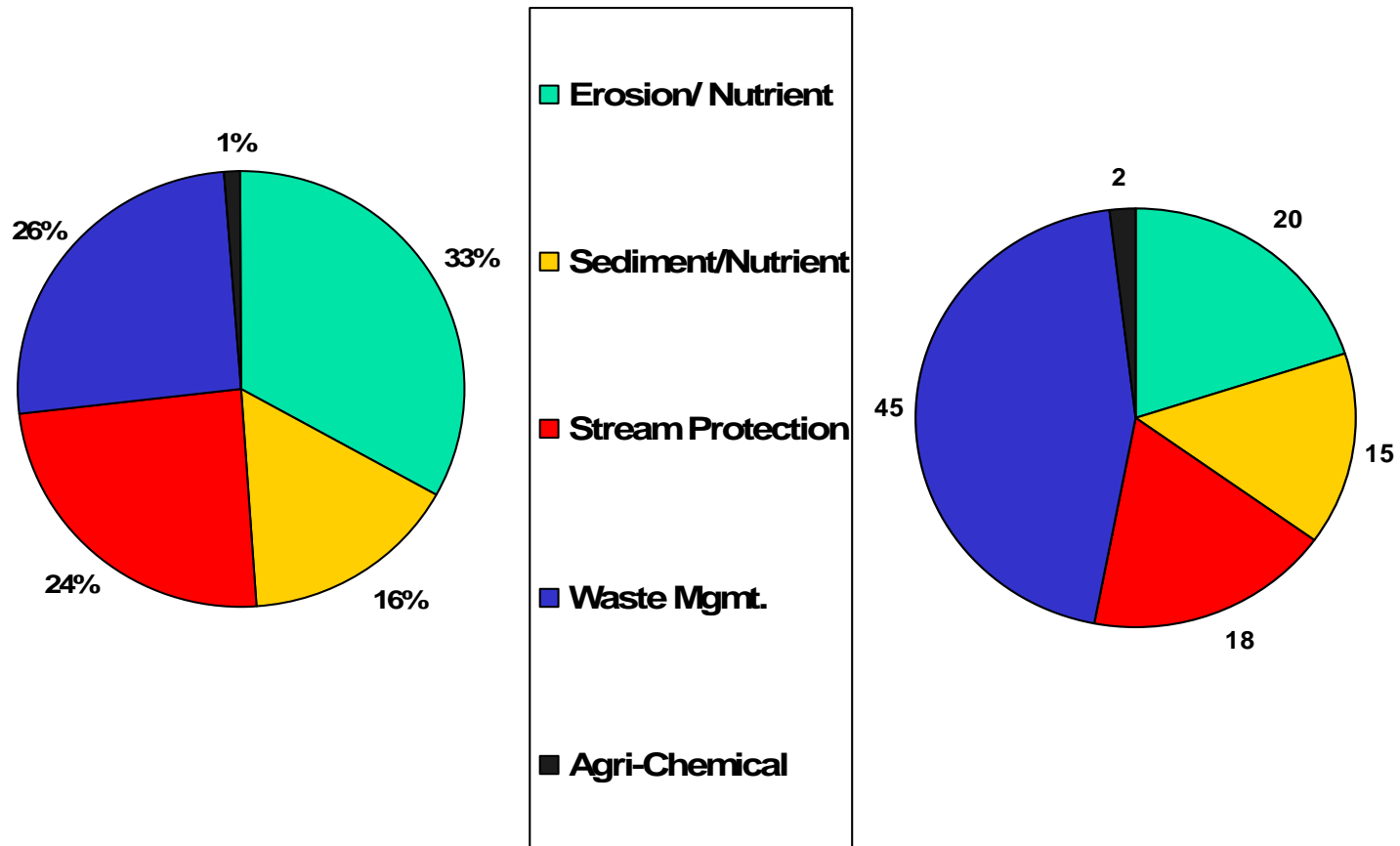


Frequently Used Practices - 2007

- Cropland Conversion to Grass
- Poultry Litter Storage Structures
- Livestock Mortality Management
- Livestock Exclusion/ Alternative Watering
- Conservation Tillage/ Long-Term No-Till
- Grassed Waterway
- Field Border
- Riparian Buffer
- Water Control Structure
- Lagoon Closure

ACSP Funds by BMP Type

2007 vs 1999





2007 ACSP Measures of Success Summary

| | 2007 | |
|---------------------|--------------|--|
| Number of Contracts | 1,297 | |
| Acres Affected | 67,579 acres | |
| Soil Saved | 165,358 tons | |
| Nitrogen Saved | 696,669 lbs. | |
| Phosphorus Saved | 117,203 lbs. | |



Targeting

- Approximately 10% of funds spent in 303(d) listed (impaired) watersheds
- 25% of funds used in Neuse and Tar-Pamlico Basins to help achieve and maintain 30% nutrient reduction
- PY-2007 SWCC earmarks
 - \$143,420 for addressing waters impaired due to agricultural sources
 - \$ 171,856 for installing buffers under CREP



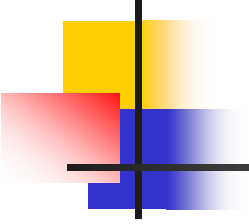
Cumulative Benefits (1984-present)

- 6.9 million tons of soil saved
- 16,864,410 pounds of nitrogen reduced
- 5,191,469 pounds of phosphorus reduced
- 48,232 contracts implemented
- 615,000 acres of no-till/conservation tillage
- 3,901 water control structures affecting 300,000 acres
- 2,141 waste management structures
- 980 miles of livestock exclusion fencing
- 460 miles of forested riparian buffer



Compliance with Maintenance Requirements

- Districts spot-checked 9.2% (1,186) of active contracts
- Results
 - 91.2% fully compliant
 - 5.8% need some repair
 - 3% non-compliant
 1. Districts work with cooperator to restore BMPs
 2. Seek prorated repayment



Increased Costs → Fewer Contracts

- Increased cost of fuel, labor, and materials is diminishing the number of cooperators that can be assisted.
 - Fencing, gravel, concrete, pipe, lumber, heavy machinery, etc.
- FY 2003-04 assisted 2,053 cooperators vs. 1,297 in 2006-07
- Currently reviewing average costs with further increases likely for 2008-09



New for 2007-08

- New practices added
 - Agricultural pond restoration
 - Manure composting facility
 - Portable agrichemical mixing station
 - Streambank and shoreline protection
 - Controlled drainage for tile drains
- Evaluation practices
 - Precision nutrient management
 - Conservation Irrigation
- Programmatic Review
 - Technical evaluation
 - Feedback from cooperating farmers
 - Feedback from districts



Innovative Poultry Waste Funds

- \$200,000 appropriated in 2006-07 for innovative poultry mortality management (gasification systems)
- 14 applications totaling \$407,000
- Commission allocated funds to 7 districts (Chatham, Edgecombe, Harnett, Martin, Onslow, Pender, Wilkes)
- Leveraged \$216,000 USDA grant to demonstrate innovative mortality management for cattle/swine.



Leveraging Other Funds

- ACSP part of match for Conservation Reserve Enhancement Program (\$221 million from USDA)
- 3 US EPA Section 319 grants totaling \$1,419,180 in Neuse and Tar-Pamlico basins.
- \$142,000 grant from CWMTF for French Broad River Basin
- Proposed grants for High Rock Lake watershed and Dan River watershed
- Cost-shared district employees enable delivery of over \$13 million of USDA funds



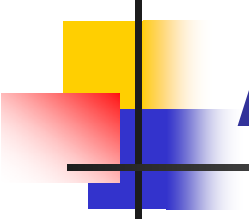
Water Conservation

- ACSP statutory authority only for water quality, BUT
- Many ACSP practices increase water availability in soil and groundwater
 - No-till/Conservation tillage/Cover crops
 - Agricultural Pond Restoration
 - Cropland Conversion to Trees/Grass
 - Conservation irrigation (evaluation)



Drought Response

- Commission approved drought response in September 2007, special allocation for:
 - Cover crops if harvesting crop residue
 - Temporary practice for pasture renovation
- Additional \$250,000 infusion from Council of State
- Drought survey indicates additional \$8 million needed for pasture renovation, alternative water supplies (wells), and pond renovation



Community Conservation Assistance Program - CCAP

- SWCDs address natural resource conservation needs on residential and community sites
 - Erosion Control
 - Stormwater/Flooding/Drainage
 - Water Conservation
- Initial appropriation of \$200,000 received in 2008
- Also funding from CWMTF and 319 grants
- 54 districts receiving some funding
- SWCC rules approved in December