

The Vermont Clean Water Fund Board, Working Meeting
Meeting Notes
Monday, August 22, 2016, 1:00-2:00
National Life Davis Building – 5th Floor Board Room

Board Members/Designees in Attendance:

- Diane Bothfeld, Deputy Secretary, Agency of Agriculture, Food and Markets (AAFM)
- Chris Cole, Secretary, Vermont Agency of Transportation (VTrans)
- Justin Johnson, Secretary, Agency of Administration (AoA)
- Trey Martin, Deputy Secretary, Agency of Natural Resources (ANR)
- Patricia Moulton, Secretary, Agency of Commerce and Community Development (ACCD)
- Chuck Ross, Secretary, AAFM
- Alyssa Schuren, Commissioner, Department of Environmental Conservation (DEC)

Other Agency Staff in Attendance:

- Emily Bird, Clean Water Initiative Program (CWIP), DEC
- Michele Boomhower, VTrans
- Kari Dolan, CWIP, DEC
- Joanna Pallito, Administration and Innovation Division (AID), DEC

Members of the Public in Attendance:

- Roger Crouse, Lake Iroquois Association and Federation of Vermont Lakes and Ponds (FOVLAP)
- Robert Donnis, Lake Iroquois Association
- Karen Horn, Vermont League of Cities and Towns (VLCT)

Clean Water Fund (CWF) property transfer tax receipt revenues (see page 2 of [Agenda and Meeting Materials](#)):

- CWF annual revenue projection was initially \$5.2 million for three years
- In State Fiscal Year (SFY) 2016, the annual revenue projections were adjusted to \$4.65 million, and final revenue for SFY16 came in at \$4,692,875
- CWF dollars have been allocated to State agencies to administer to projects through existing funding programs
- During a recent CWF revenue update, Finance & Management (F&M) recommended staying course with \$4.9 million budget planning target for SFY17; if adjustments need to be made, those adjustments would be evaluated in December 2016
- Noted that the first month of SFY17 out-performed the first month of SFY16; the CWF typically performs well in the first and last quarter of the SFY
- The CWF summary of actual and forecasted revenue was reviewed; on this summary, revenue forecasts were updated at the close of a month to represent actual revenue; the Board recommended keeping the original forecasted revenue at the close of each month so that the Board can evaluate the actual performance of the fund compared to forecasted performance; DEC will follow up with the Tax Department to see if adjustments can be made to the CWF revenue summary moving forward

Interim Clean Water Fund Expenditure Contingency Plan:

- The Clean Water Initiative Interagency Finance and Reporting Subcommittee worked with AoA to develop a [CWF Expenditure Contingency Plan](#) in the case the CWF underperforms
- Under the contingency plan, the CWF Board will set aside a contingency fund equal to 10% of the prior year's total revenue
- The contingency fund will never exceed 10% of the prior year's revenue, and the CWF Board will not be adding 10% to the contingency fund each year
- In case the CWF underperforms, the CWF Board will use these funds to fill the gap
- Under this approach, the CWF Board only allocates 90% of the CWF dollars, so that if the CWF underperforms, the Board can draw down on reserve funds
- Agency Staff will send the contingency plan to the CWF Board for feedback by mid-September; DEC will work with AoA to update and circulate the Contingency Plan

Process for SFY18 CWF allocations (see page 3 of [Agenda and Meeting Materials](#)):

- The CWF SFY18 Budget Process has been updated to reflect opportunities for public participation in the budget process (items in yellow); items in blue represent tasks of the CWF Board and items in green represent tasks of the Clean Water Initiative Interagency Finance and Reporting Subcommittee
- This year the CWF Budget Process included an enhanced public input process with multiple opportunities for comment; in June-July 2016 the CWIP held nine Clean Water Conversation meetings in partnership with the Regional Planning Commissions to collect feedback on allocating CWF dollars and opportunities for public participation in the process
- The Budget Process also includes periodic budget reviews to monitor revenues and adjust targets as needed for allocating funds

Review comments received during 30-day public comment period:

Summary of online questionnaire results:

- The CWF Board posted an online questionnaire, targeting the lay audience to provide input on how the CWF should be used to meet statewide clean water goals; survey also offered the opportunity for respondents to expand on their responses with open ended comments
- The survey was developed by CWIP with input from the CWF Board during the June 23rd CWF Board working meeting
- This year the public comment period was extended to 30-days; there was great public response; 260 individuals completed the survey (see results, pages 4-23 of [Agenda and Meeting Materials](#))
- General outcomes of the survey are summarized in an August 12, 2016 memo to the CWF Board (see page 4 of [Agenda and Meeting Materials](#))
- Respondents expressed strong interest in supporting agriculture, municipalities, improving vegetated buffers, and more stable river channels
- Respondents supported targeting of CWF dollars to the highest priority and most cost effective projects
- Public strongly supported grant funding and technical assistance to inform land use practices that are good for clean water

- There is strong interest to demonstrate that investments are making a difference in clean water; respondents supported monitoring and mapping to demonstrate improvements
- Strong support to provide assistance to all sectors; not just one sector to be the sole recipient; recognized the need across all sectors; and strong support to prioritize funding for agriculture and municipal support
- Most respondents heard about the survey by email, followed by word of mouth and Clean Water Conversation meetings; CWIP anticipates continuing Clean Water Conversations outreach in future years; this year Clean Water Conversations mostly targeted municipalities as they were held in partnership with Regional Planning Commissions, but in future years CWIP would like to work with additional partners to hold similar meetings to raise awareness of the CWF and opportunities to get engaged, targeting all sectors
- Received comment from EPA that the federal government will no longer be supporting Agronomy and Conservation Assistance Program (ACAP) in the Lake Champlain Basin through the Lake Champlain Basin Program; CWF dollars may be needed to continue the program
- Secretary Ross asked if respondents were calling for implementation of best management practices (BMPs), and if so, do the respondents know what a BMP is? Recommendation made to reword as, “providing guidance in implementation” or “activities to make improvements for clean water” in future surveys; recommendation made to include information on demographics of respondents to understand the audience reached and their knowledge of water quality issues, which can inform how to best target outreach on the CWF budget process moving forward
- Roger Crouse recommended utilizing FOVLAP as a resource to conduct outreach and solicit input from Vermont’s lake associations on future public comment periods; FOVLAP is an important partner for the State to understand the challenges faced by lake associations
- Based on a comment received from the public, Secretary Moulton asked if solar panels are considered a pervious surface based on a determination by the Public Service Board; Agency Staff will look into this and provide clarification

Adjustments to Draft SFY18 Clean Water Fund Allocations:

- Reviewed proposed changes to SFY18 CWF Allocations based on public comment period
- Recommended to allocate CWF dollars to support ACAP in the Lake Champlain Basin, covering the future funding gap from federal dollars, which requires reallocating funds from other line items
- Since there is strong support for agriculture and municipalities, recommended taking funds from DEC allocations (exact adjustments and justification included in memo on page 24 of [Agenda and Meeting Materials](#))
- In addition, allocations were combined for stormwater planning and implementation so that DEC has flexibility in awarding those dollars to projects based on demand for planning and implementation any given year

Comments from the public:

- Roger Crouse commented that him and Robert attended for education on the CWF; he heard about the CWF and the CWF Board at the annual FOVLAP meeting at the end of

the public comment period; he encouraged the CWF Board to use FOVLAP as a resource to get the word out on the CWF Budget Process

- Robert Donnis asked if any CWF dollars would be used for remediation in lakes from erosion and sediment issues
- Kari Dolan (CWIP) responded that the intent of the CWF is to reduce sources of water pollution; these funds are being channeled through existing funding programs and organizations can apply for funding at AAFM, ANR, and VTrans for clean water projects; these projects focus primarily on pollution treatment and prevention as opposed to treating symptoms
- Deputy Secretary Martin added that Act 64 established priorities to the CWF and each allocation is assigned priorities; innovative research and analysis is one of those priorities, which may involve treating in-lake symptoms once pollution sources are addressed
- Karen Horn (VLCT) expressed concern in the \$60,000 reallocation from municipal stormwater to accommodate funding for ACAP; VLCT understands funding is limited and that the State is looking at alternative funding and revenue sources, however, towns are trying to get a handle on these issues; VLCT suggested that the CWF Board consider pulling \$60,000 from LiDAR mapping to cover the ACAP adjustment
- Kari Dolan (CWIP) responded that the LiDAR line item enables us to bring the State to a current standard for mapping and will fill gaps in Franklin, Bennington, and Addison counties; these dollars are also competitive and leveraging a federal grant; further, LiDAR provides benefits across sectors to identify hazards, conduct stormwater mapping, assessing connected impervious surfaces to waterways, and assist in identifying priority projects; it is very cost effective to invest in LiDAR
- Secretary Moulton added that LiDAR has many cobenefits beyond water quality, including emergency management, road construction, all of which benefit municipalities
- Commissioner Schuren asked Secretary Moulton to confirm the required nonfederal match is 55-60% and see if there is any flexibility in the amount of CWF dollars needed for match
- Kari Dolan (CWIP) added that ANR is willing to reduce allocation for Ecosystem Restoration grants to bridge the gap because the Program has not received the expected level of interest from municipalities to address stormwater in the first SFY17 grant round, and the Program has capital funds available to support municipal stormwater needs in addition to the CWF; the Program is hopeful to see increased demand; asked VLCT to help get the word out on funding available
- Karen Horn (VLCT) added that VLCT is surprised that the CWF is being used to support LiDAR mapping and believes it is an underlying obligation of the State and should not be the obligation of the CWF; VLCT also suspected the lower than expected demand for municipal stormwater projects is due to the uncertainty of municipal requirements prior to the release of the Lake Champlain Phosphorus Total Maximum Daily Loads (TMDL)

Next Clean Water Fund Board meeting:

- The Board will consider comments received and update the SFY18 CWF Allocations accordingly
- During the next CWF Board meeting the Board will present and vote on the updated draft SFY18 CWF Allocations, beginning a 20-day public comment period (September 8-28)

Update on Long Term Financing of Statewide Clean Water Improvements:

- Office of the State Treasurer and Clean Water Initiative agencies held a series of stakeholder meetings (March-June 2016) to collect input on clean water funding needs and identify the funding gap that should be covered by the CWF; agencies also collected input on potential revenue sources; 43 revenue options are being evaluated using value-based criteria (e.g., nexus to clean water, geographic distribution, etc.)
- Criteria used to evaluate revenue sources are still in draft form; need to determine when they become final, working with the Office of the State Treasurer
- The Tax Department is currently modeling and ranking the different revenue sources to inform recommendations to the legislature on revenue sources
- Clean Water Initiative agencies are organizing meetings with specific stakeholder groups in August-September, targeting the business community, farming community, municipalities, and environmental groups; there will be cross representation from each agency at these meetings
- Draft report with long term CWF revenue recommendations will be released in October for public comment; public meetings will be held following the draft report release; and the final report will be submitted to the legislature by December 2016
- The goal is for the recommended long term revenue sources is to replace the current short term CWF revenue source (i.e., property transfer tax surcharge), as the current revenue source sunsets after SFY18
- It is important to establish a long term funding source; even if the CWF goes away, the costs to comply with Act 64 and the Lake Champlain TMDL will not go away