

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: August 31, 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 Clean Water Fund FY18 allocation was reduced by **\$477,732** on June 29, 2017 to accommodate a \$1 million reduction in the FY18 Clean Water Fund. The Tax Department determined that the Clean Water Fund FY17 revenues performed adequately to:

- (a) Use \$7,300 to cover the costs to manufacture clean water signs and purchase posts from the Vermont Correctional Industries. This use of these funds in accordance to Act 84 (H. 519), Section 35a, which requires Building and General Services to develop a signage plan and to use funds that are appropriated for water quality projects to cover the costs of the signs; and
- (b) **Restore \$428,209 of the \$477,732 reduction** in the Clean Water Fund FY18 allocation.

The tables below present the FY18 Clean Water Fund adjustment to restore FY18 Clean Water Fund allocations.

| Table 2: State Fiscal Year 2018 Allocations and Adjustments – Agency of Agriculture, Food and Markets | | | | | | |
|--|------------------------|---|--|-----------------------------|---|-----------------------------|
| # | Sector (Agency) | Funding Program | Activities | CWF Budget (6-29-17) | CWF Restoration of Allocated Funds | CWF FINAL Allocation |
| 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 | \$400,000 | -- | \$400,000 |
| 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 | \$450,000 | -- | \$450,000 |
| 2b | Agriculture (AAFM) | 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 (FY18) = | | | | \$1,225,000 | -- | \$1,225,000 |

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

| # | Sector (Agency) | Funding Program | Activities | CFW Budget (6-29-17) | CFW Restoration of Allocated Funds | CFW FINAL Allocation |
|---|-------------------|--|--|----------------------------------|------------------------------------|----------------------|
| 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 | \$225,668 (originally \$337,000) | \$100,209 | \$325,877 |
| 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 (Continued): State Fiscal Year 2018 Allocations and Adjustments – Agency of Natural Resources (Continued)

| # | Sector (Agency) | Funding Program | Activities | CWF Budget (6-29-17) | CWF Restoration of Allocated Funds | CWF FINAL Allocation |
|------------------------------|----------------------------|--|---|----------------------------------|------------------------------------|----------------------|
| 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. | \$502,000 (originally \$760,000) | \$220,300 | \$722,300 |
| 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. | \$150,000 (originally \$225,400) | \$75,400 | \$225,400 |
| 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) = | | | | \$1,612,268 | \$395,909 | \$ 2,008,177 |

Table 4: State Fiscal Year 2018 Allocations and Adjustments – Agency of Commerce and Community Development

| # | Sector (Agency) | Funding Program | Activities | CWF Budget (6-29-17) | CWF Restoration of Allocated Funds | CWF FINAL Allocation |
|--------------------------|--------------------------|---|---|----------------------|------------------------------------|----------------------|
| 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 (FY18) = | | | | \$460,000 | -- | \$460,000 |

Table 5: State Fiscal Year 2018 Allocations and Adjustments – Agency of Transportation

| # | Sector (Agency) | Funding Program | Activities | CWF Budget (6-29-17) | CWF Restoration of Allocated Funds | CWF FINAL Allocation |
|--------------------------|--------------------------|---|---|----------------------|------------------------------------|----------------------|
| 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 | Stormwater incentive payments to municipalities with stormwater utilities (\$25,000 per municipality with a stormwater utility) | \$75,000 | \$25,000 ¹ | \$100,000 |
| SUBTOTAL (FY18) = | | | | \$1,100,000 | -- | \$1,125,000 |

¹ \$25,000 additional allocated since June CWF budget to cover the incentive payment for a fourth municipality that established a stormwater utility.

Table 6: State Fiscal Year 2018 Allocations and Adjustments – Agency of Administration

| # | Sector (Agency) | Activities | CWF Budget (6-29-17) | CWF Restoration of Allocated Funds | CWF FINAL Allocation |
|--------------------------|----------------------|---|----------------------|------------------------------------|----------------------|
| 13 | Administration (AoA) | Support the purchase of clean water signs and posts to identify clean water projects funded by the State. See Act 84 (H.519, Sec. 35a.) | -- | \$7,300 | \$7,300 |
| SUBTOTAL (FY18) = | | | -- | \$7,300 | \$7,300 |

Table 7: State Fiscal Year 2018 Allocations and Adjustments by Sector

| SECTOR | CWF Budget (6-29-17) | CWF Restoration of Allocated Funds | CWF FINAL Allocation |
|---|----------------------|------------------------------------|----------------------|
| Agriculture | \$1,459,600 | -- | \$1,459,600 |
| Municipal (roads and stormwater management) | \$1,702,000 | \$245,300 | \$1,947,300 |
| Municipal Wastewater | \$100,000 | -- | \$100,000 |
| Natural Resources | \$150,000 | \$75,400 | \$225,400 |
| All Sectors – LiDAR Mapping | \$460,000 | -- | \$460,000 |
| All Sectors Support | \$525,668 | \$100,209 | \$625,877 |
| 10% Contingency Reserve* | \$500,000 | -- | \$500,000 |
| Clean Water Signage and Posts | -- | \$7,300 | \$7,300 |
| TOTAL | \$4,897,268 | \$428,209 | \$5,325,477 |

Table 8: State Fiscal Year 2018 Allocations and Adjustments by Agency

| AGENCY | CWF Budget (6-29-17) | CWF Restoration of Allocated Funds | CWF FINAL Allocation |
|--|-------------------------|---|----------------------------|
| Agency of Agriculture | \$1,225,000 | -- | \$1,225,000 |
| Agency of Natural Resources | \$1,612,268 | \$395,909 | \$2,008,177 |
| Agency of Commerce and Community Development | \$460,000 | -- | \$460,000 |
| Agency of Transportation | \$1,100,000 | \$25,000 | \$1,125,000 |
| 10% Contingency Reserve* | \$500,000 | -- | \$500,000 |
| Clean Water Signage and Posts | -- | \$7,300 | \$7,300 |
| TOTAL | \$4,897,268 | \$428,209 | \$5,325,477 |