

## Vermont Clean Water Board Meeting Minutes

**Date/Time:** Monday, June 25, 2018, 3:00 pm – 4:00 pm

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

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### **Clean Water Fund Board Members/Designees:**

Susanne Young, Agency of Administration (AoA) Secretary and Clean Water 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 (absent)

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

### **Attendees:**

Jill Arace, Vermont Association of Conservation  
Districts

Jason Aronowitz, AoA

Charlie Baker, Chittenden County Regional  
Planning Commission

Greta Binzen, Department of Environmental  
Conservation (DEC)

Emily Bird, DEC

Emily Boedecker, DEC

Jared Carpenter, Lake Champlain Committee

Kari Dolan, DEC

Dan Dutcher, VTrans

Rebecca Ellis, DEC

Erik Filkorn, AoA

Marcey Hodgdon, AAFM

Jen Hollar, Vermont Housing and Conservation  
Board

Mike Middleman, AoA

Joanna Pallito, DEC

Sue Scribner, VTrans

Kate Slocum, AoA

Andrew Stein, AoA

Scott Waterman, AAFM

Rebekah Weber, Conservation Law Foundation

## **I. OVERVIEW**

**3:00-3:15 pm**

### **A. Introductions**

Agency of Administration Secretary and Clean Water Board Chair Susanne Young

- Welcome; Review Agenda and Minutes of April 12, 2018
- See supporting materials: *Draft April 12, 2018 Clean Water Fund Board Meeting Minutes*
- Recommendation: Consider a motion to approve the minutes
- Julie Moore motioned for approval of April 12, 2018 Clean Water Board meeting minutes
- Joe Flynn seconded the motion
- No objections
- Minutes approved

### **B. Overview of Updated Board Responsibilities, per Act 168 (S. 260)**

Agency of Natural Resources Secretary Julie Moore

- See supporting materials: *Vermont Statutes Annotated, as Amended by 2018 Act 168 (S. 260) and 2018 Act 208 (S. 285)*
- Notable changes to the Clean Water Board and Clean Water Fund budget process include:
  - Act 208 of 2018 added a new revenue source to the Clean Water Fund – abandoned beverage container deposit escheats, expected to generate \$1.5-\$2 million per year, effective on or before

- January 1, 2020; six months of revenue will be generated from this source for the Clean Water Fund in SFY 2020 and allocated as part of the SFY 2021 Clean Water Fund budget
- Act 168 of 2018 broadened Clean Water Board responsibilities beyond Clean Water Fund budgetary process
    - The Clean Water Board is now responsible for recommending the budget for clean water projects to be funded by capital appropriations
    - The Governor will appoint four new Clean Water Board members; the Administration is posting an application for potential Board members and is working to identify appointees by the August Board meetings
    - Formalized AoA Secretary as chair of the Clean Water Board
    - The Clean Water Board will follow public meeting law
    - The Clean Water Board will develop a process for watershed groups to propose projects to be eligible for funding from the Clean Water Fund
    - The Clean Water Board will invest in watershed basin planning and project identification and prioritization
  - Many new requirements of Act 168 of 2018 codify good practices that are already in place

## II. UPDATES

3:15-3:20 pm

### A. Clean Water Fund Property Transfer Tax Surcharge Revenue Update

Vermont Department of Taxes Research Economist Andrew Stein

- See supporting materials: *FY2018 Clean Water Fund Revenue Summary and Forecast*
- Department of Taxes estimated the property transfer tax surcharge generated \$4.7 million in revenue for the Clean Water Fund in SFY 2018 (\$0.7 million above forecast)
- SFY 2018 revenues are above forecast due to: (a) a conservative approach in forecasting revenue, (b) a one-time increase due to accounting changes in the past year, and (c) a strong year for property transfer
- Department of Taxes recommends updating the property transfer tax surcharge forecast semiannually using a three-year planning horizon to factor anticipated growth in SFY 2019-2021; the forecast is based on the property transfer tax forecast model adjusted by 1.75 percent to represent the surcharge (surcharge only applies to property transfer values above \$100,000)
- Revenue from abandoned beverage container deposits (i.e., escheats) is expected to generate \$1.5-\$2 million for the Clean Water Fund in SFY 2020 to be allocated as part of the SFY 2021 Clean Water Fund budget; currently no reporting requirement for escheats; escheats could generate more revenue than projected, but it is difficult to estimate until reporting requirements are in place
- Board members asked Department of Taxes to research if abandoned beverage container deposit escheats are a predictable revenue source for other states and report back to the Board
- Other states, such as Massachusetts and New York, conducted outreach to encourage the public not to return beverage containers, allowing unclaimed deposits to go to a good cause; Vermont may consider a similar outreach campaign for clean water funding

### B. Review of Updated SFY 2019 Clean Water Fund Budget

Clean Water Initiative Program Manager Kari Dolan

- See supporting materials: *Updated SFY 2019 Clean Water Fund Budget*
- The Board's recommended SFY 2019 Clean Water Fund budget, including capital dollars, was approved by the Legislature and signed by the Governor with minor modifications from the Board's original recommendation
- This year, the Legislature directed \$1.6 million for in-lake treatment of Lake Carmi for water quality and public health and safety; originally, in-lake treatment was estimated to cost \$200,000 for partial treatment of the lake, but costs increased because treatment is now required throughout the entire lake

- Act 168 of 2018 allows the use of \$50,000 from the \$500,000 Clean Water Fund contingency reserve to support the initial response upon designation of a lake in crisis; Act 168 of 2018 designated Lake Carmi as a lake in crisis; the final SFY 2019 Clean Water Fund budget includes \$50,000 for the initial Lake Carmi lake in crisis response

### III. PUBLIC COMMENT PROCESS FOR STATE FISCAL YEAR 2020

3:20-3:45 pm

#### A. SFY 2020 Budget Process and Public Comment Period

Agency of Natural Resources Secretary Julie Moore

- Discuss SFY 2020 Clean Water Fund budget process
- Discuss draft questionnaire for the July 30-day public comment period
- See supporting materials: *Draft SFY 2020 Clean Water Fund Budget Process, Draft SFY 2020 Clean Water Fund Public Comment Questionnaire*
- The Board will hold two public comment periods as part of the SFY 2020 budget process:
  - The first public comment period will take place July 1-31, 2018 via online questionnaire to collect public input on priorities for clean water spending; the Board is requesting the public weigh in on percent allocation by land use/sector and by project lifecycle step, and indicate how they would allocate if additional funds became available; public input and the Act 73 (2017) report on water quality funding will inform the SFY 2020 Clean Water Fund budget; the SFY 2020 online questionnaire is designed to be educational and was simplified in response to public concerns on the complexity of the questionnaire from prior years
  - The second public comment period was extended from 20-days to 30-days and will take place September 1-30, 2018 to collect public input on the draft SFY 2020 Clean Water Fund budget
- The “Clean Water Conversation” webinar will be held July 12, 2018 to share information on the SFY 2020 Clean Water Fund budget process and opportunities to participate
- The Clean Water Board will meet in August 2018 to review the July public comment period results and to draft the SFY 2020 Clean Water Fund budget
- The Board is responsible for recommending the budget for clean water projects to be funded by capital appropriations, however, the capital bill has not yet been drafted; Deputy Secretary of Administration will coordinate with AoA Buildings and General Services (BGS) on clean water capital funding needs to merge the Board’s SFY 2020 Clean Water Fund budget recommendation with BGS’ budget process
- Question: What weight will the survey have in decision making? What happens if the survey does not match up with science and facts?
- Response: The Board will likely base its SFY 2020 budget on the Act 73 (2017) report on water quality funding to address regulatory obligations; the Board may adjust the budget based on public comment; the Board will produce a responsiveness summary explaining how public comments informed its budget; public comments help inform education and outreach efforts, how the public defines success, and where they would like investments made
- *Recommendation: Consider a motion to approve and post questionnaire for public comment*
- *Motion to approve and post:*
  - Joe Flynn motioned to approve and post the SFY 2020 Clean Water Fund Public Comment Questionnaire
  - Julie Moore seconded the motion
  - No objections
  - SFY 2020 Clean Water Fund Public Comment Questionnaire approved for posting

### IV. OPERATIONS

3:45-3:50 pm

#### A. Final Draft Clean Water Fund Expenditure Contingency Plan

Clean Water Initiative Program Manager Kari Dolan

- Review proposed updates to the 2016 Interim Clean Water Fund Expenditure Contingency Plan
- See supporting materials: *Draft Clean Water Fund Expenditure Contingency Plan*
- Contingency Plan maintains contingency reserve funds in case property transfer tax surcharge underperforms; Contingency Plan establishes a process to allocate surplus revenue in the following SFY budget process
- Recommendation: *Consider a motion to approve the 2018 Clean Water Fund Expenditure Contingency Plan*
- *Motion to approve*:
  - Julie Moore motioned to approve the 2018 Clean Water Fund Expenditure Contingency Plan
  - Joe Flynn seconded the motion
  - No objections
  - 2018 Clean Water Fund Expenditure Contingency Plan approved for Susanne Young's signature

## V. PUBLIC COMMENTS

**3:50-3:55 pm**

Agency of Administration Secretary and Clean Water Board Chair Susanne Young

- Jared Carpenter, Lake Champlain Committee: In prior years, the Board posted the draft Clean Water Fund budget as part of the July public comment period; this year, the Board will not post a draft Clean Water Fund budget until September; understands that public comment does not substantially alter the budget and, ultimately, the budget will be based on science and public policy; however, posting the budget in September does not allow much time for public review, input, and digestion of the budget, and for the agency to respond to public comments; additionally, capital budget targets will not be more certain in September than they are now; expressed concern that the SFY 2020 budget process is less transparent than prior years
- Jill Arace, Vermont Association of Conservation Districts: Conservation Districts are involved in all clean water project delivery areas; noticing a change in agencies bundling smaller grants; longer term funding provides consistency and partner organization staff retainment; requested to standardize reporting across agencies
- Charlie Baker, Vermont Association of Planning and Development Agencies: Thank you for the online questionnaire; the questionnaire is a great step toward simplifying the conversation, but it might be too simple; the questionnaire is an opportunity for public outreach and it would be helpful to include information on how much sectors contribute to pollution and indicate relative cost effectiveness of treating pollution per sector; additionally, each project step is not equal in cost and it would be helpful to include information on how much funding is needed for each project delivery step; noted there is a fundamental difference of who pays by each sector and recommended including a question if public would prefer to pay for specific activities through state or municipal taxes
- Jen Hollar, Vermont Housing and Conservation Board (VHCB): VHCB's work is funded by the property transfer tax; however, portions of VHCB's property transfer tax funds have been repurposed to cover the state's general fund budget and replaced with capital funds; VHCB dollars do not need to be included in the clean water section of the capital bill, which could potentially create space for other clean water projects

## VI. NEXT MEETING, ADJOURN

**3:55-4:00 pm**

Agency of Administration Secretary and Clean Water Board Chair Susanne Young

- Agenda recommendations from Board members
  - Requested to send draft agendas to all Board members for review
- Discuss New Member Orientation to cover:
  - Clean Water Initiative overview
  - Budget process overview

- Procedural rules, including open meeting procedures (request Attorney General's input)
- State needs to provide email accounts to non-agency Board members for state business
- Motion to adjourn:
  - Julie Moore motioned to adjourn
  - Joe Flynn seconded the motion
  - Meeting adjourned

**Supporting Materials:**

1. Draft April 12, 2018 Clean Water Fund Board Meeting Minutes
2. Vermont Statutes Annotated, as Amended by 2018 Act 168 (S. 260) and 2018 Act 208 (S. 285)
3. FY2018 Clean Water Fund Revenue Summary and Forecast
4. Updated SFY 2019 Clean Water Fund Budget
5. Draft SFY 2020 Clean Water Fund Budget Process
6. Draft SFY 2020 Clean Water Fund Public Comment Questionnaire
7. Draft Clean Water Fund Expenditure Contingency Plan