

**Vermont Clean Water Fund Board
Meeting Agenda**

Date/Time: Tuesday, September 5, 2017, 3:00pm – 4:30pm

Location: National Life Building Main 2– 1 National Life Drive, Winooski Room M240

Welcome, Approval of Agenda and Past Meeting Minutes **3:00-3:05 pm**

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

Review State Fiscal Year (FY) 2019 Clean Water Fund Budget Process **3:05-3:10 pm**

Agency of Natural Resources Secretary Julie Moore

Update on Clean Water Fund Property Transfer Surcharge Receipt Revenues **3:10-3:15 pm**

Agency of Administration Assistant director Budget and Management Sam Winship

Final FY2018 Clean Water Fund Allocations **3:15-3:25 pm**

Department of Environmental Conservation Clean Water Initiative Program Manager Kari Dolan

Proposed Action: Approval of Final Allocations

Draft FY2019 Clean Water Fund Allocations **3:25-3:45 pm**

Clean Water Initiative Program Manager Kari Dolan

- Summary of July 2017 public comment period and responses to online questionnaire
- Proposed adjustments to FY2019 allocations based on public comments

Proposed Action: Approval of Final Allocations

Progress Report on the Water Quality Funding Working Group (H516, Sec. 26) **3:45-3:55 pm**

Agency of Natural Resources Secretary Julie Moore

Upcoming Legislative Reporting Requirements **3:55-4:05 pm**

Clean Water Initiative Program Nonpoint Source Coordinator Emily Bird

- Interim report on available clean water federal funding due September 1st
- Listing of FY2018 capital-funded clean water projects due November 1st
- Vermont Clean Water Initiative 2017 Investment Report due January 15th

Update on Common Signage for State-Funded Clean Water Projects **4:05-4:10 pm**

Buildings and General Services Principal Assistant to the Commissioner Erik Filkorn

Proposed Action: Approve Draft Plan

Comments from the Public **4:10-4:20 pm**

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

Next Steps/Future Meeting **4:20-4:25 pm**

Secretary Susanne Young

Adjourn **4:30 pm**

Supporting Materials:

1. June 29, 2017 and August 23, 2017 Draft Clean Water Fund Board Meeting Minutes
2. FY2019 Clean Water Fund Board Budget Process
3. FY2017-2018 Clean Water Fund Revenue Summary and Forecast
4. Draft Memorandum: Final FY2018 Clean Water Fund Allocations
5. Summary and Responses of FY2019 Clean Water Fund Public Comments
6. Draft Proposed FY2019 Clean Water Fund Priorities and Allocations
7. Interim Legislative Report on Available Clean Water Federal Funding
8. Draft Template for Listing of FY2018 Capital-Funded Clean Water Projects
9. Vermont Clean Water Initiative 2017 Investment Report Timeline
10. Final Draft Implementation Plan for Clean Water Project Signage

The Vermont Clean Water Fund Board Minutes

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

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

Clean Water Fund Board Members/Designees:

- Agency of Administration (AoA) Secretary and Clean Water Fund Board Chair Susanne Young
- Agency of Agriculture, Food and Markets (AAFM) Secretary Anson Tebbetts
- Agency of Commerce and Community Development (ACCD) Vermont Center for Geographic Information (VCGI) Director John Adams
- Agency of Natural Resources (ANR) Secretary Julie Moore
- Agency of Transportation (VTrans) Secretary Joe Flynn

Agency Staff:

- AoA: Bradley Ferland, Andrew Stein
- AAFM: Marcey Hodgdon
- ANR: Emily Boedecker, Eric Blatt, Kari Dolan, Rebecca Ellis, Tracy LaFrance, Renita Marshall, Joanna Pallito
- Buildings and General Services (BGS): Erik Filkorn
- VTrans: Michelle Boomhower, Dan Dutcher, Sue Scribner
- Vermont Housing and Conservation Board (VHCB): Jennifer Hollar

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

- Joe Flynn motioned for approval of previous 2017 Board Meeting Minutes
- Julie Moore seconded the Motion
- No objections
- Minutes approved

Review State Fiscal Year (FY) 2019 Clean Water Fund Budget Process

9:05-9:10 am

Agency of Natural Resources Secretary Julie Moore

- A “Clean Water Conversation” Webinar is scheduled for July 12 at 5:00pm to discuss the Clean Water Fund Board process, the public comment period for completing the public questionnaire and comment on the draft FY19 allocations, and other clean water related topics

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

- The FY2017 surcharge may have a surplus.

Adjustments to FY2018 Clean Water Fund Allocations

9:15-9:25 am

Department of Environmental Conservation Clean Water Initiative Program Manager Kari Dolan

- The discussion was to consider the recommendation, contained in the June 20, 2017 memorandum from DEC Commissioner Emily Boedecker to the Clean Water Fund Board, to use any anticipated FY2017 surplus to restore DEC's allocations as possible. DEC had accepted a reduction in FY18 allocations of approximately \$477,000 to accommodate an overall \$1,000,000 reduction of available revenues from the CWF. Agency of Administration Deputy Secretary Brad Ferland will evaluate the legislative intent to ensure that there would be no potential barriers to this action. Mr. Ferland also will determine the process for restoring the funds, either by administrative action or budget adjustment process.
- Julie Moore motioned for approval of the recommendation, subject to Mr. Ferland's evaluation of legislative intent.
- John Adams seconded the Motion
- No objections
- Allocation Plan accepted

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
- Julie Moore motioned posting Draft FY2019 Clean Water Fund Allocations for public comment (with changes discussed)
- Joe Flynn seconded the motion
- No objections
- Draft FY2019 Clean Water Fund Allocations will be posted for comment

Office of the State Treasurer Capital Eligible Project Review Process

9:50-10:05 am

Department of Environmental Conservation Deputy Commissioner Rebecca Ellis

- H. 519, Section 11(k) requires agencies that receive capital funds for investments in clean water activities consult with the State Treasurer on matters pertaining to capital fund eligibility of those investments, per H. 519, Section 11(k). Upon request from State Treasurer, the Clean Water Initiative is coordinating with all state agencies, departments and boards to prepare a standard reporting template to aid in streamlining this consultation process.

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: BGS is taking the lead in putting together a plan for the use, construction and distribution of clean water signs.
- Vermont Clean Water Week (August 20-26, 2017): Committee is putting together a plan and outreach materials to support the anticipated Governor's proclamation, including PSAs, media sponsors, stories to cover, how partner organizations can register events, and key messages.

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

Secretary Susanne Young

- Look forward to the results from the questionnaire to inform the Board of the public interest pertaining to clean water investments. Next Meeting in August.

Adjourn**10:30 am**

- Meeting adjourned at 10:37

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

**Vermont Clean Water Fund Board
Working Meeting Minutes**

Date/Time: Wednesday, August 23, 2017, 11:00am – 12:00pm

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

Clean Water Fund (CWF) Board Members/Designees:

Susanne Young, Agency of Administration (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 Tebbetts, Agency of Agriculture, Food and Markets (AAFM) Secretary

Attendees:

John Adams, ACCD

Karen Adams, Town of Colchester

Jason Aronowitz, AoA

Emily Bird, DEC

Eric Blatt, DEC

Diane Bothfeld, AAFM

Jared Carpenter, Lake Champlain Comm.

Kari Dolan, DEC

Dan Dutcher, VTrans

Rebecca Ellis, DEC

Erik Filkorn, Buildings & General Services

Bob Fischer, City of South Burlington

Tracy LaFrance, DEC

Joanna Pallito, DEC

Andrew Stein, AoA

Sam Winship, AoA

Welcome, Approval of Agenda and Past Meeting Minutes **11:00-11:05 am**
Agency of Administration Secretary and Clean Water Fund Board Chair Susanne Young

- Meeting Minutes will be approved during the September 5th Board meeting

Review State Fiscal Year (FY) 2019 Clean Water Fund Budget Process **11:05-11:10 am**
Agency of Natural Resources Secretary Julie Moore

- See the Clean Water Fund budget process chart in the supporting materials

Update on Clean Water Fund Property Transfer Surcharge Receipt Revenues **11:10-11:15 am**
Agency of Administration Department of Taxes Research Economist Andrew Stein

- FY2017 final revenue receipts were higher than forecasted, and will allow the partial restoration of reduced allocations made to the FY2018 Clean Water Fund (see below)

Final FY2018 Clean Water Fund Allocations **11:15-11:20 am**
Department of Environmental Conservation Clean Water Initiative Program Manager Kari Dolan

- During the June 29th Board meeting, the Board approved the use of surplus FY2017 revenues to restore FY2018 Clean Water Fund allocations reduced to accommodate housing priorities
- Supporting materials include a draft memo that describes how those allocations would be restored; the Board will consider for final approval during the September 5th Board meeting

Proposed FY2019 Clean Water Fund Allocations **11:20-11:45 am**
Clean Water Initiative Program Manager Kari Dolan

- **Summary of July 2017 public comment period and responses to online questionnaire**
 - The Clean Water Fund FY2019 public comment period via online questionnaire closed August 2nd with 133 responses, down from prior years, possibly due to less extensive outreach than in the past

- Participants showed overwhelming support to align spending with activities to comply with Act 64, major nutrient total maximum daily loads (TMDLs), and the combined sewer overflow (CSO) policy (i.e., Tier 1)
- Participants scored support for agricultural producers implementing clean water projects as the highest priority
- There is also continued interest to recognize the value of flood resiliency and the role natural resources restoration projects play in achieving clean water goals and flood resiliency for communities
- Emphasized continued need to evaluate projects for cost-effectiveness
- Staff will provide a summary of public comments received prior to the September 5th Board meeting
- **Proposed adjustments to FY2019 allocations based on public comments**
 - FY2019 Clean Water Fund allocations were updated (changes highlighted in supporting materials) based on comments received
 - Changed include:
 - Consolidating stormwater projects into a single line item
 - Increasing funds for the Grants-in-Aid pilot project (over 75 percent of eligible municipalities enrolled this year)
 - In response to public questions on how ACCD programs fit into Tier 1 costs, these programs were marked as pilot programs; DEC felt it would be worthwhile to maintain these allocations because the projects supported bring together multiple agencies to implement projects in a collaborative way; marking programs as “pilot” gives ACCD and the Board the opportunity to evaluate the efficacy of the multi-agency collaboration in supporting clean water goals, especially since it is important to implement stormwater improvements in conjunction with other community improvements
 - Staff will finalize the updated FY2019 allocations based on public comment and provide a narrative of the rationale behind changes made to the allocations to post for public comment prior to the September 5th Board meeting

Upcoming Legislative Reporting Requirements

11:45-11:50 am

DEC CWIP Nonpoint Source Coordinator Emily Bird

- Interim report on available clean water federal funding due September 1st
- Listing of FY2018 capital-funded clean water projects due November 1st
- Vermont Clean Water Initiative 2017 Investment Report due January 15th

Update on Common Signage for State-Funded Clean Water Projects

11:50-11:55 am

Buildings and General Services Principal Assistant to the Commissioner Erik Filkorn

- The Capital Bill requires clean water project signage for projects during construction
- Buildings and General Services has coordinated with agencies to develop a signage plan that will be sent to agencies for review shortly
- 300 signs will be ordered costing \$7,000; using more durable signs, as signs will be reused for multiple projects

Other Comments

- Requested AoA budget instructions address how agencies include Clean Water Fund dollars in individual agencies budgets for consistency across agencies
- Brad Ferland will coordinate with agencies’ financial staff to support clean water-related accounting and budgeting; AoA is working to dedicate a portion of a position to support this effort; agencies should think about their needs and how AoA can assist

- Noted that the Office of the State Treasurer’s Clean Water Report highlights the need for increased administrative support for increased pass-through funds; it would be helpful for the Board to evaluate these personnel needs for spending funds in a timely manner

Public Comments

- Jared Carpenter, Lake Champlain Committee: Drafted the public comments from environmental advocates; they had concerns related to accountability and transparency in the budget process; explanation behind updates to the FY2019 Clean Water Fund allocations were very helpful
- Bob Fischer, City of South Burlington, Green Mountain Water Environment Association, and New England Water Environment Association: Need funds for stormwater and wastewater infrastructure

Next Steps/Future Meeting

11:55 am-12:00 pm

Secretary Susanne Young

- Next Clean Water Fund Board meeting is scheduled for September 5th, 3:00-4:30pm in the Winooski Room at National Life; the meeting will focus on preparing the final FY2019 Clean Water Fund budget recommendation for public comment September 8th-28th
- The next meeting will include an update from the Clean Water Working Group, evaluating long term funding solution for clean water; as well as a discussion of agencies needs for AoA related to clean water accounting and budgeting

Adjourn

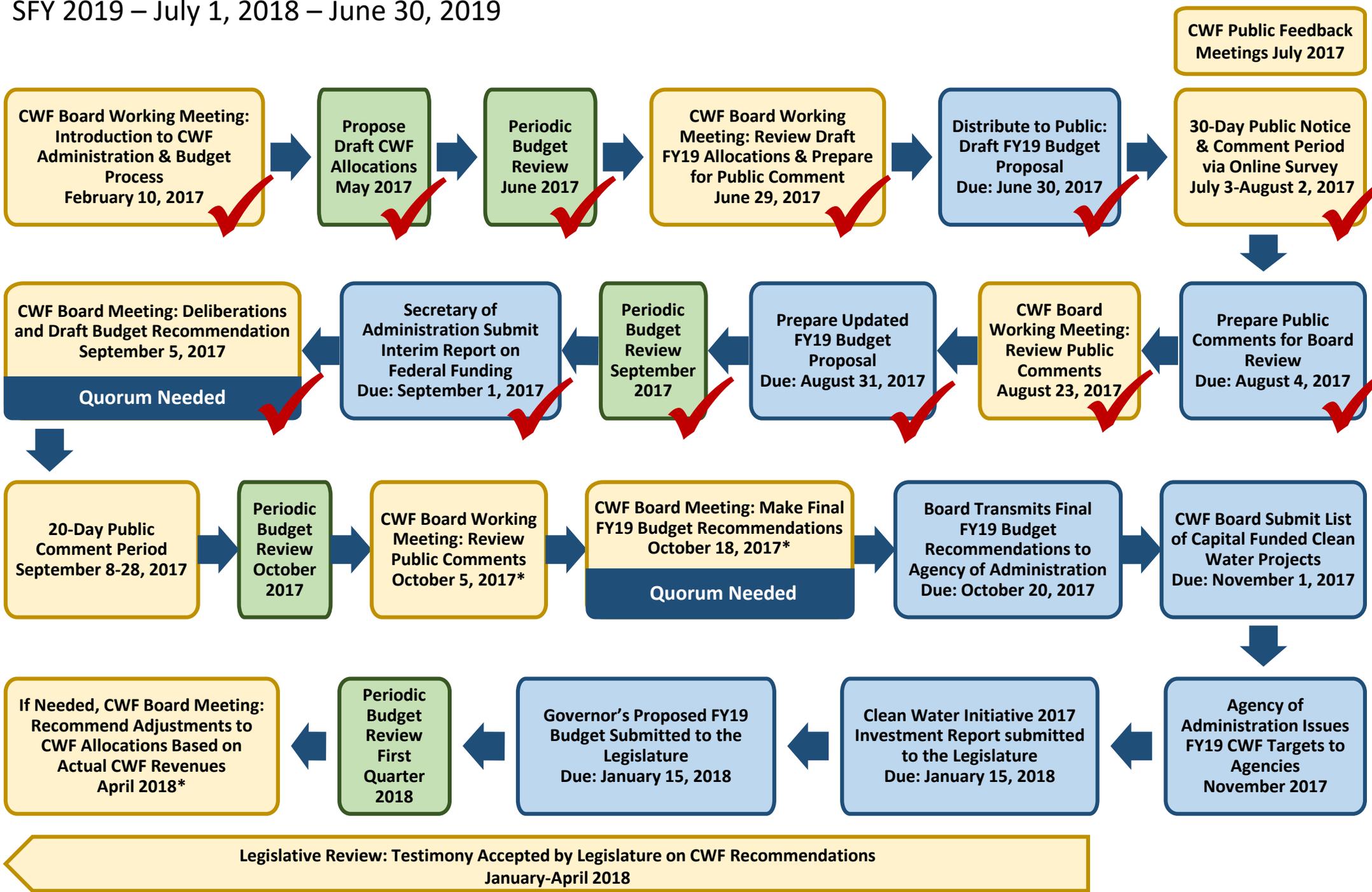
12:00 pm

Supporting Materials:

1. June 29, 2017 Draft Clean Water Fund Board Meeting Minutes
2. FY2019 Clean Water Fund Board Budget Process
3. FY2017-2018 Clean Water Fund Revenue Summary and Forecast
4. Draft Memorandum: Final FY2018 Clean Water Fund Allocations
5. Compilation of FY2019 Clean Water Fund Public Comments
6. Draft Proposed FY2019 Clean Water Fund Priorities and Allocations
7. Draft Interim Legislative Report on Available Clean Water Federal Funding
8. Draft Template for Listing of FY2018 Capital-Funded Clean Water Projects
9. Vermont Clean Water Initiative 2017 Investment Report Timeline

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 8/31/2017
 *Approximate dates provided

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

SUMMARY OF PUBLIC COMMENTS ON THE FUND ALLOCATION PRIORITIES FOR THE CLEAN WATER FUND BOARD

A. GENERAL COMMENTS

1. Authors: Lake Champlain Committee, Lake Champlain International, Lintilhac Foundation, Sierra Club Vermont Chapter, Vermont Businesses for Social Responsibility, Vermont Conservation Voters and Vermont Natural Resources Council
 - a. The commenters thank the Agency for its hard work to allocate funding. These funds represent a solid start on what is needed to clean up Lake Champlain and Vermont's waters.
Response: Thank you for your participation in this process.

2. Author: Watersheds United of Vermont
 - a. The commenter encourages ANR and the Clean Water Initiative to urge the Legislature to support full level of funding, as presented in "Clean Water Report" published by the Office of the State Treasurer.
Response: This public comment period is specific to the clean water funding priorities and draft FY19 Clean Water Fund allocations, rather than a comment period on revenue options. We will forward these comments to the Working Group on Water Quality Funding that is currently evaluating revenue options.¹

B. GENERAL COMMENTS – THE CLEAN WATER INITIATIVE

1. Author: Conservation Law Foundation
 - a. What is the Clean Water Initiative?
Response: The Vermont Department of Environmental Conservation (DEC) released a legislative report entitled, "Vermont's Clean Water Initiative" (referred to as the Act 97 Report).² This report described the Initiative as a strategy to satisfy the State's legal obligations under the federal Clean Water Act, and to protect Vermont's environment, economy and the wellbeing of its citizens. Since then, DEC's Ecosystem Restoration Program evolved into the Clean Water Initiative Program (CWIP) to coordinate implementation of clean water restoration activities across government, provide funding resources via ecosystem restoration grants and contracts to support pollution abatement statewide, track and report on the State's progress in meeting our clean water goals. For more information, please refer to page 15 of the DEC

¹ Refer to the Clean Water Fund website on long-term funding:

<http://dec.vermont.gov/watershed/cwi/cwf/future>.

² "Vermont's Clean Water Initiative." November 17, 2014.

<http://legislature.vermont.gov/assets/Documents/2016/WorkGroups/Senate%20Natural%20Resources/Reports%20and%20Resources/W~ANR~Act%2097%20Clean%20Water%20Initiative~1-14-2015.pdf>.

Watershed Management Division 2016 Annual Report³ and the CWIP website.⁴

- b. What is the interplay between the Initiative and the Board? How are disputes between the agencies resolved? With these uncertainties, CLF is concerned that the CWF will be mismanaged.

Response: The manager of the CWIP and staff provide administrative support to the Clean Water Fund Board. State agencies communicate on a regular basis (twice monthly) to work on topics of mutual interest and avoid disputes. Additionally, there are two interagency committees that bring staff together to discuss topics of interest, tracking, reporting and communications: (a) Interagency Finance and Reporting Committee; and (b) Interagency Communications Committee.

- c. The commenter recommends that the agencies formalize their relationship through a Memorandum of Understanding (MOU) to include: (a) a leadership framework to ensure accountability for spending; (b) an outline of agency responsibilities; and (c) a mechanism to raise and address potentially conflicting policy positions between agencies. A non-partisan entity above the political fray may be required to lead the charge on clean water.

Response: We will discuss this recommendation at a future CWF Board meeting.

- d. The State needs to place clean water obligations above politics. There is an inherent dysfunction of the Initiative being comprised solely of members of the Governor's administration, as demonstrated by the lack of opposition over the diversion of \$1 million from the Clean Water Fund to support affordable housing.

Response: Although some of the revenues from the property transfer tax surcharge are to support housing, it is important to recognize that the current revenue source for the Clean Water Fund – the property transfer tax surcharge in Act 64 – was to sunset at the end of FY18 (June 30, 2018). H.518 Appropriations Bill, Section 1.8, extends the use of this funding source at this new funding level for another ten years.⁵

- e. It remains unclear whether the Initiative is committed to establishing additional revenue sources, as stated on page 10 of the Investment Report.⁶

³ DEC Watershed Management Division 2016 Annual Report:

http://dec.vermont.gov/sites/dec/files/documents/WSMD_Annual_Report_2016.pdf

⁴ Clean Water Initiative Program website: <http://dec.vermont.gov/watershed/cwi>.

⁵ See H.518: <http://legislature.vermont.gov/assets/Documents/2018/Docs/BILLS/H-0518/H-0518%20As%20Passed%20by%20Both%20House%20and%20Senate%20Official.pdf>

⁶ See: <http://legislature.vermont.gov/assets/Legislative-Reports/2016-Clean-Water-Initiative-Investment-Report.pdf>

Response: The referenced section of the 2016 Investment Report describes the establishment of the Clean Water Fund in 2015, mentions other clean water funding sources, and describes the process by the Office of the State Treasurer to develop a report on long-term funding (as required under Act 64). Note that the Office of the State Treasurer's Clean Water Report had not been completed at the time the Investment Report was submitted to the Legislature, and the topic of clean water funding is ongoing. Act 73 (H.516, Section 26) established a working group on water quality funding, which expects to release a report to the General Assembly this calendar year. These studies are critical to recognize that taxpayer revenues are a finite commodity⁷ and to ensure that state subsidies and other financing options become available when there is heightened demand for funds due to anticipated increases in compliance costs over time.

C. TRANSPARENCY AND ACCOUNTABILITY

1. Authors: Lake Champlain Committee, Lake Champlain International, Lintilhac Foundation, Sierra Club Vermont Chapter, Vermont Businesses for Social Responsibility, Vermont Conservation Voters and Vermont Natural Resources Council

- a. All agencies must exercise transparency, accountability and cost-effectiveness at all decision-making levels, and have in place internal systems and safeguards to support these standards. If an agency cannot meet these standards, responsibility for managing the funds should be transferred to an agency that can meet these standards.

Response: State agencies are working closely to have in place consistent performance measures and tracking protocols to maximize accountability. We also strive to achieve transparency in our processes, and implement projects in the most cost-effective manner possible. Please refer to the inter-agency Vermont Clean Water Initiative Investment Report, which contains comprehensive information about the projects being implemented, the outcomes achieved and the progress we are making towards meeting the states clean water goals.

- b. The state must ensure that block grant programs and aid programs targeting municipal road-related water quality projects maintain the same level of accountability as other grant programs to ensure appropriate and targeted use of clean water funding.

Response: We agree and have established mechanisms to track and report on these funds.

⁷ See reference to revenues as a finite commodity on page 56 of the Office of the State Treasurer Clean Water Report: http://www.vermonttreasurer.gov/sites/treasurer/files/committees-and-reports/FINAL_CleanWaterReport_2017.pdf

2. Author: M. Ohayon, Saxtons River
 - a. The commenter is concerned about the lack of process in engaging the public about the *Vermont Clean Water Fund Fiscal Year 2019 Priorities* online questionnaire. The commenter included a list of 23 citizens who were unaware of the online questionnaire, released for public comment in July 2017.
Response: This year, the CWIP posted questionnaire on our website, used our listserv to draw attention to the questionnaire and public comment period and held an on-line webinar to raise awareness and participation in the process. We will consider other ways to improve the level of awareness and participation in the future.

D. TARGETING CLEAN WATER FUND PRIORITIES

1. Author: Conservation Law Foundation
 - a. The Clean Water Initiative should rely on Tactical Basin Plans (TBP) to set funding and project priorities specific to each sub-basin. TBP are not being used appropriately enough to formulate the draft FY19 Clean Water Fund budget.
Response: The CWF Board process for developing an annual Clean Water Fund budget is focused on the disbursement of clean water funds using existing state funding programs. State agencies then manage those funds to target implementation that is largely based on tactical basin plans.⁸
 - b. Some tactical basin plans make protecting very high-quality waters a top strategy, but the draft FY19 budget does not mention any specific efforts to prevent degradation of Vermont's highest quality waters.
Response: Protecting high quality waters from degradation is a state priority. DEC's Watershed Management Division strategic plan, as described in its Surface Water Management Strategy, is to protect, maintain, enhance and restore all of Vermont's waterways.⁹ DEC uses the Strategy, and the tactical basin plans, to guide and coordinate water resources management actions. The CWIP acknowledges that the state targets most of its available funding to implement those projects that are necessary or aid in meeting Vermont's nutrient-based TMDLs, Act 64 requirements and Combined Sewer Overflow policy using green infrastructure. Nonetheless, we dedicate some resources to support a variety of tools that support protection of high quality waters (e.g., river corridor easements), designations or reclassifications to place restrictions on development or investments (e.g., Outstanding Resource Waters designations, reclassification of wetlands, technical assistance to reduce flood risk using municipal bylaws),

⁸ DEC established the tactical basin planning process as a coordinated watershed-based technical assessment and planning approach to target implementation of the highest-merit water pollution control projects with available funds. The process uses monitoring and assessment results and planning to identify and prioritize implementation projects. See: <http://dec.vermont.gov/watershed/map/basin-planning>.

⁹ DEC Watershed Management Division 2016 Annual Report: http://dec.vermont.gov/sites/dec/files/documents/WSMD_Annual_Report_2016.pdf; The Surface Water Management Strategy: <http://www.watershedmanagement.ft.gov/swms.html>.

and outreach and training efforts to promote environmental stewardship (e.g., Lake Wise to encourage lake-friendly landscaping on shoreland property).

2. Author: Chittenden County Regional Planning Commission (CCRPC)
 - a. Clean Water Funds should be prioritized for municipal and agricultural projects. The focus in the short term should be on project development.
Response: Implementing clean water improvement projects on municipal properties, including roads, and agricultural lands is a state priority, as described in the Lake Champlain Phosphorus TMDL Implementation Plan and a major focus of Act 64. The Agencies of Agriculture, Food and Markets, Natural Resources, and Transportation have invested in project development work for many years, including road erosion inventories, stormwater master plans, and agricultural critical source area identification. The state will continue to invest in project development work, but is also required to focus efforts on and direct capital funds to project design and implementation.

3. Author: Watersheds United Vermont (WUV)
 - a. The commenter supports more funding for education and outreach beyond technical assistance. Targeted education to encourage landowners, citizens, and municipalities to take action is key to achieving our clean water goals.
Response: We agree that education is important. Farmers, municipalities, businesses, residential owners, commercial property owners and citizens need opportunities to learn about the sources of water pollution, understand their options to address pollution problems, and how to take action. We will continue to evaluate this need and look forward to future conversations with interested parties about strategies to deliver targeted and effective education and outreach programs.

 - b. The comments support using greater amount of the Clean Water Fund revenues from the property transfer tax surcharge to support scoping and design projects.
Response: We acknowledge that identification and design projects are prerequisite steps in the implementation of priority clean water improvement projects. These types of projects also help to build a backlog of construction-ready projects. The CWIP is committed to using a portion of its share of revenues from the Clean Water Fund to continue to support project development.

4. Author: M. Ohayon, Saxtons River
 - a. The commenter is concerned about the extent of littering. The commenter also described a lack of maintenance of culverts, need to support wastewater treatment upgrades, recreational trails along waterways and ways to reduce the use of fertilizers, among other insightful comments. The commenter also noted the importance of education, tracking and accountability to show how these funds are being managed.

Response: These comments identify important issues that many communities across the state are facing. We will give careful consideration to these comments and recommendations.

E. CLEAN WATER FUND GRANT MANAGEMENT

1. Author: Friends of the Winooski River

- a. Consider using a block grant process to more efficiently support the development of multiple priority projects from conceptual design phase to final design, rather than require the applicant to write a separate grant proposal for each project.

Response: We will consider this recommendation in future grant rounds.

2. Authors: Conservation Law Foundation, Watersheds United of Vermont

- a. Despite the influx of funds to support clean water improvement projects, the state is lagging in project implementation due to a bottleneck at the ANR. Many Ecosystem Restoration grant recipients have waited over six months for their grant contracts and therefore have been unable to begin implementation.

Response: CWIP acknowledges this concern. The delays are fundamentally due to a vacancy in grant administration, the time it takes to prepare individual grant agreements and contracts, and the increase in administrative costs to manage the increase in funds at current staffing levels. The CWIP has taken the following steps to find efficiencies and improve the grant award process: (a) launched two new innovative grant award programs – a block grant program for project implementation and a Grants-in-Aid pilot project to award funds directly to municipalities via the regional planning commissions for road-related projects; (b) recently filled a vacancy to support grant administration; and (c) standardized performance measures and payment milestones based on project type. We are also evaluating an administrative fee to help build the state’s grant administration and management capacity.

- b. The Clean Water Fund risks being underutilized because Vermont’s larger municipalities under a state municipal stormwater control permit called a Municipal Separate Storm Sewer System (MS4) permit are waiting on DEC to approve the Flow Restoration Plans – stormwater abatement plans that contain priority stormwater control projects.

Response: This public comment period is specific to the clean water funding priorities and draft FY19 Clean Water Fund allocations, rather than a comment period on DEC permit processes. Nonetheless, some MS4 municipalities are already applying for ecosystem restoration grants, and we anticipate demand for funding assistance to grow, following the state’s approval of the MS4 communities’ flow restoration plans.

3. Authors: Lake Champlain Committee, Lake Champlain International, Lintilhac Foundation, Sierra Club Vermont Chapter, Vermont Businesses for Social Responsibility, Vermont Conservation Voters and Vermont Natural Resources Council
 - a. Funds from the property transfer tax clean water surcharge should be allocated to programs that cannot utilize capital funds.
Response: We agree and manage the uses of these funds in this manner.

4. Authors: Chittenden County Regional Planning Commission (CCRPC)
 - a. DEC's new funding programs did not provide enough time for municipalities to plan or budget for them.
Response: A progress report on state clean water spending is due to the Vermont General Assembly by November 1st. To meet this challenge, DEC unveiled two new funding programs (the Municipal Roads Grants in Aid pilot and the Clean Water Block Grant program), moved its ecosystem restoration grants to a rolling grant process throughout the year (and published its timeline), released "FY18 Round One" Ecosystem Restoration Grants Request for Proposals (RFP), is preparing to release its "Round Two" RFP, and made improvements to its projects database. We are confident that moving forward, municipalities and other applicants will have more time in the future to take full advantage of these programs.

 - b. DEC's staff did not coordinate well in seeking information from municipalities for potential clean water improvement projects.
Response: DEC is committed to improving internal and external communications and coordination, as it works with municipalities through the tactical basin planning process to identify and rank projects and list them in the state projects database for implementation.

 - c. DEC only offers municipalities that are subject to the Municipal Separate Storm Sewer System (MS4) permit a grant up to 50 percent of the cost for non-road-related stormwater control projects. This level of support punishes those communities that have performed the most advanced planning and have "shovel ready" projects for implementation.
Response: CWIP provides some funding (up to 50 percent) via its ecosystem restoration grant to municipalities under an MS4 permit. This level of grant funding ensures: (a) a maximum use of available, federally funded low-cost financing; (b) leveraging of state funds with other funds (such as federal and local funds, subsequently increasing the number of projects state funds can support; and (c) some ability to offer grants across the state, rather than concentrating funds in population centers within a handful of counties.

F. GENERAL COMMENTS REGARDING DRAFT CLEAN WATER FUND FY19 ALLOCATIONS

1. Authors: Lake Champlain Committee, Lake Champlain International, Lintilhac Foundation, Sierra Club Vermont Chapter, Vermont Businesses for Social Responsibility, Vermont Conservation Voters and Vermont Natural Resources Council
 - a. More of the property transfer tax surcharge funds should be shifted to agricultural programs, particularly for technical assistance for farmers.
Response: We agree with the commenter that this investment is important. Current proposed funding allocations support delivery of technical assistance to farmers. Current funding levels reflect staff capacity at the Agency of Agriculture, Food and Markets (AAFM) to manage funds. The Department of Environmental Conservation (DEC) provides additional support in delivering technical assistance to farmers via the Agronomy and Conservation Assistance Program (ACAP).

G. SPECIFIC COMMENTS REGARDING DRAFT CLEAN WATER FUND FY19 ALLOCATIONS (REFER TO TABLES 2-7)

Allocation #3 (Table 3), ANR: Agronomy and Conservation Assistance Program (ACAP)

1. Author: Lake Champlain Committee, Lake Champlain International, Lintilhac Foundation, Sierra Club Vermont Chapter, Vermont Businesses for Social Responsibility, Vermont Conservation Voters and Vermont Natural Resources Council
 - a. The commenter understands that DEC seeks to shift the ACAP program to the AAFM. The commenter supports AAFM can efficiently and effectively manage the program, and suggests a block grant as a mechanism to manage the program.
Response: DEC will consider this recommendation.

Allocation #4 (Table 3), Agency of Natural Resources (ANR): Partner Support

1. Authors: Friends of the Winooski River, Watershed United of Vermont
 - b. The state should broaden the organizations that can apply for funding under this category including watershed organizations.
Response: DEC will consider this recommendation, although funding is limited.
2. Author: Lake Champlain Committee, Lake Champlain International, Lintilhac Foundation, Sierra Club Vermont Chapter, Vermont Businesses for Social Responsibility, Vermont Conservation Voters and Vermont Natural Resources Council
 - a. The doubling of the partner funds will increase technical assistance and increase the demand for funding.
Response: DEC intends to use this allocation to support the tactical basin planning process, as described in Act 64,¹⁰ as well as partner support that focuses on implementation.

¹⁰ Refer to Act 64, Section 26 (10 V.S.A. § 1253:
<http://legislature.vermont.gov/assets/Documents/2016/Docs/ACTS/ACT064/ACT064%20As%20Enacted.pdf>.

Allocation #5 (Table 3), ANR: Improved Water Quality Monitoring, Mapping and Tracking

1. Author: Lake Champlain Committee, Lake Champlain International, Lintilhac Foundation, Sierra Club Vermont Chapter, Vermont Businesses for Social Responsibility, Vermont Conservation Voters and Vermont Natural Resources Council
 - a. The commenter supports this allocation which aids in monitoring effectiveness of clean water investments. The commenter recommends increasing this allocation in future years.
Response: We agree with the commenter that this is an important priority and will continue to support these categories with available funds.

Allocation #6 (Table 3), ANR: Investments in Innovative Technologies

1. Author: Lake Champlain Committee, Lake Champlain International, Lintilhac Foundation, Sierra Club Vermont Chapter, Vermont Businesses for Social Responsibility, Vermont Conservation Voters and Vermont Natural Resources Council
 - a. The commenter asks for more details, inquiring into the cost-effectiveness in using a relatively modest amount of funds in this manner. The commenter recommends reallocating these funds to provide more technical assistance for farmers.
Response: The CWIP will consider this recommendation.

Allocation #8 (Table 3), ANR: Municipal Roads Grants-in-Aid Pilot Project

1. Author: Lake Champlain Committee, Lake Champlain International, Lintilhac Foundation, Sierra Club Vermont Chapter, Vermont Businesses for Social Responsibility, Vermont Conservation Voters and Vermont Natural Resources Council
 - a. The commenter requests close tracking to ensure that these funds target municipalities' water quality needs and are cost-effective.
Response: The CWIP has established tracking protocols to monitor investments including projects being implemented under this grant program.

Allocation #9 (Table 3), ANR: Investments Natural Resources Restoration

1. Author: Conservation Law Foundation
 - a. The FY19 budget only awards \$200,000 or 5 percent of funds specifically to natural resource restoration, which seems incongruous with the climate resilience objectives in the tactical basin plans.
2. Author: Lake Champlain Committee, Lake Champlain International, Lintilhac Foundation, Sierra Club Vermont Chapter, Vermont Businesses for Social Responsibility, Vermont Conservation Voters and Vermont Natural Resources Council
 - a. The commenter supports increasing funds for this use, and to use the Clean Water Funds to identify projects, and capital funds for implementation.
4. Author: Watershed United of Vermont
 - a. Natural resources restoration is cost-effective and provides important co-benefits including flood resiliency.

Response: It is important to realize that some of the TMDL requirements are costly to implement (e.g., stormwater controls and wastewater treatment), requiring a greater level of funding for these programs than natural resource restoration. Nonetheless, the State continues to rely on a combination of capital funds and Clean Water Funds to support natural resource restoration projects. The FY19 proposal includes the following natural resource-based allocations: (a) CWIP Ecosystem Restoration: \$950,000; (b) ANR Forests, Parks and Recreation Department: \$50,000; and (c) Vermont Housing and Conservation Board: \$3,750,000. The state also helps Vermont communities take steps to improve their resilience to future flooding using enhanced policies, such as: (a) new state floodplain rules for activities that are exempt from municipal regulation; (b) improvements to stream alteration statutes that expand state jurisdiction to all perennial streams and improve regulation of emergency protective measures; (c) improvements to the Emergency Relief and Assistance Fund to include incentives that encourage municipalities to adopt flood resilience-based bylaws; and (d) requirements that municipal and regional land use plans include protection and restoration of floodplains.¹¹

Allocation #14 (Table 4), Vermont Transportation Agency (VTrans): Municipal Mitigation Assistance Program

1. Author: Lake Champlain Committee, Lake Champlain International, Lintilhac Foundation, Sierra Club Vermont Chapter, Vermont Businesses for Social Responsibility, Vermont Conservation Voters and Vermont Natural Resources Council
 - a. The commenter requests that these funds are closely tracked to ensure that these funds target water quality projects and are cost-effective.
Response: VTrans is working with CWIP to track these investments.

Allocation #16 (Table 5), Agency of Administration: Stormwater Payments to Municipalities with Stormwater Utilities

1. Author: Lake Champlain Committee, Lake Champlain International, Lintilhac Foundation, Sierra Club Vermont Chapter, Vermont Businesses for Social Responsibility, Vermont Conservation Voters and Vermont Natural Resources Council
 - a. There is some benefit in offering funding assistance to municipalities seeking to establish stormwater utilities. However, the commenter requests justification for providing funds to municipalities that already have stormwater utilities, in recognition of competing demands among priority needs for clean water funding.
Response: Offering grant funds to support municipalities seeking to establish stormwater utility in their town or region is described in statute as an eligible use of the Clean Water Fund (10 V.S.A. § 1389€(1)(H)). CWIP anticipates offering grant funds to support this use in this fiscal year. However, this allocation is to provide payments to municipalities with stormwater utilities. The general

¹¹ Refer to Vermont Lake Champlain Phosphorus TMDL Phase 1 Implementation plan, September 2016, pp. 163-164: http://dec.vermont.gov/sites/dec/files/wsm/erp/docs/160915_Phase_1_Implementation_Plan_Final.pdf

purpose of these funds is to mitigate potential impacts from stormwater runoff coming from state highways or other state-owned facilities. We will further evaluate the usefulness of this allocation.

Allocation #17 (Table 6) Agency of Commerce and Community Development (ACCD): Pilot Funding for ACCD/VTrans Better Connections

1. Author: Lake Champlain Committee, Lake Champlain International, Lintilhac Foundation, Sierra Club Vermont Chapter, Vermont Businesses for Social Responsibility, Vermont Conservation Voters and Vermont Natural Resources Council
 - a. The commenter requests justification for this allocation, in recognition of competing demands among priority needs for clean water funding. The commenter also inquires into whether this allocation is redundant with existing municipal land use or economic plans.

Response: This allocation provides an opportunity to expand inter-agency partnerships and find efficiencies by integrating stormwater management practices into existing multi-agency land use and economic development planning processes. Our plan is to pilot this project and monitor the merit of this program closely.

Allocation #18 (Table 6), ACCD: Pilot Funding for VTrans/ANR Downtown Transportation Fund

1. Author: Lake Champlain Committee, Lake Champlain International, Lintilhac Foundation, Sierra Club Vermont Chapter, Vermont Businesses for Social Responsibility, Vermont Conservation Voters and Vermont Natural Resources Council
 - a. The commenter requested justification for this allocation, in recognition of competing demands among priority needs for clean water funding

Response: This allocation provides an opportunity to expand an inter-agency partnership and find efficiencies by integrating stormwater management practices into an existing multi-agency, streetscape redevelopment program for designated downtowns. We will pilot this project and monitor the merit of this program closely. If successful, we may consider working with ACCD to expand this pilot program to other programs, such as ACCD's designated village centers program.

Allocation #19 (Table 7), Vermont Housing and Conservation Board (VHCB): Clean Water Conservation and Farm Improvements

1. Author: Lake Champlain Committee, Lake Champlain International, Lintilhac Foundation, Sierra Club Vermont Chapter, Vermont Businesses for Social Responsibility, Vermont Conservation Voters and Vermont Natural Resources Council
 - a. Funding for this program must be used in coordination with Tactical Basin Plans to ensure targeting of funds for priority clean water improvement projects. The commenter acknowledges that the Vermont Housing and Conservation Board (VHCB) has some flexibility in using these funds, but requests that they target clean water improvement projects and not other conservation projects, "in the spirit and intent" of the funds.

Response: We welcome VHCB as a new partner to the Clean Water Initiative. VHCB's participations helps the state to effectively ensure integration of state priorities. The Clean Water Initiative has already begun working closely with VHCB on project prioritization and review, and to develop consistent tracking protocols. We will monitor and report on the use of these funds.

H. Other Comments: Revenues

1. Author: Chittenden County Regional Planning Commission (CCRPC)
 - a. The commenter offered several comments related to a statewide stormwater fee as a revenue mechanism for the Clean Water Fund, including an endorsement of statewide per-parcel fee, recognition of municipalities with stormwater utilities, the need to avoid "double charging" property owners, collection of fees, and considerations related to operation and maintenance costs.

Response: This public comment period is specific to the clean water funding priorities and draft FY19 Clean Water Fund allocations, rather than a comment period on revenue options. We will forward these comments to the Working Group on Water Quality Funding that is currently evaluating revenue options.¹²

I. Other Comments: Rule-Making on the Management of Tile Drains

1. Author: Conservation Law Foundation
 - a. The commenter raised concerns about delaying rulemaking on the management of tile drains (required in Act 64 and the Lake Champlain Phosphorus TMDL Phase I Plan) until 2022.

Response: This public comment period is specific to the clean water funding priorities and draft FY19 Clean Water Fund allocations, rather than a comment period on state water quality policy priorities. Nonetheless, the state periodically reviews and updates the summary of the policy commitments contained in the Vermont Lake Champlain Phosphorus TMDL Phase I Implementation Plan. This past spring, state agencies supported the delay in rulemaking to allow farmers more time to become familiar with the Required Agricultural Practices before reopening them again to address water quality impacts from tile drainage.

I. OTHER COMMENTS FROM VERMONT CLEAN WATER FUND FISCAL YEAR 2019 PRIORITIES QUESTIONNAIRE

1. General
 - a. Clean Water is everyone's issue.
 - b. Geographic Distribution of Funds
 - i. Clean Water is a statewide problem.
 - ii. It is not fair to focus only on Lake Champlain.

¹² Refer to the Clean Water Fund website on long-term funding:
<http://dec.vermont.gov/watershed/cwi/cwf/future>.

- iii. The public in southern Vermont is beginning to become resentful of their dollars being spent elsewhere.
 - iv. The Connecticut River is not so bad; your focus should be on Lake Champlain.
 - v. I would like to see other watersheds receive support.
 - vi. You must ensure an equitable distribution of funding statewide.
 - c. There is no quick fix. It would be more beneficial and cost-effective to take a progressive approach rather than a band-aid quick fix-based approach.
 - d. These costs for clean water are not new; we have been ignoring these costs, or have been passing these costs onto our neighbors or nature. They are tired of getting our bills.
 - e. Look to see other state models, such as Florida, in managing stormwater.
 - f. There are many opportunities for water-based recreation. We should remove gravel from the river to create better swimming holes.
 - g. We are all in this together. Let's focus on the low hanging fruit and build sustainability into BMPs.
 - h. Keep the Clean Water Fund with clean water and not affordable housing.
2. General Comments – Clean Water Initiative
- a. Not having public representation on the CWF Board is an error. You want us to participate but you do not allow representation on the Board that controls the process.
 - b. You need to give municipalities and RPCs more than 30 days to provide meaningful input.
3. Priorities
- a. General
 - i. The three most important water quality control issues are barnyard runoff, sewer treatment plants and roadway runoff.
 - ii. We need legislative action and monitoring to address farmland runoff and municipalities that are allowed under a permit to discharge.
 - iii. Make homeowner associations a low priority.
 - iv. BMPs do not happen without education, training and funding. You need to monitor for improvements.
 - v. Focus on RAP use, reduce runoff from municipal and private roads around lakes, improve wastewater and septic treatment, purchase of conservation easements where there are water quality problems.
 - b. Natural Resources
 - i. Restore or protect natural systems.
 - ii. Focus on riparian (water-side) restoration. Consider PSAs to focus on best practices.
 - iii. Focus on forest health and actions to increase infiltration
 - c. Agriculture
 - i. Consider complementing USDA implementation funds by supporting technical assistance

- ii. Funding to help farmers comply with RAPs
- iii. Agricultural sources of pollution must be a priority. Work with farmers to reduce nutrient pollution.
- iv. Some agricultural lands are in unsuitable locations.
- v. Make agricultural runoff the top priority.
- vi. We need to help farmers look for alternative agricultural crops that are sustainable economically and environmentally.
- d. Developed Lands/Stormwater
 - i. Focus on stormwater management in designated downtowns and village centers
- e. Roads
 - i. Towns are implementing road and bridge standards since 2011. The new municipal road general permit standards are identical and simply to justify levying a permit fee. Please do not recreate another layer of bureaucracy that will slow down our progress.
 - ii. Funding for private roads would help water quality.
- f. Wastewater Treatment
 - i. Many municipalities have inadequate municipal waste treatment facilities. Concerned about untreated waste being dumped into the environment.
- g. Other
 - i. Although there is much focus on stormwater management, we need to look at hydro-modification – soil compaction, concentration of flow, ditching and direct discharges.
- h. Enforcement
 - i. Agriculture
 - 1. I do not see vegetated buffers on agricultural lands; you need enforcement.
 - 2. Farmers need assistance but need to be held accountable for the damage they are causing.
 - 3. Enforcement is important, and to guard against regulatory capture in the area of agricultural enforcement.
 - ii. Stormwater
 - 1. Municipal offenders should get fined for discharging. The funds raised from fines could award farmers that are reducing runoff from their farms.
- 4. Grant Management
 - a. Use models similar to VTrans paving funds to provide direct aid to municipalities.
 - b. You need to invest in a “pipeline” of projects, similar to VTrans and BGS budgets.
 - c. Do not support ACCD’s programs. ACCD is not an environmental organization that can help with lake cleanup. Spend funds on projects that will clean up the Lake.

- d. Do not require MS4 communities to provide 50 percent cost share for projects while other communities are only required to provide a 20 percent cost share. Funding decisions should be based on merit.
 - e. Funding for municipalities should be provided at no less than 90 percent (with 10 percent match). Municipalities are already covering the long-term operation and maintenance costs.
5. General Allocations
- a. Consider financial incentives for homeowners to manage stormwater on their waterfront properties.
 - b. Consider financial incentives for property owners to implement stormwater controls and improvements to septic systems. Landowners with approved 5-year plans could receive an award or a tax credit.
6. Specific Allocations
- a. Allocations #17 & #18 ACCD: Pilot Funding for Better Connections and Downtown Transportation Fund: efficient to use existing program to integrate clean water components. These programs also can offer technical assistance.
7. Revenues
- a. Charging a fee to municipalities for permitting places a burden on small towns who are struggling to keep taxes in check.
 - b. Consider applying a small usage fee to those who recreate on Lake Champlain.
 - c. We will support taxes and fees for clean water if our local waters are being cleaned up also.

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, e.g.,: (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

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: September 5, 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

Attached is the second draft of the Clean Water Fund FY19 allocations. Three adjustments were made to the draft allocations:

- Allocation #7 (Agency of Natural Resources Draft Allocation for Stormwater Management): The draft allocations to address the non-road related stormwater management planning and construction were merged into one allocation. This adjustment provides the Agency of Natural Resources greater flexibility in meeting demand for funding to address stormwater runoff controls. This adjustment increased the allocation by \$500,000.
- Allocation #8 (Agency of Natural Resources Draft Allocation for the Municipal Grants-In-Aid Pilot Project): This allocation was increased by \$500,000. The Municipal Roads Grants-In-Aid Pilot Project is a new pilot initiative to provide funding for municipalities to implement Best Management Practices (BMPs) on municipal roads, ahead of the forthcoming state Municipal Road General Permit (MRGP). Approximately 75 percent of eligible municipalities signed up to participate in the program this year. This modification enables the Agency the opportunity to make more funds available to municipalities for the pilot project's second year. The Agency of Natural Resources shifted the funds from its stormwater management allocation (Allocation #7) to support this increase.
- Allocations #17 & 18 (Agency of Commerce and Community Development Allocations): The two new Agency of Commerce and Community Development projects are now labeled as pilot projects. We received some comments requesting justification for these allocations, in recognition of competing demands among priority needs for clean water funding. These allocations provide the state an opportunity to expand inter-agency partnerships and find efficiencies by integrating stormwater management practices into existing multi-agency land use and economic development planning processes. Our plan is to pilot this project and monitor the merit of this program closely.

The tables below present the latest draft FY18 Clean Water Fund allocations.

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

The following tables present a draft proposal for distributing the FY19 Clean Water Fund revenues and Capital Funds, highlighted in yellow.

	Column A	Column B	Column C	Column D	Column E
	Baseline (2-year total)	As Passed House & Senate (5/5/2017)			Filling Gap = D-A (2-year total)
		FY18	FY19	FY18 & FY19	
Capital Bill, H.519 Section 11: Clean Water Investments					
(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) Trans 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	\$1,240,000	\$2,480,000	\$(400,000)*
Section 8: Municipal Mitigation, Federal Highway Administration(FHWA)	\$-	\$5,442,342	\$5,442,342	\$10,884,684	\$10,884,684*
	\$21,360,000	\$17,022,342	\$17,022,342	\$34,044,684	\$12,684,684
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	\$57,609,542	\$111,425,500	\$47,600,000

* 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) =				\$1,000,000	\$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	Stormwater Controls (ANR)	Ecosystem Restoration Grants & Contracts	Stormwater planning/implementation: (a) project identification & planning (b) assistance in developing stormwater utilities; (c) construction; (d) capital equipment assistance; (e) pilot block grant program to support construction of clean water improvement projects	\$300,000	\$3,100,000 \$3,600,000 (f)(2)	\$1,000,000	\$3,400,000⁴ \$4,900,000 ²

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 in-kind). 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 (Continued): 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
8	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 \$900,000 (f)(2)	\$2,107,944	\$2,507,944 \$3,007,944
9	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
10	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
11	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 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

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 (in Coordination with ANR and VTrans)	Pilot 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 (in Coordination with ANR and VTrans)	Pilot funding for 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 – Non-Road Developed Lands	\$300,000	\$3,600,000	\$1,000,000	\$4,900,000
Stormwater Management – Transportation/Road Related	\$635,000	\$900,000	\$4,272,944	\$5,807,944
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	--	--	\$1,030,000
Contingency Reserve*	\$500,000	--	--	\$500,000
TOTAL	\$4,000,000	\$12,357,268	\$11,122,944	\$27,480,212

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	\$5,050,000
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
Contingency Reserve*	\$500,000	--	--	\$500,000
	\$4,000,000	\$12,357,268	\$11,122,944	\$27,480,212

* A contingency reserve avoids the risk of spending more funds than are available in the fiscal year.

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

Federal Funding Related to Water Quality Improvement Efforts In Vermont, Interim Report



September 1, 2017

Prepared for the Vermont General Assembly in Accordance with Section E.700.1 of Act 85 (2017) (Amending 10 V.S.A. § 1389a).



Federal Funding Related to Water Quality Improvement Efforts in Vermont, Interim Report

September 1, 2017

Table of Contents

Introduction	3
Vermont Agency of Agriculture, Food and Markets (AAFM)	4
Vermont Agency of Natural Resources (ANR)	4
Section 319 Nonpoint Source Grant	4
Pollution Control, Water Quality Monitoring (Section 106)	5
Lake Champlain Basin Program	5
Clean Water State Revolving Fund (CWSRF)	6
USDA Rural Development Program (USDA-RD)	6
Vermont Agency of Transportation (VTrans)	6
Transportation Alternatives Program	6
Federal Highway Administration (FHWA) Surface Transportation Block Grant (STBG)	7

The Secretary of Administration appreciates the assistance received from staff at the Agencies of Natural Resources, Agriculture, Food and Markets and Transportation in the preparation of this report.

Cover Photos:

- Top Left: Stabilized stream crossing and vegetated buffer, Courtesy of USDA NRCS
- Top Right: Municipal wastewater treatment facility, Courtesy of Vermont DEC
- Bottom Left: New barnyard feedlot structure and waste storage facility, Courtesy of USDA NRCS
- Bottom Right: Restored wetland, Courtesy of USDA NRCS

Federal Funding Related to Water Quality Improvement Efforts in Vermont, Interim Report

Introduction

This report fulfills the requirement contained in section E.700.1 of Act 85 (2017) (amending 10 V.S.A. §1389a):

(3) On or before September 1 of each year, the Secretary of Administration shall submit to the Joint Fiscal Committee an interim report regarding the information required under subdivision (b)(5) of this section relating to available federal funding.

(b)(5) A summary of available federal funding related to, or for, water quality improvement efforts in the State.

The intent of this interim report is to identify potential reductions in federal clean water funding and the associated impacts to Vermont's clean water improvement programs, should cuts to federal funds occur. The report presents information by agency and federal funding program. The assessment of the potential impacts to Vermont are based on the Trump Administration's proposed [Budget of the U.S. Government, Fiscal Year 2018](#), since the Federal Fiscal Year (FFY) 2018 budget is currently under development by Congress.

The Trump Administration's proposed budget, in sum, would result in the loss of an estimated 18.4 positions that currently support Vermont's clean water programs. These positions are housed at the Vermont Department of Environmental Conservation (DEC) and the Agency of Agriculture, Food and Markets (AAFM) and are responsible for water pollution assessment and planning, pollution abatement project development, and grant administration. These positions are necessary for: the development of the state's watershed management and restoration plans referred to as tactical basin plans; the successful implementation of priority clean water improvement projects; development and implementation of federal Clean Water Act restoration plans referred to as Total Maximum Daily Loads (TMDLs);¹ the implementation of directives contained in the Vermont Clean Water Act (2015 Act 64); Vermont's ability to track progress towards meeting the state's clean water goals; and the successful administration of the clean water grants. A reduction in staffing levels will impede the state of Vermont's ability to administer these clean water programs and activities.

Updates on the U.S. Environmental Protection Agency (EPA) FY2018 budget are available on the [Environmental Council of States website](#).

¹ Federal Water Pollution Control Act of 1972, 33 U.S.C. Section 1251 et seq., Section 303(d).

Vermont Agency of Agriculture, Food and Markets (AAFM)

Current Funding

The Vermont Agency of Agriculture, Food and Markets (AAFM) receives federal funds to support its engineering capacity from the following programs related to water quality:

- Section 319 Nonpoint Source Grant passthrough from Agency of Natural Resources (ANR) to AAFM. Section 319 supports 2.4 full time equivalent (FTEs) positions. Section 319 program is described below under the ANR section of this report.
- U.S. Department of Agriculture (USDA) Natural Resources Conservation Services (NRCS) Strategic Watershed Action Teams (SWAT), a program that focuses on the most critical subwatersheds to accelerate agricultural best practices implementation. The program currently funds 50 percent of one FTE. AAFM is working with the Joint Fiscal Office (JFO) to increase funding to support an additional one FTE (at 50 percent cost share with NRCS).

Potential Impacts from Proposed Reductions in Program Budget

The President's budget proposes to eliminate these programs. Assuming no replacement funds are available, AAFM would see a reduction in its engineering workforce of 3.4 FTEs, which is greater than a 50 percent reduction in the agency's current engineering capacity of six FTEs. The workforce reduction is due to the: (a) 2.4 FTEs (or 40 percent) reduction from the loss of Section 319 funds, and (b) one FTE (or 17 percent) reduction from the loss in NRCS SWAT funds.

Vermont Agency of Natural Resources (ANR)

The Agency of Natural Resources Department of Environmental Conservation (DEC) administers and funds most of the state's environmental programs. DEC receives 43 percent of its budget (\$33.1 million of its \$77.8 million budget) from federal sources, primarily from the U.S. EPA. Approximately \$20 million of these funds represent multiple grant awards for the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF).

Section 319 Nonpoint Source Grant

Current Funding

DEC's federal FY2017 Section 319 Nonpoint Source Grant (PPG319) application was for \$1,180,793 which represents approximately nine percent of DEC's base federal funding of approximately \$13 million (excluding federal State Revolving Loan Fund Program). The federal Clean Water Act Section 319 federal grant supports much of DEC's efforts to implement state clean water improvement projects. The grant focuses on nonpoint source pollution – diffuse sources of water pollution caused by precipitation or snowmelt-driven stormwater runoff from parking lots, roads and other hard surfaces and agricultural lands. Nonpoint source pollution is the leading cause of water use impairment to Vermont's surface water and ground water resources. Funding supports the implementation of the major nutrient total maximum daily loads (TMDLs) statewide, including the Lake Champlain TMDLs for phosphorus, the Lake Memphremagog TMDL for phosphorus, and the Long Island Sound/Connecticut River TMDL for nitrogen.

Potential Impacts from Proposed Reductions in Program Budget

The President's budget proposes to eliminate the Section 319 Program, which would result in a reduction of 11 FTEs at DEC's Watershed Management Division, (in addition to the reduction of 2.4 FTEs

at AAFM described above). Assuming no replacement funds are available, the impact of this reduction to DEC's workforce is estimated to include: (a) over 50 percent reduction in river engineering technical and regulatory assistance (current workforce level is five FTEs); (b) elimination of river science that supports assessment, planning and implementation of river and floodplain restoration projects, (current workforce is three FTEs); (c) elimination of TMDL coordination, which involves public processes to identify impaired waterways that fail to meet Vermont's water quality standards, an assessment and determination of pollution reduction requirements, and the development of restoration plans, (current workforce is 1 FTE); (d) over 50 percent reduction in DEC's ability to track the state's progress in achieving water pollution reduction targets, (current workforce is 2 FTEs); and (e) over 75 percent reduction in senior leadership and expertise that manages DEC's Rivers Program, Lakes Program and Monitoring, Assessment and Planning Program (current workforce is 3 FTEs).

Pollution Control, Water Quality Monitoring (Section 106)

Current Funding

DEC's federal FY2017 Section 106 Water Quality Monitoring (PPG106) application was for \$1,114,980, which represents approximately 8.5 percent of DEC's base federal funding of approximately \$13 million (excluding federal State Revolving Loan Fund Program). The federal Clean Water Act Section 106 funds support water quality monitoring and assessments. Vermont uses these funds to support statewide water quality monitoring and assessments to ensure that the state's surface waters – rivers, streams, lakes, ponds, and wetlands – are safe for public uses and that municipally-operated wastewater control facilities and other dischargers into surface waters operate in a manner that maintains good water quality.

Potential Impacts from Proposed Reductions in Program Budget

The President's budget proposes a 30 percent cut to the Section 106 grant. Assuming no replacement funds are available, this cut in the program budget would result in the reduction in DEC's workforce of at least two FTEs (out of 11 FTEs being supported by this grant or 18 percent). The reduction in staff will compromise DEC's ability to maintain water quality monitoring at current levels, thereby reducing the State's capacity to identify and mitigate public health threats.

Lake Champlain Basin Program

Current Funding

DEC's federal FY2017 Lake Champlain Basin Program (LCBP) application was for \$526,000, which represents approximately four percent of DEC's base federal funding of approximately \$13 million (excluding federal State Revolving Loan Fund Program). The LCBP funds support two FTEs and the long-term monitoring program in Lake Champlain. These monitoring data are used to identify public health risks and to track progress in implementing the Lake Champlain restoration plan, referred to as the Lake Champlain Phosphorus TMDL. The LCBP also routinely issues grant and contract opportunities to support the implementation of the Lake Champlain Phosphorus TMDL and to complement DEC's water quality programs throughout the watershed.

Potential Impacts from Proposed Reductions in Program Budget

The President's Budget proposes to eliminate the Lake Champlain Basin Program. Assuming no replacement funds are available, the elimination of this program will result in a reduction in workforce of two FTEs at DEC, including: (a) elimination of DEC's technical lake expertise for Lake Champlain

restoration efforts under the TMDL and elimination of DEC's capacity to monitor, conduct public outreach and provide technical assistance concerning cyanobacteria (blue-green algae) blooms (one FTE), and (b) the elimination of multi-agency coordination and public outreach associated with the restoration of Lake Champlain (one FTE). The elimination of funding for the Lake Champlain Basin Program will also halt Vermont's Lake Champlain long-term water quality monitoring program, which will hinder Vermont's ability to track progress in the restoration of Lake Champlain.

Clean Water State Revolving Fund (CWSRF)

Current Funding

The CWSRF is a federal-state partnership to provide municipalities access to low-cost financing for water quality infrastructure projects.

Potential Impacts from Proposed Reductions in Program Budget

The proposed budget nearly level-funds the CWSRF compared to the previous year, with a slight increase of \$4 million nationally. In 2016, the capitalization grant was \$6.525M and this year will be slightly less at \$6.474M. This will result in no changes to the administration of Vermont's CWSRF program.

USDA Rural Development Program (USDA-RD)

Current Funding

The USDA-RD program focuses on helping rural communities grow economically by offering access to low-cost financing to support water and wastewater services.

Potential Impacts from Proposed Reductions in Program Budget

The President's Budget proposes to reduce USDA-RD's budget by \$498 million, based on the rationale that "it duplicates the Environmental Protection Agency's (EPA) State Revolving funds (SRFs)." This reduction does not present an impact to ANR workforce. However, the SRF program funding levels do not adequately meet the need for low-cost financing to help replace aging infrastructure and wastewater treatment upgrades that are necessary to meet health and safety concerns. The USDA-RD program helps Vermont's rural communities address these concerns. For example, in 2016, USDA Rural Development provided over \$18 million in financing to Vermont communities for water and environmental projects.

Vermont Agency of Transportation (VTrans)

Transportation Alternatives Program

Current Funding

In FY2018, VTrans will receive \$2.2 million for the Transportation Alternatives Program – a federally funded program established through MAP-21 and signed into law in July 2012. MAP-21's replacement, the FAST ACT, continues funding for this program to support a variety of project types, including "any environmental mitigation activity, including pollution prevention and pollution abatement activities and mitigation to: (i) address stormwater management, control, and water pollution prevention or abatement related to highway construction or due to highway runoff." Per Act 38 of 2017, the full amount of Transportation Alternatives funds received in SFY2018-2019 will be used for the environmental mitigation activities, described above. Awards result in reimbursement grants that

require 20 percent in matching funds from the grantee. The \$2.2 million of Transportation Alternatives funds (\$4.4 million over two years) must be granted out to eligible entities and cannot be used to support VTrans operating costs.

Potential Impacts from Proposed Reductions in Program Budget

VTrans does not anticipate any impacts to this program’s funding levels.

Federal Highway Administration (FHWA) Surface Transportation Block Grant (STBG)

Current Funding

VTrans receives a set amount of STBG funds each federal fiscal year from FHWA. These funds are used for a variety of purposes, such as paving roads, rehabilitating or repairing bridges and improving infrastructure in downtowns. There is flexibility to use some of these funds for the activities described above in the Transportation Alternatives Program section, but at the expense of the other types of projects that VTrans funds. The funds can be expended as stand-alone projects or can be used to make these types of improvements as a component of other types of projects, which VTrans has routinely done.

Potential Impacts from Proposed Reductions in Program Budget

VTrans does not anticipate any impacts to this program’s funding levels.

Summary of Federal Funding Related to Water Quality Improvements in Vermont

Agency	Program	Total Reduction %	Reduction in FTE	Total Reduction in FTE by Agency
VAAFM	EPA Clean Water Act Section 319	100% Reduction	2.4 FTEs	
VAAFM	SUDA NRCS SWAT Program	100% Reduction	1 FTE	
VAAFM	TOTAL			3.4 FTE
DEC	EPA Clean Water Act Section 319	100% Reduction	11 FTEs	
DEC	EPA Section 106	30% Reduction	2 FTEs	
DEC	EPA Lake Champlain Basin Program	100% Reduction	2 FTEs	
DEC	EPA Clean Water State Revolving Fund	No Reduction		
DEC	TOTAL			15 FTEs
VT USDA	USDA Rural Development	100% Reduction	N/A	--
VTrans	Federal Highway Administration Transportation Alternatives	No Reduction	No Reduction	
VTrans	Federal Highway Administration Surface transportation Block Grant	No Reduction	No Reduction	
VTrans	TOTAL			0 FTE
TOTAL Reduction in Force				18.4 FTEs

FY18-19 VERMONT CLEAN WATER APPROPRIATIONS

	A	B			C	D	E
	Baseline	As Passed House & Senate (5/5/2017)					Filling Gap= D-A
	(2 year total)	FY18 Appropriation	FY18 Encumbered	FY18 Expended	FY19	FY18 & FY19	(2 year total)
1 Capital Bill, H.519 Section 11: Clean Water Investments							
2 (a)(1) & (e)(1) AAFM BMP & CREP	\$ 3,800,000	\$ 3,450,000			\$ 2,000,000	\$ 5,450,000	\$ 1,650,000
3 (a)(2) AAFM Water Quality Grants & Contracts	\$ -	\$ 600,000			\$ -	\$ 600,000	\$ 600,000
4 (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)
5 (b)(2)&(f)(2) DEC Ecosystem Restoration Grants	\$ 7,460,000	\$ 6,000,000			\$ 5,000,000	\$ 11,000,000	\$ 3,540,000
6 (b)(3) DEC Municipal Pollution Control Grants (prior)	\$ 35,000	\$ 2,982,384			\$ -	\$ 2,982,384	\$ 2,947,384
7 (b)(4)&(f)(3) DEC Municipal Pollution Control Grants (new)	\$ 3,306,500	\$ 2,704,232			\$ 1,407,268	\$ 4,111,500	\$ 805,000
8 (c) VTrans Municipal Mitigation Program	\$ -	\$ 1,400,000			\$ -	\$ 1,400,000	\$ 1,400,000
9 (d)(1) VHCB: water quality projects	\$ 3,750,000	\$ 2,800,000			\$ 2,750,000	\$ 5,550,000	\$ 1,800,000
10 (d)(2) VHCB: farm grants or fee purchase water quality projects	\$ -	\$ 1,000,000			\$ -	\$ 1,000,000	\$ 1,000,000
11 (f)(4) FY19 Statewide Clean Water Implementation	\$ -	\$ -			\$ 11,112,944	\$ 11,112,944	\$ 11,112,944
12	\$ 20,751,500	\$ 21,936,616			\$ 23,470,212	\$ 45,406,828	\$ 24,655,328
13							
14 Transportation Bill H.494							
15 State Highway Compliance	\$ 16,280,000	\$ 8,140,000			\$ 8,140,000	\$ 16,280,000	\$ - *
16 Section 14: Transportation Alternatives (for stormwater)	\$ 2,200,000	\$ 2,200,000			\$ 2,200,000	\$ 4,400,000	\$ 2,200,000 *
17 Section 8: Municipal Mitigation (for stormwater)	\$ 2,880,000	\$ 1,240,000			\$ 1,840,000	\$ 3,080,000	\$ 200,000 *
18 Section 8: Municipal Mitigation from Federal Hgwy STBG Fund	\$ -	\$ 5,442,342			\$ 5,242,342	\$ 10,684,684	\$ 10,684,684 *
19	\$ 21,360,000	\$ 17,022,342			\$ 17,422,342	\$ 34,444,684	\$ 13,084,684
20							
21 Appropriations Bill							
22 DEC Federal match pass through for DEC Clean Water SRF	\$ 20,000,000	\$ 10,000,000			\$ 10,000,000	\$ 20,000,000	\$ - *
23 DF&W Watershed Grants Program	\$ 70,000	\$ 35,000			\$ 35,000	\$ 70,000	\$ - *
24 AAFM Farm Agronomic Practices Program	\$ 300,000	\$ 150,000			\$ 150,000	\$ 300,000	\$ - *
25 AAFM Water Quality Grants and Contracts	\$ 594,000	\$ 297,000			\$ 297,000	\$ 594,000	\$ - *
26 AAFM Operational Funds	\$ 750,000	\$ 375,000			\$ 375,000	\$ 750,000	\$ - *
27 Clean Water Fund	\$ -	\$ 4,000,000			\$ 4,000,000	\$ 8,000,000	\$ 8,000,000
28 FY19 Capital Bill: Bond premium from sale of bonds	\$ -	\$ -			\$ 2,259,988	\$ 2,259,988	\$ 2,259,988 *
29							
30 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).

Clean Water Initiative 2017 Investment Report Timeline

July 20, 2017

Task Number & Name		Start Date	End Date	Work Days
1	Data Collection	Fri 8/04/17	Fri 8/04/17	1
1.1	ANR, VTrans, AAFM report to CWIP SFY17 TA efforts	Fri 8/04/17	Fri 8/04/17	1
1.2	ANR, VTrans, AAFM, other partners report SFY17 outreach via nFORM	Fri 8/04/17	Fri 8/04/17	1
1.3	ANR, VTrans, AAFM send CWIP SFY17 project investment data	Fri 8/04/17	Fri 8/04/17	1
1.4	ANR, VTrans, AAFM send CWIP SFY17 project/BMP output data	Fri 8/11/17	Fri 8/11/17	1
2	Data Review and Analysis	Mon 7/31/17	Fri 9/15/17	34
2.1	CWIP QA check and summarize SFY17 outreach and TA data	Mon 7/31/17	Fri 8/04/17	5
2.2	CWIP QA check and summarize SFY17 project investment data	Mon 8/07/17	Fri 8/11/17	5
2.3	CWIP QA check and summarize SFY17 project/BMP output data	Mon 8/14/17	Fri 8/25/17	10
2.4	CWIP estimate and QA check SFY17 project/BMP pollutant load reductions	Mon 8/21/17	Fri 9/08/17	14
2.5	CWIP finalize and summarize SFY17 Investment Report data	Mon 9/11/17	Fri 9/15/17	5
2.6	Technical staff review final SFY17 Investment Report data	Mon 9/18/17	Fri 9/22/17	5
3	Report Development	Mon 6/05/17	Fri 9/29/17	83
3.1	Technical staff review/update Investment Report outline as needed	Mon 6/05/17	Fri 6/09/17	5
3.2	CWIP update Investment Report content	Mon 7/31/17	Fri 9/22/17	39
3.3	CWIP incorporate final Investment Report data	Mon 9/25/17	Fri 9/29/17	5
3.4	CWIP prepare final draft report for review	Mon 9/25/17	Fri 9/29/17	5
3.5	CWIP finalize report layout	Tue 12/26/17	Fri 1/12/18	13
4	Report Review	Mon 10/02/17	Fri 1/12/18	71
4.1	Technical staff review draft report	Mon 10/02/17	Fri 10/13/17	9
4.2	CWIP incorporate technical staff edits/comments	Mon 10/16/17	Fri 10/20/17	5
4.3	Finance and Reporting Subcommittee review draft report (collect Secretary input)	Mon 10/23/17	Fri 11/03/17	10
4.4	Finance and Reporting Subcommittee meeting to review draft report*	Fri 11/03/17	Fri 11/03/17	1
4.5	CWIP incorporate Finance and Reporting Subcommittee edits/comments	Mon 11/06/17	Fri 11/10/17	5
4.6	ANR-DEC internal review draft report (Division Director, Commissioner)	Mon 11/13/17	Fri 11/24/17	9
4.7	CWIP incorporate ANR-DEC internal edits/comments	Mon 11/27/17	Fri 12/08/17	10
4.8	CWF Board review draft report	Mon 12/11/17	Fri 12/22/17	10
4.9	CWF Board meeting to review draft report*	Fri 12/22/17	Fri 12/22/17	1
4.10	CWIP incorporate CWF Board edits/comments	Tue 12/26/17	Fri 1/12/18	13
5	Submit Report	Mon 1/15/18	Mon 1/15/18	0
5.1	Submit CWI Annual Report to Legislature	Mon 1/15/18	Mon 1/15/18	1

* Approximate dates provided

September 5, 2017

H. 519

Sec. 35a. CLEAN WATER PROJECTS; SIGNS.

“The Commissioner of Buildings and General Services, in collaboration with the Secretaries of Natural Resources and of Transportation, shall develop a plan for signage to identify any clean water projects funded by the State. The signage shall include uniform language and a logo to identify the projects. The signage shall be displayed in a location as visible to the public as possible for the duration of the construction phase of the project. Funds appropriated for water quality projects shall be used to pay the costs associated with the signage in accordance with the plan.”

Implementation Plan for the Use of Signage to Identify Clean Water Projects Funded by the State of Vermont.

DESIGN SPECIFICATIONS

An image of the sign design is attached. Proposed size is 12”x18”.

PURCHASING AND DISTRIBUTION

The Vermont Agency of Transportation (VTrans) will manufacture Clean Water Project signs and purchase posts from Vermont Correctional Industries (VCI), which will be distributed to Regional Planning Commissions. The Vermont Agency of Natural Resources (ANR), the Vermont Agency of Agriculture, Food and Markets (AAFM) will reimburse VTrans based on the percentage of the total signs each Agency needs, unless alternative funds become available for the agencies to cover the cost of these signs, such as unspent funds in the Clean Water Fund. The estimated cost for 300 signs is \$7,300, including \$3,600 for the signs and \$3,700 for 7-foot posts.

Grant recipients implementing State-funded Clean Water Projects that meet the threshold criteria will be responsible for picking up signs from the Regional Planning Commission in their area, posting the sign at the project site during the construction phase, and returning the sign to the Regional Planning Commission within two weeks of completing the project. Regional Planning Commissions will be responsible for storing and keeping track of the signs. VTrans District Offices may also assist in trafficking signs as needed.

THRESHOLD CRITERIA

Agency of Natural Resources

The Vermont Agency of Natural Resources (ANR) funds clean water projects through the Department of Environmental Conservation (DEC) Ecosystem Restoration Grants and the Clean Water State Revolving Fund, Department of Fish and Wildlife (DFW) Watershed Grants, the Department of Forests, Parks and Recreation (DFPR) Water Quality Assistance Program. In total, ANR anticipates that as many as 100 projects could meet the criteria outlined below and be under construction at one time. For all applicable projects, ANR would include language in Grant Agreements for eligible projects to specify requirements for displaying a sign in a location as visible to the public as possible for the duration of the construction phase of the project.



Eligibility: Any implementation project with public visibility, as indicated in the grant application, supported in whole or in part by the state clean water funding programs listed above, meets state qualifications for displaying a Clean Water Project sign, including Clean Water State Revolving Fund projects. Federal signage requirements apply to Clean Water State Revolving Fund projects, and the Clean Water Project sign will be added to the specifications of the federal signs. Recipients of the Clean Water State Revolving Fund work directly with a vendor to produce these signs.

Recipients that receive state clean water funding to implement projects that meet the following criteria will be required to display Clean Water Project signs during the duration of construction of the project.

1. Public Visibility

- a. The project is in a location that is publicly visible.

2. Duration of Construction

- a. The project construction phase is two or more weeks; or
- b. The project construction phase is less than two weeks but the value of the project warrants signage, as determined by the Agency.

3. Other Special Considerations

- a. If posting the sign in the construction area causes undue interference with operations or any potential hazard to the traveling public, the sign will be posted at the construction office or staging area, as deemed appropriate by the resident engineer or other on-site authority.

4. Waiver Provision

- a. The Agency may waive the signage requirement if special circumstances that are unique to the project and its location make signage impractical, unworkable or unnecessary.

Agency of Transportation

The Vermont Agency of Transportation (VTrans) funds clean water projects through the Municipal Highway and Stormwater Mitigation Program, the Transportation Alternatives Program, and the Better Roads Program. In total, VTrans anticipates that as many as 100 projects could meet the criteria outlined below and be under construction at one time. For all applicable projects, VTrans would include language in Grant Agreements for projects funded after the date of this Implementation Plan to specify requirements for displaying a sign in a location as visible to the public as possible for the duration of the construction phase of the project.

Eligibility: Any project with public visibility, as indicated in the grant application, would be considered for Clean Water Project signage under this proposal.

Projects that meet the following criteria would be required to display Clean Water Project signs during the duration of construction of the project.

1. Public Visibility

- a. The project is in a location that is publicly visible.

2. Duration of Construction

- a. The project construction phase is two or more weeks; or
- b. The project construction phase is less than two weeks but the value of the project warrants signage, as determined by the Agency.

3. Other Special Considerations

- a. If posting the sign in the construction area causes undue interference with operations or any potential hazard to the traveling public, the sign will be posted at the construction office or staging area, as deemed appropriate by the resident engineer or other on-site authority.

4. Waiver Provision

- a. The Agency may waive the signage requirement if special circumstances that are unique to the project and its location make signage impractical, unworkable or unnecessary.

Agency of Agriculture

The Vermont Agency of Agriculture, Food and Markets (AAFM) through our Best Management Practices (BMP) Program anticipates funding about 75 projects within a State Fiscal year, 50 of which would meet the threshold criteria outlined below to be required to have a sign displayed in an area visible to the public for the duration of the construction phase of the project. AAFM would include signage requirements for Best Management Practice (BMP) Agreements that are standalone BMP projects, as well as BMP Agreements which support USDA Natural Resources Conservation Service (NRCS) Environmental Quality Incentives Program (EQIP). It is estimated that 40 of these projects could be under construction and require a sign at the same time during the SFY 2018.

AAFM will include language in all BMP Grant Agreements that the Agency may require farms to display these signs in a location as visible to the public as possible for the duration of the construction phase of the project if the farm's location and characteristics trigger the threshold criteria outlined below.

Eligibility: Any BMP capital eligible practice or project would be considered for signage under this proposal

BMP Projects that meet the following criteria would be required to display Clean Water Project signs during the duration of construction of the project.

1. Public Visibility

- a. The project is in a location that is publicly visible.
- b. A project is in a location that has special agricultural significance.
- c. The project is in a location that is associated with direct sale of agricultural products to consumers.

2. Duration of Construction

- a. The project construction phase is two or more weeks; or
- b. The project construction phase is less than two weeks but the value of the project warrants signage, as determined by the Agency.

3. Waiver Provision

- a. The Agency may waive the signage requirement if special circumstances that are unique to the project and its location, make signage impractical, unworkable or unnecessary or additional conservation practices are necessary to fully address the clean water improvements on a farm.

CLEAN WATER PROJECT




VERMONT