

**The Vermont Clean Water Fund Board, Working Meeting**  
**Meeting Notes**  
**Thursday, June 23, 2016, 3:00-4:00**  
**National Life Davis Building – 5<sup>th</sup> Floor Board Room**

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**Board Members/Designees:**

- Diane Bothfeld, Deputy Secretary, Agency of Agriculture, Food and Markets (AAFM)
- Chris Cole, Secretary, Vermont Agency of Transportation (VTrans)
- Patricia Moulton, Secretary, Agency of Commerce and Community Development (ACCD)
- Alyssa Schuren, Commissioner, Vermont Department of Environmental Conservation (DEC)

**Other Attendees:**

- Emily Bird, Vermont Clean Water Initiative Program (CWIP), DEC
- Kari Dolan, CWIP, DEC
- Rebecca Ellis, Commissioners Office, DEC
- Joanna Pallito, Administration and Innovation Division (AID), DEC
- Marli Rupe, CWIP, DEC

**Clean Water Fund Revenue Receipts:**

- Agencies established new SFY16 targets for the Clean Water Fund (CWF) based on changes in revenue projections
- The CWF is currently on track to reach approximately \$4.6 million to allocate in SFY17
- The Board intentionally under-spent in SFY16 CWF dollars to allow transfer of dollars to SFY17

**Process for SFY18 Clean Water Fund Allocations:**

- Agency staff revised SFY18 CWF Budget Process to highlight, in yellow, opportunities for public engagement
- Also added CWF public feedback meetings, known as Clean Water Conversations, being held by CWIP Staff in partnership with regional planning commissions
- CWF Board has added a lot of process to allow for more public engagement
- Question raised on how the initial allocations are put together for the CWF; this is part of the process that is unknown to the public and stakeholders and recommended it would be helpful to clarify this part of the process for transparency purposes
  - Initial draft CWF allocations are drafted by the Clean Water Initiative Interagency Finance and Reporting Subcommittee between April and May
  - Agency staff have dialogue between agencies, as well as between Secretaries and technical staff to find a balance of the need between the four agencies
  - Allocations are recommended based on CWF target constraints and the CWF priorities; CWF priorities were established by the legislature through Act 64
  - These draft allocations are posted along with a survey, providing the opportunity for the public to provide input on their priorities
- Recommendation made to add a step to the process, before the CWF allocations are initially drafted, to request recommendations from the public on how the CWF should be allocated and consider those recommendations in developing the first draft of the CWF allocations; have heard feedback that the public wants the opportunity to provide input before any proposed allocations are drafted

- In addition to the updated CWF SFY18 Budget Process chart, CWIP Staff developed a factsheet on CWF opportunities for public participation; the factsheet includes information on the clean water conversation meetings, the two public notice and comment periods, and the CWF Board formal (quorum needed) and working meetings
- Question asked how the long term financing of the CWF process fits in with the current CWF budget process
  - The long term financing of the CWF process is a separate process from the current CWF budget process; noted that the process has been robust and the next step is to consider policy questions associated with potential funding sources (e.g., differences in cost share requirements for farmers versus businesses); these questions will be discussed with the Secretaries and the Office of the State Treasurer at the next meeting
  - As part of the long term financing of the CWF process, the Tax Department is conducting a modeling exercise to evaluate the different financing options, using the set of criteria that were presented to stakeholders and circulated for feedback
  - DEC is also working with the Tax Department on a Request for Information on different financing mechanisms and bonding to support the CWF
  - Commissioner Schuren suggested that once the Lake Champlain TMDL Phase I Implementation Plan meetings are scheduled, State Agencies could add onto those meetings follow-up discussions on long term financing of the CWF; ACCD should also be included on the public meetings

**Review of Materials for the 30-day Public Comment Period:**

- The CWF Budget Process involves a 30-day public notice and comment period, July 1-30, 2016;
  - DEC will post the CWF SFY18 proposed allocations, along with an online survey to collect public input on CWF priorities
  - In addition, DEC will post tables summarizing CWF supported projects, awarded to date with SFY16 and SFY17 CWF dollars, to share how CWF dollars have been allocated at the project-level; this will include a caveat that CWF SFY17 dollars have not been fully expended, as SFY17 will begin July 1<sup>st</sup>
    - DEC will hold a second grant round in the fall to award remaining SFY17 CWF dollars
    - AAFM is posting an RFP for projects to be funded with SFY17 dollars
    - ACCD funds have been allocated to the Lidar project
    - VTrans has awarded all SFY17 CWF dollars in their recent grant round
- Clarification was provided that the Interim CWF Expenditure Contingency Plan (attached) begins with SFY18 dollars; if the CWF is underperforming for SFY17, agencies will use SFY18 dollars to correct the balance; beginning with SFY18, the contingency plan holds 10% of CWF dollars in a rolling reserve so that agencies are not at risk of over-allocating or over-spending; the contingency plan also allows some flexibility so that if the CWF underperforms, the CWF Board does not need to repeat the whole allocation process over again
- DEC provided an overview of the CWF SFY18 Allocation Priorities
  - Since SFY16 and SFY17 a new CWF priority was added through the legislature to provide assistance for municipalities in establishing and operating stormwater utilities (see Priority H on Table 1)
  - Agriculture (AAFM)
    - Funding for BMPs and innovative and incentive based programs

- SFY18 allocations take out the base level operational staffing dollars, which will be covered through a fee adjustment; AAFM reported that all federal dollars in SFY16 were able to be allocated to farmers
- Agriculture (ANR)
  - Agronomy assistance and outreach outside the Lake Champlain Basin (there is a significant need in the Lake Memphremagog Basin)
- All Sectors (ANR)
  - Support to landowners, municipalities, farmers, and businesses through project identification and prioritization
  - Improved water quality monitoring, mapping, and tracking to evaluate effectiveness of implementation efforts
- Municipal Stormwater (ANR)
  - Supports municipal stormwater planning, project identification, and implementation, as well as needs for stormwater utilities
  - Municipal Capital Equipment Assistance to help purchase of stormwater and/or road related equipment
    - Question raised if \$100,000 is supplemented by a federal source; the answer is no; want to keep this as an ongoing allocation, but would not be able to cover the full cost of equipment with one grant; the Ecosystem Restoration Grant Program is piloting this allocation
    - Have seen significant interest from municipalities; during the last grant round CWIP funded a \$120,000 grant bringing together municipalities in Lamoille County through a service fee rental program
    - Recommendation made to consider the VTrans model; have found that when one entity has ownership of the equipment the equipment is typically better maintained; these programs work better if one town owns the equipment and rents it to neighboring towns, or consider ownership of equipment through regional planning commissions
- Natural Resources
  - Funds to address natural infrastructure have reduced from previous year; will support Forest, Parks, and Recreation in conducting technical assistance and outreach on the Accepted Management Practices; funds will also be used for removing berms and restoring wetlands, rivers, and forests
- Wastewater Treatment
  - Funds available for asset planning grants to help municipalities integrate permitting and consider upgrades and other needs; interest in using the Drinking Water asset management training program as a model to work with many towns; focus on educating small and medium towns, and look at areas most vulnerable to make investments
- Technical Support (ACCD)
  - Allocation includes the full match to the federal grant to continue shooting Lidar; plays important role in prioritizing and identifying priority projects across agencies; these dollars will be used to re-fly Franklin and Addison Counties; two hot-spots for TMDL implementation, as well as Bennington County
  - Should communicate that this is an investment to generate greater returns off other investments; will need to demonstrate that dollars are being targeted wisely
- Municipal Roads

- Funds address planning and implementation needs for municipal gravel and non-gravel roads, as well as stormwater incentive payments to municipalities with stormwater utilities
  - Recommendation made for VTrans to revisit the priorities associated with stormwater utility incentives
  - Recommendation made to combine the allocation for gravel and non-gravel roads to provide inherent flexibility on how funds are allocated between the two categories based on the demand from municipalities
- Draft Questionnaire for Public Notice and Comment Period
  - Used an online questionnaire through survey monkey for collecting public input last year
  - The questionnaire drafted for use this year is very similar to last year's questionnaire with a few changes
  - Recommendation made to add a survey question related to Lidar; list Lidar as state of the art mapping to support project identification and prioritization along with other priorities and funding needs