

**The Vermont Clean Water Fund Board
Working Meeting Agenda**

Date/Time: Thursday, June 29, 2017, 9:00am – 10:30am

Location: National Life Davis Building – The Catamount Room, N215

Welcome, Approval of Agenda and Past Meeting Minutes **9:00-9:05 am**
Agency of Administration Secretary and Clean Water Fund Board Chair Susanne Young

Review State Fiscal Year (FY) 2019 Clean Water Fund Budget Process **9:05-9:10 am**
Agency of Natural Resources Secretary Julie Moore

Update on Clean Water Fund Property Transfer Surcharge Receipt Revenues **9:10-9:15 am**
Agency of Administration Senior Budget and Management Analyst Sam Winship
Department of Taxes Research Economist Andrew Stein

Adjustments to FY2018 Clean Water Fund Allocations **9:15-9:25 am**
Department of Environmental Conservation Clean Water Initiative Program Manager Kari Dolan

Draft Proposed FY2019 Clean Water Fund Allocations **9:25-9:50 am**
Clean Water Initiative Program Manager Kari Dolan

- Draft Proposed FY2019 Clean Water Fund Allocations (Clean Water Fund and Capital Fund)
- July 2017 Clean Water Fund Public Comment Period and Online Questionnaire

Office of the State Treasurer Capital Eligible Project Review Process **9:50-10:05 am**
Department of Environmental Conservation Deputy Commissioner Rebecca Ellis

Update from Clean Water Initiative Interagency Communications Subcommittee **10:05-10:20 am**
Buildings and General Services Principal Assistant to the Commissioner Erik Filkorn
Clean Water Initiative Program Manager Kari Dolan

- Common Signage for State-Funded Clean Water Projects
- Vermont Clean Water Week (August 21-25, 2017)

Next Steps/Future Meeting **10:25-10:30 am**
Secretary Susanne Young

Adjourn **10:30 am**

Supporting Materials:

1. Draft Meeting Minutes for Past Clean Water Fund Board Meetings
2. FY2019 Clean Water Fund Board Budget Process
3. FY2017 Clean Water Fund Revenue Summary and Forecast
4. Draft Memorandum: Adjusted FY2018 Clean Water Fund Allocations
5. Draft Proposed FY2019 Clean Water Fund Priorities
6. Draft Proposed FY2019 Clean Water Fund Allocations
7. FY2019 Clean Water Fund Public Comment Online Questionnaire

The Vermont Clean Water Fund Board Meeting Minutes

Date/Time: Thursday, April 27, 2017, 10:00am – 11:30am

Location: National Life Davis Building – The Catamount Room, N215

Clean Water Fund (CWF) Board Members/Designees:

Bradley Ferland, Agency of Administration (AoA) Deputy Secretary designated to represent Susanne Young, AoA Secretary and CWF Board Chair

Joe Flynn, Agency of Transportation (VTrans) Secretary

Julie Moore, Agency of Natural Resources (ANR) Secretary

Michael Schirling, Agency of Commerce and Community Development (ACCD) Secretary

Anson Tebbets, Agency of Agriculture, Food and Markets (AAFM) Secretary

Attendees:

Emily Bird, Department of Environmental
Conservation (DEC)

Emily Boedecker, DEC

Diane Bothfeld, AAFM

Jared Carpenter, Lake Champlain Committee

Ray Doherty, AAFM

Kari Dolan, DEC

Daniel Dutcher, VTrans

Rebecca Ellis, DEC

Nancy Everhart, Vermont Housing and
Conservation Board (VHCB)

Marcey Hodgdon, AAFM

Joanna Pallito, DEC

Liz Ruffa, Common Good Vermont

Sue Scribner, VTrans

James Sherrard, Town of Williston

Andrew Stein, Department of Taxes

George Twigg, Office of Congressman Peter
Welch

Sam Winship, AoA

Welcome

AoA Deputy Secretary Bradley Ferland

Review of FY18 CWF Budget Process

ANR Secretary Julie Moore

Reviewed FY18 and FY19 CWF budget process and status of budget process. See attached meeting materials for budget processes.

Update on CWF Property Transfer Surcharge Receipt Revenues

Department of Taxes Research Economist Andrew Stein and AoA Senior Budget and Management Analyst Sam Winship

Reviewed Clean Water Surcharge revenues, including FY17 forecast, actuals, and trends and FY18 forecast. See attached meeting materials.

FY17 receipt revenues are tracking above forecast, just below \$5.4 million. This is, in part, due to a one-time influx of \$350,000 caused by an adjustment in how payments are processed for the Clean Water Surcharge in a new tax system, which allowed for quicker transfer of funds into the CWF, addressing a backlog of older revenues.

Department of Taxes simulated receipt revenues to develop an accurate FY18 forecast, shown in meeting materials. Model used to simulate future revenues estimates 6.3 percent growth in the Property Transfer Tax in FY19, which would result in a 4 percent increase for the Clean Water Surcharge, as the Surcharge only applies to marginal value of property transfer greater than \$100,000.

Department of Taxes clarified that a transfer of property title must occur to generate revenue. Recent large real estate transactions associated with ski areas involved stock sales, not transfer of title, and therefore did not increase revenues for the CWF.

Review of FY18 CWF Allocations and Discussion of any Adjustments based on Receipts

Clean Water Initiative Program (CWIP) Manager Kari Dolan

Reviewed final FY18 CWF allocations. See attached meeting materials.

FY18 revenues are expected at approximately \$5 million with 10 percent contingency in the event the CWF underperforms. However, Department of Taxes estimated higher than forecasted revenue for FY17. FY18 allocations were updated to provide \$375,000 to AAFM to support operating costs, using the anticipated increase in FY17 CWF revenues (see Sec. D.101(a)(2) of H. 518).

At the time of this meeting, the CWF budget is going through legislative process to incorporate the additional \$375,000 into the AAFM operating budget. AAFM had planned for the operating funds to come from the small farm certification fee. The status of the fee bill is unknown for next year, and AAFM would need to continue requesting funding from the CWF if no new fees are applied to cover operating costs. FY18 CWF revenue forecast does show an increase in expected total revenues, but not enough to cover AAFM operating costs in the following year. More information will be available prior to final submission of the FY19 budget and adjustments can be made as needed.

Discussion of Options for Managing any Unexpended FY17 Funds

AoA Deputy Secretary Bradley Ferland

Reviewed the status of spending FY16-17 CWF dollars. See attached meeting materials. Of the \$9.7 million FY16-17 CWF dollars, \$692,476 is unencumbered and in the process of being encumbered by the end of FY17 (i.e., June 30, 2017).

Question, Sue Scribner, VTrans: VTrans Better Roads program awarded all FY17 dollars to projects by July 1, 2016. Some municipalities overestimated project costs and projects came in under budget, resulting in unexpended FY17 funds. Can these FY17 dollars rollover to new project awards that will begin work July 1, 2017?

Response, AoA Deputy Secretary Bradley Ferland: If funds were budgeted at the program-level, FY17 funds can rollover within the same program for new FY18 awards. If funds were budgeted at the project-level, those funds would not be able to rollover for the following year. VTrans spending authority is established in the Transportation Bill and recommend incorporating rollover funds in the carry forward memorandum.

In FY18, it will be very important for State agencies to demonstrate to the Legislature the ability to spend clean water funding in a timely and effective manner, maximizing every dollar dedicated to clean water projects. Clean water funding should not be requested if funds will not be spent within 1-2

years. This will be critical in working with the Legislature in securing additional clean water funding in the FY19 budget process under the FY19 Capital Bill. Legislative committees will need to know the status of expending clean water appropriations in real time on a cash basis to avoid threatening FY19 allocations with the appearance that funding is unneeded.

Question regarding LiDAR CWF allocation, VTrans Secretary Joe Flynn: Are State agencies coordinating on application of LiDAR mapping?

Response, ANR Secretary Julie Moore: LiDAR efforts are coordinated among ACCD-Vermont Center for Geographic Information (VCGI), ANR, U.S. Geological Survey, and VTrans. CWF dollars were used to leverage competitive federal funding to complete LiDAR updates to bring the whole State up to state-of-the-art standards. LiDAR data are applied to identify water quality problems and priority project sites. LiDAR data resides with ACCD-VCGI and are publicly available and used/applied across agencies. At some point, there will need to be a discussion of a long-term maintenance plan for the LiDAR dataset, as these data have the greatest utility when current.

Accountability: Tracking Agencies' Clean Water Spending

CWIP Nonpoint Source Coordinator Emily Bird

Presented on accountability and reporting related to tracking agencies' clean water spending. See attached meeting materials for presentation slides.

Question, VTrans Secretary Joe Flynn: Are other states in the Long Island Sound watershed also working to track their clean water progress?

Response, CWIP Nonpoint Source Coordinator Emily Bird: Long Island Sound watershed states have been coordinating on plans to develop a watershed-wide tracking program. The direction of this effort will likely be impacted by U.S. Environmental Protection Agency's (EPA) Long Island Sound Nitrogen Strategy, currently under development, which will evaluate and update sources of nitrogen to the Sound and load reduction allocations. Vermont's primary role under the Long Island Sound Nitrogen Total Maximum Daily Load (TMDL) has been to optimize wastewater treatment facilities in the Connecticut River/Long Island Sound watershed for nitrogen treatment.

Question, Department of Taxes Research Economist Andrew Stein: How is U.S. EPA involved in tracking and accountability?

Response, ANR Secretary Julie Moore: U.S. EPA has issued a report card to Vermont on their progress implementing Phase 1 milestones of the Lake Champlain TMDL and the report card was favorable (Vermont has met thirteen of the sixteen Phase 1 implementation milestones). U.S. EPA will also issue report cards on Vermont's progress implementing Phase 2 implementation plans, incorporating quantitative measurements of progress meeting phosphorus load reduction targets.

Comment, DEC Commissioner Emily Boedecker: Need to make a coordinated effort to increase the visibility of clean water projects and sharing success stories about these projects. For example, installing signage for highly visible projects.

Comment, VTrans Secretary Joe Flynn: Agencies should coordinate to maximize the reach of clean water communication efforts and share opportunities for clean water outreach. It would be helpful to bring together agency Principal Information Officers for seamless communications.

Response, CWIP Manager Kari Dolan: The Interagency Communications Subcommittee to the CWF Board was established to coordinate clean water communications and is scheduled to meet in May. There may be opportunities to expand the role of the Interagency Communications Subcommittee to support the need for communications on clean water project successes.

Legislative Update and Discussion pertaining to the CWF Budget, Board Membership, Role of the State Treasurer, and Reporting

DEC Senior Counsel for Governmental Affairs Rebecca Ellis

Provided legislative updates pertaining to the CWF. See attached meeting materials.

Comment regarding Clean Water Working Group, ANR Secretary Julie Moore: We have encouraged the Legislature to adjust the proposed working group to include a total of five people with the goal to evaluate the feasibility of utilizing existing revenues before considering new fees, rather than drawing a foregone conclusion that new fees are necessary. Also, provided feedback to ensure the group has representation with the right set of expertise. For example, the proposed group is currently missing representation from the Department of Taxes and ACCD-VCGL.

Question, Diane Bothfeld, AAFM: How is this different from the interagency process to develop the Treasurer's Clean Water Funding Report?

Response, ANR Secretary Julie Moore: This process is distinct from the Treasurer's Report process, as it will be focused on evaluating the feasibility of redirecting existing and establishing new CWF revenues.

New process will be put into place in FY18 where agencies must submit projects proposed for capital funding to the Treasurer's Office for review to confirm capital eligibility. Recommended to coordinate this review process across agencies. Will need to ensure review process does not impact project timelines by coordinating with the Treasurer's Office ahead of time.

Comments from the Public

AoA Deputy Secretary Bradley Ferland

Nancy Everhart, VHCB: VHCB is looking forward to receiving assistance from ANR-DEC on best practices for tracking and reporting investments in clean water projects and the results of those investments.

George Twigg, Office of Congressman Peter Welch: Happy to hear about the work underway to track and account for clean water progress. Demonstrating the need for these investments and successes is important with the federal uncertainty around funding programs. At the federal-level, decisionmakers need to understand States are stepping up to make water quality improvements and the need for continued federal commitment to this work. A continuing resolution is about to pass for the federal budget through September 30, 2017, and debates will begin around the long-term budget. There has not been a lot of congressional support for cutting U.S. Department of Agriculture and U.S. EPA programs, especially with a strong rural constituency relying on these programs. It is unlikely to see a budget anything near what was initially proposed. It will be very helpful for Congress to see the

progress and investment reports around clean water in making the case to maintain federal commitments to water quality programs.

James Sherrard, Town of Williston: Appreciate the emphasis on communicating project successes and promoting project visibility. Vermont's MS4 communities (i.e., Municipal Separate Storm Sewer Systems) have spent a lot of time updating their public outreach website, now titled "Rethink Runoff" to show project success stories. MS4s would love to play a continued role in getting the word out about projects implemented and the benefits they provide to Vermont's waters. Many of the State's funding programs connect funding priorities back to Tactical Basin Plans, which is a great idea, but would also recommend funding priorities be tied to MS4 permit requirements and priority projects for implementing MS4 Flow Restoration Plans and Phosphorus Control Plans.

Liz Ruffa, Common Good Vermont: Common Good Vermont would like to support Vermont agencies and partners in exploring how social and environmental impact bonds and the concept of "paying for success" can better leverage clean water funding. Common Good Vermont can serve as a resource to connect the State with technical service, including the Harvard Kennedy School, to explore these tools.

Deb Shelby, Town of Bolton (comment shared via email): Town of Bolton is struggling to understand how water quality gains can be made by addressing erosion issues on municipal roads alone, where there are limited resources to address erosion issues on private roads/driveways. Requesting resources/technical assistance from State agencies on how municipalities can best address these challenges.

Next Meeting

AoA Deputy Secretary Bradley Ferland

The CWF Board meeting will be held in late-June to review draft FY19 CWF allocations and prepare for the first public comment period under the FY19 CWF budget process.

Adjourn

The Vermont Clean Water Fund Board

Working Meeting Minutes

Date/Time: Wednesday, February 22, 2017, 2:30 – 3:30 pm

Location: Agency of Natural Resources – National Life, Main Building Winooski Room

Clean Water Fund (CWF) Board Members/Designees

- Joe Flynn, Secretary, Agency of Transportation (VTrans)
- Julie Moore, Secretary, Agency of Natural Resources (ANR)
- Michael Schirling, Secretary, Agency of Commerce and Community Development (ACCD)
- Anson Tebbetts, Secretary, Agency of Agriculture, Food and Markets (AAFM)
- Susanne Young, Secretary, Agency of Administration (AoA), CWF Board Chair

Attendees

- John Adams, ACCD
- Emily Bird, Department of Environmental Conservation (DEC)
- Eric Blatt, DEC
- Laura DiPietro, AAFM
- Kari Dolan, DEC
- Daniel Dutcher, VTrans
- Rebecca Ellis, DEC
- Brad Ferland, Deputy Secretary, AoA
- Marcey Hodgdon, AAFM
- Joanna Pallito, DEC
- Sue Scribner, VTrans
- Peter Walke, Deputy Secretary, ANR

1. Welcome; Changes to the Agenda 2:30pm
Agency of Administration Secretary and
Clean Water Fund Board Chair, Secretary of Administration Susanne Young
2. Review of the State's Clean Water Priorities (10 minutes) 2:30-2:40pm
Agency of Natural Resources Secretary Julie Moore
3. Background for Meeting: Opportunity for the Board to Offer Input into
the Legislative Clean Water Budget Priorities Discussion (5 minutes) 2:40-2:45pm
Agency of Natural Resources Secretary Julie Moore
4. Review of the DRAFT Proposed FY18 & FY19 Budget and 2:45-2:50pm
DRAFT Recommendation Spreadsheets (5 minutes)
DEC Clean Water Initiative Program Manager Kari Dolan
 - ANR budget contains the additional clean water appropriations from Governor's budget
 - Board discussed appropriate channel for budgeting those Funds
 - Recommend channeling the FY18 clean water appropriations directly through agencies rather than the CWF with extensive public process

- CWF Board has completed FY18 budget process for allocating CWF dollars, currently under consideration by the legislature
- House and Senate Institutions committees seeking input from Board on how to best manage those two years of funding; provides opportunity to propose a set of recommendations for the legislature's consideration
- Next two years are reallocated unspent capital funds; need to spend quickly for priority projects given current capacity constraints, agencies are developing a plan to encumber and expend these dollars quickly
- Governor's proposed budget addresses about half the Tier 1 funding gap (i.e., costs associated with meeting the requirements of large TMDL restoration plans, Act 64, and the Combined Sewer Overflow rule)
- Worked with agencies to determine feasible amount of money for FY18 and allow more time for developing shovel ready projects in FY19 when municipal clean water funding needs are expected to increase
- Proposal for FY19 clean water appropriations to go through CWF budget process for capital monies; shifting approximately \$5 million from FY18 to FY19; allows more of those dollars to flow through the CWF budget process which includes public input
- Considering options to block grant funding to regional entities to administer priority clean water projects, prioritized in the Watershed Projects Database
- Currently no CWF revenues available/anticipated for FY19 unless property transfer surcharge is extended

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| 5. | Facilitated Discussion on the Draft Spreadsheets (30 minutes)
Administration Secretary Susanne Young | 2:50-3:20pm |
| 6. | Comments from the Public (5 minutes)
Administration Secretary Susanne Young | 3:20-3:25pm |
| 7. | Next Steps (5 minutes)
Administration Secretary Susanne Young | 3:25-3:30pm |
| 8. | Adjourn
Administration Secretary Susanne Young | 3:30pm |

Supporting Material:

- DRAFT Governor's Proposed Clean Water Budget and DRAFT Clean Water Fund Board Budget Proposal Spreadsheets
- Draft Department of Environmental Conservation Clean Water Block Grant proposal

The Vermont Clean Water Fund Board

Working Meeting Minutes

Date/Time: Friday, February 10, 2017, 2:30pm-4:00pm

Location: Agency of Natural Resources, National Life, Davis Building, Catamount Room

Clean Water Fund (CWF) Board Members/Designees

- Joe Flynn, Secretary, Agency of Transportation (VTrans)
- Julie Moore, Secretary, Agency of Natural Resources (ANR)
- Michael Schirling, Secretary, Agency of Commerce and Community Development (ACCD)
- Anson Tebbetts, Secretary, Agency of Agriculture, Food and Markets (AAFM)
- Susanne Young, Secretary, Agency of Administration (AoA), CWF Board Chair

Attendees

- Emily Bird, Department of Environmental Conservation (DEC)
- Diane Bothfeld, Deputy Secretary, AAFM
- Kari Dolan, DEC
- Daniel Dutcher, VTrans
- Rebecca Ellis, DEC
- Neil Kamman, DEC
- Joanna Pallito, DEC
- Beth Pearce, State Treasurer
- Alyssa Schuren, Office of the State Treasurer
- Sue Scribner, VTrans
- Andrew Stein, Vermont Department of Taxes
- Sam Winship, Department of Finance and Management (F&M)

Vote: CWF Board Chair

Administration Secretary Susanne Young

- Administration Secretary Susanne Young elected as CWF Board Chair

Board History, Status of Fund Revenues and the CWF Budget Process

DEC Clean Water Initiative Program Manager Kari Dolan

CWF Board History

- CWF and CWF Board established under the Vermont Clean Water Act (2015 Act 64)
- Purpose of the Fund is to implement water quality improvements statewide, targeting water quality improvements under nutrient restoration plans known as total maximum daily loads (TMDLs)
- The CWF Board, made up of Clean Water Initiative (CWI) partner agency secretaries, is charged with managing the CWF with staff support from three subcommittees: Finance

and Reporting Subcommittee, Technical Subcommittee, and Communications Subcommittee

Budget Process

- Reviewed CWF budget processes for state fiscal year (SFY) 2018 (nearly complete; completed milestones checked-off) and proposed draft budget processes for SFY 2019 (see meeting materials)
- Public process milestones and opportunities for public input on the budget process and CWF allocations are highlighted in yellow in the budget process diagrams

Status of Fund Revenues

Andrew Stein, Research Economist, Vermont Department of Taxes

- Provided overview of the property transfer surcharge (current/only CWF revenue source) established through Act 64 in June 2015 and due to sunset at the end of June 2018/close of SFY 2018 (see Clean Water Surcharge factsheet: http://dec.vermont.gov/sites/dec/files/wsm/erp/docs/2016-09-07_Clean_Water_Surcharge_Matrix.pdf)
- This year's revenue forecast for revenue is \$4.9 million

Clean Water Legislative Update

Agency of Natural Resources Secretary Julie Moore

Bill H.38 Update

- H.38 (i.e., An act relating to the membership of the CWF Board) proposes adding six members to the existing CWF Board
- The Bill passed the House and is now in the Senate; Senator Bray intends to take up the Bill
- CWF Board secretaries support the Bill, but recommend adding four members instead of six so that the secretaries will still be the majority; the additional Board members would be appointed by the legislature and exclude legislators; Secretary Young and Treasurer Pearce will work with Senator Bray to adjust the proposal on expanded Board membership
- For the additional Board members, there is a clear interest in municipal representation with potential geographic distribution criteria; also, interest in potential watershed group representation
- The driver for expanding Board representation is to provide continuity on the Board during changes in administration, and to address concerns regarding public participation in the CWF budget process prior to the more robust public process developed for the SFY2018 budget process
- Question raised on level of public attendance during Board meetings; response: CWF Board meeting public attendance varies depending on topic addressed; meetings discussing CWF allocations are typically well attended; however, additional public/stakeholder outreach meetings have been added to the budget process (e.g., clean

water conversations) that brings public participation opportunities to public/stakeholder groups in addition to opportunities for those groups to attend meetings in Montpelier

Proposed Additional Clean Water Appropriations

- Governor's Proposed Capital Bill for SFY 2018-2019 includes a total \$21.7 million in clean water appropriations
- This proposal is consistent with the Office of the State Treasurer Clean Water Report recommendations (see page 20) for the State to use capital funds to subsidize approximately half of the annual clean water funding gap (approximately \$50 million) for the first two years, allowing time for establishing the longer term CWF revenue sources
- In the first two years, this will likely primarily include capital dollars; ANR is working with the Office of the State Treasurer to determine capital eligible projects and how they align with the clean water funding needs/gap
- These funds are intended to cover stormwater, agriculture, and wastewater pollution controls and natural resources restoration

Overview of the Treasurer's Report on Clean Water

State Treasurer Beth Pearce

- Pursuant to Act 64, the Office of the State Treasurer worked with ANR-DEC and other agency partners to develop CWF funding/financing recommendations to the legislature
- In the process of developing these recommendations, over 23 stakeholder meetings were held reaching more than 1,000 stakeholders to solicit input on funding needs and gaps and potential revenue sources
- Vermont Department of Taxes modeled more than 60 revenue options
- The parcel fee is the top recommended revenue option, having nexus to the water quality problem; the parcel fee is tiered based on impervious cover – a structure that would drive toward polluters paying more
- Need to balance revenue sources with administration of the fee, and ensure revenue sources are reliable and not competing with other needs
- If the State does not establish a long term clean water funding source, these costs of compliance with regulation will be absorbed by municipalities, farmers, and other landowners/managers
- In the meantime, as the recommended revenue sources are pursued, the Office of the State Treasurer's Clean Water Report recommended pursuing a short-term solution providing \$25 million in capital funding per year in SFY 2018-2019
- During this time, it will be important for the partner agencies to demonstrate the ability to award funding to priority projects and report on project results; also, important to focus on securing funding needed to bridge the clean water funding gap, and developing a delivery system for the funding
- Office of the State Treasurer is awaiting feedback from the Bond Council on capital eligibility of different project types needed to meet the State's clean water needs, including definition of infrastructure projects

Questions/Discussion

- The additional clean water appropriation from SFY 2018-2019 may be directed to agencies or channeled through AoA and the CWF budget process (typically 18-month process); Treasurer Pearce recommended directing funding to agencies or developing an expedited CWF budget process
- Working with the House Clean Water Working Group on a plan for clean water funding and where funds will be directed; Working Group interested in setting criteria for how the clean water funding will be allocated, possibly applying a percent to funding by sector
- DEC coordinating with Working Group to present current channels of funding and overlay with policy recommendations; if funds are not directed through the CWF budget process, the Board will not need to make a recommendation on allocation of funds; however, CWF Board could make recommendations to legislative Working Group on the process/criteria for funds to be allocated; additional CWF Board working meeting to be scheduled to discuss further
- CWF current revenue source is the property transfer surcharge, which sunsets at the close of SFY 2018 (i.e., June 30, 2018); House Committee on Natural Resources, Fish and Wildlife is working to extend the surcharge
- Acknowledged that the role of the CWF Board is critical for administering the funds and shepherding the interagency Clean Water Initiative Annual Investment Report that presents State investments in clean water and the results of those investments
- Treasurer Pearce requested additional briefing from VTrans on how road funding would be used and awarded to projects

Overview of Tactical Basin Planning and How Projects are Identified

DEC Monitoring, Assessment & Planning Program Manager Neil Kamman

- See attached presentation slides

Tracking the State's Clean Water Investments and the Vermont Clean Water Initiative 2016 Investment Report

DEC Clean Water Initiative Program Staff Emily Bird

- See attached presentation slides

Comments from the Public

Administration Secretary Susanne Young

- No members of the public present to comment

Summarize Next Steps; Adjourn

Administration Secretary Susanne Young

- CWF Board working meeting to be scheduled week of February 20, 2017

**Clean Water Fund Board Working Meeting
Clean Water Initiative Annual Performance Report**

Agenda

Date/Time: December 1, 2016, 3:00pm – 4:00pm
Location: Catamount Room N215

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| I. | Welcome, Review of Agenda
Administration Secretary and CWF Chair Trey Martin | 3:00-3:05pm |
| II. | Performance Report Background and Filing Process
DEC Commissioner Alyssa Schuren | 3:05-3:10pm |
| III. | Overview Clean Water Initiative Annual Performance Report
Clean Water Initiative Program, Emily Bird
a) Report Development and Review Process
b) Scope of Report
c) Data/Measures Reported | 3:10-3:20pm |
| IV. | Discussion of Final Draft Report
Facilitated by Secretary Trey Martin | 3:20-3:45pm |
| V. | Communications on Release of the Report
Clean Water Initiative Administrator Kari Dolan
a) Press Release
b) Webpage | 3:45-3:55pm |
| VI. | Summarize Next Steps; Adjourn
Secretary Trey Martin | 3:55-4:00pm |

Supporting Materials:

- Updated FY2018 Budget Process
- Excerpt from Act 64 on Annual Performance Report
- Final Draft *Clean Water Initiative Annual Performance Report*
- Draft Press Release on *Clean Water Initiative Annual Performance Report*

Clean Water Fund Board
Clean Water Fund DRAFT Proposal Discussion

Agenda

Date/Time: November 28, 2016, 2:30pm – 4:30pm
Location: Catamount Room M215

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| I. | Introductions, Review of Agenda (5 min.)
Administration Secretary and CWF Chair Trey Martin | 2:30-2:35pm |
| II. | Background on “Clean Water Funding” Legislative Report
(an Act 64 Requirement) (5 min.)
State Treasurer Beth Pearce | 2:35-2:40pm |
| III. | Summary of Clean Water Costs, Existing Revenues
and Gaps (5 minutes)
DEC Commissioner Alyssa Schuren | 2:40-2:45pm |
| IV. | Review of draft Clean Water Fund proposal (30 min)
Clean Water Initiative Administrator Kari Dolan | 2:45-3:15pm |
| V. | Review of Policy Options for Enhancing Cost-Effectiveness
(20 min)
DEC Commissioner Alyssa Schuren | 3:15-3:35pm |
| VI. | Process to Evaluate and Recommend Revenue Options
(30 min)
State Treasurer Beth Pearce | 3:35-4:05pm |
| VII. | Administration of the Clean Water Fund (10 min)
DEC Commissioner Alyssa Schuren
Clean Water Initiative Administrator Kari Dolan | 4:05-4:15pm |
| VIII. | Discuss process to evaluate public comments (10 min)
State Treasurer Beth Pearce | 4:15-4:25pm |
| IX. | Summarize Next Steps; Adjourn (5 min)
Secretary Trey Martin | 4:25-4:30pm |

The Vermont Clean Water Fund Board

Agenda

Date/Time: Monday, October 17, 2016, 2:30 – 4:00 pm

Location: State House, Room 11

1. Welcome and Introductions (5 minutes)
Changes to the Agenda
Agency of Administration Secretary and Clean Water Fund Board Chair Trey Martin
2. Review of statutory authority and requirements (5 minutes)
Secretary Trey Martin
 - a. Annual Clean Water Fund recommendations
 - b. Annual Clean Water Investment Report
3. Review of FY18 Clean Water Fund Budget Process (5 minutes)
Department of Environmental Conservation (DEC) Commissioner Alyssa Schuren
4. Review of Final Draft FY18 Clean Water Fund Allocations (15 minutes)
Clean Water Initiative Program (CWIP) Manager Kari Dolan
5. Public Comments (20 minutes)
Secretary Trey Martin
6. Recommend Final Draft FY18 Clean Water Fund Allocations for inclusion in the proposed FY18 state budget (10 minutes)
Secretary Trey Martin
7. Statewide Long Term Funding of Clean Water (20 minutes)
DEC Commissioner Alyssa Schuren
 - a. Report development and stakeholder and public input process
 - b. Estimating long term costs, sources, and funding gaps
 - c. Evaluating and recommending long term funding sources, financing options and review criteria
8. Next Steps (10 minutes)
Secretary Trey Martin

Supporting Materials:

- Excerpt from Act 64 pertaining to recommendations of expenditures from the Clean Water Fund
- Clean Water Fund Budget Process, FY18, Updated
- Final Draft FY18 Clean Water Fund Allocations
- Funding Clean Water Improvements Legislative Report Process
- Draft Revenue Sources and Proposed Evaluation Criteria for a Clean Water Fund matrix

The Vermont Clean Water Fund Board

Meeting Minutes

Date/Time: Thursday, October 6, 2016, 3:00 – 4:00 pm

Location: Agency of Transportation Fifth Floor Board Room (National Life)

Board Members/Designees in Attendance:

Diane Bothfeld
Chuck Ross
Chris Cole
Deb Markowitz
Lucy

Other Staff in Attendance:

Kari Dolan
Joanna Pallito
Gina Campoli
Alyssa Shuren
Bethany Sargent

Welcome and Introductions (5 minutes)

Changes to the Agenda

Agency of Administration Secretary and Clean Water Fund Board Chair Trey Martin

1. Review of FY18 Clean Water Fund Budget Process (5 minutes)

Department of Environmental Conservation (DEC) Commissioner Alyssa Schuren

- Goal: To review public comments received
- Next meeting on the 17th will be a voting meeting
- Chris Cole will not be at October 17th, but will send a designee

2. September 20-Day Public Comment Period (10 minutes)

Clean Water Initiative Program (CWIP) Manager Kari Dolan

- a. Overview of comments received
- b. Recommended adjustments to Draft FY18 Clean Water Fund Allocations
- c. Review of Draft FY18 Clean Water Fund Allocations posted for comment

- Some of the folks commenting were very pleased with the process.

Last year, when we received public comments, we did not provide responses, but this year we'll post responses

- For the most part, people were commenting on:
 - General comments on process
 - Priorities
 - Framework and tables themselves: recognition there are other partners than those listed
 - Specific to allocations themselves: Interest in having support in complying for MS4 permits, interest for ongoing support for ACAP, interest to do what we can

to improve health in soils, to increase infiltration and reduce runoff, thoughtful process when disseminating grant funding – meeting implementation of the work in front of us

No changes to actual allocations, but just minor changes to how they are described

Second memo illustrating minor changes to how we would make allocations across sectors

3. The Clean Water Initiative Annual Performance Report (5 minutes)

CWIP Manager Kari Dolan

- a. Overview of draft report measures
- b. Understanding baselines
- c. Data collection process
- d. Review process

- Staff have worked very closely to get the data we need to integrate it in a thoughtful, simple way, that's accessible to the public; this took a significant amount of work to pull the data that we can summarize
- What's unique about this report is the way we present this information – outputs and outcomes, environmental, social, investment measures; have also compiled the hours we've offered in workshops to help public understand the TMDL; critical to our work to reduce non-point source pollution
- We recognize this is a report on investments made in FY16 and projects completed in FY16. Only recently have we been adoption RBA and some of what we're reporting may not be as robust as what we will report on in future. We are using this report to get a better understanding of the baseline.
- We anticipate sharing that draft with you in the coming weeks – Emily Bird is the led author on this report and should be commended for her effort

4. Statewide Long Term Funding of Clean Water (20 minutes)

DEC Commissioner Alyssa Schuren

- a. Report development and stakeholder and public input process
- b. Estimating long term costs, sources, and funding gaps
- c. Evaluating and recommending long term funding sources and financing options

- Treasurer charged to do a report on long-term costs on clean water compliance, revenue options and gap; what recommendations she has to fund or finance gap
- Vetted those cost estimates with hundreds of stakeholders
- Costs are roughly 128 million/year for next 20 years; gap is about 68 million per year for 20 years
- Doing a lot with the treasurer to lower costs – are our estimates correct? Assuming costs are right, are there policies or practices we can put in place to reduce costs? Any of the work we can do on the front end is less expensive than retrofitting (stormwater example)
- We've met with hundreds of people over the course of the summer and fall
- Revenue criteria are what came out of these stakeholder meetings – Treasurer has an average; revenue options (up to 60 after today's meeting); tax is reviewing and assessing of these against the criteria
- What options rise to the top or should be crossed off the list?

- Is number 31 still on the list? Yes. We don't really charge for use of our natural resources for people to have private developments on the water; we should, but the revenue is not high.
- Number 24 isn't feasible (Diane Bothfeld). Consider forestry tiered structure for agriculture current use program. Some get more of a benefit than others based on compliance
- Number 33 Energy consumption tax: broadly defined, tax department is trying to parse out what exactly that means
- Do we have a target for what is the appropriate amount for the private sector? Municipalities, the private sector, farmers
- You can see reductions by sector needed; gap is on right-hand side by sector
 - Developed lands is 19 million
 - We're already generating 3.2 million on state roads – we just need to come up with 2.3 million for state roads
- Deb: Real conversation will be: This is money being paid, and we need to decide how much the state will subsidize; how much do we raise and from whom, and how much do we subsidize.
- 72% reductions in phosphorus on new development
- Guidance on stormwater manual to deploy their resources most effectively;
- Chris: One of the things across the private sector, pre-stormwater developments, should be on the hook (Alyssa; 3 acre parcels or greater will have to retrofit); state support to make it equitable pre and post stormwater permitting
- Alyssa we need to help promote the most cost-effective models
- Deb: developing innovative approaches and work with compliance division to develop workshops
- Chris: are we still making development affordable where we want it; we have to make sure; Deb: add to list of criteria – promoting smartgrowth
- Kari: incentives are critical to make sure we are promoting other objectives
- Chuck: Are we aware of the cost differential for developing parcels in downtowns versus in greenspace?
- Alyssa: hard to quantify; everything when TMDL was done and Act 64, wrestle with what stormwater should do vs. other sectors (maybe why ag has to do so much)
- Deb: As we move forward and have the conversation with the Treasurer: Where do we get the money from (broad-based tax that's related)? What are the other public goods that may result? We should be thinking about the principles and how does it fulfill other policy objectives.
- Chuck: most cost-effective solution is on the farm; they are not proportional – they are societal decisions; ag is shouldering the greatest load
- Chris: Do we want to seek regulatory authority from the legislature for people who are putting things in our ditches – no. We don't want to become a regulatory entity – we already have DEC and AAFM. We'd like a more efficient process for things that DEC and AAFM don't regulate. Very narrow band of safety type related things.
- Alyssa: Enforcement fees go to the general fund now, we should have them go to the Clean Water Fund; or outside of the state (give it to a local community where the infraction occurred)
- Chris: would prefer them to go into the general fund
- Deb: put into an education fund for compliance education
- Come prepared for your 1-hour meetings with the Treasurer; then she will come to a CWF board meeting; public meeting on November 16th; NGO meeting on October 20th

5. Next Meeting on October 17th (5 minutes)

Adjourned 3:50 pm

Supporting Materials:

- Clean Water Fund Budget Process, FY18
- Compilation of Comments Received during September Public Comment Period
- Summary of Comments Received during September Public Comment Period
- Updated Draft FY18 Clean Water Fund Allocations
- Funding Clean Water Improvements Legislative Report Process
- “Cost of Clean Water” Factsheet
- Revenue matrix
- Criteria worksheet

DRAFT

The Vermont Clean Water Fund Board Meeting Minutes

Date/Time: Thursday, September 8, 2016, 1:30pm – 3:00pm

Location: The Vermont State House – Room 11

Clean Water Fund Board Members and Designees:

- Michael Clasen, Deputy Secretary, Agency of Administration (AoA), designated to represent Secretary Justin Johnson, AoA Secretary and Clean Water Fund Board Chair
- Chris Cole, Secretary, Agency of Transportation (VTrans)
- Lucy Leriche, Deputy Secretary, Agency of Commerce and Community Development (ACCD)
- Deb Markowitz, Secretary, Agency of Natural Resources (ANR)
- Trey Martin, Deputy Secretary, ANR
- Pat Moulton, Secretary, ACCD
- Chuck Ross, Secretary, Agency of Agriculture, Food and Markets (AAFM)

Attendees:

- Emily Bird, Department of Environmental Conservation (DEC)
- Jared Carpenter, Trout Unlimited
- Kari Dolan, DEC
- Marcey Hodgdon, AAFM
- Jennifer Hollar, Vermont Housing and Conservation Board (VHCB)
- Joanna Pallito, DEC
- Sam Winship, Department of Finance and Management (F&M)

1. Welcome and Introductions

Changes to the Agenda

AoA Deputy Secretary Michael Clasen, designated to represent AoA Secretary and Clean Water Fund Board Chair Justin Johnson

2. Process for FY18 Clean Water Fund Allocations

Agency of Natural Resources Secretary Deb Markowitz

a. Public Process

b. Budget Process

- See budget process chart, page 2 of meeting materials
- 20-day public comment period on the updated draft Clean Water Fund allocations begins September 8 and ends September 28, 2016
- The Clean Water Fund Board will make its final recommendation on FY18 allocations during its October 17, 2016 meeting
- Final allocation recommendations will then be transmitted to the AoA
- AoA will issue targets back to the agencies to include in budget documents
- The FY18 budget process is currently on track

- Items marked in blue on the budget process chart represent decision points in the budget process; items marked in yellow represent opportunities for public input

3. Review of July 30-Day Public Notice and Comment Period and Other Comments Received

DEC Clean Water Initiative Program (CWIP) Manager Kari Dolan

a. Summary of Comments Received

b. Summary of Adjustments to Allocations

- The Clean Water Fund Board held a working meeting August 22 to discuss comments received during the July public comment period on the draft FY18 Clean Water Fund Allocations, see meeting notes, page 4 of meeting materials
- The Board received 260 public comments, summarized in a memorandum, see page 3 of meeting materials, or Clean Water Fund webpage for compilation of all comments: <http://dec.vermont.gov/watershed/cwi/cwf>
- Comments were supportive of ongoing assistance to the agricultural community and municipalities; also supportive of prioritizing funding to address the greatest and most cost effective need
- During the August 22nd Clean Water Fund Board working meeting, the Board discussed the need to reallocate some Clean Water Fund dollars to support the Agronomy and Conservation Assistance Program in the Lake Champlain Basin, and DEC proposed addressing this gap using the line item for municipal stormwater planning and implementation, because this line item has alternative funding sources
- The Vermont League of Cities and Towns (VLCT) expressed concern about using the municipal stormwater line item to address the gap, and recommended addressing the gap through the LiDAR line item
- To address these concerns, the Board recommended sharing the adjustment between the stormwater and natural resources line items, and not impacting the LiDAR line item; the LiDAR funding is necessary to leverage highly competitive federal funds to address gaps in the State's LiDAR coverage; LiDAR is critical for planning and assessment purposes across sectors, and provides a suite of benefits for municipalities
- Secretary Moulton added that the technical information provided through LiDAR provides a great benefit for planning work at the municipal level
- In addition, the CWIP is confident it will be able to meet the demand for municipal stormwater and natural resources through capital funds
- Specific adjustments made to the Clean Water Fund allocations and associated justifications are documented in a memorandum on adjustments to Clean Water Fund Allocation priorities for FY18, see page 9 of meeting materials
- Regarding the online questionnaire used to collect public comment during the July comment period, Deputy Secretary Clasen recommended collecting demographic information to evaluate the representation of respondents to the survey for next year's budget process

4. Clean Water Fund Allocations for FY18 Review and Recommendation
Secretary Deb Markowitz

- Reviewed the draft FY18 Clean Water Fund Allocations, see page 13 of meeting materials
- The document explains the legislatively articulated priorities for the Fund and indicates priorities associated with each line item
- All Clean Water Fund dollars will be passed through existing agency funding programs
- No questions or concerns were voiced from members of the public

5. Clean Water Fund Board Vote on Funding Recommendations
Deputy Secretary Michael Clasen

- The Clean Water Fund Board unanimously approved the draft FY18 Clean Water Fund Allocations (dated September 8, 2016) to be posted for public comment

6. Update on the “Funding Clean Water Improvements” Legislative Report
Secretary Deb Markowitz
CWIP Manager Kari Dolan

- a. Funding Clean Water Improvements Legislative Report Process**
b. Opportunities for Public Input

- The legislature provided seed money to support the Clean Water Fund through a property transfer surcharge for three years; the funding source will sunset at the end of FY18
- The Vermont Clean Water Act, Act 64, directs the Office of the State Treasurer, in partnership with DEC, Tax Department, and agencies across the State, to evaluate how to establish long term funding sources
- Act 64 directs the Office of the State Treasurer to develop a report recommending specific long term funding sources based on a suite of funding options, currently being evaluated; the recommended funding sources will replace or enhance the existing Clean Water Fund funding mechanisms
- Act 64 also asks the State Treasurer to evaluate the role of bonding to support clean water and provide incentives for clean water implementation
- The process for evaluating funding sources and developing the legislative report was reviewed, see page 20 of meeting materials
- The Office of the State Treasurer and State Agencies have held a series of stakeholder meetings on funding needs and existing sources to identify the funding gap, and collect input on how to best use criteria to evaluate funding options and move forward with recommendations for long term funding
- A series of additional stakeholder meetings are being held this fall, meeting with each of the contributing sectors, as well as non-government organizations (NGOs) to further investigate revenue gaps and evaluate funding options
- The State anticipates holding a public meeting leading up to the release of the draft legislative report in November with the final report released in December

- Secretary Moulton added that ACCD is working with ANR to hold a series of meetings with the business community, developers, and large land owners who may be impacted by the funding recommendations
- On September 8 a stakeholder meeting was held with VLCT to present the funding options, and the State plans to hold a few more municipally-focused meetings with the Coalition of Vermont Mayors and the Regional Planning Commissions
- Two agricultural stakeholder meetings have been scheduled for the end of September
- The meeting with NGOs will take place the end of October

7. Questions

Deputy Secretary Michael Clasen

- Jared Carpenter, Trout Unlimited: Trout Unlimited is working with loose coalition of NGOs and conservation groups in Vermont; this group looks forward to filing written comments on the long term financing of the Clean Water Fund this fall

8. Next Meeting

Deputy Secretary Michael Clasen

- The Clean Water Fund Board will hold a working meeting October 6th to review public comments, followed by a formal meeting October 17th to make final funding recommendations
- Secretary Cole will send a delegate to the October 17th meeting
- After September 8th, Lucy Leriche will become Secretary of ACCD and will represent ACCD on the Clean Water Fund Board

The Vermont Clean Water Fund Board, Working Meeting
Meeting Minutes
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

The Vermont Clean Water Fund Board, Working Meeting
Meeting Minutes
Thursday, June 23, 2016, 3:00-4:00
National Life Davis Building – 5th Floor Board Room

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 1st
 - 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

DRAFT

The Vermont Clean Water Fund Board

Agenda

Date/Time: Friday, April 8, 2016, 1:00pm – 2:30pm

Location: National Life Davis Building – 5th Floor Board Room

1. Welcome and Introductions (5 minutes)
Agency of Administration Secretary and Clean Water Fund Board Chair Justin Johnson
2. Process for Clean Water Fund Allocations (15 minutes)
Secretary Justin Johnson
 - a. Reporting on the distribution of CWF FY16 and FY17 funds
 - b. Developing the proposed FY18 draft allocations
3. Update on the Clean Water Fund property transfer tax receipt revenues (10 minutes)
Secretary Justin Johnson
4. Review of the Clean Water Fund Allocations for FY17 (15 minutes)
Agency of Natural Resources Deputy Secretary Trey Martin
Clean Water Initiative Program (CWIP) Manager Kari Dolan
5. Developing the VT Clean Water Initiative Investment and Performance Annual Report, due January, 2017 (10 minutes)
CWIP Manager Kari Dolan
6. Update on the “Financing Clean Water Implementation” Report (10 minutes)
Deputy Secretary Trey Martin
CWIP Manager Kari Dolan
Vermont Deputy Treasurer Michael Clasen
Office of the State Treasurer Director of Policy Tim Lueders-Dumont
7. Questions (20 minutes)
Secretary Justin Johnson
8. Next meeting (5 minutes)
Secretary Justin Johnson

Supporting materials:

- Clean Water Fund Process_FY16 and FY17
- Clean Water Fund Process_FY18
- Draft Clean Water Fund Allocation Priorities, Adjusted
- Vermont Clean Water Initiative Annual Investment & Performance Report
- Financing Clean Water Implementation, Stakeholder Meetings Schedule
- Financing Clean Water Implementation – Frequently Asked Questions and Answers

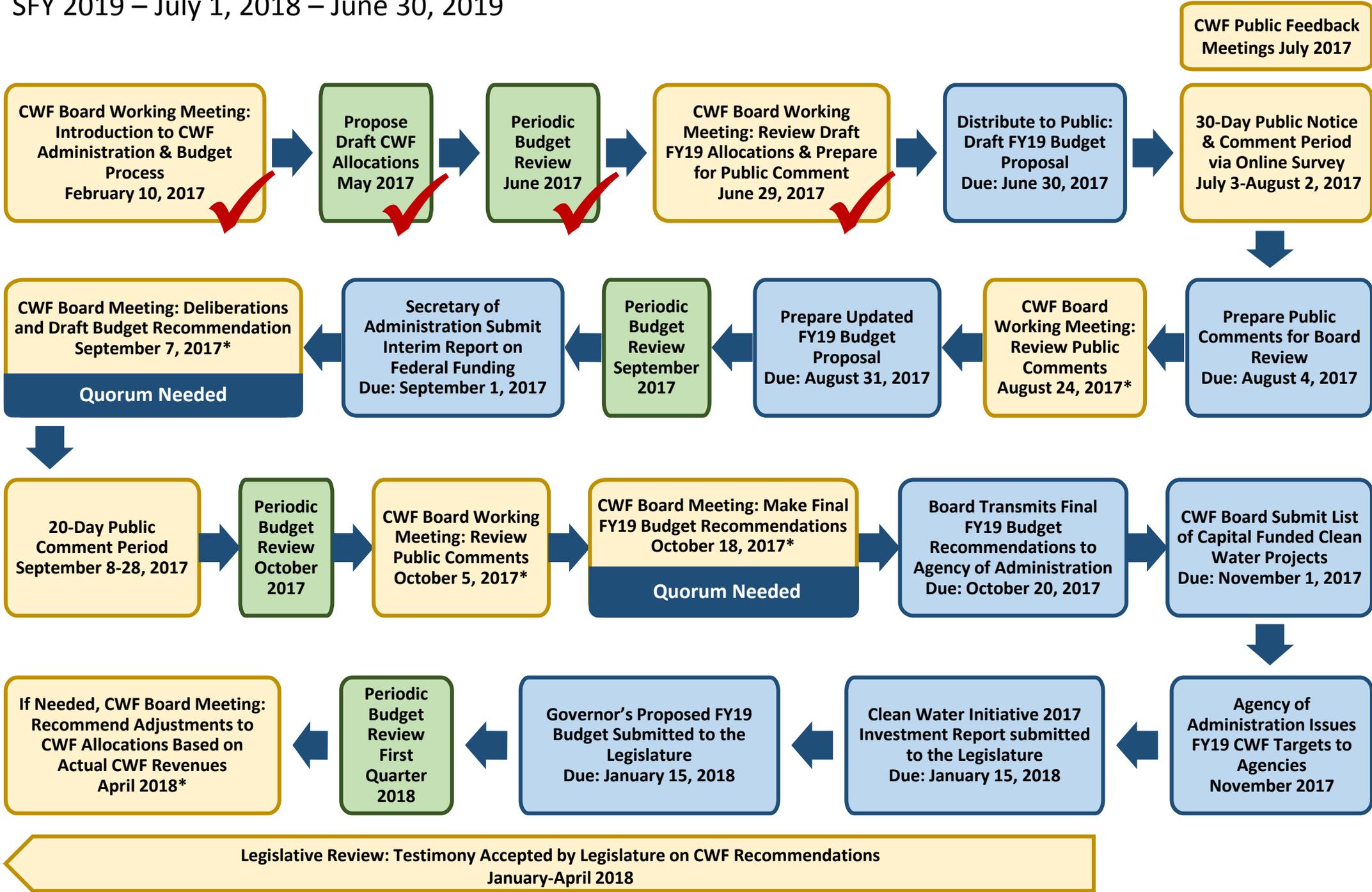
Clean Water Fund Board Agenda
September 8, 2014
11:00 am – 1:00 pm

1. Call the meeting to order; roll-call (Agency of Administration Secretary Johnson)
2. Vote: Board Chair
3. Board History, Roles & Considerations (Agency of Administration Secretary Johnson)
4. Funding Recommendations Review & Timeline (Agency of Natural Resources Deputy Secretary Martin & Department of Environmental Conservation Commissioner Schuren)
5. Board Discussion
6. Public Comment
7. Vote: Funding Recommendations
8. Schedule October Meeting

DRAFT

Clean Water Fund (CWF) State Fiscal Year (SFY) 2019 Budget Process (February 2017 – April 2018)

SFY 2019 – July 1, 2018 – June 30, 2019

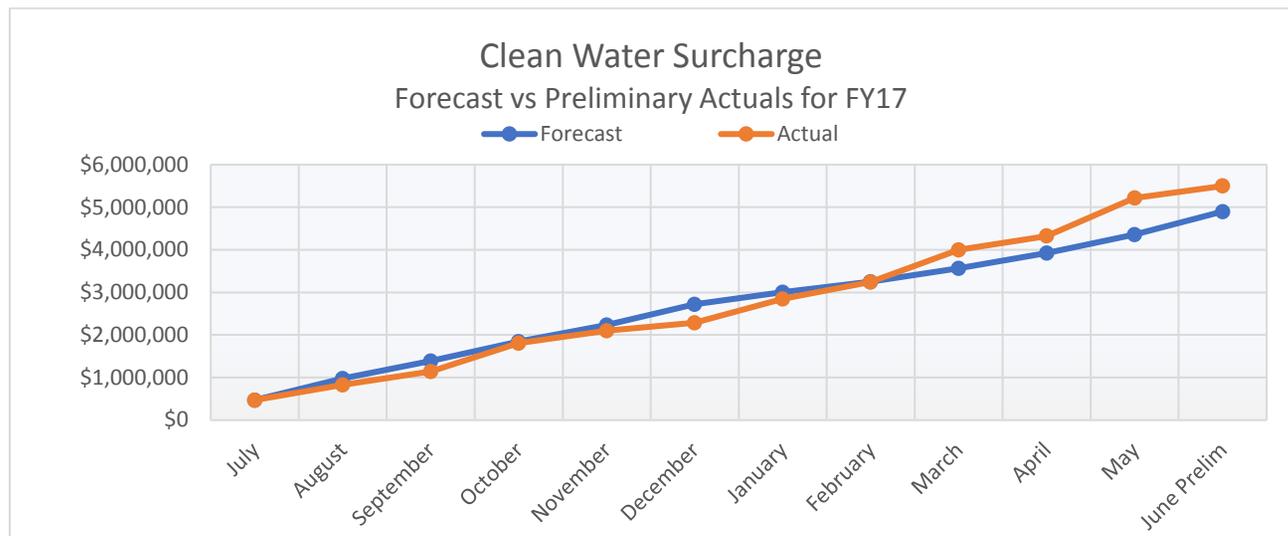


- Clean Water Fund Budgetary Process
- Task of Interagency Finance and Reporting Committee
- Public & Legislative Process

Updated 6/23/2017
 *Approximate dates provided

Clean Water Surcharge FY17 Forecast & Preliminary Actuals

Preliminary figures for the Clean Water Surcharge show that revenues came in at roughly \$5.5M for FY17. That amount is 12% above forecast. The State experienced a one-time revenue bump in FY17 due to a process shift at the Department of Taxes that has helped to alleviate a delay and backlog in fund transfers between the Property Transfer Tax and Clean Water Surcharge accounts. The below graph shows how actual revenues compared to forecast. For a detailed view of how monthly revenues compared to forecast, see the table below the graph. Please be mindful that these figures will not be finalized until late July, and June revenues are expected to increase.



Clean Water Surcharge: FY17 Monthly Revenues												
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June (Pre)
Forecast Month	471,438	506,796	410,661	456,291	392,142	486,471	285,268	242,100	315,227	361,665	432,803	539,138
Actual Month	471,438	359,016	313,732	666,484	289,733	190,121	559,596	397,508	753,814	321,465	894,926	281,567
Forecast Cum	471,438	978,235	1,388,896	1,845,187	2,237,329	2,723,800	3,009,068	3,251,168	3,566,394	3,928,060	4,360,862	4,900,000
Actual Cum	471,438	830,455	1,144,187	1,810,670	2,100,403	2,290,524	2,850,120	3,247,628	4,001,442	4,322,906	5,217,833	5,499,399

MEMORANDUM

To: Clean Water Fund Board
 From: Kari Dolan, DEC Program Manager, Clean Water Investment Program
 Subject: Recommended Adjustments to DEC Clean Water Funds
 Date: June 20, 2017
 Through: Emily Boedecker, Commissioner
 CC: Pete LaFlamme, Watershed Management Division Director
 Mary Borg, Watershed Management Division Deputy Director
 Joanna Pallito, Administration and Innovation Division Director
 Rebecca Ellis, DEC Deputy Commissioner

The Tax Department forecasts that the Clean Water Fund, being supported by a surcharge on the property transfer tax, will have a surplus in FY2017. This memorandum proposes that any surplus of Clean Water Fund FY17 revenues be used to restore as much of the **\$477,732** reduction in the Department of Environmental Conservation's (DEC) FY18 allocation as possible. DEC's reduction was to help accommodate a \$1 million reduction in the FY18 Clean Water Fund. The original FY18 allocations had already been evaluated as part of the Board's budget-setting process including two opportunities for public comment. In addition, DEC was the only agency to adjust its FY18 allocations to accommodate the reduction.

The table below summarizes the FY18 Clean Water Fund adjustment to meet the \$1 million reallocation. Supporting itemized tables are attached.

Reallocation of \$1 Million of FY18 Clean Water Funds		
Allocation	Amount	Justification
FY17 Contingency Reserve	(\$500,000)	CWF surcharge performed adequately. Thus, we did not need to tap into this reserve to cover a shortfall. There will be another 10% set aside in FY18 to cover any shortfall in FY18.
FY17 DEC's Unspent CWF Allocation	(\$22,268)	Unspent and available for reallocation
FY18 DEC Allocation #4: Partner Support	(\$144,332)	Reallocation attempts to balance the impact of the reduction across DEC allocation categories
FY18 DEC Allocation #6: Stormwater Management: Design, Construction	(\$258,000)	Reallocation attempts to balance the impact of the reduction across DEC allocation categories
FY18 DEC Allocation #8: Natural Resources Restoration	(\$75,400)	Reallocation attempts to balance the impact of the reduction across DEC allocation categories
FY18 Agency of Agriculture Allocations	\$0	Substantial agricultural sector nutrient pollutant controls are necessary for compliance with the Lake Champlain TMDL
FY18 Agency of Transportation Allocations	\$0	Already completed grant process for FY18 allocations
Total Reduction of DEC's FY18 Allocation	\$477,732	
Total Reduction	\$1,000,000	

Table 2: State Fiscal Year 2018 Allocations and Adjustments – Agency of Agriculture, Food and Markets

#	Sector (Agency)	Funding Program	Activities	CWF (4-26-17)	CWF Budget (Latest Adjustment)	CWF Reduction	CWF Proposed Restoration
1	Agriculture (AAFMM)	On-Farm Implementation (Grants & Contracts)	Farm water quality capital improvements, matching USDA funds in Lake Champlain Basin (LCB) and supporting priority projects outside of the LCB; Farm agronomic practices (FAP) that exceed existing state and USDA funding resources	\$400,000	\$400,000	--	--
2	Agriculture (AAFMM)	Grants & Contracts	Incentives for farmers to implement phosphorus reduction practices above regulatory requirements, including riparian and wetland restoration programs; Technology or other infrastructure that facilitates nutrient management development, data management and record keeping on farms; Creation of a Research Farm to study water quality runoff impacts from farm management systems and conservation practices; Alternative phosphorus reduction strategies (e.g., grassed-based farms, phosphorus separation strategies); Support for farm acquisition in order to overlay a conservation easement to establish agricultural practices that reduce phosphorus loading	\$450,000	\$450,000	--	--
2b	Agriculture (AAFMM)	Operating	Increased on farm oversight to enforce regulatory requirements, ensure all statewide investments on agricultural operations are on compliant farms, and meeting legal requirements for water quality	\$375,000	\$375,000	--	--
SUBTOTAL (FY19) =				\$1,225,000	\$1,225,000	--	--

Table 3: State Fiscal Year 2018 Allocations and Adjustments– Agency of Natural Resources

#	Sector (Agency)	Funding Program	Activities	CWF (4-26-17)	CWF Budget (Latest Adjustment)	CWF Reduction	CWF Proposed Restoration
3	Agriculture (ANR)	Ecosystem Restoration Grants & Contracts	Support for the Agronomy and Conservation Assistance Program (ACAP) – contract to continue delivering agronomic (field-based) technical support to farmers statewide, in coordination with federal and state agencies	\$234,600	\$234,600	--	--
4	All Sectors (ANR)	Ecosystem Restoration Grants & Contracts	Partner support for project implementation involving delivery of technical and implementation services for projects that are identified and prioritized in Tactical Basin Plans, TMDLs, Act 64 and 2016 Combined Sewer Overflow Policy	\$370,000	\$225,668	\$144,332	\$144,332
5	All Sectors (ANR)	Ecosystem Restoration Grants & Contracts	Improved water quality monitoring, mapping and tracking to evaluate effectiveness of implementation, including the use of watershed associations and the LaRosa Partnership	\$300,000	\$300,000	--	--

Table 3: State Fiscal Year 2018 Allocations and Adjustments – Agency of Natural Resources (Continued)

#	Sector (Agency)	Funding Program	Activities	CWF (4-26-17)	CWF Budget (Latest Adjustment)	CWF Reduction	CWF Proposed Restoration
6	Municipal Stormwater (ANR)	Ecosystem Restoration Grants & Contracts	Municipal stormwater planning and implementation including: (a) project identification, prioritization and planning for implementation; (b) Planning assistance for municipalities pursuing stormwater utilities; and (c) Project implementation to mitigate impacts from stormwater runoff being generated from municipalities' developed areas.	\$760,000	\$502,000	\$258,000	\$258,000
7	Municipal Stormwater (ANR)	Ecosystem Restoration Grants & Contracts	Municipal Capital Equipment Assistance help purchase equipment that enhances local water quality-focused Best Management Practice implementation, such as hydroseeders.	\$100,000	\$100,000	--	--
8	Natural Resources (ANR)	Ecosystem Restoration Grants & Contracts	Flood resilience/Water Quality and Forest Health Projects, targeting the restoration of wetlands, river corridors, floodplains, riparian areas and forest health projects. Projects will focus on: (a) improvements in resilience and water quality; (b) restoration of unstable stream channels to natural stability (equilibrium conditions); (c) portable skidder bridge rental program to reduce nonpoint source pollution associated with logging operations; (d) urban forestry water quality projects; and (e) trainings in compliance with logging practices that protect water quality.	\$225,400	\$150,000	\$75,400	\$75,400
9	Wastewater Treatment (ANR)	DEC- FED and/or Ecosystem Restoration Grants & Contracts	Municipal assistance in compliance with TMDLs	\$100,000	\$100,000	--	--
SUBTOTAL DEC (FY18) =				\$2,090,000	\$1,612,268	\$477,732	\$477,732

Table 4: State Fiscal Year 2018 Allocations and Adjustments – Agency of Commerce and Community Development							
#	Sector (Agency)	Funding Program	Activities	CWF (4-26-17)	CWF Budget (Latest Adjustment)	CWF Reduction	CWF Proposed Restoration
10	Technical Support (ACCD)	Vermont Center for Geographic Information	LiDAR Mapping of the State of Vermont, Next Phase, to support agriculture, stormwater, river, forest road mapping	\$460,000	\$460,000	--	--
SUBTOTAL (FY19) =				\$460,000	\$460,000	--	--

Table 5: State Fiscal Year 2018 Allocations and Adjustments – Agency of Transportation							
#	Sector (Agency)	Funding Program	Activities	CWF (4-26-17)	CWF Budget (Latest Adjustment)	CWF Reduction	CWF Proposed Restoration
11	Municipal Roads (VTrans)	Municipal Mitigation Assistance Program	Inventory, prioritization and implementation to address municipal gravel and non-gravel road-related stormwater mitigation projects, in compliance with state road general permit, and including replacement of undersized culverts	\$1,025,000	\$1,025,000	--	--
12	Municipal Roads (VTrans)	Municipal Mitigation Assistance Program	Funding to be used in conjunction with federal-aid funds to allow municipalities to treat comingled stormwater from both highway and other sources.	\$100,000	\$100,000	--	--
SUBTOTAL (FY19) =				\$1,100,000	\$1,100,000	--	--

Table 6: State Fiscal Year 2018 Allocations and Adjustments by Sector

AGENCY	CWF (4-26-17)	CWF Budget (Latest Adjustment)	CWF Reduction	CWF Proposed Restoration
Agriculture	\$1,459,600	\$1,459,600	--	--
Municipal (roads and stormwater management)	\$1,960,000	\$1,702,000	\$258,000	\$258,000
Municipal Wastewater	\$100,000	\$100,000	--	--
Natural Resources	\$225,400	\$150,000	\$75,400	\$75,400
All Sectors – LiDAR Mapping	\$460,000	\$460,000	--	--
All Sectors Support	\$670,000	\$525,668	\$144,332	\$144,332
10% Contingency Reserve*	\$500,000	\$500,000	--	--
TOTAL	\$5,375,000	\$4,897,268	\$477,732	\$477,732

Table 6: State Fiscal Year 2018 Allocations and Adjustments by Agency

AGENCY	CWF (4-26-17)	CWF Budget (Latest Adjustment)	CWF Reduction	CWF Proposed Restoration
Agency of Agriculture	\$1,225,000	\$1,225,000	--	--
Agency of Natural Resources	\$2,090,000	\$1,612,268	\$477,732	\$477,732
Agency of Commerce and Community Development	\$460,000	\$460,000	--	--
Agency of Transportation	\$1,100,000	\$1,100,000	--	--
10% Contingency Reserve*	\$500,000	\$500,000	--	--
TOTAL	\$5,375,000	\$4,901,378	\$473,622	\$477,732

VERMONT CLEAN WATER FUND SFY19 DISTRIBUTION PRIORITIES FOR FY19 DRAFT BUDGET

Purpose: As directed by Act 64 (2015) and modified by H.876 (2016), the Vermont Clean Water Fund Board is to develop an annual revenue estimate and propose a budget for the Clean Water Fund.

Implementation Policies: The Clean Water Fund provides additional state funds above current allocation levels to complement, enhance and leverage existing resources. The use of the Fund is to maximize opportunities for the restoration and protection of Vermont’s water ways by prioritizing and targeting resources. To maximize the effectiveness of this Fund, the Fund should strengthen and complement existing state assistance programs (e.g., grant and loan pass-through programs), wherever feasible.

Contingency to Avoid Overruns: Ten percent of the annual Clean Water Funds are set aside as a contingency to avoid the risk of spending more funds than the amount available for that fiscal year.

Priorities: The Board shall make its recommendation based on the following priorities, as stated in Act 64 Sec. 37 (10 VSA §1389(e)) and further described in Table One:

- A. Address sources of water pollution in waters listed as impaired (33 U.S.C. §1313(d));
- B. Address sources of water pollution identified as significant contributors of water pollution;
- C. Restore riparian (lands adjacent to waterways) conditions to minimize the risk of flood damage;
- D. Support state and municipal compliance with road-related stormwater permit requirements;
- E. Provide education and outreach regarding the implementation of water quality requirements;
- F. Support Innovative or alternative technologies or practices to improve water quality;
- G. Purchase land in order to take land out of practice when State requirements cannot be remediated through Best Management Practices;
- H. Assist municipalities in the establishment and operation of stormwater utilities;
- I. Prioritize awards to municipalities for compliance with water quality requirements during the first three years of the Clean Water Fund; and,
- J. After satisfying the above priorities, attempt to provide for equitable apportionment of awards to all regions of the State and for control of all point and nonpoint pollution sources in the State.

Table 1: Summary of Clean Water Fund Priorities

Priority	Description
A: Sources of water pollution in Impaired Waters	Restores surface water impairment through grants, contracts or loans, targeting sources of pollution that are contributing to the water quality impairment
B. Significant sources of water pollution	Promotes cost-effectiveness by targeting sources of pollution that are significant contributors to water quality degradation
C. Riparian buffer restoration	Purchases permanent conservation easements on lands adjacent to waterways (river corridors, wetlands, riparian areas) and establishes minimum of 50-foot buffers with native vegetation
D. Compliance with municipal and State road permits	Aids municipalities and the State in implementing stormwater control practices for compliance with the municipal roads general permit and the stormwater permit pertaining to state highways
E. Education, outreach	Provides technical and educational support to municipal officials and road crews, farmers, loggers, homeowners and others about sources of water pollution, cost-effective solutions to mitigate impacts and implementation support
F. Innovative technologies	Supports innovative technologies or practices to reduce water pollution from farms, municipalities’ developed lands, logging areas and other sources
G. Land acquisition	Purchases land in order to take land out of practice when water quality remediation is not achievable through agricultural Best Management Practices
H. Municipal Stormwater Utilities	Provide assistance for municipalities in establishing and operating stormwater utilities
I. Municipal assistance	Aids municipalities in understanding critical sources of water pollution, and in identifying, planning and implementing priority water pollution controls
J. Geographic equity	Adds to this set of priorities some consideration of location in the distribution of funds to support regional equity

Acronyms

AAFM: Vermont Agency of Agriculture, Food and Markets

ACAP: Vermont DEC's Agronomy and Conservation Assistance Program, a program that provides support to partners in the delivery of agronomic (soil and nutrient management) assistance to farmers

ACCD: Vermont Agency of Commerce and Community Development

ANR: Agency of Natural Resources

BMP: Best Management Practices, activities to address water quality impacts from land-based sources that are the result of precipitation-driven runoff and erosion.

CWF: State of Vermont Clean Water Fund

DEC: Vermont Department of Environmental Conservation, a department under ANR

FAP: Farm Agronomic Practices, a set of practices for farmers to employ to minimize losses of soil, nutrients and agricultural waste from runoff and erosion to enhance soil health

FED: Vermont DEC's Facilities Engineering Division

LCB: Lake Champlain Basin. Vermont's portion of the LCB represents approximately half the land mass of Vermont

LiDAR: Standing for "Light Detection And Ranging," is a state-of-the-art mapping technology that produces high resolution maps as baseline information to aid in identifying priority water quality needs. Other applications include flood and erosion hazard mapping, landslide hazard mapping and transportation project support

LCBP: Lake Champlain Basin Program

Stormwater Utilities: is a system adopted by a municipality or group of municipalities under 24 V.S.A. chapter 97, 101 or 105 for the management of stormwater runoff.

TMDL: Total Maximum Daily Load; a pollution budget that establishes the maximum amount of a pollutant a waterbody can receive from many different sources of that pollutant while still meeting water quality standards. Federal Water Pollution Control Act of 1972, 33 U.S.C. Section 1251 et seq., Section 303(d)

USDA: United States Department of Agriculture, which, as part of the federal Farm Bill, offers a number of conservation programs to protect water quality and improve soil health

VTrans: Vermont Transportation Agency

Table 2: State Fiscal Year 2019 Recommendations – Agency of Agriculture, Food and Markets

#	Sector (Agency)	Funding Program	Activities	Other Funds	Priorities											
					A	B	C	D	E	F	G	H	I	J		
1	Agriculture (AAFM)	On-Farm Implementation (Grants & Contracts)	Farm water quality capital improvements, matching USDA funds in Lake Champlain Basin (LCB) and supporting priority projects outside of the LCB; Farm agronomic practices (FAP) that exceed existing state and USDA funding resources	USDA ¹	X	X										X
2	Agriculture (AAFM)	Grants & Contracts	Incentives for farmers to implement phosphorus reduction practices above regulatory requirements, including riparian and wetland restoration programs; Technology or other infrastructure that facilitates nutrient management development, data management and record keeping on farms; Creation of a Research Farm to study water quality runoff impacts from farm management systems and conservation practices; Alternative phosphorus reduction strategies (e.g., grassed-based farms, phosphorus separation strategies); Support for farm acquisition in order to overlay a conservation easement to establish agricultural practices that reduce phosphorus loading	USDA ¹	X	X				X						
2b	Agriculture (AAFM)	Operating ²	Increased on farm oversight to enforce regulatory requirements, ensure all statewide investments on agricultural operations are on compliant farms, and meeting legal requirements for water quality		X	X										

1. Funds are complementary, supporting implementation of similar projects.
2. The Clean Water Fund supported this allocation for three years. This draft allocation is to ensure support, while AAFM seeks alternative funds.

Table 3: Recommendations – Agency of Natural Resources

#	Sector (Agency)	Funding Program	Activities	Other Funds	Priorities										
					A	B	C	D	E	F	G	H	I	J	
3	Agriculture (ANR)	Ecosystem Restoration Grants & Contracts	Support for the Agronomy and Conservation Assistance Program (ACAP) – contract to continue delivering agronomic (field-based) technical support to farmers statewide, in coordination with federal and state agencies		X	X	X		X						X
4	All Sectors (ANR)	Ecosystem Restoration Grants & Contracts	Partner support for project implementation involving delivery of technical and implementation services for projects that are identified and prioritized in Tactical Basin Plans, TMDLs, Act 64 and 2016 Combined Sewer Overflow Policy		X	X	X		X	X				X	X
5	All Sectors (ANR)	Ecosystem Restoration Grants & Contracts	Improved water quality monitoring, mapping and tracking to evaluate effectiveness of implementation, including the use of watershed associations and the LaRosa Partnership		X	X	X	X	X					X	X
6	All Sectors (ANR)	Ecosystem Restoration Grants & Contracts	Investments in innovative technologies, practices or policies that facilitate, optimize or accelerate cost-effective nutrient removal strategies		X	X				X					
7	All Sectors (ANR)	Ecosystem Restoration Grants & Contracts	Block Grant to support construction of clean water improvement projects		X	X		X	X				X	X	X
8	Stormwater Controls (ANR)	Ecosystem Restoration Grants & Contracts	Stormwater planning/implementation: (a) project identification & planning ;(b) assistance in developing stormwater utilities; (c) construction; and (d) capital equipment assistance	Local funds as match ³	X	X		X	X				X	X	X

3. Stormwater projects located within a Municipal Separate Storm Sewer System (MS4) community require 50% match. Road-related clean water projects require 20% match (cash or inkind). All other projects are incentivized to provide match at this time. See Ecosystem Restoration Grant Application Manual: http://dec.vermont.gov/sites/dec/files/wsm/erp/docs/Application_Manual.pdf.

Table 3: State Fiscal Year 2019 Recommendations – Agency of Natural Resources (Continued)

#	Sector (Agency)	Funding Program	Activities	Other Funds	Priorities									
					A	B	C	D	E	F	G	H	I	J
9	Stormwater Controls (ANR)	Ecosystem Restoration Grants & Contracts	Municipal Roads Grants-In-Aid Pilot Project to help municipalities comply with the Municipal Roads General permit (MRGP)	Local funds as match	X	X		X	X	X			X	X
10	Natural Resources (ANR)	Ecosystem Restoration Grants & Contracts	Flood resilience/Water Quality and Forest Health Projects, targeting restoration of wetlands, river corridors, floodplains, riparian areas and forest health projects, eg: (a) improvements in resilience and water quality; (b) restoration of unstable stream channels to natural stability (equilibrium conditions); (c) portable skidder bridges; (d) urban forestry water quality projects; and (e) trainings in compliance with logging practices that protect water quality	USDA ⁴	X	X	X		X		X			X
11	Natural Resources (ANR)	Forest, Parks and Recreation Grants & Contracts	Portable skidder bridges for water quality improvements at logging areas per: H.495 Section 15		X	X	X		X		X			X
12	Wastewater Treatment (ANR)	DEC-Grants & Contracts	Municipal assistance, TMDL implementation; Clean Water State Revolving Fund (SRF) match & clean water pollution control grants		X	X				X			X	
13	Wastewater (ANR)	DEC- Grants & Contracts	DEC Clean Water State Revolving Fund (SRF) DEC Municipal Pollution Control Grants (new)		X	X				X			X	

4. As described in Footnote 1 above, the USDA funds are complementary, supporting implementation of similar projects.

Table 4: State Fiscal Year 2019 Recommendations – Agency of Transportation														
#	Sector (Agency)	Funding Program	Activities	Other Funds	Priorities									
					A	B	C	D	E	F	G	H	I	J
14	Municipal Roads (VTrans)	Municipal Mitigation Assistance Program	Inventory, prioritization and implementation to address municipal gravel and non-gravel road-related stormwater mitigation projects, in compliance with state road general permit, and including replacement of undersized culverts	Local funds as match	X	X		X	X	X			X	X
15	State Roads (VTrans)	Municipal Mitigation Assistance Program	Funding to be used in conjunction with federal-aid funds to allow municipal stormwater utilities to treat comingled stormwater from both highway and other sources	Local funds as match	X	X		X		X			X	

Table 5: State Fiscal Year 2019 Recommendations – Agency of Administration														
#	Sector (Agency)	Funding Program	Activities	Other Funds	Priorities									
					A	B	C	D	E	F	G	H	I	J
16	Agency of Administration		Stormwater payments to municipalities with stormwater utilities (\$25,000 per municipality with a stormwater utility Per: 10 V.S.A. 1389 (e)(1)(H))		X	X							X	

Table 6: State Fiscal Year 2019 Recommendations – Agency of Commerce and Community Development (ACCD)														
#	Sector (Agency)	Funding Program	Activities	Other Funds	Priorities									
					A	B	C	D	E	F	G	H	I	J
17	ACCD	Better Connections (with VTrans)	Funding for municipalities to incorporate stormwater management strategies into a comprehensive transportation, land use and economic development action plans.		X	X		X	X	X			X	X
18	ACCD	Downtown Transportation Fund	Capital improvements within or serving a designated downtown to incorporate stormwater management BMPs into the corresponding transportation (streetscape) improvements.		X	X		X	X	X			X	X

Table 7: State Fiscal Year 2019 Recommendations – Vermont Housing and Conservation Board (VHCB)														
#	Sector (Agency)	Funding Program	Activities	Other Funds	Priorities									
					A	B	C	D	E	F	G	H	I	J
19	VHCB	Clean Water Conservation and Farm Improvements	Water quality improvement projects, conservation projects and easements	Federal (USGS)	X	X	X		X	X	X			X

VERMONT CLEAN WATER FUND DRAFT DISTRIBUTIONS FOR FY19 DRAFT BUDGET

Purpose: As directed by Act 64 (2015) and modified by H.876 (2016), the Vermont Clean Water Fund Board is to develop an annual revenue estimate and propose a budget for the Clean Water Fund.

Implementation Policies: The Clean Water Fund provides additional state funds above current allocation levels to complement, enhance and leverage existing resources. The use of the Fund is to maximize opportunities for the restoration and protection of Vermont's water ways by prioritizing and targeting resources. To maximize the effectiveness of this Fund, the Fund should strengthen and complement existing state assistance programs (e.g., grant and loan pass-through programs), wherever feasible.

Contingency to Avoid Overruns: Ten percent of the anticipated annual revenues from the surcharge on the property transfer tax are set aside as a contingency to avoid the risk of spending more funds than the amount available in the Clean Water Fund for that fiscal year.

Priorities: The Board shall make its recommendation based on the following priorities, as stated in Act 64 Sec. 37 (10 VSA §1389(e)). Please refer to a separate document entitled, *Vermont Clean Water Fund SFY19 Distribution Priorities* for more information about state priorities.

What's New for FY19: The State Legislature directed an additional \$11,122,944 of FY19 capital funds, targeted for clean water improvement projects, to be dispersed using the Clean Water Fund Board budget setting process. The tables in this document present draft allocations of Clean Water Funds, FY19 capital funds (H.519), the additional \$11,122,944 of FY19 capital funds (H519, Section 11 (f)(4)), and general funds as part of the Appropriations Bill:

Tables:

Table 1, page 2: Summary of SFY2018-2019 Clean Water Appropriations

Table 2, page 3: State Fiscal Year 2019 Recommendations – Agency of Agriculture, Food and Markets

Table 3, page 4-5: State Fiscal Year 2019 Recommendations – Agency of Natural Resources

Table 4, page 6: State Fiscal Year 2019 Recommendations – Agency of Transportation

Table 5, page 6: State Fiscal Year 2019 Recommendations – Agency of Administration

Table 6, page 7: State Fiscal Year 2019 Recommendations – Agency of Commerce and Community
Development

Table 7, page 7: State Fiscal Year 2019 Recommendations – Vermont Housing & Conservation Board

Table 8, page 8: Summary Recommendations for SFY19 Clean Water Funding, by Sector

Table 9, page 9: Table 2: Summary Recommendations for SFY19 Clean Water Funding, by Agency

Table 1: Summary of SFY2018-2019 Clean Water Appropriations

Capital Bill, H.519 Section 11: Clean Water Investments	Baseline (2-year total)	As Passed House & Senate (5/5/2017)			Filling Gap = D-A (2-year total)
		FY18	FY19	FY18 & FY19	
(a)(1) & (e)(1) AAFM BMP & CREP	\$3,800,000	\$3,450,000	\$2,000,000	\$5,450,000	\$1,650,000
(a)(2) AAFM Water Quality Grants & Contracts	\$-	\$600,000	\$-	\$600,000	\$600,000
(b)(1)&(f)(1) DEC Clean Water State Revolving Fund (SRF)	\$2,400,000	\$1,000,000	\$1,200,000	\$2,200,000	\$(200,000)
(b)(2)&(f)(2) DEC Ecosystem Restoration Grants	\$7,460,000	\$6,000,000	\$5,000,000	\$11,000,000	\$3,540,000
(b)(3) DEC Municipal Pollution Control Grants (prior)	\$35,000	\$2,982,384	\$-	\$2,982,384	\$2,947,384
(b)(4)&(f)(3) DEC Municipal Pollution Control Grants (new)	\$3,306,500	\$2,704,232	\$1,407,268	\$4,111,500	\$805,000
(c) VTrans Municipal Mitigation Program	\$-	\$1,400,000	\$-	\$1,400,000	\$1,400,000
(d)(1) VHCB: water quality projects	\$3,750,000	\$2,800,000	\$2,750,000	\$5,550,000	\$1,800,000
(d)(2) VHCB: farm grants or fee purchase water quality projects	\$-	\$1,000,000	\$-	\$1,000,000	\$1,000,000
(f)(4) FY19 Statewide Clean Water Implementation	\$-	\$-	\$11,112,944	\$11,112,944	\$11,112,944
	\$20,751,500	\$21,936,616	\$23,470,212	\$45,406,828	\$24,655,328
Transportation Bill H.494					
State Highway Compliance	\$16,280,000	\$8,140,000	\$8,140,000	\$16,280,000	\$-*
Section 14: Transportation Alternatives (for stormwater)	\$2,200,000	\$2,200,000	\$2,200,000	\$4,400,000	\$2,200,000*
Section 8: Municipal Mitigation (for stormwater)	\$2,880,000	\$1,240,000	\$1,840,000	\$3,080,000	\$200,000*
Section 8: Municipal Mitigation from Federal Hgwy STBG Fund	\$-	\$5,442,342	\$5,242,342	\$10,684,684	\$10,684,684*
	\$21,360,000	\$17,022,342	\$17,422,342	\$34,444,684	\$13,084,684
Appropriations Bill					
DEC Federal match pass through for DEC Clean Water SRF	\$20,000,000	\$10,000,000	\$10,000,000	\$20,000,000	\$-*
DF&W Watershed Grants Program	\$70,000	\$35,000	\$35,000	\$70,000	\$-*
AAFM Farm Agronomic Practices Program	\$300,000	\$150,000	\$150,000	\$300,000	\$-*
AAFM Water Quality Grants and Contracts	\$594,000	\$297,000	\$297,000	\$594,000	\$-*
AAFM Operational Funds	\$750,000	\$375,000	\$375,000	\$750,000	\$-*
Clean Water Fund	\$-	\$4,000,000	\$4,000,000	\$8,000,000	\$8,000,000
FY19 Capital Bill: Bond premium from sale of bonds	\$-	\$-	\$2,259,988	\$2,259,988	\$2,259,988*
GRAND TOTAL	\$63,825,500	\$53,815,958	\$58,009,542	\$111,825,500	\$48,000,000

* Rows 15-18, 22-26, 28: Appropriations for FY19 are projected

Vermont's baseline annual spending on clean water projects is close to \$32 million, including more than \$15 million in federal funds.

In FY18, Vermont has appropriated \$54 million for clean water projects (state and federal funds).

In FY19, Vermont is projected to spend \$58 million on clean water efforts (state and federal funds).

Over 2 years, this represents an increase of \$48 million over baseline spending, or \$24 million average annual increase (state and federal funds).

Table 2: State Fiscal Year 2019 Recommendations – Agency of Agriculture, Food and Markets

#	Sector (Agency)	Funding Program	Activities	CWF	Capital in FY19 Budget Capital Bill, H519, Sec. 11	Capital, New Capital Bill, H519, Sec. 11 (f)(4)	Total
1	Agriculture (AAFM)	On-Farm Implementation Grants & Contracts	Farm water quality capital improvements, matching USDA funds in Lake Champlain Basin (LCB) and supporting priority projects outside of the LCB; Farm agronomic practices (FAP) that exceed existing state and USDA funding resources	\$325,000	\$2,000,000 (e)(1)	\$2,050,000	\$4,375,000
2	Agriculture (AAFM)	Grants & Contracts	Incentives for farmers to implement phosphorus reduction practices above regulatory requirements, including riparian and wetland restoration programs; Technology or other infrastructure that facilitates nutrient management development, data management and record keeping on farms; Creation of a Research Farm to study water quality runoff impacts from farm management systems and conservation practices; Alternative phosphorus reduction strategies (e.g., grassed-based farms, phosphorus separation strategies); Support for farm acquisition in order to overlay a conservation easement to establish agricultural practices that reduce phosphorus loading	\$300,000	--	--	\$300,000
2b	Agriculture (AAFM)	Operating ¹	Increased on farm oversight to enforce regulatory requirements, ensure all statewide investments on agricultural operations are on compliant farms, and meeting legal requirements for water quality	\$375,000	--	--	\$375,000
SUBTOTAL (FY19) =				\$1,035,000	\$2,000,000	\$2,050,000	\$5,050,000

1. The Clean Water Fund supported this allocation for three years. This draft allocation is to ensure support while AAFM seeks alternative funds.

Table 3: State Fiscal Year 2019 Recommendations – Agency of Natural Resources

#	Sector (Agency)	Funding Program	Activities	CWF	Capital in FY19 Budget Capital Bill, H519, Sec. 11	Capital, New Capital Bill, H519, Sec. 11 (f)(4)	Total
3	Agriculture (ANR)	Ecosystem Restoration Grants & Contracts	Support for the Agronomy and Conservation Assistance Program (ACAP) – contract to continue delivering agronomic (field-based) technical support to farmers statewide, in coordination with federal and state agencies	\$235,000	--	--	\$235,000
4	All Sectors (ANR)	Ecosystem Restoration Grants & Contracts	Partner support for project implementation involving delivery of technical and implementation services for projects that are identified and prioritized in Tactical Basin Plans, TMDLs, Act 64 and 2016 Combined Sewer Overflow Policy	\$630,000	--	--	\$630,000
5	All Sectors (ANR)	Ecosystem Restoration Grants & Contracts	Improved water quality monitoring, mapping and tracking to evaluate effectiveness of implementation, including the use of watershed associations and the LaRosa Partnership	\$200,000	--	--	\$200,000
6	All Sectors (ANR)	Ecosystem Restoration Grants & Contracts	Investments in innovative technologies, practices or policies that facilitate, optimize or accelerate cost-effective nutrient removal strategies	\$200,000	--	--	\$200,000
7	All Sectors (ANR)	Ecosystem Restoration Grants & Contracts	Block Grant to support construction of clean water improvement projects	--	\$1,000,000 (f)(2)	\$1,000,000	\$2,000,000
8	Stormwater Controls (ANR)	Ecosystem Restoration Grants & Contracts	Stormwater planning/implementation: (a) project identification & planning (b) assistance in developing stormwater utilities; (c) construction; and (d) capital equipment assistance	\$300,000	\$3,100,000 (f)(2)	--	\$3,400,000 ²

Table 3: State Fiscal Year 2019 Recommendations – Agency of Natural Resources (Continued)

#	Sector (Agency)	Funding Program	Activities	CWF	Capital in FY19 Budget Capital Bill, H519, Sec. 11	Capital, New Capital Bill, H519, Sec. 11 (f)(4)	Total
9	Stormwater Controls (ANR)	Ecosystem Restoration Grants & Contracts	Municipal Roads Grants-In-Aid Pilot Project to help municipalities comply with the Municipal Roads General permit (MRGP)	--	\$400,000	\$2,107,944	\$2,507,944
10	Natural Resources (ANR)	Ecosystem Restoration Grants & Contracts	Flood resilience/Water Quality and Forest Health Projects, targeting restoration of wetlands, river corridors, floodplains, riparian areas and forest health projects, e.g.: (a) improvements in resilience and water quality; (b) restoration of unstable stream channels to natural stability (equilibrium conditions); (d) urban forestry water quality projects; and (e) trainings in compliance with logging practices that protect water quality	\$200,000	\$450,000 (f)(2)	\$300,000	\$950,000
11	Natural Resources (ANR)	Forest, Parks and Recreation Grants & Contracts	Portable skidder bridges for water quality improvements at logging areas per: H.495 Section 15	--	\$50,000 (f)(2)	--	\$50,000
12	Wastewater (ANR)	DEC- Grants & Contracts	Municipal assistance in optimization, asset management and other improvements related to TMDL implementation	\$100,000	--	--	\$100,000
13a	Wastewater (ANR)	DEC- Grants & Contracts	DEC Clean Water State Revolving Fund (SRF)	--	\$1,200,000 f)(1)		\$1,200,000
13b	Wastewater (ANR)	DEC- Grants & Contracts	DEC Municipal Pollution Control Grants (new projects)	--	\$1,407,268 f)(3)	\$2,500,000	\$3,907,268
SUBTOTAL (FY19) =				\$1,865,000	\$7,607,268	\$5,907,944	\$15,380,212

Table 4: State Fiscal Year 2019 Recommendations – Agency of Transportation

#	Sector (Agency)	Funding Program	Activities	CWF	Capital in FY19 Budget Capital Bill, H519, Sec. 11	Capital, New Capital Bill, H519, Sec. 11 (f)(4)	Total
14	Municipal Roads (VTrans)	Municipal Mitigation Assistance Program	Inventory, prioritization and implementation to address municipal gravel and non-gravel road-related stormwater mitigation projects, in compliance with state road general permit, and including replacement of undersized culverts	\$435,000	--	\$965,000	\$1,400,000
15	Municipal Roads (VTrans)	Municipal Mitigation Assistance Program	Funding to be used in conjunction with federal-aid funds to allow municipal stormwater utilities to treat comingled stormwater from both highway and other sources	--	--	\$1,000,000	\$1,000,000
SUBTOTAL (FY19) =				\$435,000	--	\$1,965,000	\$2,400,000

Table 5: State Fiscal Year 2019 Recommendations – Agency of Administration

#	Sector (Agency)	Funding Program	Activities	CWF	Capital in FY19 Budget Capital Bill, H519, Sec. 11	Capital, New Capital Bill, H519, Sec. 11 (f)(4)	Total
16	Agency of Administration		Stormwater payments to municipalities with stormwater utilities (\$25,000 per municipality with a stormwater utility Per: 10 V.S.A. 1389 (e)(1)(H))	\$100,000	--	--	\$100,000
SUBTOTAL (FY19) =				\$100,000	--	--	\$100,000

2: Stormwater projects located within a Municipal Separate Storm Sewer System (MS4) community require 50% match. Road-related clean water projects require 20% match (cash or inkind). All other projects are incentivized to provide match at this time. See Ecosystem Restoration Grant Application Manual: http://dec.vermont.gov/sites/dec/files/wsm/erp/docs/Application_Manual.pdf.

Table 6: State Fiscal Year 2019 Recommendations – Agency of Commerce and Community Development (ACCD)							
#	Sector (Agency)	Funding Program	Activities	CWF	Capital in FY19 Budget Capital Bill, H519, Sec. 11	Capital, New Capital Bill, H519, Sec. 11 (f)(4)	Total
17	ACCD	Better Connections (with VTrans)	Funding for municipalities to incorporate stormwater management strategies into a comprehensive transportation, land use and economic development action plans.	\$100,000	--	--	\$100,000
18	ACCD	Downtown Transportation Fund	Capital improvements within or serving a designated downtown to incorporate stormwater management BMPs into the corresponding transportation (streetscape) improvements.	--	--	\$200,000	\$200,000
SUBTOTAL (FY19) =				\$100,000	--	\$200,000	\$300,000

Table 7: State Fiscal Year 2019 Recommendations – Vermont Housing and Conservation Board (VHCB)							
#	Sector (Agency)	Funding Program	Activities	CWF	Capital in FY19 Budget Capital Bill, H519, Sec. 11	Capital, New Capital Bill, H519, Sec. 11 (f)(4)	Total
19	VHCB	Clean Water Conservation and Farm Improvements	Water quality improvement projects, conservation projects and easements	--	\$2,750,000	\$1,000,000	\$3,750,000
SUBTOTAL (FY19) =				--	\$2,750,000	\$1,000,000	\$3,750,000

Table 8: Recommendations for FY19 Clean Water Funding By Sector*	CWF	Capital in FY19 Budget Capital Bill, H519, Sec. 11	Capital, New Capital Bill, H519, Sec. 11 (f)(4)	Total
Agriculture	\$1,235,000	\$2,000,000	\$2,050,000	\$5,285,000
Stormwater management, including road-related stormwater controls	\$935,000	\$3,500,000	\$4,272,944	\$8,707,944
Municipal Wastewater	\$100,000	\$2,607,268	\$2,500,000	\$5,207,268
Natural Resources Restoration	\$200,000	\$500,000	\$300,000	\$1,000,000
Clean Water Land Conservation	--	\$2,750,000	\$1,000,000	\$3,750,000
All Sectors Support	\$1,030,000	\$1,000,000	\$1,000,000	\$3,030,000
10% Contingency Reserve*	\$500,000	--	--	\$500,000
TOTAL	\$4,000,000	\$12,357,268	\$11,122,944	\$27,480,212

* 10% of the annual Clean Water Funds are set aside as a contingency to avoid the risk of spending more funds than are available in the fiscal year.

Table 9: Recommendations for FY19 CWF By Administering Agency*	CWF	Capital in FY19 Budget Capital Bill, H519, Sec. 11	Capital, New Capital Bill, H519, Sec. 11 (f)(4)	Total
Agency of Agriculture	\$1,000,000	\$2,000,000	\$2,050,000	\$5,532,000
Agency of Natural Resources – Ecosystem Restoration	\$1,765,000	\$5,000,000	\$3,407,944	\$10,172,944
Agency of Natural Resources – Municipal Wastewater, CSO Controls	\$100,000	\$2,607,268	\$2,500,000	\$5,207,268
Agency of Commerce and Community Development	\$100,000	--	\$200,000	\$300,000
Agency of Transportation	\$435,000	--	\$1,965,000	\$2,400,000
Agency of Administration	\$100,000	--	--	\$100,000
Vermont Housing and Conservation Board	--	\$2,750,000	\$1,000,000	\$3,750,000
10% Contingency Reserve*	\$500,000	--	--	\$500,000
	\$4,000,000	\$12,357,268	\$11,122,944	\$27,480,212

Acronyms

AAFM: Vermont Agency of Agriculture, Food and Markets

ACAP: Vermont DEC's Agronomy and Conservation Assistance Program, a program that provides support to partners in the delivery of agronomic (soil and nutrient management) assistance to farmers

ACCD: Vermont Agency of Commerce and Community Development

ANR: Agency of Natural Resources

BMP: Best Management Practices, activities to address water quality impacts from land-based sources that are the result of precipitation-driven runoff and erosion.

CWF: State of Vermont Clean Water Fund

DEC: Vermont Department of Environmental Conservation, a department under ANR

FAP: Farm Agronomic Practices, a set of practices for farmers to employ to minimize losses of soil, nutrients and agricultural waste from runoff and erosion to enhance soil health

FED: Vermont DEC's Facilities Engineering Division

LCB: Lake Champlain Basin. Vermont's portion of the LCB represents approximately half the land mass of Vermont

LiDAR: Standing for "Light Detection And Ranging," is a state-of-the-art mapping technology that produces high resolution maps as baseline information to aid in identifying priority water quality needs. Other applications include flood and erosion hazard mapping, landslide hazard mapping and transportation project support

LCBP: Lake Champlain Basin Program

Stormwater Utilities: is a system adopted by a municipality or group of municipalities under 24 V.S.A. chapter 97, 101 or 105 for the management of stormwater runoff.

TMDL: Total Maximum Daily Load; a pollution budget that establishes the maximum amount of a pollutant a waterbody can receive from many different sources of that pollutant while still meeting water quality standards. Federal Water Pollution Control Act of 1972, 33 U.S.C. Section 1251 et seq., Section 303(d)

USDA: United States Department of Agriculture, which, as part of the federal Farm Bill, offers a number of conservation programs to protect water quality and improve soil health

VTrans: Vermont Transportation Agency

DRAFT Questionnaire

Vermont Clean Water Fund Fiscal Year 2019 Priorities

The purpose of **this questionnaire** is to gather public input on Vermont's clean water funding priorities for the next state fiscal year.

The **Vermont Clean Water Act**, signed into law in June of 2015, focuses on improving water quality in the State's lakes, rivers, ponds, streams, and wetlands. The legislation also created the **Vermont Clean Water Fund** to assist municipalities, farmers, and others in making needed investments in priority clean water improvement projects.

The Act established a **Vermont Clean Water Fund Board**, which manages the Clean Water Fund. The Board consists of the secretaries from the agencies of Administration; Agriculture, Food and Markets (AAFMM); Commerce and Community Development (ACCD); Natural Resources (ANR); and Transportation (VTrans).

The Board will meet in September 2017 and will use the information from this questionnaire to draft its recommendations for the Clean Water Fund for the next state fiscal year (July 1, 2018 through June 30, 2019, or FY2019).

Thank you for taking the time to complete this questionnaire. Your participation in the Clean Water Fund process is important to us. In addition to completing this questionnaire, you may also send written comments by email to anr.cleanwatervt@vermont.gov or by mail to:

Attention: Vermont Clean Water Initiative
Department of Environmental Conservation
1 National Life Drive, Main 2
Montpelier, VT 05620-3522

If you have any questions, or if you need a hard copy of this questionnaire to respond, please contact: bethany.sargent@vermont.gov or (802) 490-6131.

The deadline for submitting this questionnaire is 4:30 pm, Wednesday, August 2, 2017. Questionnaire responses and comments submitted by mail must be post-marked by Wednesday, August 2, 2017.

Survey Monkey: Fiscal Year 2019 Priorities for the Clean Water Fund

MAJOR WATER POLLUTION SOURCES AND PRIORITIES IN VERMONT

Vermont’s clean water provides fishing and other recreational opportunities, bolsters tourism and property values, and protects public health. Unfortunately, pollution continues to threaten our waters.

The leading cause of water quality degradation in Vermont is nonpoint source pollution, often referred to as polluted runoff and erosion. Nonpoint sources of water pollution are caused by rainfall and snowmelt running off developed areas, roads, agricultural lands, and forest lands. If the land is not well managed, the runoff can cause erosion and carry nutrient (phosphorus and nitrogen) and sediment pollution to nearby waters. Nutrient and sediment pollution may originate from pet and animal wastes, fertilizers, and disturbed soil. Unstable stream channels, lack of trees and shrubs along rivers and streams, and degraded floodplains and wetlands add to these water quality problems.

Cleaner water can be achieved in Vermont by improving our land management practices to minimize polluted runoff and by restoring our natural areas.

1. Rate the potential water pollution sources where the Clean Water Fund Board should focus its funding for clean water improvement projects in the next state fiscal year (FY2019).

Potential Sources of Water Pollution	High Priority	Medium Priority	Low Priority	I do not know
Municipal wastewater				
Runoff and erosion from agricultural lands, such as fields and barnyards				
Runoff and erosion from municipal roads				
Stormwater runoff from developed lands, such as parking lots				
Unstable stream channels and degraded floodplains and wetlands				
Runoff and erosion from forest lands				
Other (specify): _____				

Survey Monkey: Fiscal Year 2019 Priorities for the Clean Water Fund

2. Indicate how you would allocate FY2019 funds from the Clean Water Fund among the following program categories to address the State’s priority clean water needs. Your answers should represent percentages and add up to 100%.

Assistance for:	Enter Percent Value
Municipalities to support wastewater treatment	%
Farmers to reduce water pollution and erosion from fields and barnyards	%
Municipalities to reduce water pollution and erosion from roads	%
Municipalities to reduce stormwater pollution from developed lands, such as parking lots	%
Businesses to reduce stormwater pollution from developed lands, such as parking lots	%
Landowners to restore unstable stream channels and degraded floodplains and wetlands for water quality benefits	%
State of the art mapping for project identification and prioritization	%
Foresters and landowners to reduce water pollution and erosion from forest lands	%
Other (please specify): _____	%
Total	100%

Survey Monkey: Fiscal Year 2019 Priorities for the Clean Water Fund

3. Which of the following activities should the Vermont Clean Water Fund support to address the State's priority clean water needs for FY2019? (Select all that apply).
- a. Funding assistance for projects that improve wastewater treatment operations
 - b. Funding assistance for projects that reduce runoff and erosion from agricultural lands, such as fields and barnyards
 - c. Technical assistance on practices that reduce runoff and erosion from agricultural lands, such as fields and barnyards
 - d. Funding assistance for projects that reduce runoff and erosion from developed lands (e.g., parking lots) and roads
 - e. Technical assistance on practices that reduce runoff and erosion from developed lands (e.g., parking lots) and roads
 - f. Technical assistance to help establish local stormwater management programs, such as stormwater utilities
 - g. Funding assistance for projects that restore unstable streams and degraded floodplains and wetlands
 - h. Mapping activities and inventories to identify and prioritize clean water improvement projects
 - i. Education and outreach activities that raise public awareness and involvement in clean water issues
 - j. Innovative solutions to speed up water quality restoration
 - k. Research on water pollution solutions
 - l. Monitoring, such as water quality sampling/testing, to track progress
 - m. Funding assistance for projects that reduce runoff and erosion from forest lands
 - n. Technical assistance on practices that reduce runoff and erosion from forest lands
 - o. I do not know
 - p. Other (specify below)

Survey Monkey: Fiscal Year 2019 Priorities for the Clean Water Fund

4. Please offer any additional comments for the Clean Water Fund Board to consider when it convenes in September 2017 to draft recommendations on the use of the Clean Water Fund as part of the FY2019 state budget.
5. We are interested to know who is completing this survey. Which groups do you belong to or identify with (check all that apply)?
 - a. Agricultural Producer/Farmer
 - b. Business Owner
 - c. Educator
 - d. Homeowner/Property Owner
 - e. State Legislator
 - f. Municipal Employee/Representative
 - g. Natural Resources Conservation District
 - h. Recreational User
 - i. Regional Planning Commission
 - j. Watershed Group or other Nongovernmental Organization
 - k. Forester/Logger
6. Please enter your zip code to help us understand the statewide distribution of responses to this survey:
7. If you would like to be added to the Vermont Clean Water Initiative mailing list to be kept informed about the State's progress in clean water, please provide your complete contact information:
 - a. Name:
 - b. E-mail:
 - c. Phone number:
 - d. Street Address:
 - e. City, State, Zip:
8. How did you hear about this questionnaire?
 - a. Media/News
 - b. Clean Water Conversation Meeting
 - c. Email
 - d. Blog
 - e. Website
 - f. Facebook
 - g. Word of mouth
 - h. Other (please specify): _____
 - i. I do not know