

Vermont Clean Water Fund Board Working Meeting Agenda

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

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

Welcome, Approval of Agenda and Minutes **3:30-3:35 pm**
Agency of Administration Secretary and Clean Water Fund Board Chair Susanne Young

FY2018

Clean Water Fund Property Transfer Tax Surcharge Revenue Update **3:35-3:45 pm**
Kate Slocum, Deputy Chief Financial Officer, Agency of Administration

Status of Unallocated FY2018 Clean Water Fund Allocations **3:45-4:50 pm**
Clean Water Initiative Program Manager Kari Dolan

- Consider carrying forward unallocated funds into FY2019

FY2019

Review State Clean Water Fund Budget Process **3:50-3:55 pm**
Agency of Natural Resources Secretary Julie Moore

Draft 2018 Clean Water Fund Expenditure Contingency Plan **4:55-4:15 pm**
Clean Water Initiative Program Manager Kari Dolan

- Review 2016 Interim Clean Water Fund Expenditure Contingency Plan
- Review 2018 Initial Draft Update to this Interim Plan

FY2020

Upcoming FY2020 Clean Water Fund Budget Process **4:15-4:20 pm**
Secretary Julie Moore

- Prepare a draft FY2020 budget allocations for Public Comment

Comments from the Public **4:20-4:25 pm**
Secretary Susanne Young

Next Steps/Future Meeting **4:25-4:30 pm**
Secretary Susanne Young

Adjourn **4:30 pm**

Supporting Materials:

1. 2017-11-06 Clean Water Fund Board Meeting Minutes - Draft
2. FY2019 Clean Water Fund Budget Process
3. FY2018 Clean Water Fund Revenue Summary and Forecast
4. FY2018 Unallocated Clean Water Funds Report
5. 2016 Interim Clean Water Fund Expenditure Contingency Plan
6. 2018 Initial Draft Update of the Interim Contingency Plan
7. FY2020 Clean Water Fund Budget Process

Vermont Clean Water Fund Board Meeting Minutes

Date/Time: Monday, November 6, 2017, 3:30 PM – 4:30 PM

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

Clean Water Fund Board Members/Designees:

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

Joe Flynn, Agency of Transportation (VTrans) Secretary

Julie Moore, Agency of Natural Resources (ANR) Secretary

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

Attendees:

Emily Bird, Department of Environmental
Conservation (DEC)

Diane Bothfeld, AAFM

Jared Carpenter, Lake Champlain Committee

Helen Carr, DEC

Kari Dolan, DEC

Dan Dutcher, VTrans

Andrea Englehardt, Lake Carmi Campers
Association

Ernie Englehardt, Lake Carmi Campers
Association

Brad Ferland, AoA

Erik Filkorn, Buildings and General Services

Peter Gregory, Two Rivers-Ottawaquechee
Regional Commission

Jen Hollar, Vermont Housing and Conservation
Board (VHCB)

Marianne Holtz

Sue Scribner, VTrans

Kathy Urffer, Connecticut River Conservancy

Welcome, Approval of Agenda

3:30-3:35 pm

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

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

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

3:35-3:40 pm

Agency of Natural Resources Secretary Julie Moore

- See supporting materials

Finalize Recommended FY2019 Clean Water Fund Allocations

3:40-4:00 pm

Clean Water Initiative Program Manager Kari Dolan

- Summary of October 2017 public comment period and responses
 - A special public comment period was held October 2017 on the Board's proposed allocation of \$2.26 bond premium funds
 - Results of public comments summarized in meeting materials
 - Phosphorus extraction technology would require plan to export phosphorus from the watershed; AAFM is currently working to develop market for phosphorus export

- Allocating FY2019 Capital Bill bond premium from sale of bonds (\$2.26 million)
 - Julie Moore motioned to approve the allocation of bond premium funds as proposed in November 6th memorandum
 - Joe Flynn seconded the motion
 - No objections
 - Allocation of bond premium funds approved

- Further discussion:
 - Clarification that Municipal Roads Grants-in-Aid bond premium allocation is \$100,000 above and beyond the original allocation of \$2,997,944
 - Success of the Grant-in-Aid program is thanks to municipal interest to early adopt Municipal Roads General Permit standards and the coordination of Regional Planning Commissions
 - Allocation for phosphors extraction technology was reduced from \$2 million to \$1.6 million based on demand and funding available
 - There has also been significant natural resources demand, thus the additional bond premium funds were appropriated for natural resources restoration projects, which represent a substantial component of the Lake Champlain and Lake Memphremagog restoration plans (e.g., floodplain, river, lakeshore, and wetland restoration)
 - Question from the public: When these allocations are approved, will there be future opportunities to adjust/move funds across line items? Feasibility study is underway to recommend in-lake treatment options for Lake Carmi, and the cost of implementation is still unknown; will there be opportunities to add funds (if needed) once the cost of implementation is known?
 - Response: There are opportunities to adjust and break projects into steps based on funds available; DEC has already committed to pay for the engineering of the pilot project; if results of pilot project turn out to be more expensive, there are other funding sources available
 - Bond premium funds are tentatively earmarked for clean water work in FY2019
 - Deputy Ferland: bond premium funds are not yet appropriated; funds must be appropriated through the capital bill process during the upcoming Legislative session

- Approval of FY2019 Clean Water Fund and Capital allocations
 - Final FY2019 Clean Water Fund and Capital allocations provided in meeting materials
 - Julie Moore motioned to approve the allocations of FY2019 Clean Water Fund and Capital Funds as proposed in November 6th meeting materials
 - Joe Flynn seconded the motion
 - No objections
 - FY2019 Clean Water Fund and Capital Fund allocations approved

Clean Water Fund FY2019 Budget Instructions

4:00-4:10 pm

Agency of Administration Assistant Director of Budget and Management Sam Winship

- Sam Winship will communicate instructions to the agencies
- Targets will be issued directly to the agencies' CFOs

Update on Common Signage for State-Funded Clean Water Projects

4:10-4:15 pm

Buildings and General Services Principal Assistant to the Commissioner Erik Filkorn

- Signs are being manufactured as 18” x 24” aluminum signs with 60” posts; additional \$1,500 needed for posts (break-away and dig-safe); sign order has been placed; VTrans is handling payments and billing to other agencies

Update on Legislative Reports

4:15-4:20 pm

Clean Water Initiative Program Nonpoint Source Coordinator Emily Bird

- No need for the December Board meeting to review the draft Vermont Clean Water Initiative 2017 Investment Report; the review process will be coordinated with agency staff

Comments from the Public

4:20-4:25 pm

Secretary Susanne Young

- Andrea and Ernie Englehardt (Lake Carmi Campers Association) expressed appreciation for the support of the Administration to address issues in Lake Carmi; hope aeration project will bring relief to cyanobacteria blooms
- Peter Gregory (on behalf of Regional Planning Commissions) is pleased to partner with state government to provide support to municipalities to clean up our waterways; Regional Planning Commissions want to help with projects and legislative outreach to communicate ongoing work
- Jared Carpenter (Lake Champlain Committee) thanked everyone for their hard work

Next Steps/Future Meeting

4:25-4:30 pm

Secretary Susanne Young

- Next step to revisit allocation in April based on revenue if needed

Adjourn

4:30 pm

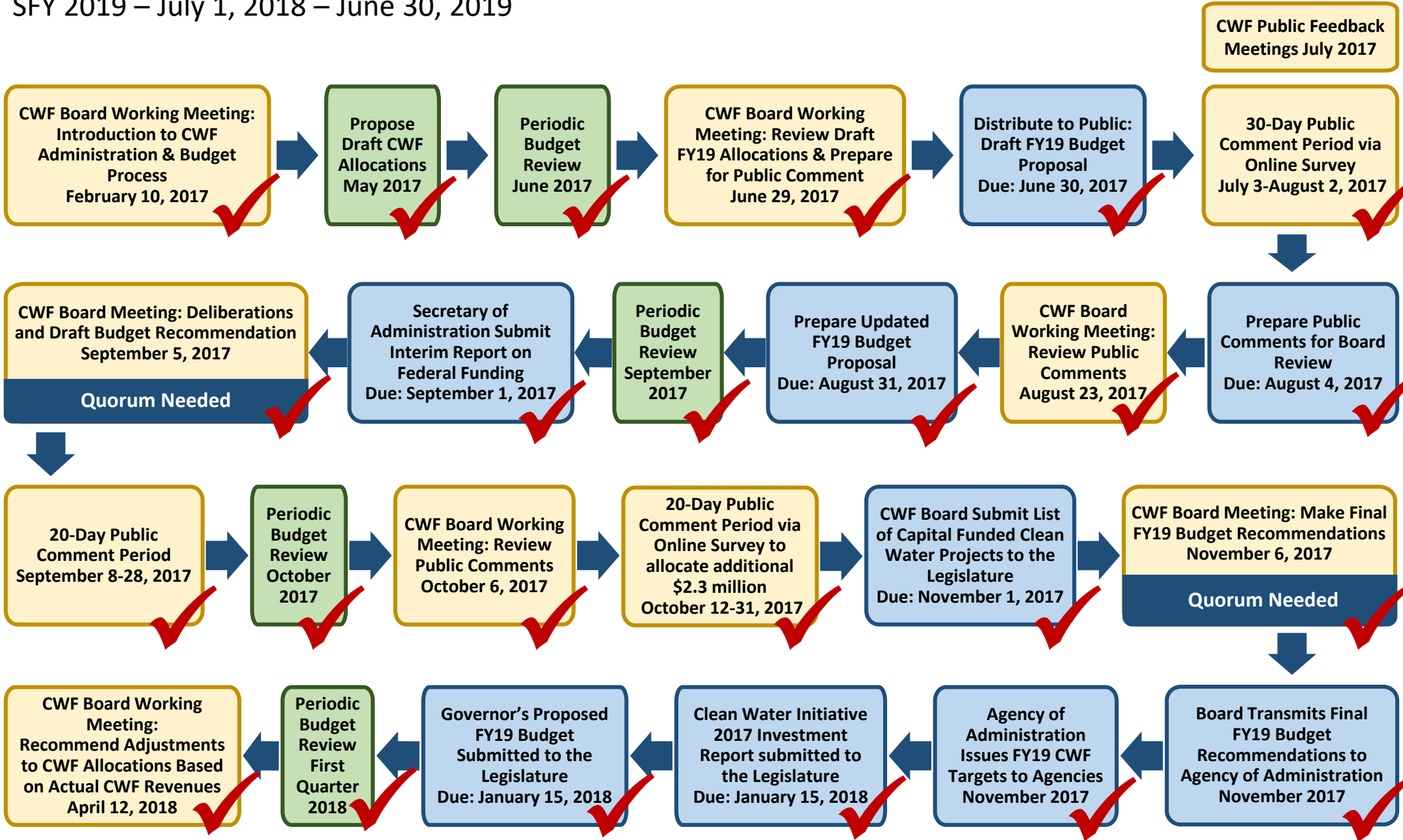
- Joe Flynn motioned to adjourn the meeting
- Julie Moore seconded the motion
- Meeting adjourned 4:13 PM

Supporting Materials:

1. September 5, 2017 Draft Clean Water Fund Board Meeting Minutes
2. October 2, 2017 Draft Clean Water Fund Board Meeting Minutes
3. October 31, 2017 Draft Clean Water Fund Board Meeting Minutes
4. FY2019 Clean Water Fund Board Budget Process
5. Compilation of FY2019 Clean Water Fund Bond Premium Public Comments (October 2017)
6. Final FY2019 Clean Water Fund Priorities and Allocations (November 6, 2017)

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

**Clean Water Fund Property Transfer Tax Surcharge Revenue Update
April 3, 2018**

Clean Water Surcharge: FY18 Monthly Forecast & Actuals												
	July	August	September	October	November	December	January	February	March	April	May	June
Forecast Month	501,074	551,073	435,955	488,883	420,152	521,219	305,645	259,392	337,743	387,499	463,717	577,647
Actual	571,156	591,492	469,141	494,642	570,425	498,556	392,123	257,016	335,321			
Forecast Cumulative	501,074	1,052,147	1,488,103	1,976,986	2,397,138	2,918,357	3,224,001	3,483,394	3,821,137	4,208,635	4,672,353	5,250,000
Actual Cumulative	571,156	1,162,648	1,631,789	2,126,431	2,696,856	3,195,412	3,587,535	3,844,551	4,179,872			
Cum Dollar Difference	70,082	110,501	143,686	149,445	299,718	277,055	363,534	361,157	358,735			
Cum % Difference	14.00%	10.50%	9.70%	7.60%	12.50%	9.50%	11.30%	10.40%	9.40%			
											Rev to Housing	Rev to CWF
											1,000,000	3,179,872

CLEAN WATER FUND BOARD UNALLOCATED FY2018 FUNDS REPORT

Number	Sector	Agency	Activity	Clean Water Fund FY18 Allocation	Remaining Funds
1	Agriculture	AAFM	Farm capital improvements/USDA match	400,000	-
2	Agriculture	AAFM	Farm incentives/USDA match possible	450,000	-
2b	Agriculture	AAFM (Operating)	Increased on farm oversight & compliance	375,000	-
3	Agriculture	ANR-DEC (ERP)	Support for Agronomy & Conservation Assistance Program (ACAP) ¹	234,600	234,600
4	All	ANR-DEC (ERP)	Partner support	325,877	-
5	All	ANR-DEC (ERP)	Water quality monitoring, mapping and tracking	300,000	-
6	Stormwater	ANR-DEC (ERP)	Municipal stormwater project planning and implementation	722,300	-
7	Stormwater	ANR-DEC (ERP)	Municipal stormwater capital equipment assistance	100,000	-
8	Natural Resources	ANR-DEC (ERP)	Natural resources restoration	225,400	-
9	Wastewater	ANR-DEC	Municipal assistance in compliance with TMDLs	100,000	-
10	Vt Center for Geographic Info.	State of Vermont	LiDAR Mapping ²	460,000	-
11	Roads	VTrans	Municipal roads-related stormwater mitigation projects ³	1,025,000	278
12	Municipal Assistance	VTrans/AoA	Stormwater utility payments (\$25K each)(e)(1)(H)	100,000	0
13	All	AoA	Clean water signage (see Act 84 (H.519, Sec. 35a)	7,300	0
14	All	Contingency Reserve	Contingency Reserve ⁴	500,000	500,000
			Total	5,325,477	734,878
NOTES:					
1: Recommend encumbering funds in FY2019					
2: Supports next mapping phase; \$127,047.39, as of 3/26/2018, have not yet been spent, but are allocated for LiDAR acquisition and processing.					
3: Current balance is the amount available as of 3/29/2018 and is due to some projects not needing all the funds that were granted.					
4: See 2018 Clean Water Fund Expenditure Contingency Plan. Plan calls for maintaining these funds as a reserve.					

Watershed Management Division

One National Life Drive, Main 2 [phone] 802-490-6113

Montpelier, VT 05620-3520 [fax] 802-828-1551

MEMORANDUM

TO: Justin Johnson, Secretary, Agency of Administration
FROM: Kari Dolan, Manager, Clean Water Initiative Program
DATE: July 22, 2016
RE: Interim Clean Water Fund Expenditure Contingency Plan
CC: Joanna Pallito, Alyssa Schuren, Trey Martin, Pete LaFlamme, Mary Borg

Summary: Herein is the Interim Clean Water Fund Expenditure Contingency Plan (“Interim Contingency Plan” or “the Plan”) which sets aside a portion of the final Clean Water Fund annual budget to function as a reserve in the fund in the event that the revenues fall short of projection. This Interim Contingency Plan is necessary to avoid a risk of spending more funds than are available in any state fiscal year. The Plan will apply to State Fiscal Year 2018 allocations and remain in effect until such time that the Clean Water Fund Board modifies or adopts this interim plan as the Final Clean Water Fund Contingency Plan.

Clean Water Fund Expenditure Contingency Plan: The Interim Contingency Plan involves annually setting aside the funds needed to maintain a reserve in the fund equivalent to 10 percent of the prior year appropriated amount. These funds will be held in reserve to maintain a positive cash balance in the Clean Water Fund that may exist if revenue under-performs. When the Clean Water Board adopts a spending plan from the Clean Water Fund, it will include a 10 percent reserve as one of the allocations. Any annual adjustments to the appropriations will determine the amount that remains in the fund as a reserve.

Application: The Clean Water Board, when adopting an allocation recommendation or adjustment to current Clean Water Fund allocations, beginning in State Fiscal Year 2018, will include a fund reserve that is consistent with this plan. This approach ensures that if the Clean Water Fund under-performs, the projects will not be affected. Annually, the Clean Water Fund Board will ensure that projected reserve at the end the fiscal year is equivalent to 10 percent of the prior year’s appropriations.

Should the Clean Water Fund under-perform in Fiscal Year 2017, and state agencies have expended 100 percent of the Clean Water Fund allocations, the Clean Water Fund of State Fiscal Year 2018 will be used to address the revenue shortfall.

Background: The Act 64, also known as the Vermont Clean Water Act, was passed by the Vermont General Assembly during the 2015 session and signed by Governor Shumlin on June 16. Act 64 establishes the Clean Water Fund and uses as its revenue source a surcharge to the property transfer tax. The new law also established a Clean Water Fund Board to administer the Fund.

The purpose of the Clean Water Fund is to provide additional state funds above current allocation levels to complement, enhance and leverage existing resources for the restoration and protection of Vermont’s rivers,

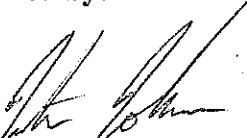
streams, lakes, ponds and wetlands. The Clean Water Fund provides financial support for actions that will reduce pollution washing into Vermont's waterways. To maximize its effectiveness, the Fund is structured to strengthen and complement existing state assistance programs, such as grant and loan pass-through programs, wherever feasible.

As stipulated in the new law, the Clean Water Fund Board meets annually to develop a proposal for investing revenues from the Clean Water Fund in programs that will make a significant contribution towards improving the water quality of Vermont's surface waters. After a public notice and comment period, Clean Water Fund Board prepares a final Clean Water Fund budget, to be incorporated into the Governor's proposed budget for the General Assembly to approve.

The State of Vermont is committed to expending only the funds that are available within the Clean Water Fund. This contingency plan of deferring 10 percent for the following fiscal year provides the following benefits:

- Eliminates the risk of over-spending more than the funds available in the Clean Water Fund;
- Keeps the process streamlined;
- Allows for more effective and efficient administration between the Department of Finance & Management, the Tax Department, the Legislature and our Agency Programs; and
- Removes the risk and related program impacts of spending above available amounts on any one agency.

Authorized by:



8/1/2016

**Justin Johnson, Secretary
Agency of Administration
Chair of the Clean Water Fund Board**

Date

Acronyms

AAFM: Vermont Agency of Agriculture, Food and Markets

ACAP: Vermont DEC's Agronomy & 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 Utility: 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

State of Vermont

Department of Finance & Management
109 State Street, Pavilion Building
Montpelier, VT 05620-0401

Agency of Administration

[phone] 802-828-2376
[fax] 802-828-2428

Cover Note

TO: Justin Johnson, Secretary, Agency of Administration

FROM: Sam Winship, Budget Analyst, Department of Finance and Management

RE: Interim Clean Water Fund Expenditure Contingency Plan

DATE: 08/01/2016

I concur with the plan laid out in the attached memo and recommend that you approve it. This plan was discussed in some detail at the last Clean Water Initiative Financial and Reporting Group meeting. The Property Transfer Tax is a difficult revenue source to project. This reserve will provide the relatively new Clean Water Fund with a margin of safety and could help prevent the state from spending this very public special fund into deficit if anticipated revenues do not materialize.

STW



Summary: Herein is the ~~Interim~~ Clean Water Fund Expenditure Contingency Plan (“~~Interim~~ Contingency Plan” or “the Plan”) which sets aside a portion of the ~~final Fiscal year 2018~~ Clean Water Fund annual budget to function as a reserve in the fund in the event that the revenues fall short of projections. This ~~Interim~~ Contingency Plan ~~replaces the Interim Contingency Plan, put in place in 2016. This Contingency Plan~~ is necessary to avoid a risk of spending more funds than are available in any state fiscal year. The Plan will apply to State Fiscal Year 2018 allocations and remain in effect until such time that the Clean Water Fund Board (~~the “Board”~~) ~~modifies or adopts this interim plan as the Final Clean Water Fund Contingency Plan.~~

Clean Water Fund Expenditure Contingency Plan: The Interim Contingency Plan involves ~~annually setting aside the funds needed to maintain a reserve in the fund equivalent to 10 percent of the prior year appropriated amount.~~ These funds will be held in reserve to maintain a positive cash balance in the Clean Water Fund ~~that may exist if in the event that~~ revenues ~~under-performs.~~ ~~When the Clean Water Board adopts a spending plan from the Clean Water Fund, it will include a 10 percent reserve as one of the allocations.~~ Any annual adjustments to the appropriations will determine the amount that remains in the fund as a reserve.

Application: The Clean Water Board, when adopting an allocation recommendation or adjustment to current Clean Water Fund allocations, beginning in State Fiscal Year ~~2018XXXX~~, will include a fund reserve that is consistent with this plan. This approach ensures that if the Clean Water Fund under-performs, ~~the projects will not be affected. Annually, the Clean Water Fund Board will ensure that projected reserve at the end the fiscal year is equivalent to 10 percent of the prior year's appropriations.~~

Should the Clean Water Fund under-perform in a ~~fiscal year 2017~~, and state agencies have expended 100 percent of the Clean Water Fund allocations, the Clean Water Fund of State Fiscal Year 2018 will be used to address the revenue shortfall.

Background: The Act 64, also known as the Vermont Clean Water Act, was ~~passed by the Vermont General Assembly during the 2015 session and signed by Governor Shumlin on signed into law on~~ June 16, 2015. Act 64 establishes the Clean Water Fund and uses as its revenue source a surcharge to the property transfer tax. The new law also established a Clean Water Fund Board to administer the Fund.

The purpose of the Clean Water Fund is to provide additional state funds above current allocation levels to complement, enhance and leverage existing resources for the restoration and protection of Vermont’s rivers, streams, lakes, ponds and wetlands. The Clean Water Fund provides financial support for actions that will reduce pollution washing into Vermont’s waterways. To maximize its effectiveness, the Fund is structured to strengthen and complement existing state assistance programs, such as grant and loan pass-through programs, wherever feasible.

Commented [DK1]: Include: Maintain a minimum balance of X [specify] in the fund as a reserve

Commented [DK2]: Indicate where the initial reserve comes from [FY2018]

Commented [DK3]: Once a reserve is established, describe whether allocations need to hold funds aside in reserve in future years

Commented [DK4]: consider steps necessary to maintain a minimum cash balance

Commented [DK5]: Include a plan should the Clean Water Fund over-performs

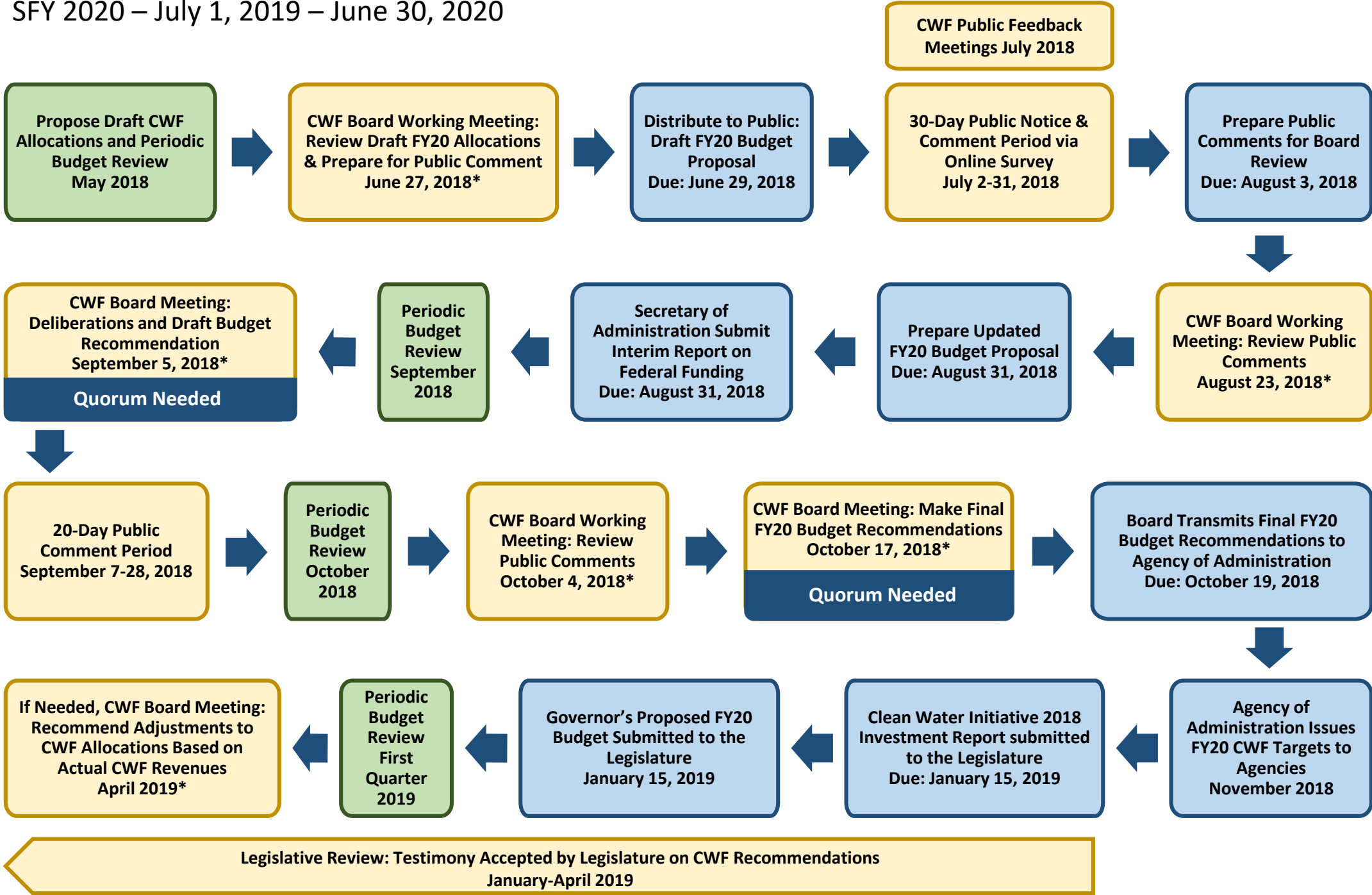
As stipulated in ~~the new law~~ Act 64, the Clean Water Fund Board meets ~~annually~~ periodically to develop a proposal for investing revenues from the Clean Water Fund in programs that will make a significant contribution towards improving the water quality of Vermont's surface waters. After a public notice and comment period, Clean Water Fund Board prepares a final Clean Water Fund budget, to be incorporated into the Governor's proposed budget for the General Assembly to approve.

The State of Vermont is committed to expending only the funds that are available within the Clean Water Fund. ~~This Clean Water Fund Expenditure Contingency Plan contingency plan assures a minimum fund balance of XXXX. These funds are to be used as a reserve, in the event that revenues do not performace as expected. This Contingency Plan of deferring 10 percent for the following fiscal year~~ provides the following benefits:

- Eliminates the risk of over-spending more than the funds available in the Clean Water Fund;
- Keeps the process streamlined;
- Allows for more effective and efficient administration between the Department of Finance & Management, the Tax Department, the Legislature and our Agency Programs; and
- Removes the risk and related program impacts of spending above available amounts on any one agency.

Clean Water Fund (CWF) State Fiscal Year (SFY) 2020 Budget Process (May 2018 – April 2019)

SFY 2020 – July 1, 2019 – June 30, 2020



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

Updated 4/4/2018
*Approximate dates provided