Clean Water Board State Fiscal Year 2024 Clean Water Budget Overview

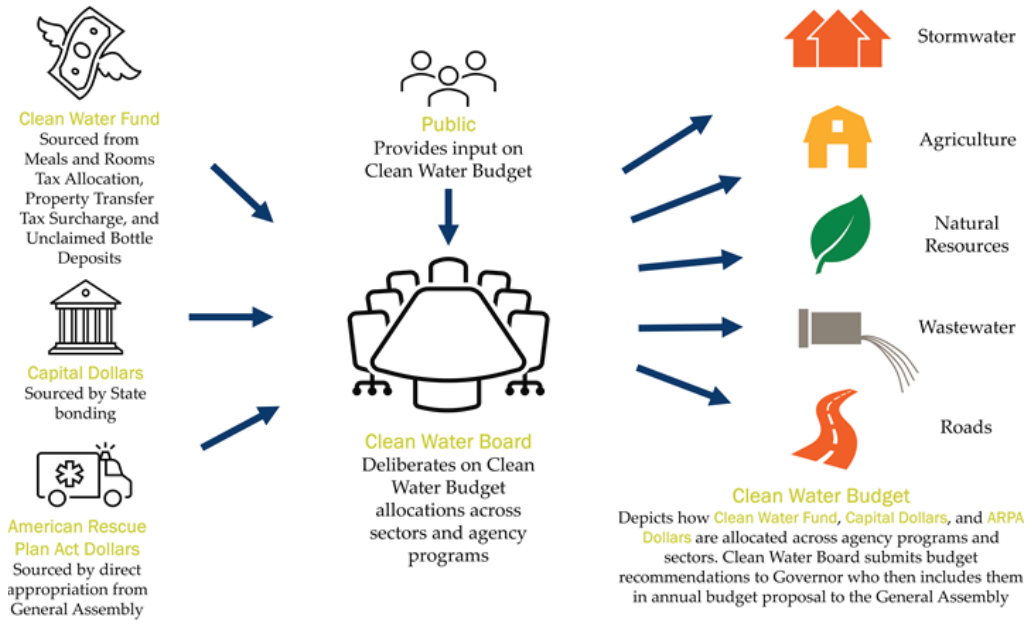
Introduction and Background

Clean Water Budget Process

Vermont's clean water funding helps municipalities, farmers, and others implement projects that will reduce pollution washing into Vermont's waters. The Clean Water Board recommends the annual Clean Water Budget, with representation from five state agency secretaries and four members of the public appointed by the Governor.

Vermont's Clean Water Board invites the public to weigh in, annually, on how they would like to see clean water funding put to use to clean up water pollution across the state, as summarized in the figure below. Public input helps the Board prioritize funding for projects that improve water quality in Vermont's lakes, streams, and wetlands. The State Fiscal Year 2024 Clean Water Budget process is summarized in the figure to the right.

Visit the Clean Water Board webpage for more information on how to participate at: https://dec.vermont.gov/water-investment/cwi/board/.



Clean Water Projects Apply Across all Land Uses

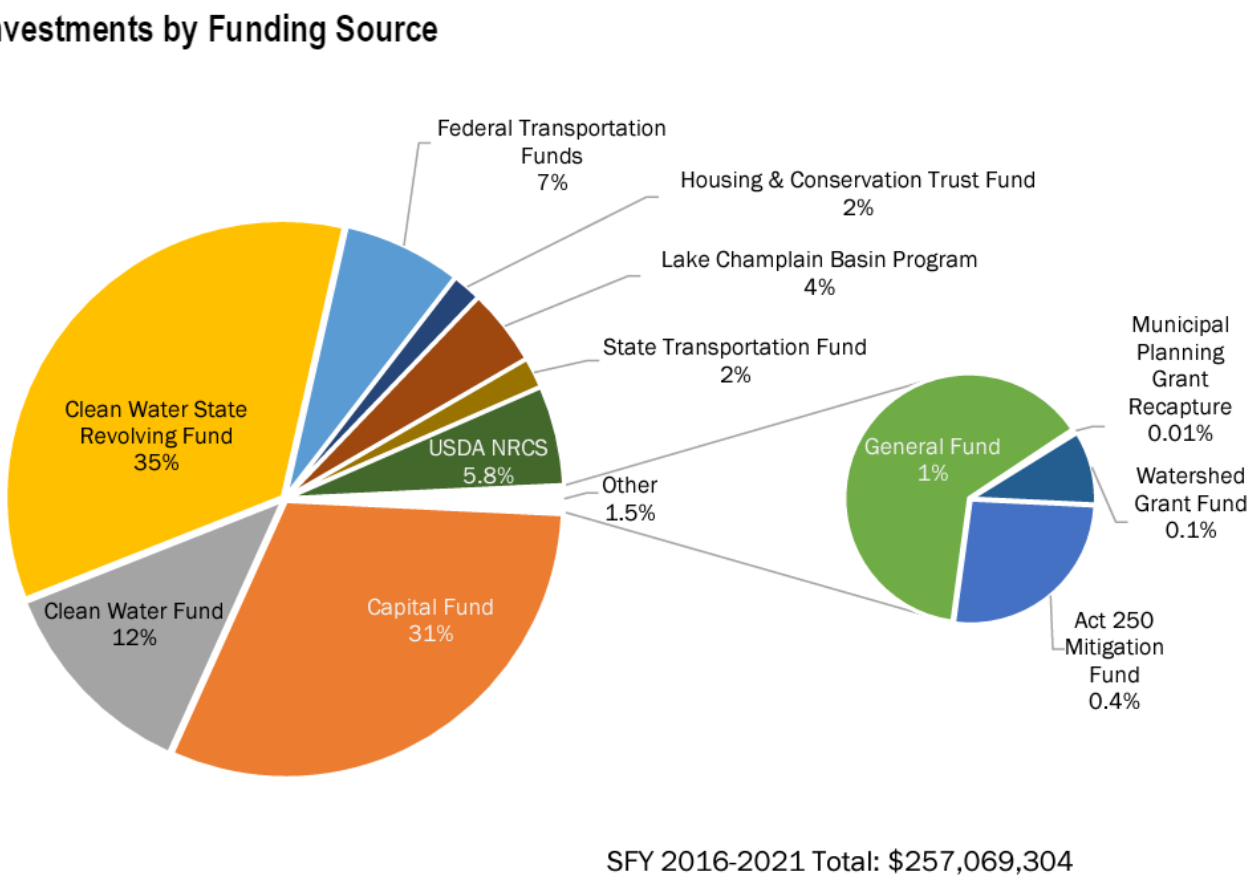
The Clean Water Budget supports efforts to reduce pollution across all land use sectors—all land use sectors contribute to Vermont's water quality challenges and all sectors have opportunities for improvement. Below is a description of the land uses that impact clean water, the types of projects that this budget supports, and the additional benefits of supporting clean water projects for that land use.

Land Use	Clean Water Project Objectives and Example Project Images		Additional Benefits
AGRICULTURE	Addresses runoff and soil erosion from farm production areas and farm fields		• Supports Clean Water Act compliance • More cost-effective • Leverages federal funds • Supports agricultural economy
DEVELOPED LANDS	Addresses stormwater runoff from developed lands, such as parking lots, sidewalks, and rooftops		• Supports Clean Water Act compliance • Increases flood resilience • May enhance aesthetic appeal
NATURAL RESOURCES	Restores functions of "natural infrastructure"—river channels, floodplains, lakeshores, and wetlands		• Supports Clean Water Act compliance • More cost-effective • Increases flood resilience • Improves habitat • Enhances recreation
ROADS	Addresses stormwater runoff from roads		• Supports Clean Water Act compliance • More cost-effective • Increases flood resilience • Leverages federal funds • Reduces future road maintenance costs
WASTEWATER	Decreases nutrients (phosphorus and nitrogen) through enhanced wastewater treament and addresses aging infrastructure		• Protects public health and safety • Supports Clean Water Act compliance • Leverages federal funds

The Clean Water Budget Complements Several Funding Sources

The Clean Water Budget is not the only source of support for clean water projects. The following image, from the *Vermont Clean Water Initiative 2021 Performance Report,* shows how from 2016 through 2021 the Clean Water Budget (Capital Bill and Clean Water Fund dollars) accounted for less than half of all state-administered funds contributing to improving Vermont's water quality. These funds complement and leverage other funding sources to support clean water efforts statewide.

Visit the Clean Water Projects webpage to view the latest *Vermont Clean Water Initiative Annual Performance Report* and access the Clean Water Portal to learn more about investments in and results of state-funded clean water projects, at: https://dec.vermont.gov/water-investment/cwi/projects.

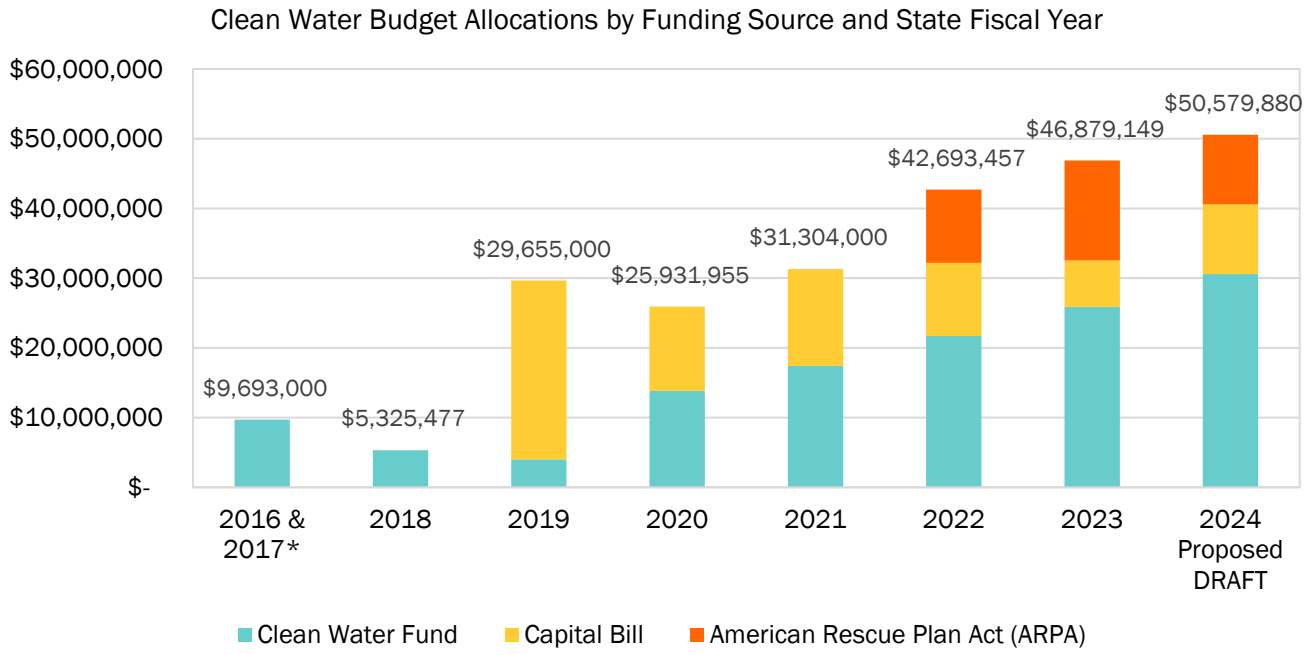


The figure above shows the proportion of dollars awarded to clean water projects through State of Vermont agencies from State Fiscal Year 2016 through 2021 by funding or financing source (from Figure 10, page 16 of the *Vermont Clean Water Initiative 2021 Performance Report*).[1]

Clean Water Budget Growth Over Time

The following figure below shows the ramping up of the Clean Water Budget, recommended by the Clean Water Board, since its inception in State Fiscal Year (SFY) 2016, to align with long term clean water funding needs. The State Fiscal Year (SFY) 2024 Clean Water Budget is estimated to be roughly $50.6 million. This represents an increase compared to prior year budget levels, in part due to leveraging of federal American Rescue Plan Act (ARPA) dollars beginning in SFY 2022, and in part due to increase in Clean Water Fund revenue.

[1] Investments reported include state and federal dollars awarded to projects by state agencies, but exclude federal funds awarded directly by federal agencies and the Lake Champlain Basin Program.



*Note that SFY 2016 and 2017 funds were programmed together.

State Fiscal Year 2024 Clean Water Budget Overview

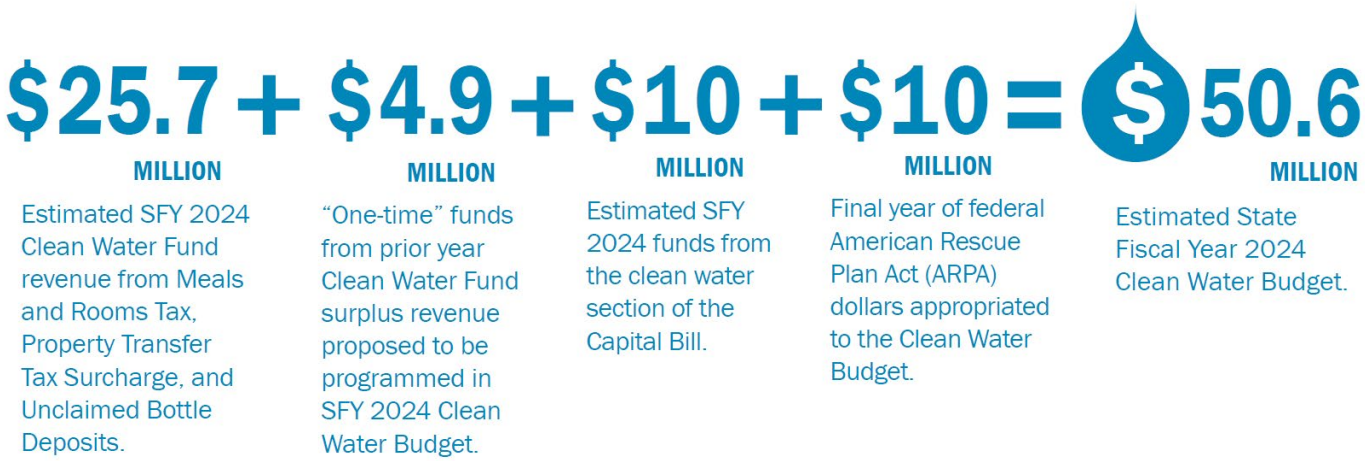
This State Fiscal Year 2024 Clean Water Budget Overview contains the following information:

- SFY 2024 Clean Water Budget total targets by funding source;
- The final proposed SFY 2024 Clean Water Budget sheet;
- Summary of budget drafting approach for State Fiscal Year 2024; and
- Final proposed SFY 2024 Clean Water Budget line-item descriptions of each budget program/activity.

Please visit the Clean Water Board's webpage where additional educational materials will be posted at the launch of the SFY 2024 Clean Water Budget public comment period, including contents of this document displayed in a Story Map format and the recording and slides of the SFY 2024 Clean Water Budget presentation by agency staff.

State Fiscal Year (SFY) 2024 Clean Water Budget Totals by Funding Source

The State Fiscal Year (SFY) 2024 Clean Water Budget totals approximately $50.6 million, made up of roughly $25.7 million in forecasted SFY 2024 Clean Water Fund revenue, $4.9 million in "one-time" surplus prior year Clean Water Fund revenue, $10 million from the clean water section of the Capital Bill, and the final year of $10 million in federal American Rescue Plan Act (ARPA) dollars. The final proposed SFY 2024 Clean Water Budget sheet on Page 6 shows the final proposed allocation of funds across programs/activities and funding sources.



Clean Water Board's Final Proposed SFY 2024 Clean Water Budget Recommendation

			SFY24 BASE FUNDS			SFY24 ONE-TIME FUNDS			
No.	Agency	Activity	Base Clean Water Fund	Base Capital Bill	Subtotal Base Funds	One-Time Clean Water Fund	American Rescue Plan Act (ARPA)**	Subtotal One-Time Funds	Total SFY24
Clean Water Budget Statutory Priority Tier 1 (Items of Equal Priority)									
1.1	ANR-DEC (CWIP)	Water Quality Restoration Formula Grants to Clean Water Service Providers & O&M	7,210,000		7,210,000	1,150,000		1,150,000	8,360,000
1.2	ANR-DEC (CWIP)	Basin Planning, Basin Water Quality Council Participation, Education, and Outreach	650,000		650,000			-	650,000
1.3	*Water Quality Enhancement Grants*								
1.31	ANR-DEC (CWIP)	Statewide Non-regulatory Clean Water Projects	5,000,000		5,000,000			-	5,000,000
1.32	VHCB	Land Conservation and Water Quality Projects		2,000,000	2,000,000			-	2,000,000
1.4	AAFM	Water Quality Grants to Partners and Farmers	5,818,630	2,202,019	8,020,649		3,000,000	3,000,000	11,020,649
1.5	*Agency and Partner Operating Support*								
1.51	AAFM	Program Support	866,250		866,250			-	866,250
1.52	ANR-DEC (CWIP)	Program and Partner Support	953,750		953,750	401,250		401,250	1,355,000
Tier 1 SUBTOTAL			**20,498,630**	**4,202,019**	**24,700,649**	**1,551,250**	**3,000,000**	**4,551,250**	**29,251,899**
Tier 1 % of Total			**80%**	**42%**	**63%**				**60%**
Clean Water Budget Statutory Priority Tier 2 (Items of Equal Priority)									
2.1	*Outreach and Implementation of Forestry Acceptable Management Practices for Maintaining Water Quality*								
2.11	ANR-FPR	Forestry Water Quality Practices and Portable Skidder Bridges	110,000		110,000			-	110,000
2.12	ANR-FPR	Implement BMPs at State Forests, Parks, and Recreational Access Roads		550,000	550,000			-	550,000
2.2	*Municipal Stormwater Implementation*								
2.21	VTrans	Municipal Roads Grants-in-Aid (MRGP)	3,000,000		3,000,000			-	3,000,000
2.22	VTrans	Municipal Better Roads (MRGP)	1,000,000		1,000,000			-	1,000,000
2.23	VTrans	Missisquoi Bay Federal Earmark (Non-Federal Match)*			-	1,000,000		1,000,000	1,000,000
2.24	ANR-DEC (CWIP)	Municipal Three-Acre General Permit and MS4	1,000,000		1,000,000		7,000,000	7,000,000	8,000,000
2.3	VHCB	Water Quality Farm Improvement and Retirement Projects		800,000	800,000			-	800,000
2.4	ANR-DEC (CWIP)	Innovative or Alternative Technologies or Practices to Improve Water Quality			-	200,000		200,000	200,000
Tier 2 SUBTOTAL			**5,110,000**	**1,350,000**	**6,460,000**	**1,200,000**	**7,000,000**	**8,200,000**	**14,660,000**
Tier 2 % of Total			**20%**	**14%**	**18%**				**30%**
Clean Water Budget Statutory Priority Tier 3									
3.1	ANR-DEC (WIFP)	Developed Lands Implementation Grants							
Tier 3 SUBTOTAL					-			-	-
Tier 3 % of Total			**0%**	**0%**	**0%**				**0%**
Clean Water Budget Other Priorities									
4.1	ANR-DEC (Lakes)	Lakes in Crisis Fund	120,000		120,000			-	120,000
4.2	AoA	Stormwater Utility Payments ($25K each)			-	100,000		100,000	100,000
4.3	ACCD	Better Connections and Downtown Transportation Fund			-			-	-
	Capital Bill Priorities								
4.4	ANR-DEC (WIFP)	State Match to Clean Water State Revolving Fund (CWSRF) Federal Grant***		1,147,981	1,147,981			-	1,147,981
4.5	ANR-DEC (WIFP)	Municipal Pollution Control Grants		3,300,000	3,300,000			-	3,300,000
Other SUBTOTAL			**120,000**	**4,447,981**	**4,567,981**	**100,000**	-	**100,000**	**4,667,981**
Other % of Total			**0.5%**	**44%**	**13%**				**10%**
		Subtotal Requested for Appropriation/Allocation	**25,728,630**	**10,000,000**	**35,728,630**	**2,851,250**	**10,000,000**	**12,851,250**	**48,579,880**
		Subtotal Requested for Expenditure Contingency & Risk Reserve*				**2,000,000**		**2,000,000**	**2,000,000**
		Total Requested	**25,728,630**	**10,000,000**	**35,728,630**	**4,851,250**	**10,000,000**	**14,851,250**	**50,579,880**
		Anticipated SFY24 Clean Water Fund Revenue/Capital Bill & ARPA Budget Target	25,928,630	10,000,000	35,928,630		10,000,000		45,928,630
		Actual Unallocated/Unreserved Clean Water Fund Revenue at SFY22 Closeout				10,838,160			10,838,160
		Total Available	25,928,630	10,000,000	35,928,630	10,838,160	10,000,000	20,838,160	56,766,790
		Balance=Total Available-Total Requested****	200,000	-	200,000	5,986,910	-	5,986,910	6,186,910

Proposed SFY 2024 Clean Water Budget by Agency

	Agency	Base Clean Water Fund	Base Capital Bill	Subtotal Base Funds	One-Time Clean Water Fund	American Rescue Plan Act (ARPA)**	Subtotal One-Time Funds	Total SFY24
Proposed SFY24	AAFM	5,684,880	2,202,019	8,886,899	-	3,000,000	3,000,000	11,886,899
	ACCD	-	-	-	-	-	-	-
	ANR (DEC)	14,933,750	4,447,981	19,381,731	1,751,250	7,000,000	8,751,250	28,132,981
	ANR (FPR)	110,000	550,000	660,000	-	-	-	660,000
	AoA	-	-	-	100,000	-	100,000	100,000
	VHCB	-	2,800,000	2,800,000	-	-	-	2,800,000
	VTrans	4,000,000	-	4,000,000	1,000,000	-	1,000,000	5,000,000
	Expenditure Contingency & Risk Reserve	-	-	-	2,000,000	-	2,000,000	2,000,000
	Total SFY24 Requested	**25,728,630**	**10,000,000**	**35,728,630**	**4,851,250**	**10,000,000**	**14,851,250**	**50,579,880**
Projected SFY25	Anticipated SFY25 Clean Water Fund Revenue/Capital Bill Target	25,492,630	12,000,000	37,492,630		-	-	37,492,630
	Actual Unallocated/Unreserved Clean Water Fund Revenue at SFY22 Closeout Proposed to Program in SFY25			-	5,986,910		5,986,910	5,986,910
	Total Projected/Proposed SFY25	25,492,630	12,000,000	37,492,630	5,986,910	-	5,986,910	43,479,540

* Denotes new budget activity line item in SFY 2024

** ARPA-funded activities will be reviewed against addenda recently issued by Agency of Administration to bulletins governing state grants and contracts addressing ARPA-specific requirements and ARPA guidance from U.S. Treasury.

***Additional capital investment needed to leverage federal infrastructure investment beyond SFY 2024 Clean Water Budget:

Bipartisan Infrastructure Law (BIL) Clean Water State Revolving Fund (CWSRF) state match: $1,015,164

Supplemental Municipal Pollution Control Grants need: $16.7 million

**** Balance=Total Available-Total Requested. Reflects (a) one-time pause on Line 4.3 base funds and (b) remaining unallocated/unreserved revenue at SFY22 closeout proposed to program in SFY25 as "one-time" funds.

Summary of State Fiscal Year 2024 Budget Drafting Approach

The SFY 2024 Clean Water Budget was developed with the following considerations.

1. Initial budget targets (i.e., total amounts by funding source) were pulled from the following sources.

    a. SFY 2024 Clean Water Fund revenue projection was pulled from the August 2022 Clean Water Fund Operating Statement, which projects $25,928,630 in revenue.

    b. SFY 2024 Capital Bill appropriation was proposed at $10,000,000, which is on the lower range of the $10-12 million range per year target, factoring availability of American Rescue Plan Act (ARPA) dollars.

2. Base SFY 2024 funding allocations were proposed per line item based on ongoing Clean Water Fund revenue projections and Capital Bill allocations.

    a. Base funding levels were allocated with the goal of maintaining funding program stability, in-pace with long-term program growth/demands, where feasible, without relying on short-term influxes of revenue or federal dollars.

    b. Base funding levels are also critical to maintain the non-federal match necessary to leverage ongoing/core federal dollars. This includes the Department of Environmental Conservation's (DEC) match to the Lake Champlain Basin Program and the Clean Water State Revolving Loan Fund (CWSRF) federal grants and significant contribution to the U.S. Department of Agriculture-Natural Resources Conservation Service (USDA-NRCS) Regional Conservation Partnership Program (RCPP). This also includes Agency of Agriculture, Food and Market's (AAFM) match required to leverage USDA-NRCS federal funds.

3. Base SFY 2024 funding amounts were then parsed out by Clean Water Fund and Capital Bill sources using the following strategic approaches:

    a. Maximize use of Capital Bill dollars for capital-eligible activities (generally, design/engineering and construction for projects with minimum 10-year lifespan) and reserve Clean Water Fund dollars to support non-capital eligible activities (such as project identification and development efforts);

    b. Limit Capital Bill dollars to as few line items as possible for administrative purposes; and

    c. Reserve Clean Water Fund dollars for Clean Water Fund statutory priorities (10 V.S.A. § 1389).

4. Short-term influxes of revenue and federal funds were pulled from the following sources. Short-term influxes in funds are advised to be allocated as "one-time" funds. This approach is intended

to avoid scaling-up ongoing/long-term programs at an unsustainable rate that would later need to be contracted.

a. SFY 2024 ARPA appropriation from the Legislature for allocation by the Clean Water Board is $10 million. SFY 2024 is the last year of ARPA appropriations into the Clean Water Budget. As such, ARPA funds were effectively considered one-time funds in the SFY 2024 Clean Water Budget.

b. Clean Water Fund revenue, to be allocated as one-time funds, was pulled from the August 2022 Clean Water Fund Operating Statement's unallocated/unreserved total revenue at SFY 2022 closeout, totaling $10,838,160. This unallocated/unreserved revenue is mainly due to a notable increase in SFY 2022 actual revenue compared to forecasted revenue, likely a result of pent-up demand following the COVID-19 Pandemic.

    i. The August 2022 Operating Statement forecasts SFY 2023 revenue may also exceed prior forecasts and amounts appropriated in the SFY 2023 Clean Water Budget, which may result in additional unallocated/unreserved balances. However, it is not advised to allocate current fiscal year unallocated/unreserved balances, as there is still uncertainty in how revenue may track in the current fiscal year (July 1, 2022–June 30, 2023).

5. The SFY 2024 Clean Water Budget proposes allocating the $10.8 million in unallocated/unreserved revenue, identified at SFY 2022 closeout, across two state fiscal years, SFY 2024 and SFY 2025. Spreading surplus revenue across two state fiscal years will help provide stability during the anticipated contraction of the Clean Water Budget, resulting from: (1) sunsetting of $10 million per year in ARPA after SFY 2024 and (2) leveling and decrease of forecasted Clean Water Fund revenues in SFY 2024 and SFY 2025.

6. One-time funds were then allocated in separate columns from base funds in the proposed SFY 2024 Clean Water Budget, with the targeted goals to:

    a. Provide stability during the anticipated contraction of the Clean Water Budget in the next two state fiscal years;

    b. Fill discrete/short-term gaps, such as securing non-federal match to leverage short-term federal funding opportunities;

    c. Fill gaps while programs are ramping up capacity to access Bipartisan Infrastructure Law (BIL) and Clean Water State Revolving Fund (CWSRF) federal funding/financing; and

    d. Establish reserve funds and line items with an initial allocation that can be replenished on an as-needed basis. See budget drafting approach step #8 below for more information on reserve funds. See "Innovative or Alternative Technologies or Practices to Improve Water Quality" under Agency of Natural Resources's State Fiscal Year (SFY) 2024 Clean Water Budget Line-Item Descriptions for more information.

7. The funding prioritization approach, initially developed for State Fiscal Year 2023, was replicated in SFY 2024 with some modification, to meet the intent of the Clean Water Fund statutory priorities (10 V.S.A. § 1389). Roughly 60% of the total Clean Water Budget was allocated to Tier 1 initiatives, 30% to Tier 2 initiatives, and 10% to Tier 3 and "other" initiatives. The percent allocations change slightly based on funding source (Clean Water Fund, Capital Bill, and ARPA). For example, Clean Water Fund dollars were allocated in closest alignment with the statutory priorities, resulting in a breakdown of 80% of Clean Water Fund dollars allocated to Tier 1 initiatives, 20% to Tier 2 initiatives, and nearly 0% to Tier 3 and "other" initiatives. It should be noted that ARPA funds are only available SFY 2022-2024 and the breakdown of funds across budget priority tiers may need to be revisited in future years.

8. Finally, the SFY 2024 Clean Water Budget proposes an increase in funds allocated to the existing Contingency Reserve and a broadened scope of uses for the reserve funds, renaming it the "Expenditure Contingency and Risk Reserve."

    a. *Increase in Contingency Reserve Funds:* The existing Clean Water Fund Expenditure Contingency Plan sets up a cash reserve to guard the budget against downward swings in Clean Water Fund revenue. The Contingency Reserve was originally established at $0.5 million (at the time, this represented 10% of the Clean Water Fund's roughly $5 million annual revenue). In acknowledgement that Clean Water Fund annual revenue has grown to roughly $25 million, the SFY 2024 Clean Water Budget proposes to add $2 million in "one-time" funds to increase total Contingency Reserve to $2.5 million (10% of the Clean Water Fund's roughly $25 million annual revenue).

    b. *Broadened scope of Contingency Reserve uses:* The SFY 2024 Clean Water Budget proposes to broaden the intent of the Reserve to also serve as a "risk reserve" pursuant to Clean Water Service Provider Rule §39-306 (n). Funds from the risk reserve *may* be allocated to mitigate non-regulatory clean water project loss/failure, due to unforeseen circumstances or Acts of God, to restore project contributions toward pollution reduction targets. An updated Clean Water Fund Expenditure Contingency Plan will be presented to the Clean Water Board for its review/approval at the February 2023 Clean Water Board meeting prior to any allocation of funds for project loss/failure purposes.

    Dollars will remain in the Expenditure Contingency and Risk Reserve, unutilized, unless revenue shortfalls and/or project loss/failure triggers use of Reserve funds. In the event the Reserve is utilized, the Reserve balance will be replenished with revenue from the following state fiscal year.

State Fiscal Year (SFY) 2024 Clean Water Budget Line-Item Descriptions

Organized alphabetically by agency.

Agency of Administration (AoA)

Line 4.2: Stormwater Utility Payments

- This line item is no longer a statutory obligation and is not reflected as a tiered priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e).

The Clean Water Board has awarded monies to support the establishment and maintenance of stormwater utilities (up to $25,000 per year per municipality for five years). There are currently six municipalities that have established stormwater utilities: Williston, Colchester, South Burlington, St. Albans City, St. Albans Town, and Burlington. All stormwater utilities except St. Albans City and St. Albans Town have received five years of incentive payments as of SFY 2023. Therefore, the SFY 2024 budget proposes to continue to support St. Albans City for a final year, as well as to provide funds to St. Albans Town for three years (St. Albans Town Stormwater Utility was established in SFY 2022 so should have received payments in SFY 2022-2024). These funds are appropriated through the Agency of Administration.

Agency of Agriculture, Food and Markets (AAFM)

Line 1.4: Water Quality Grants to Partners and Farmers

- This line item and all associated funding initiatives reflects a Tier 1 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(1)(C). This line item is funded with Clean Water Fund, Capital Bill, and one-time ARPA federal dollars in SFY 2024.

Capital and ARPA Funds: AAFM provides grants and contracts for capital expenditures that include the installation of best management practices (BMPs) on farms in Vermont. BMPs are site-specific on-farm conservation practices implemented to address the potential for agricultural pollutants to enter the waters of the state. Below is a summary of the programs connected with the Capital and ARPA Funds for this line item.

  - Best Management Practices (BMP) Program, 6 V.S.A. §§ 4820 – 4826. Eligible practices may include manure and agricultural waste storage facilities, composting stack pads, silage leachate collection, laneway development & stream crossings, and clean water diversions.

  - Conservation Reserve Enhancement Program (CREP), 6 V.S.A. § 4829. The program funds 15 to 30-year term water quality agreements to install perennial grass or woody vegetation within buffers. This program receives a 4:1 federal to state program match.

- Grassed Waterway and Filter Strip (GWFS) Program, 6 V.S.A. § 44831. The GWFS Program can provide technical and financial assistance to Vermont farmers for in-field agronomic best practices to address critical source areas, erosion, and surface runoff. Eligible practices include establishment of grassed waterways, filter strips, and critical source field area seedings that will remain established for 10 years.

- Capital Equipment Assistance Program, 6 V.S.A. § 4828. Financial assistance is available for new or innovative equipment that will aid in the reduction of surface runoff of agricultural wastes to state waters, improve water quality of state waters, reduce odors from manure application, separate phosphorus from manure, decrease greenhouse gas emissions, and reduce costs to farmers.

- Agricultural Environmental Management (AEM) Program, 6 V.S.A. 4830. The AEM Program is established to provide farms of Vermont with state financial assistance to alternatively manage their farmstead, cropland, and pasture in a manner that will address identified water quality concerns that, traditionally, would have been wholly or partially addressed through federal, state, and landowner investments in BMP infrastructure, in agronomic practices, or both.

Clean Water Funds: AAFM administers grants and contracts that are supported with non-capital Clean Water Funds under the following programs:

- Farm Agronomic Practices (FAP) Program, 6 V.S.A. § 4832. The FAP Program utilizes state funding to help Vermont farms implement soil-based agronomic practices that improve soil quality and health, increase crop production, and reduce erosion and agricultural waste discharges. The FAP Program also provides education and instructional activity grants to support outreach regarding current state agricultural water quality regulations and the impacts of agricultural practices on water quality. Eligible practices include cover cropping, crop to hay rotation, crop to hay rotation with nurse crop, conservation tillage, no till pasture and hayland renovation, rotational grazing, manure injection, and educational or instructional activities.

- The Agricultural Clean Water Initiative Program (Ag-CWIP) is AAFM's grant funding program made possible by the Clean Water Fund, created by Act 64 of 2015 (i.e., the Vermont Clean Water Act). Funding is awarded to a wide variety of partner organizations through various grant opportunities such as Education and Outreach, Technical Assistance, Organizational Development, Farm Conservation Practice Surveys, Innovative Nutrient Reduction activities and more. This funding develops and supports the continual improvement of water quality across the State of Vermont by supporting local and regional organizations to provide farmers with education and outreach, technical assistance, identifying and implementing BMPs, conservation planning, and more.

- Agronomy and Conservation Assistance Program (ACAP). Support for the ACAP service agreements to continue delivering agronomic (field-based) technical support to farmers in the Lake Champlain Basin, in coordination with federal and state agencies.

Line 1.51: Program Support

- This line item is a statutory obligation and is reflected as a tiered priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(C). This line item funds operating activities that are foundational to supporting the structure and function of the Clean Water Fund and program obligations under Act 76 of 2019 and Act 64 of 2015.

This line item supports a portion of the Water Quality Program staff and operating costs from the Clean Water Fund. The necessary increase in staffing occurred as part of the Vermont Clean Water Act development process and allows the AAFM to meet the *Phosphorus Total Maximum Daily Loads for Vermont Segments of Lake Champlain* (i.e., Lake Champlain TMDLs) and statewide on farm inspection and technical assistance goals for achieving water quality improvements.

Agency of Commerce and Community Development (ACCD)

Line 4.3: Better Connections (Stormwater Planning) and Downtown Transportation Fund

- This line item is not a statutory obligation and is not reflected as a tiered priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e).

Better Connections is an award-winning interagency grant program (VTrans, ACCD, ANR, Vermont Department of Health) that supports the implementation of local projects to increase local transportation options, build resilience, and revitalize communities. Funding will help municipalities incorporate stormwater management strategies into downtown and village center transportation and community revitalization plans. In partnership with VTrans, the Downtown Transportation Fund will help municipalities incorporate stormwater BMPs into infrastructure improvement projects that make Vermont's downtown areas more pedestrian, bike, and transit friendly. Due to availability of prior year leftover funds, the SFY 2024 Clean Water Budget proposes a temporary pause on funding for this line item, which will be re-evaluated in SFY 2025.

Agency of Natural Resources (ANR)

Line 1.1: Water Quality Restoration Formula Grants to Clean Water Service Providers & Operation and Maintenance (O&M)

- This line item reflects a Tier 1 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(1)(A) and (B).

The Secretary shall administer a Water Quality Restoration Formula Grant Program to award grants to Clean Water Service Providers (CWSPs) to meet the pollutant reduction requirements under 10 V.S.A. § 921-923. The grant amount shall be based on the annual pollutant reduction goal established for the CWSP multiplied by the standard cost for pollutant reduction including the costs of

administration and reporting. The standard cost shall include the costs of project identification, project design, and project construction. Additionally, in making recommendations regarding the appropriate allocation of funds from the Clean Water Fund, the Board is directed to prioritize grants to CWSPs to fund the reasonable costs associated with the inspection, verification, operation, and maintenance of clean water projects in a basin, to ensure installed practices continue to realize their phosphorus reduction potential for expected design life. Eligible non-regulatory clean water project types that can be funded under Formula Grants will be described in the ANR-DEC Clean Water Initiative Program's (CWIP) Funding Policy Guidance. This includes projects across a range of sectors including floodplain and stream restoration, buffer plantings, stormwater management improvements, wetlands restoration, and lake shoreline restoration. CWSPs and their Basin Water Quality Councils will be responsible for determining how Formula Grant allocations are awarded at the project-level, within their respective basins, using state-derived Guidance. Formula Grants will be administered by the ANR-DEC CWIP with technical project management assistance from the ANR-DEC Watershed Planning Program. For more information, visit the DEC's Clean Water Service Delivery Act webpage.

The following summarizes how line-item funds are allocated across and within each program area.

- For State Fiscal Year 2024, the ANR-DEC CWIP proposes combining Water Quality Restoration Formula Grant funds with O&M funds in a single line item to allow for the flexibility to assign funds where they are most needed when SFY 2024 Formula Grant agreements are developed. The ANR-DEC CWIP will maintain the ability to track the expenditure of funds on project installation versus O&M.
- Water Quality Restoration Formula Grants are allocated based on the Water Quality Restoration Formula Grant Targets and Fund Allocation Methodology, available here, with phosphorus reduction targets and budgets scaled down to available funds and partner capacity. The Methodology will be refined on an as needed basis. Total Formula Grant estimated need based on targets will be further refined in future budget cycles, pending results from additional planning and analytical tools, currently under development.
- Additional SFY 2024 "one-time" funds are allocated to Water Quality Restoration Formula Grants, in the amount of $950,000 to increase the minimum Formula Grant award to $700,000 for three smaller basins (Northern Lake Champlain, Lamoille, and Memphremagog). This is the threshold determined necessary to maintain full CWSP operations. This adjusted threshold results in the acceleration of phosphorus reduction target attainment for these three basins.
- The Water Quality Restoration Formula Grant budget line item contains $210,000 in "base" funds for O&M with an additional contribution of $200,000 in SFY 2024 "one-time" funds. ANR-DEC will continue to work with O&M partners to improve O&M cost predictions and establish quantitative budget targets in future years. O&M funding needs are expected to increase over time as more projects reach installation.
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Line 1.2: Basin Planning, Basin Water Quality Council Participation, Education, and Outreach

- This line item reflects a Tier 1 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(1)(E).

This line item supports partners' participation and outreach throughout the Tactical Basin Planning process and Basin Water Quality Council participation, pursuant to 10 V.S.A. § 1253(d)(3). Funding shall be at least $500,000. Eligible tactical basin planning activities are prescribed in 10 V.S.A. § 1253(d)(3). Funds are provided in the form of annual contracts to eligible basin planning partner entities defined in statute. Eligible tasks include assisting the tactical basin planning process through regional coordination, technical support and outreach, participation in Water Quality Restoration Formula Grants' Basin Water Quality Councils, water quality monitoring, and municipal bylaw updates identified as priorities in tactical basin plans. Basin planning contracts will be administered by the ANR-DEC CWIP with technical project management assistance from the ANR-DEC Watershed Planning Program.[2]

Line 1.31: Water Quality Enhancement Grants—Statewide Non-regulatory Clean Water Projects

- This line item reflects a Tier 1 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(1)(D) and is designed to meet the statutory intent of 10 V.S.A. § 926.

ANR-DEC CWIP's "Water Quality Enhancement Grants—Statewide Non-regulatory Clean Water Projects" line item, funded with Clean Water Funds, will fulfill the Water Quality Enhancement Grant Program established in statute to protect high quality waters, maintain or improve water quality, restore degraded or stressed waters, create resilient watersheds and communities, and support the public's use and enjoyment of the State's waters. These grants will be administered by the ANR-DEC CWIP with technical project management assistance from staff in the Watershed Planning Program and Watershed Management Division.

The ANR-DEC CWIP will achieve the statutory intent of the Water Quality Enhancement Grant Program through a series of sub-initiatives as outlined in the annual CWIP Spending Plan. For State Fiscal Year 2024 these sub-initiatives will likely include dam removal design and implementation; clean water project development, design, and implementation; riparian buffer plantings; river corridor easements; wetlands easement incentive payments; and assessments for clean water project identification. Enhancement grants offered under this line item may vary in structure between grants

[2] Point of clarification for SFY 2023 Clean Water Budget: In SFY 2023 an additional $50,000 were added, in response to public comment. The rationale for the increase was to fill a gap in compensation for the two municipal representatives and one land conservation organization representative on the Water Quality Restoration Formula Grants' Basin Water Quality Councils (BWQCs). However, this compensation gap is now covered under the Water Quality Restoration Formula Grants administrative costs based on feedback from Clean Water Service Providers that this approach would be less administratively burdensome. The $50,000 increase was reallocated to meet other priority tactical basin planning statutory partners' capacity needs, consistent with the "Basin Planning, Basin Water Quality Council Participation, Education, and Outreach" eligible activities described above.

or contracts depending on the scope of work. Some funds may be administered through a block grant structure. The intent is to support the full life cycle of projects from identification to development through implementation.

Since September 2021, the ANR-DEC CWIP has engaged with internal and external stakeholders to further define this grant program's scope and eligible project types to fulfill the statutory intent, while avoiding duplication/overlap with other Clean Water Budget line items.

The Water Quality Enhancement Grants must be at a funding level of at least 20 percent of the annual balance of the Clean Water Fund, provided that the maximum amount recommended shall not exceed $ 5,000,000. The Clean Water Board's proposed SFY 2024 Clean Water Budget funds this grant category at the full $5,000,000 maximum from the Clean Water Fund.

Line 1.52: Program and Partner Support

- This line item supports program and partner work that directly supports statutory obligations and Tier 1 priorities for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e).

Line item includes all initiatives under the ANR-DEC CWIP that are foundational to supporting the structure and function of the Clean Water Fund and program obligations under Act 76 of 2019 and Act 64 of 2015. Base Clean Water Fund budget levels reflect on-going needs. The SFY 2024 one-time Clean Water Funds are earmarked to boost short term investments in clean water partner capacity. The initiatives listed below are all pre-existing from either SFY 2022 or SFY 2023.

- Supports development of nutrient pollutant reduction target setting and project tracking and accounting, as well as other requirements associated with developing and implementing programs in Act 76 of 2019. Includes site hosting and data management tools that support river, floodplain, and wetland restoration project identification and prioritization, and estimate projects' phosphorus reductions.

- Supports unmet organizational capacity and training needs for partners to ensure a strong partnership network to deliver high quality and high priority clean water projects.

- Supports lab analytical and testing expenses to process water quality samples collected by partners as well as other collaborative, targeted water quality monitoring efforts.

- Supports ANR-DEC's program capacity to administer grants and contracts.

- Funds an entity to develop and implement a plan to provide education, outreach, and technical assistance to Wastewater Treatment Facility (WWTF) operators subject to major nutrient Total Maximum Daily Loads (TMDLs) (e.g., Long Island Sound Nitrogen TMDL and Lake Champlain Phosphorus TMDLs).

- Supports ANR-DEC match requirement to federal AmeriCorps grant by directly funding the time of Eco AmeriCorps members who are assigned to organizations that implement clean water projects.

- Supports co-leveraged capacity with partner organizations to assist ANR-DEC in providing technical assistance to project proponents on advancing and maintaining clean water projects.

Line 2.11: Forestry Water Quality Practices and Portable Skidder Bridges

- This line item reflects a Tier 2 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(2)(B).

This line item supports the Department of Forests, Parks and Recreation (FPR) in providing financial, technical, and educational assistance to support water quality best management practices (BMPs) on forestlands. This includes approximately $60,000 to support FPR's personnel capacity to enhance implementation of Acceptable Management Practices (AMPs) for Maintaining Water Quality on Logging Jobs on private and public lands through direct assistance to service providers, foresters, and loggers. A portion of the funds (approximately $50,000) are offered in direct grants to loggers to reimburse a portion of the cost of skidder bridges (per 2017 Act 75, 10 V.S.A. § 2622a). Portable skidder bridges prevent erosion and runoff at stream crossings on logging jobs.

Line 2.12: Implement Best Management Practices (BMPs) at State Forests, Parks, and Recreational Access Roads

- Funded from the Capital Bill, this line item reflects a Tier 2 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(2)(B).

This line item funds planning/design and implementation of road and trail BMPs to reduce erosion and nutrient and sediment pollution on ANR's road and trail networks, including State Forests, Wildlife Management Areas, State Parks, and recreational access points. Road and trail segments are identified and prioritized for BMP implementation using a modified Municipal Roads General Permit (MRGP) inventory methodology, a field application for data collection, and a companion database to gather and store data (inventory work is funded with prior year Clean Water Fund dollars). BMPs implemented under this line item bring whole road segments up to standards for water quality improvement, defined in the inventory methodology. In addition to benefiting water quality, these projects offer multiple benefits for improving public access to state lands. The slight decrease in this line item in SFY 2024 is reflective of prior year leftover funds, as FPR is building its capacity to efficiently deliver these projects (for context, this line item has received $3.65 million total SFY 2021-2023 Clean Water Budgets). This line item contains funding (approximately $150,000) for State Lands Foresters working directly on project planning/design and implementation.

Line 2.24: Municipal Three-Acre General Permit and MS4

- This line item reflects a Tier 2 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(2)(C). This line item is also funded with ARPA federal dollars in SFY 2024.

This is one of four programs proposed to support the Municipal Stormwater Implementation Grant initiative as outlined in 10 V.S.A. § 928. This line item includes two spending initiatives to be managed by the ANR-DEC CWIP to assist municipal entities in addressing regulatory obligations as follows:

- Municipal Separate Storm Sewer System (MS4) Permit Formula Grant: This Formula Grant program, to be designed and managed by the ANR-DEC CWIP, will assist MS4 communities with developing and implementing clean water projects to comply with MS4 permit obligations to implement Flow Restoration Plans and Phosphorus Control Plans. Eligible project types include those identified within MS4s' approved Flow Restoration Plans or Phosphorus Control Plans that meet the other eligibility requirements of the CWIP Funding Policy.

- Green Schools Initiative: This initiative includes passthrough funds to entities to assist public schools in Lake Champlain and Memphremagog basins in obtaining and complying with the Three-Acre General Permit (design, permitting, construction). Co-funded with Lake Champlain Basin Program federal funds administered by the ANR-DEC CWIP.

Line 2.4: Innovative or Alternative technologies or practices to improve water quality

- This line item reflects a Tier 2 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(2)(D).

Provides "funding for innovative or alternative technologies or practices designed to improve water quality or reduce sources of pollution to surface waters." Most recently, the Clean Water Budget supported innovation through the Vermont Phosphorus Innovation Challenge. As the Vermont Phosphorus Innovative Challenge sunsets, this line item is proposed to be populated in SFY 2024 with "one-time" funds that will be replenished on an as-needed basis to serve as available match for applied innovative or alternative research in clean water work. Program will leverage the expertise of existing clean water research groups and consortia across the State. Administrative structure of this program is still to be determined.

In SFY 2024, this line item is anticipated to support a Vermont Lakes Alum Treatment Feasibility Study. Alum treatments are an option to mitigate internal and legacy phosphorus loading that is released within a lake or pond, which have the potential to mitigate cyanobacteria and algae blooms. Alum treatments should only be applied in cases where phosphorus sources from the surrounding landscape/watershed have been sufficiently mitigated, for an investment in alum to be cost effective and endure long term. This will largely focus on Lake Carmi but, pending projected expenses, may extend applicability to other Vermont lakes.

While this line item makes an explicit investment in research related to innovative or alternative technologies or practices, innovation also is integrated throughout many of the Clean Water Budget-supported programs/activities. Please see the October 18, 2022 Clean Water Board meeting materials, posted on the Clean Water Board meetings webpage, for a summary of examples of ongoing/existing innovative or alternative work supported by the Clean Water Budget.

Line 3.1: Developed Lands Implementation Grant

- This line item reflects a Tier 3 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(3).

The Secretary shall administer a Developed Lands Implementation Grant Program to provide grants or financing to persons who are required to obtain a permit to implement regulatory requirements that are necessary to achieve water quality standards. Program shall be administered by the Water Infrastructure Financing Program. Program will support Three-Acre General Permit obtainment and compliance through design and implementation. This program is eligible for and is currently funded with approximately $30 million in American Rescue Plan Act (ARPA) dollars directly appropriated to the Agency of Natural Resources Water Infrastructure Financing Program outside of the Clean Water Budget. As such, to relieve pressure on the Clean Water Fund, the SFY 2024 Clean Water Budget proposes no additional funds to this program.

Line 4.1: Lakes in Crisis Fund

- This line item is a statutory obligation but not reflected as a tiered priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e).

Line item reflects the Agency of Natural Resources' recommended annual budget for the fund pursuant to 10 V.S.A. § 1314 (b). Currently only one lake, Lake Carmi, is designated as a Lake in Crisis. In addition to the Lakes in Crisis Fund, ANR and AAFM use other grant programs to support phosphorus mitigation in the Lake Carmi watershed. The *Lake Carmi Crisis Response Plan*, the *Lake Carmi 2022 Progress Report*, and other resources are available at the Restoring Lake Carmi webpage. Funds are managed by the DEC's Lakes and Ponds Program within the Watershed Management Division. Eligible practices and projects are determined by the Lakes and Pond Program, in consultation with statute and with annual budget review by the Legislature. Lakes in Crisis Funds may be used to implement the Crisis Response Plan and/or a Lakes in Crisis Order. Currently, Lakes in Crisis Funds are used to implement the Crisis Response Plan, with local match incentivized. In the event the Funds were used to support implementation of a Lakes in Crisis Order, pursuant to 10 V.S.A. § 1313, the entity subject to the Order shall pay at least 35 percent of the total eligible project cost or shall pay the specific cost share authorized by statute for the program from which the grant is awarded. Funds awarded externally are provided as a mix of grants and contracts depending on the scope of work. The SFY 2024 budget reflects increased spending to support Lake Carmi water quality monitoring activities and Lake Carmi aerator operating and monitoring expenses.

Line 4.4: State Match to Clean Water State Revolving Fund Federal Grant

- This line item is not reflected as a tiered priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e) but is critical towards leveraging federal funding into the CWSRF.

The Clean Water State Revolving Fund (CWSRF) provides low-interest loans for municipal and private entity stormwater, wastewater, and natural resources projects. Vermont provides a 20% match to draw down federal funds. All the 20% state match funds, federal funds, and repayment funds, minus administrative expenses are used to provide loans for a wide range of water-quality projects that includes combined sewer overflow abatement (CSO), plant refurbishment, plant upgrades, sludge and septage improvements, sewer line replacement and extension, pump station upgrades, plant enlargements, stormwater improvements, and municipally sponsored private wastewater disposal systems. The interest rate/administrative fee on loans to private entities will be slightly higher than rates to municipalities, and these revenues will be used to offset reduced rates on loans to municipalities that promote natural resources projects. By statute, municipal projects always have priority over loans to private entities. Program is administered by the Water Infrastructure Financing Program.[3]

Line 4.5: Municipal Pollution Control Grants

- This line item is not reflected as a tiered priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e) but the Legislature has adopted a priority system for Municipal Pollution Control Grants, found in 10 V.S.A. § 1626b(c) and § 1628, and the Department of Environmental Conservation Chapter 2 – Municipal Pollution Control Priority System Rule, adopted December 2017.

In addition to low-interest loans through the Clean Water State Revolving Loan Fund (CWSRF), some municipal clean water projects are eligible for Municipal Pollution Control Grants in SFY 2024 for up to 35% of the project cost. The source of funding for municipal pollution control grants is the Capital Bill. These grants are for municipalities only. This grant program is administered by the Water Infrastructure Financing Program. Eligible project types focus on management of stormwater, sewage, or waste, including improvements to a wastewater treatment facility, combined sewer separation facilities, an indirect discharge system, a wastewater system, flood resiliency work related to a structural facility, or a groundwater protection project.[4]

[3] Beyond the scope of the SFY 2024 Clean Water Budget, additional capital investment is required to secure state match for the Bipartisan Infrastructure Law (BIL) federal award, which will be awarded in the form of CWSRF loan subsidy. This additional capital investment is proposed to be covered from a separate section of the Capital Bill to relieve pressures on the clean water section of the Capital Bill in the SFY 2024 Clean Water Budget.

[4] Beyond the scope of the SFY 2024 Clean Water Budget, additional capital investment is needed to meet the demand for municipal pollution control grants. This additional capital investment is proposed to be covered from a separate section of the Capital Bill to relieve pressures on the clean water section of the Capital Bill in the SFY 2024 Clean Water Budget.

Agency of Transportation (VTrans)

Line 2.21: Municipal Roads Grants-in-Aid

- This line item reflects a Tier 2 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(2)(C). This is one of two VTrans initiatives proposed to support the Municipal Stormwater Implementation Grant initiative as outlined in 10 V.S.A. § 928.

Provides financial assistance to municipalities to bring hydrologically connected municipal road segments into full compliance with the Municipal Roads General Permit. Funds are dispersed by formula to all participating municipalities based on hydrologically connected road miles. Practices eligible for funding under this program include drainage ditch installation and upgrades, turnouts, removal of high road shoulders, and stabilization of drainage culverts and catch basin outlets, and on Class 4 roads, stabilization of gully erosion.

  - SFY 2023 is the final year of funding for the Municipal Roads Grants-in-Aid complementary equipment purchase program, administered by ANR-DEC CWIP. In the future, VTrans may continue this equipment program as a sub-initiative of the Municipal Roads Grants-in-Aid line item, pending continued demand and capacity. It is unlikely this need will go into effect in SFY 2024, as the SFY 2023 funds are winding down, but may be re-instated in future years.

Line 2.22: Municipal Better Roads Program

- This line item reflects a Tier 2 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(2)(C). This is one of two VTrans initiatives proposed to support the Municipal Stormwater Implementation Grant initiative as outlined in 10 V.S.A. § 928.

Construction projects funded by grants to municipalities in the Better Roads Program are meant to be quick, low-cost projects that are easy to advance without all the requirements of federal funding. Example construction projects include ditching, check dams, slope stabilization, and structure/culvert upgrades. All Clean Water Funds awarded through the Better Roads Program will be used to bring hydrologically connected municipal road segments into full compliance with the Municipal Roads General Permit. Other funding sources may be used to support other types of construction projects through the Better Roads Program. In addition to the construction projects, which are funded in part by the Clean Water Fund and in part with funds appropriated through the Transportation Bill, VTrans also funds road erosion inventories through the Better Roads Program, as required by the Municipal Roads General Permit. Grant award lists going back to FY 2014 can be found here.

  - Beginning in SFY 2024, a small portion ($10,000) of VTrans' Better Roads funds may cover 50% of the Rivers and Roads Training Program. This training program assists municipalities and other land managers and project proponents on approaches that minimize hazards and conflicts between rivers and road infrastructure. The program is jointly delivered by VTrans and the ANR-DEC Rivers Program. The proposed $10,000 included in the Clean Water

Budget was previously covered by ANR-DEC CWIP's Program and Partner Support line item and was transferred annually from ANR-DEC to VTrans via Memorandum of Agreement. By directly appropriating the dollars to VTrans it eliminates an administrative step to transfer the funds from ANR-DEC to VTrans. Existing funds are in place to cover this training program through calendar year 2024. VTrans and DEC will evaluate whether additional funds are needed to sustain this program in the future. If these funds are not required for Rivers and Roads Training, VTrans will allocate them through the Better Roads Program.

Line 2.23: Missisquoi Bay Federal Funds (Non-Federal Match)

- This line item reflects a Tier 2 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(2)(C). This line item fits in Tier 2 because it complements VTrans' line items 2.21 and 2.22 that are in direct support of Municipal Roads General Permit implementation. This line item will support environmental mitigation activity, including pollution prevention and pollution abatement activities and mitigation to address stormwater management, control, and water pollution prevention or abatement related to highway construction or due to highway runoff.

This one-time allocation of State Clean Water Funds will serve as the non-federal match for federal funds through the Federal Highway Administration, designed to improve water quality in the Missisquoi Basin. The funds will support a suite of clean water projects in the Missisquoi Bay watershed area, that will be selected and vetted in collaboration with the Northwest Regional Planning Commission, ANR-DEC, and VTrans. Selected projects will be delivered as locally managed projects through the VTrans Municipal Assistance Program. Development (engineering and permitting) of the projects is expected to occur over the next 2-3 years with implementation of the projects occurring in the final year. This one-time allocation will provide the required 20% match over the course of each project's lifecycle.

Vermont Housing and Conservation Board (VHCB)

Line 1.42: Land Conservation and Water Quality Projects

- Funded from the Capital Bill, this line item complements the Water Quality Enhancement Grant Program and is therefore aligned with Tier 1 priorities for the Clean Water Fund.

Part of VHCB's core funding, this allocation is used for grants to eligible applicants (land trusts and other conservation non-profits, towns, certain state agencies) for conservation and water-quality related investments in fee lands and conservation easements. All grants will require perpetual conservation restrictions. Those with surface waters will include specific water quality-related easement provisions such as riparian buffers and wetland protection zones.

Line 2.3: Water Quality Farm Improvement and Retirement Projects

- Funded from the Capital Bill, this line item reflects a Tier 2 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(2)(E).

VHCB works closely with other partners – particularly AAFM and ANR – to identify agricultural land that is difficult to farm without adversely impacting water quality. These funds would allow VHCB to help fund the purchase and/or conservation of such properties with a goal of taking them all or mostly out of production. All grants will require perpetual conservation restrictions. VHCB also uses this funding to award grants to farmers for water quality-related capital improvements. Eligible projects include production area improvements, manure management projects, farm equipment, and pasture management. Grants typically help farmers pay for project components that state and federal grant programs cannot cover. In cases of significant hardship, the grants may assist farmers who are otherwise unable to fully meet the cost share requirements for priority AAFM BMP or U.S. Department of Agriculture Natural Resources Conservation Service projects.