

DGLVR Webinar

CD Spending and 5-year agreement update

3/28/2019
Starts at 9am



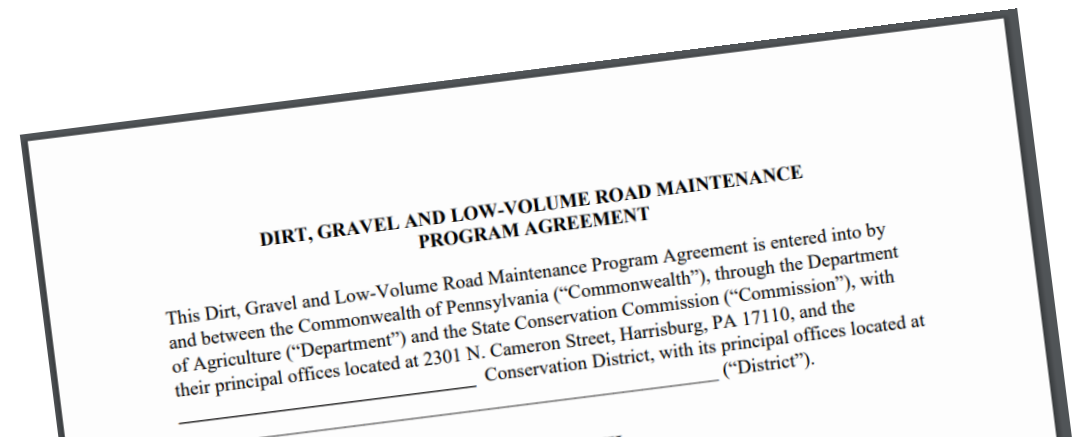
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For technical assistance, call: 814-865-5355



Background

- DGLVR Program provides funding to conservation districts through 5-year agreements.
- The current agreement (new agreement) covers the period from July 1, 2018 through June 30, 2023.
- **The previous agreement (old agreement) covers the period from July 1, 2013 through June 30, 2018** (extended to 2019)



Background: Old 5-year Agreement

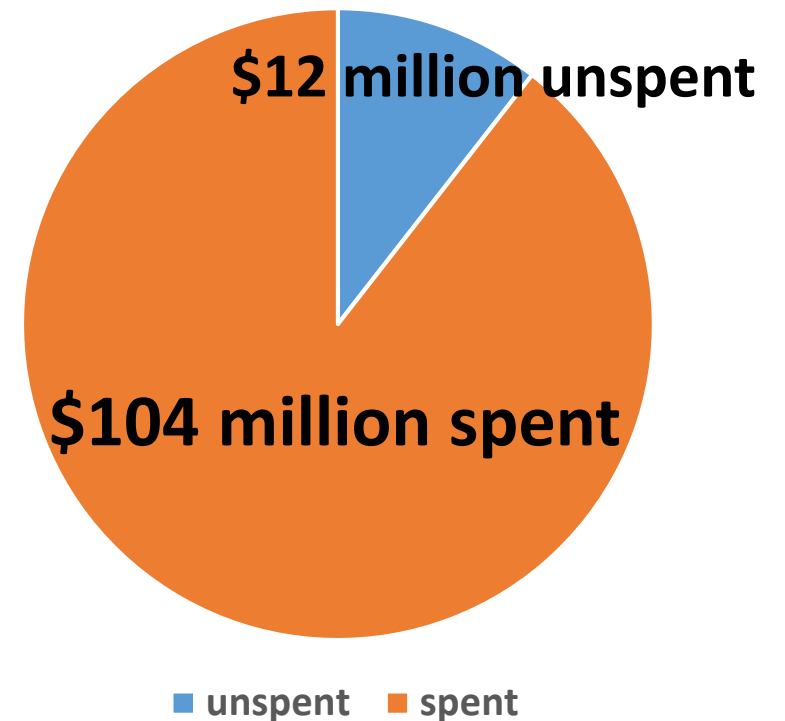
- CDs voiced concerns about ability to spend funds before end of 5-year agreement on 6/30/2018, primarily due to time needed to develop capacity after funding increase and addition of LVR component.
- **SCC staff worked with Comptroller to obtain a 1-year extension to old 5-year agreement to 6/30/2019.**

Background: Old 5-year Agreement

- Originally, funding from old agreement had to be spent by 6/30/2018.
- **Terms of extension from comptroller from 6/30/2018 to 6/30/2019:**
 - CDs were given until 6/30/2018 to enter contracts into GIS system.
 - CDs were given until 6/30/2019 to complete the contracts.

Status:

- All funding from old 5-year agreement out of SCC and in CD accounts (\$116 million)
- CDs holding \$12 million (10.3%) that needs to be spent by 6/30/19 under the extension (as of 3/27/19).



Looking Ahead:

- Three potential categories CDs could fall into on 6/30/2019

Green: Old funds spent out

Good – no action required

YELLOW: Unspent old funds remaining, but everything committed to contract.

Did not meet spending requirement

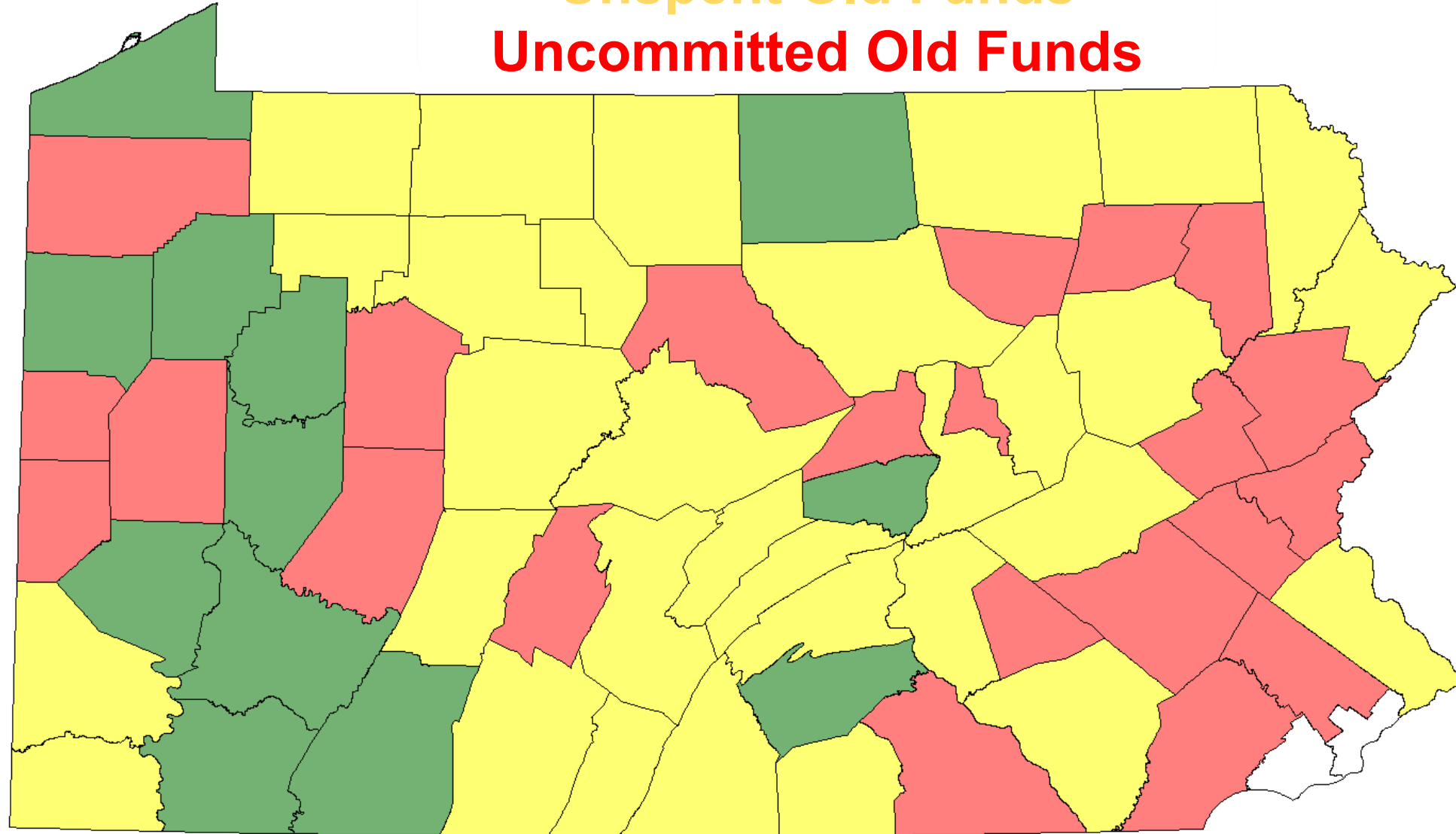
RED: Unspent and Uncommitted old funds remaining

Did not meet spending requirement

DnG Status:

- DnG CD Spending Status
- As of 3/27/19

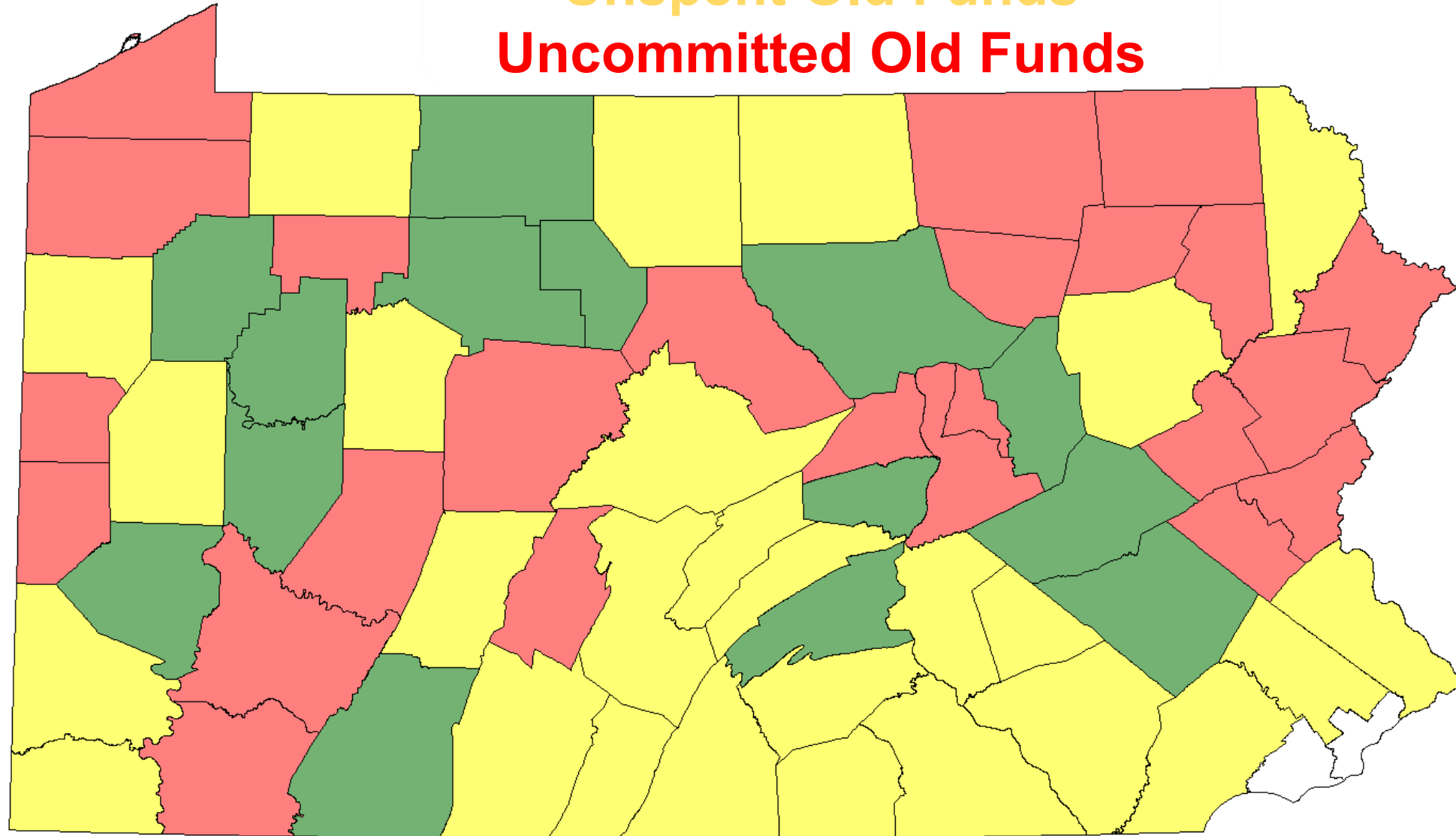
All Old Funds Spent
Unspent Old Funds
Uncommitted Old Funds



LVR Status:

- LVR CD Spending Status
- As of 3/27/19

All Old Funds Spent
Unspent Old Funds
Uncommitted Old Funds



Looking Ahead:

- As of 3/27/2019 in the DGLVR GIS system:
 - \$37.2 million under contract
 - \$12 million of that (32%) is from old 5-year agreement
- Much of that \$12 million likely to be spent by 6/30/2019.
- **But likely some will be unspent on 6/30/2019**

Looking Ahead:

- Several CDs have inquired about additional extensions beyond 6/30/2019
- Given leniency of comptroller in granting current 1-year extension, and the amount of work SCC/CDGRS staff have put into educating and informing CDs over past 18 months, staff does not believe this would be an appropriate request.

Looking Ahead:

- Several CDs have inquired about additional extensions beyond 6/30/2019
- Given leniency of extension, and the have put into education months, staff does appropriate request.



ADDITIONAL
TIME
EXTENSIONS?

current 1-year
RS staff
over past 18
be an

Looking Ahead:

- Three potential categories CDs could fall into on 6/30/2019

Green: Old funds spent out

Good – no action required

YELLOW: Unspent old funds remaining, but everything committed to contract.

Did not meet spending requirement

RED: Unspent and Uncommitted old funds remaining

Did not meet spending requirement

Looking Ahead:

- Two potential categories of not meeting 6/30/19 spending
- SCC/CDGRS had several meetings with Policy and Planning Advisory Workgroup to develop recommended actions for CDs not meeting spending requirements

YELLOW: Unspent old funds remaining, but everything committed to contract.

RED: Unspent and Uncommitted old funds remaining

RED: Unspent and Uncommitted old funds remaining

SCC Action 1/3:

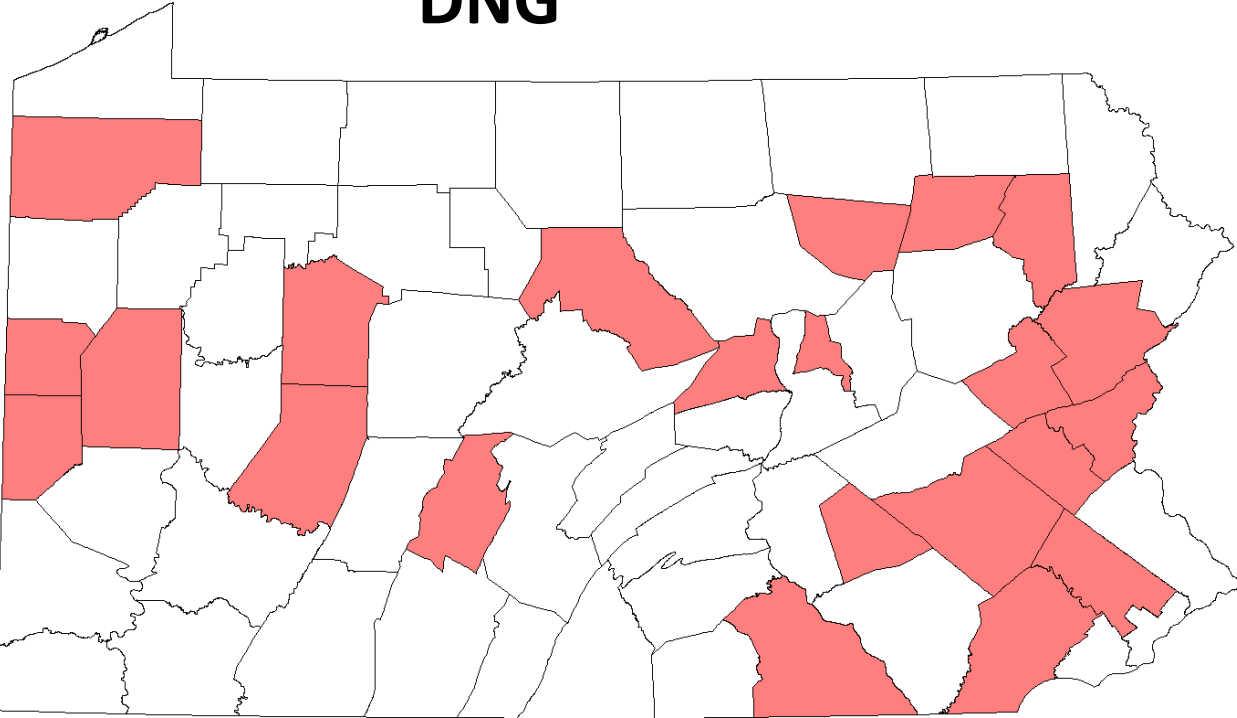
- Give CDs until May 24th to enter all contracts into GIS.
- After May 24th, CDs that have not committed all their funds under the old agreement (**Red Category**) should not be eligible for a FY 2019-2020 Allocation.
- These CDs may be eligible for an allocation in FY 2020-21 if they meet the spending requirements at that time.

Note DnG and LVR funds handled separately, a CD could be eligible for both, one or the other, or neither.

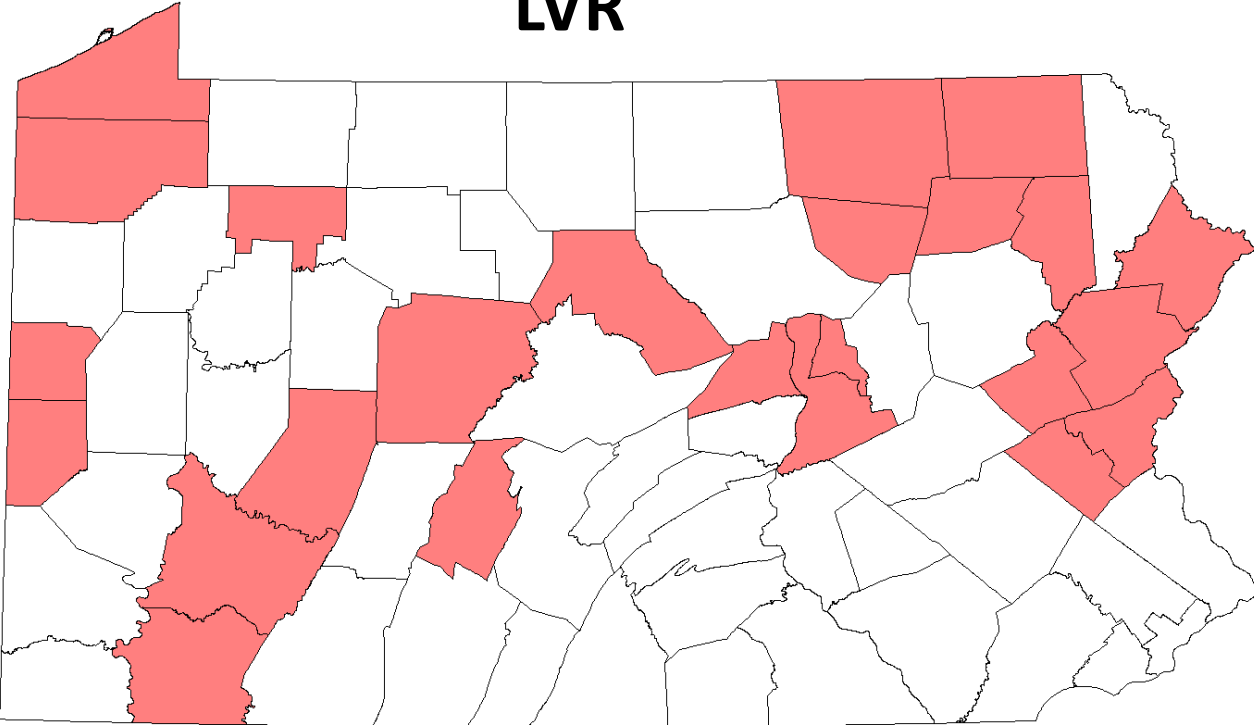
Current "Red" Counties (uncommitted old funds)

(Status below as of 3/27, have until 5/24 to commit more funds)

DNG



LVR



RED: Unspent and Uncommitted old funds remaining

No FY 2019-20 Allocation

Example Red County in GIS Report:

- \$92,769 remaining in old funds
- \$25,794 remaining committed to contracts
- Leaves \$66,975 uncommitted old funds
 - Need to commit \$66,975 by 5/24 to become "yellow"
 - Need to spend \$92,769 by 6/30 to become "green"

Dirt and Gravel		Low Vol	
Other: \$			
Balance			
Starting Balance			
Income			
Expenses Total			
Ending Balance			
Spending Status		Previous 5-Year Agreement	
Current Balance: \$	192,856.55	"Old Money" Balance: \$	92,769.62
Committed Remaining: \$	25,794.72	Currently Spent: \$	0.00
Uncommitted Balance: \$	192,856.55	Balance Remaining: \$	92,769.62

YELLOW: Unspent old funds remaining, but everything committed to contract.

SCC Action 2/3:

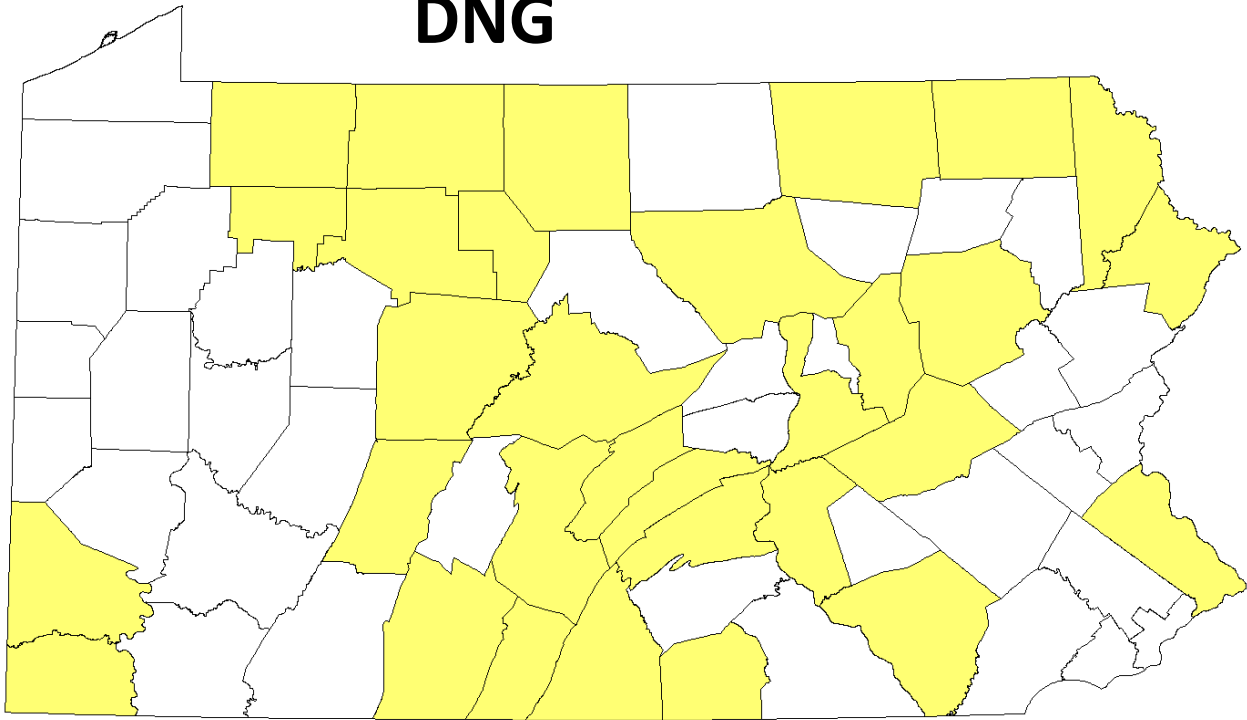
- Counties have until 6/30/2019 to spend old funds.
- Any CD who committed but did not spend old funds by 6/30/2019 (Yellow Category) **should have their FY 2019-2020 allocation reduced by the amount of unspent funds.**

Note DnG and LVR funds handled separately, a CD could be eligible for both, one or the other, or neither.

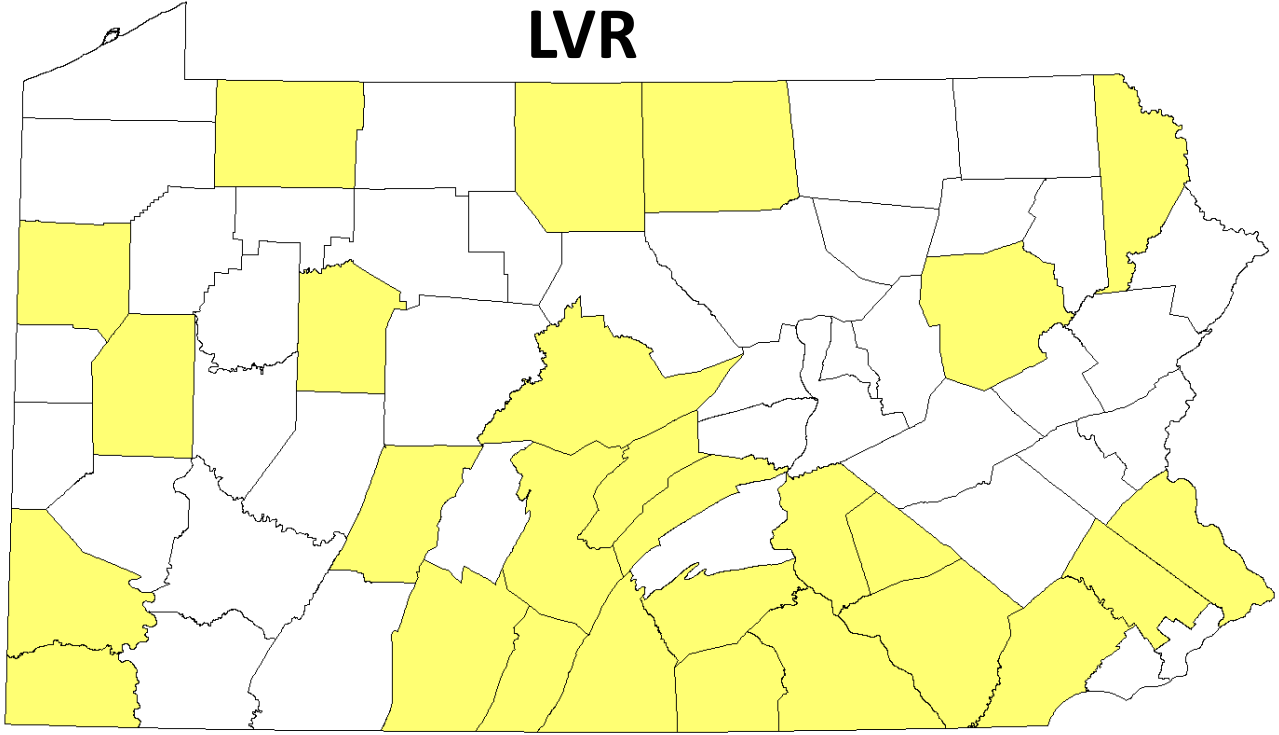
Current “Yellow” Counties (committed but unspent old funds)

(Status below as of 3/27, have until 6/30 to commit more funds)

DNG



LVR



YELLOW: Unspent old funds remaining, but everything committed to contract.

Dirt and Gravel

Low Vo

Other: \$ 0.00

Balance

FY 2019-20 Allocation reduced by \$125,794

Example YELLOW County in GIS Report:

- \$125,794 remaining in old funds
- \$200,015 under contract
- 100% committed, but still need to spend the \$125,794

Spending Status

Current Balance: \$ 225,871.51

Committed Remaining: \$ 200,015.92

Uncommitted Balance: \$ 25,871.59

Previous 5-Year Agreement

"Old Money" Balance: \$ 125,794.72

Currently Spent: \$ 0.00

Balance Remaining: \$ 125,794.72

YELLOW: Unspent old funds remaining, but everything committed to contract.

RED: Unspent and Uncommitted old funds remaining

SCC Action 3/3:

Any funds that are not allocated to a (**Red** or **Yellow**) conservation district, as per recommendations 1 & 2 above, **would be reallocated to other eligible (green) conservation districts for FY 2019-20.**

Note DnG and LVR funds handled separately, a CD could be eligible for both, one or the other, or neither.

Note:

Typical Allocation Timeline

- SCC approved in May
- Wait for State Budget Approval
- CDs receive advances late August (w/ on-time State Budget approval)

Allocation Timeline This Year (to allow for eligibility determinations on 6/30/2019)

- SCC approved in July
- CDs receive advances late September (w/ on-time State Budget approval)

SCC Action Items

1) **Uncommitted old funds = no FY 2019-20 allocation**

RED: Unspent and Uncommitted old funds remaining

2) **Unspent** (but committed) **old funds = reduced FY 2019-20 allocation** by amount of unspent funds.

YELLOW: Unspent old funds remaining, but everything committed to contract.

3) Any funds withheld from CDs would be reallocated to eligible (**green**) CDs for FY 2019-20.

Note DnG and LVR funds handled separately, a CD could be eligible for both, one or the other, or neither.

Spending Tips

- Complete existing projects
- Make new contract and advance funds
- Additional progress payments on contracts (must hold 30%)
- Claim admin / education expenses
- Keep GIS up to date

Question: What happens if a project comes in under budget?

- CDs only get credit for what was actually spent
- Fund another shovel-ready project or expand on this or another existing project.
- Funding gap could be made up by funding for other projects
- Last minute admin/edu expenses for small amounts

Question: Can I advance more than 50% to twps.?

- Yes, but only if they have spent the 50%.
- Could do another payment for 20%
- In all cases, at least 30% must be held until project completion

SCC DGLVR Statement of Policy:

For the purpose of dispersing funds to a project participant under a project agreement, the district may process an advanced working capital payment as follows:

- (1) Upon the full execution of the project agreement, the district may process an advanced payment to a project participant of up to 50% of the approved project expenses.*
- (2) Subsequent payments to the project participant will be made on an actual cash expended basis.*
- (3) In all cases, the district shall withhold payment of at least 30% of the approved project expenses until the satisfactory completion of the project. Final payment for the project expenses shall be made only after a final inspection by the district determines that the work was performed consistent with the project application and the work plan, and to the satisfaction of the district.*

Question: Do projects need to be finished by 6/30/19?

Depends on your situation:

- **Counties with enough other projects in the pipeline to advance money to meet requirements: No, projects do not have to be completed by 6/30/19**
- **Counties relying on old projects to meet spending requirements (not a lot in the pipeline): Yes, only expenditures before 6/30/19 will count towards spending requirements**

Priority is on spending old funds, not necessarily completing old projects.

Question: Can I just ask for an extension?

June 30, 2019 is already a 1-year extension from the comptroller



ADDITIONAL
TIME
EXTENSIONS?

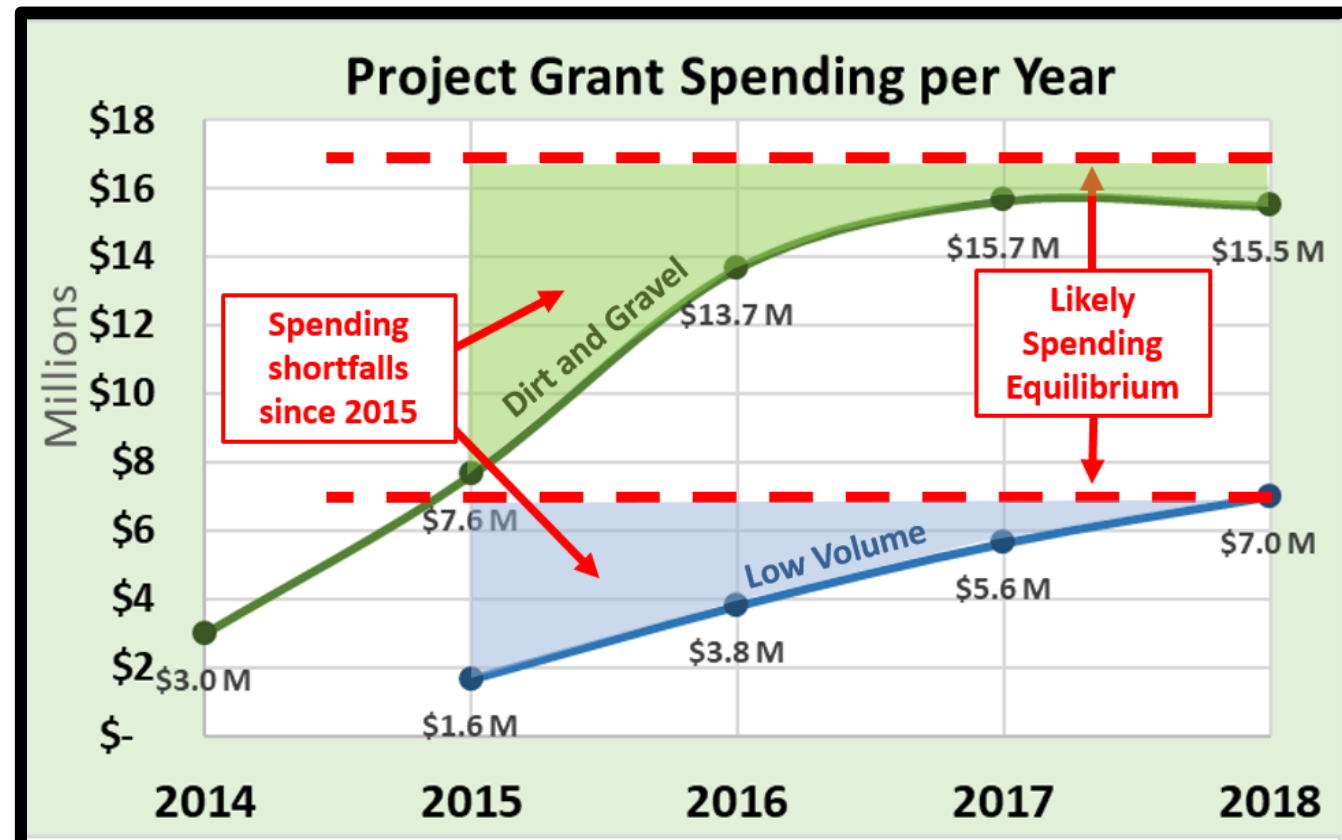
Question: Where does money not received by CDs who don't meet spending requirements go?

- Get automatically allocated to other CDs who have met spending requirement.
- Shifts funding to where it can be used.
- Same procedure used since 2001

The image shows a small, dense spreadsheet titled "DIRT AND GRAVEL ROAD PROGRAM ALLOCATIONS 1991". The spreadsheet contains numerous columns and rows of data, likely representing allocations for different counties or regions. The data is organized in a grid format with alternating blue and white background colors for rows. Two vertical red lines are drawn through the spreadsheet, highlighting specific columns. The text is too small to read, but the structure suggests a detailed financial or allocation report.

Question: What if weather prevents us from completing projects?

- SCC Policy still applies
- Advances on new projects count towards spending requirements



Question: How to I pay for staff with a reduced or no allocation?

- CDs who don't meet spending requirements have at least 1 years worth of allocation unspent.

Income: \$	0.00	Harrisburg Funds (Cur): \$	10,029.22
Expenses Total: \$	0.00	Harrisburg Funds (Prev): \$	0.00
Ending Balance: \$	224,329.31	Amount Requested: \$	0.00
Spending Status		Previous 5-Year Agreement	
Current Balance: \$	234,358.53	"Old Money" Balance: \$	142,674.92
Committed Remaining: \$	72,199.50	Currently Spent: \$	0.00
Uncommitted Balance: \$	162,159.03	Balance Remaining: \$	142,674.92

Question: How will allocations change next year for eligible counties?

- Unknown, many influencing factors:
 - **DnG Only:** Unpaved Road Assessments
 - **DnG Only:** FY 2019-20 is year two of a three year phase-in of DnG allocation formula change
 - **DnG and LVR:** How many counties will have reduced or no allocation for FY 2019-20?

Please keep your GIS up to date:

- Quarterly Report Due 4/15
- Keep up to date with contracts and payments
- SCC / CDGRS monitoring regularly to help CDs

- Contact Roy, Justin, or Ken with inquiries about your individual CD status