

## VERMONT CLEAN WATER FUND SFY19 DISTRIBUTION PRIORITIES FOR FY19 FINAL 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)) 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 Distribution Priorities – 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 <sup>1</sup>	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; Support for the Agronomy and Conservation Assistance Program (ACAP) - contract to deliver agronomic (field-based) technical support to farmers statewide	USDA <sup>1</sup>	X	X	X		X	X							X
2b	Agriculture (AAFM)	Operating <sup>2</sup>	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 allocation is to ensure support, while AAFM seeks alternative funds.

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

#	Sector (Agency)	Funding Program	Activities	Other Funds	Priorities										
					A	B	C	D	E	F	G	H	I	J	
3	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
4	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
5	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					
6	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	Local funds as match <sup>3</sup>	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](http://dec.vermont.gov/sites/dec/files/wsm/erp/docs/Application_Manual.pdf).

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

#	Sector (Agency)	Funding Program	Activities	Other Funds	Priorities									
					A	B	C	D	E	F	G	H	I	J
7	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
8	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 <sup>4</sup>	X	X	X		X		X			X
9	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
10	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	
11	Wastewater (ANR)	DEC- Grants & Contracts	DEC Clean Water State Revolving Fund (SRF)		X	X				X			X	
12	Wastewater (ANR)	DEC- Grants & Contracts	DEC Municipal Pollution Control Grants (new projects)		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 Distribution Priorities – Agency of Transportation														
#	Sector (Agency)	Funding Program	Activities	Other Funds	Priorities									
					A	B	C	D	E	F	G	H	I	J
13	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
14	State 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	Local funds as match	X	X		X		X			X	

Table 5: State Fiscal Year 2019 Distribution Priorities – Agency of Administration														
#	Sector (Agency)	Funding Program	Activities	Other Funds	Priorities									
					A	B	C	D	E	F	G	H	I	J
15	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 Distribution Priorities – 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
15	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		X	X		X	X	X			X	X
16	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		X	X		X	X	X			X	X

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

Table 10: FY19 Clean Water Improvement Projects, to be Supported by FY18 Bond Premium Funds

#	Sector (Agency)	Funding Program	Activities	Other Funds	Priorities											
					A	B	C	D	E	F	G	H	I	J		
1	(ANR)	Ecosystem Restoration Grants & Contracts	This project involves purchasing an aeration system for Lake Carmi.		X	X					X					X
2	Natural Resources (ANR)	Ecosystem Restoration Grants & Contracts	This project increases funds to help the state meet the natural resources restoration portion of the Lake Champlain restoration plan, referred to as the phosphorus TMDL and other federal and state directives. The focus is to target those floodplain and river corridor projects that will also maximize benefits including flood resilience, public safety and habitat improvement.	USDA <sup>4</sup>	X	X	X			X		X				X
3	Natural Resources (ANR)	Ecosystem Restoration Grants & Contracts	Engineering feasibility project to recover phosphorus from municipal waste streams, animal manure and food and food-processing waste using anaerobic digestion		X	X				X	X				X	X
4	Agriculture (AAFMM)	Grants & Contracts	Methane anaerobic digestion is a technology that produces energy by converting manure into methane. A byproduct of methane digestion is phosphorus-containing material. This pilot will use innovative phosphorus extraction technology to remove phosphorus from the byproduct material, to be used for other purposes.	USDA <sup>4</sup>	X	X	X			X	X					X
5	Natural Resources (ANR)	Ecosystem Restoration Grants & Contracts	This project continues a pilot initiative to provide funding directly to participating municipalities (via the regional planning commissions) to implement Best Management Practices (BMPs) on municipal roads, ahead of the state Municipal Road General Permit (MRGP).	Local funds as match	X	X			X	X	X					X