

Vermont Clean Water Fund Board Working Meeting Minutes

Date/Time: Thursday, April 12, 2018, 3:30 pm – 4:30 pm

Location: National Life Davis Building – 1 National Life Drive, The Catamount Room (N215)

Clean Water Fund Board Members/Designees:

Susanne Young, Agency of Administration (AoA) Secretary and Clean Water Fund Board Chair

Joe Flynn, Agency of Transportation (VTrans) Secretary

Julie Moore, Agency of Natural Resources (ANR) Secretary

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

Attendees:

Jason Aronowitz, AoA

Emily Bird, Department of Environmental Conservation (DEC)

Eric Blatt, DEC

Diane Bothfeld, AAFM

Kari Dolan, DEC

Dan Dutcher, VTrans

Marcey Hodgdon, AAFM

Jen Hollar, Vermont Housing and Conservation Board (VHCB)

Joanna Pallito, DEC

Kate Slocum, AoA

Welcome, Approval of Agenda and Minutes

3:30-3:35 pm

Agency of Administration Secretary and Clean Water Fund Board Chair Susanne Young

- Joe Flynn motioned for approval of previous Board meeting minutes
- Julie Moore seconded the motion
- No objections
- Minutes approved

SFY 2018

Clean Water Fund Property Transfer Tax Surcharge Revenue Update

3:35-3:45 pm

Kate Slocum, Deputy Chief Financial Officer, Agency of Administration

- Property transfer tax surcharge revenue is 9% above forecast as of April 3, 2018
- Revenue is on track for budget targets

Status of Unallocated SFY 2018 Clean Water Fund Allocations

3:45-4:50 pm

Clean Water Initiative Program Manager Kari Dolan

- Supporting materials include summary of unallocated SFY 2018 funds
- “Unallocated” describes dollars not encumbered in a purchase order specific to a project or obligated toward an award, in recognition that every agency has a practice for how they allocate funds to projects
- Unencumbered DEC funds for the Agronomy and Conservation Assistance Program (ACAP) will support work in the Lake Carmi watershed, however, the request for proposals was put on

hold until the end of the legislative session to clarify scope of work needed based on updates to required agricultural practices and “Lake-in-Crisis” statute

- Requested Board’s approval to encumber funds in SFY 2019 to fulfill original purpose
- Julie Moore motioned to carry forward unallocated SFY 2018 dollars into SFY 2019
- Joe Flynn seconded the motion
- No objections
- Motion approved

SFY 2019

Review State Clean Water Fund Budget Process

3:50-3:55 pm

Agency of Natural Resources Secretary Julie Moore

- See supporting materials
- Board will review final SFY 2019 CWF allocations during June meeting based on approved state budget

Draft 2018 Clean Water Fund Expenditure Contingency Plan

4:55-4:15 pm

Clean Water Initiative Program Manager Kari Dolan

- Review 2016 Interim Clean Water Fund Expenditure Contingency Plan
- Review 2018 Initial Draft Update to this Interim Plan
 - Original contingency plan was designed when the CWF had a SFY 2018 sunset
 - The purpose of the contingency is to avoid allocating money that may not be available at the close of SFY if revenue underperforms; the purpose of the contingency plan is not to cover unanticipated expenses
 - CWF Board deliberately underspent SFY 2017 funds by \$500,000 to ensure funds not allocated if revenue underperforms
 - Property transfer tax surcharge revenue source has since been extended to SFY 2027; therefore, it makes sense to move contingency plan from interim to final status
 - Assumed 10% of revenue would be adequate for purpose of contingency plan; based on AoA Finance and Management recommendation
 - The Board requested a recommendation from AoA or the Office of the State Treasurer on an appropriate percentage of the CWF to be set aside as a reserve based on past and anticipated performance of the revenue source
 - Note that the first \$1 million in revenue is directed to affordable housing, so any revenue shortfall will be borne by the CWF; recommendation made to evaluate the need to increase contingency reserve to \$1 million with SFY 2019 reserve or through small additions over multiple years
 - SFY 2018 allocations already provide for a \$500,000 contingency reserve; if the total reserve amount remains constant, future funds will not need to be set aside assuming the reserve does not need to be used in future years; additionally, SFY 2019 \$500,000 reserve funds can be allocated to programs as part of the SFY 2020 public budget process
 - In the event the CWF overperforms, surplus funds are allocated through the next SFY public budget process, as described in the draft contingency plan
 - Board requested an updated contingency plan based on AoA or Office of the State Treasurer input to review and approve during the June Board meeting

SFY 2020

Upcoming SFY 2020 Clean Water Fund Budget Process

4:15-4:20 pm

Secretary Julie Moore

- Public process to draft SFY 2020 budget will begin in June 2018 (see meeting materials)
- SFY 2020 public comment via online questionnaire will focus on proposed allocations, using a \$4 million CWF target and \$15.25 million capital fund target
- Interagency Clean Water Initiative Finance and Reporting Subcommittee will develop a staff draft CWF budget recommendation for the Board's consideration during its June meeting
- Report of the Working Group on Water Quality Funding (2017 Act 73, Section 26) provides estimated costs to comply with total maximum daily loads (TMDLs), and will be used as the basis of the CWF budget recommendation
- AAFM has used CWF dollars to support operational costs, which support small farm operations certification and inspection programs; operating costs are increasing (estimated SFY 2020 need is \$450,000), yet no new fees are available to cover costs; AAFM will propose options to contribute to clean water projects from other funding sources, since CWF dollars will likely need to continue to cover AAFM operational costs
- Noted that every sector has expectations of pollutant reductions and demand for funds; the Board must determine how to target those dollars; SFY 2020 will likely have less capital funds available compared to SFY 2018-2019
- Noted that historically VHCB conservation dollars were not included in the clean water section of the capital bill; could discuss if gives board more flexibility

Comments from the Public

4:20-4:25 pm

Secretary Susanne Young

Next Steps/Future Meeting

4:25-4:30 pm

Secretary Susanne Young

- Recommendation from Department of Taxes on appropriate CWF contingency reserve amount
- Working meeting in late June (to be scheduled) after interagency drafts budget allocation

Adjourn

4:30 pm

- Susanne Young motioned to adjourn
- Joe Flynn seconded the motion
- Meeting adjourned at 4:23 pm

Supporting Materials:

1. 2017-11-06 Clean Water Fund Board Meeting Minutes - Draft
2. SFY 2019 Clean Water Fund Budget Process
3. SFY 2018 Clean Water Fund Revenue Summary and Forecast
4. SFY 2018 Unallocated Clean Water Funds Report
5. 2016 Interim Clean Water Fund Expenditure Contingency Plan
6. 2018 Initial Draft Update of the Interim Contingency Plan
7. SFY 2020 Clean Water Fund Budget Process