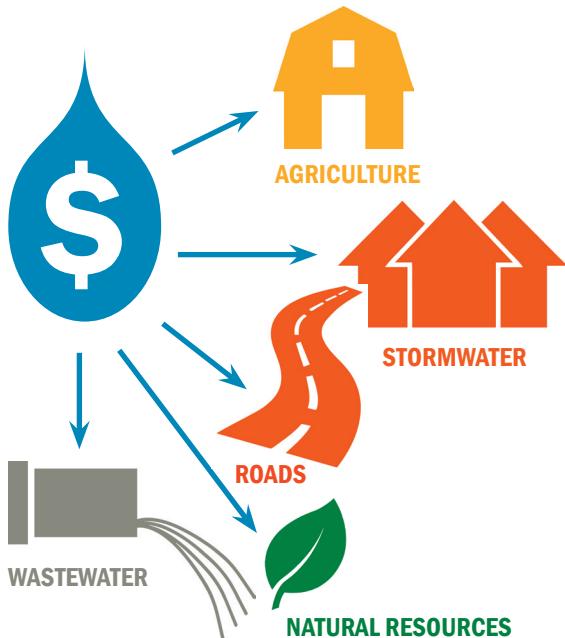


Vermont's Clean Water Funding



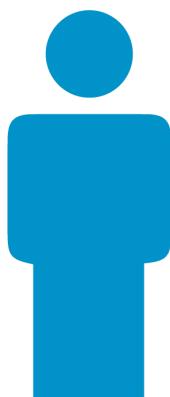
Vermont's Clean Water Funding helps municipalities, farmers, and others implement projects that will **reduce pollution** washing into Vermont's waters. Beyond reducing water pollution, clean water projects also:

- Protect public health and safety
- Support Clean Water Act compliance
- Increase flood resilience
- Enhance recreation
- Improve fish and wildlife habitat
- Save money over the long-term
- Leverage federal funds

FISCAL YEAR 2021 BUDGET PROCESS



*Clean Water Board Meeting



Recommendations for how state Clean Water Funding is allocated are made by the **Clean Water Board**, with representation from **five state agency secretaries**:

- Agency of Administration
- Agency of Agriculture, Food and Markets
- Agency of Commerce and Community Development
- Agency of Natural Resources
- Agency of Transportation

In addition, **four members of the public** are appointed by the Governor.

$$\$19 \text{ MILLION} + \$13.9 \text{ MILLION} = \$32.9 \text{ MILLION}$$

Estimated Fiscal Year 2021 Clean Water Fund revenue from the Meals and Rooms Tax Allocation, Property Transfer Tax Surcharge, and Unclaimed Bottle Deposits.

Estimated Fiscal Year 2021 Capital Funds.

Estimated Fiscal Year 2021 Clean Water Budget.



AGENCY OF ADMINISTRATION
AGENCY OF AGRICULTURE, FOOD & MARKETS
AGENCY OF COMMERCE & COMMUNITY DEVELOPMENT
AGENCY OF NATURAL RESOURCES
AGENCY OF TRANSPORTATION



AGENCY OF ADMINISTRATION
AGENCY OF AGRICULTURE, FOOD & MARKETS
AGENCY OF COMMERCE & COMMUNITY DEVELOPMENT
AGENCY OF NATURAL RESOURCES
AGENCY OF TRANSPORTATION

Clean Water Fund State Fiscal Year 2021 Questionnaire

Land Use Priorities for Clean Water Funding

Below is a description of the land uses that impact clean water, how clean water funding would be used, and the additional benefits of supporting clean water projects for that land use.

Land Use	Clean Water Project Objectives and Example Project Images	Additional Benefits	
AGRICULTURE	Addresses runoff and soil erosion from farm production areas and farm fields		<ul style="list-style-type: none">Supports Clean Water Act complianceMore cost-effectiveLeverages federal fundsSupports agricultural economy
DEVELOPED LANDS	Addresses stormwater runoff from developed lands, such as parking lots, sidewalks, and rooftops		<ul style="list-style-type: none">Supports Clean Water Act complianceIncreases flood resilienceMay enhance aesthetic appeal
NATURAL RESOURCES	Restores functions of “natural infrastructure”—river channels, floodplains, lakeshores, and wetlands		<ul style="list-style-type: none">Supports Clean Water Act complianceMore cost-effectiveIncreases flood resilienceImproves habitatEnhances recreation
ROADS	Addresses stormwater runoff from roads		<ul style="list-style-type: none">Supports Clean Water Act complianceMore cost-effectiveIncreases flood resilienceLeverages federal fundsReduces future road maintenance costs
WASTEWATER	Decreases nutrients (phosphorus and nitrogen) through enhanced wastewater treatment and addresses aging infrastructure		<ul style="list-style-type: none">Protects public health and safetySupports Clean Water Act complianceLeverages federal funds

1. For each land use listed below, assign a percentage of clean water funding that would support clean water projects. Your percentages must add up to 100.

Agriculture

Developed Lands

Natural Resources

Roads

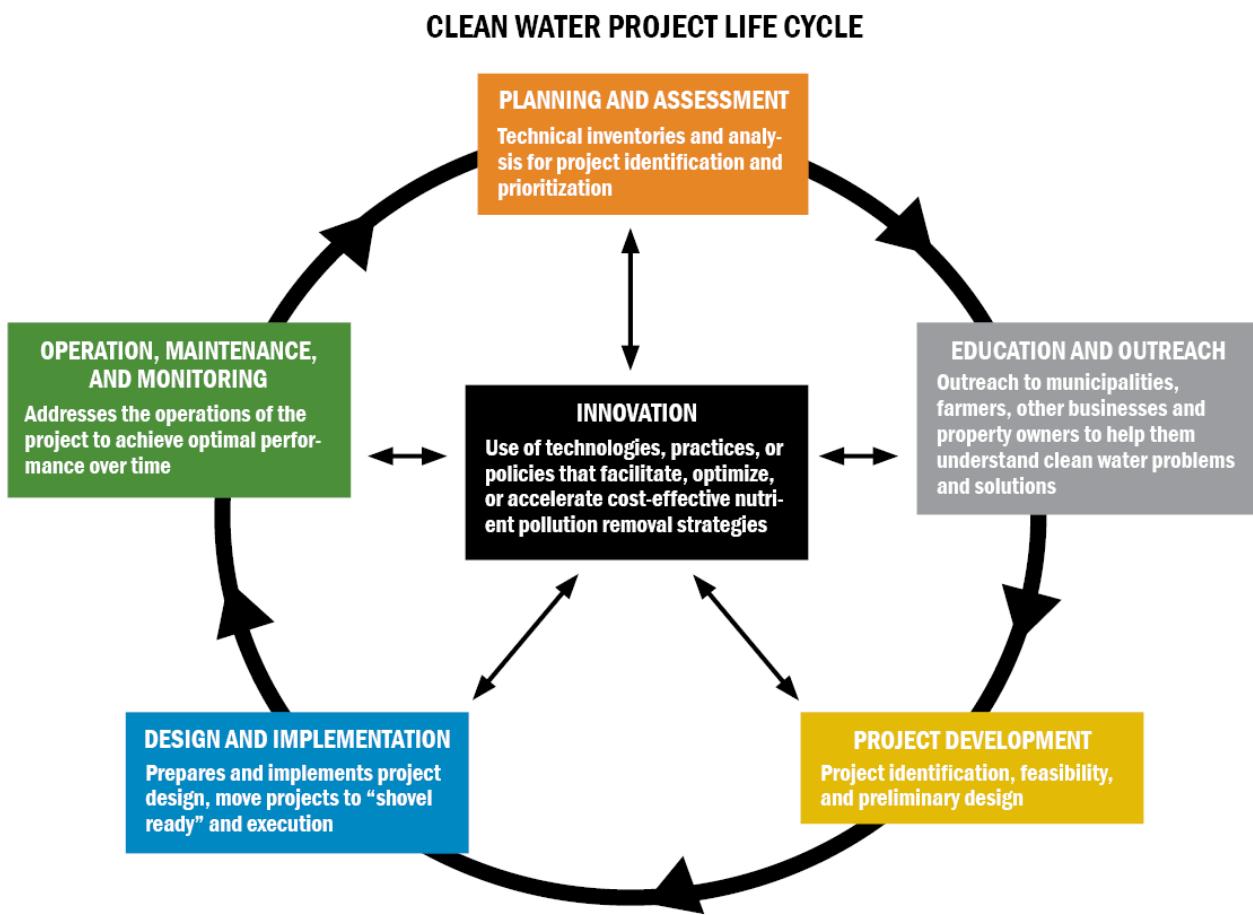
Wastewater

2. Additional Comments

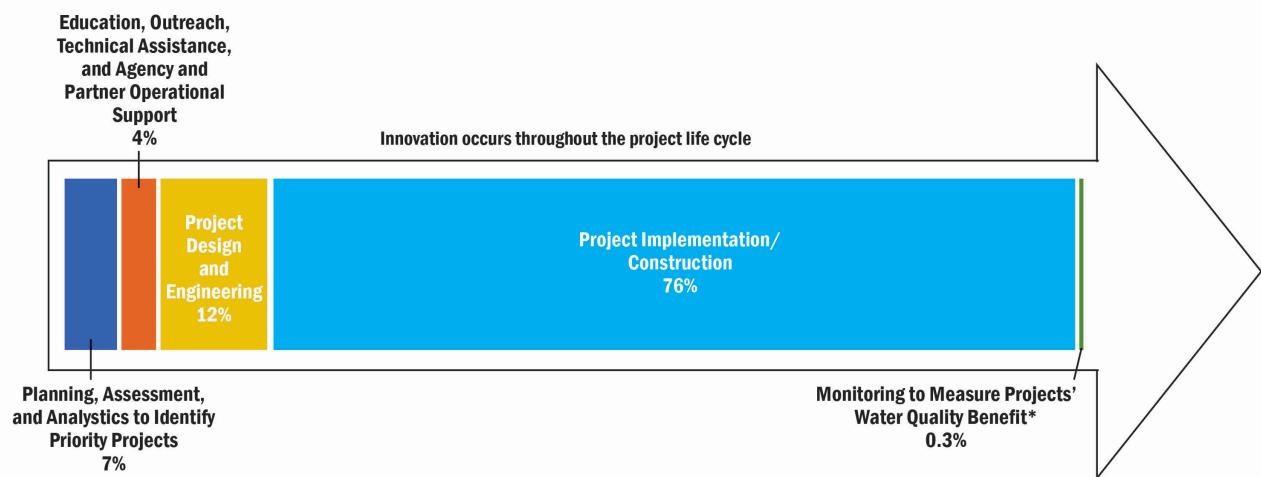


Project Activity Priorities for Clean Water Funding

Implementing cost-effective clean water improvement projects that address Vermont's most significant water pollution challenges requires funds to support the full project life cycle, depicted below.



For your reference, the graphic below shows the percentage of state clean water funding invested in State Fiscal Years 2016-2018 by project life cycle step.



3. Assign a percentage of clean water funding that would support each project activity listed below. Your percentages must add up to 100.

Planning and Assessment

Education and Outreach

Project Development

Design and Implementation

Operation, Maintenance, and Monitoring

Innovation

4. Additional Comments



AGENCY OF ADMINISTRATION
AGENCY OF AGRICULTURE, FOOD & MARKETS
AGENCY OF COMMERCE & COMMUNITY DEVELOPMENT
AGENCY OF NATURAL RESOURCES
AGENCY OF TRANSPORTATION

Clean Water Fund State Fiscal Year 2021 Questionnaire

5. We are interested to know who is completing this survey. Which groups do you belong to or identify with? Select all that apply.

- | | |
|--|--|
| <input type="checkbox"/> Agricultural Producer/Farmer | <input type="checkbox"/> Natural Resources Conservation District |
| <input type="checkbox"/> Business Owner | <input type="checkbox"/> Recreational User |
| <input type="checkbox"/> Homeowner/Property Owner | <input type="checkbox"/> Regional Planning Commission |
| <input type="checkbox"/> State Legislator | <input type="checkbox"/> Watershed Group or Other Nongovernmental Organization |
| <input type="checkbox"/> Municipal Employee/Representative | <input type="checkbox"/> Forester/Forest Landowner |
| <input type="checkbox"/> Other (please specify) |
<div style="border: 1px solid black; height: 20px; width: 150px;"></div> |

6. Please enter your zip code to help us understand the statewide distribution of responses to this questionnaire.

ZIP/Postal Code

7. If you would like to be added to the Vermont Clean Water Initiative mailing list to be kept informed about the State's progress in safeguarding clean water, please provide your contact information below.

Name

Company

Address

Address 2

City/Town

-- select state --

ZIP/Postal Code

Email Address

Phone Number

8. How did you hear of this questionnaire (select all that apply)?

Media/News

Website

Email

Facebook

Blog

Word of mouth

Other (please specify)

CLEAN WATER BOARD
Draft State Fiscal Year (FY) 2021 Clean Water Budget (6/12/2019)

No.	Sector	Agency	Activity	Total FY20*	Clean Water Fund	Capital Bill	Total FY21	FY21 Compared to FY20
1	Agriculture	AAFM	Agronomy Conservation Assistance Program (ACAP)	235,000	235,000		235,000	-
2	Agriculture	AAFM	Water Quality Grants to Partners and Farmers	5,957,600	2,370,497	4,294,503	6,665,000	707,400
3	Agriculture	AAFM	Operating	550,000	550,000		550,000	-
4	Agriculture	VHCB	Agricultural Water Quality Projects	1,100,000		1,100,000	1,100,000	-
5	Nat'l Resources	VHCB	Land Conservation and Water Quality Projects	1,700,000		1,700,000	1,700,000	-
6	Innovation	All	Multi-Sector Innovation, DEC and Partner Support	2,555,000	3,025,000		3,025,000	470,000
7	Nat'l Resources	ANR-DEC (CWIP)	Natural Resources Restoration	2,451,867	3,234,503		3,234,503	782,636
8	Nat'l Resources	ANR-DEC (CWIP)	Lakes in Crisis Fund	50,000	50,000		50,000	-
9	Nat'l Resources	ANR-FPR	Forestry/Skidder Bridges	50,000	50,000		50,000	-
10	Roads	ANR-DEC (CWIP)	Adapt/Implement Municipal Roads Standards on ANR Roads and Trails			1,900,000	1,900,000	1,900,000
11	Roads	ANR-DEC (CWIP)	Municipal Roads Grants-in-Aid	3,200,000	3,700,000		3,700,000	500,000
12	Roads	VTrans	Municipal Better Roads	790,533	1,000,000		1,000,000	209,467
13	Stormwater	ANR-DEC (CWIP)	Municipal Stormwater Project Planning & Implt'ion	2,000,000	4,275,000		4,275,000	2,275,000
14	Stormwater	AoA	Stormwater Utility Payments (\$25K each)	125,000	125,000		125,000	-
15	Stormwater	ACCD	Better Connections (Stormwater planning)	100,000	100,000		100,000	-
16	Stormwater	ACCD	Downtown Trans Fund (Stormwater Best Mgt. Practices)	100,000	100,000		100,000	-
17	Wastewater	ANR-DEC	Wastewater Treatment Facility operators support	110,000	110,000		110,000	-
18	Wastewater	ANR-DEC (FED)	Clean Water State Revolving Fund (CWSRF)	2,500,000		1,605,497	1,605,497	(894,503)
19	Wastewater	ANR-DEC (FED)	Municipal Pollution Control Grants	3,300,000		3,300,000	3,300,000	-
20	Audit	AoA	Program Audit (10 V.S.A. § 1389b)	25,000	75,000		75,000	50,000
			Total Requested	26,900,000	19,000,000	13,900,000	32,900,000	6,000,000
			Anticipated Revenue	26,900,000	19,000,000	13,900,000	32,900,000	6,000,000

* The FY20 Clean Water Budget includes \$200,000, proposed to be appropriated to the Clean Water Fund in the SFY 2020 Budget Adjustment Act. The proposed appropriation adjustments will include \$37,600 for water quality grants to partners and farmers, \$141,867 for natural resources restoration, and \$20,533 for municipal better roads.

Clean Water Board
State Fiscal Year (FY) 2021 Clean Water Budget – Line Item Descriptions
Organized by Agency

Agency of Agriculture, Food and Markets (AAFM)

Line 1: Agronomy Conservation Assistance Program (ACAP)

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.

Line 2: Water Quality Grants to Partners and Farmers

- a. Capital Funds: AAFM provides grants and contracts for capital expenditures that include the installation of best management practices (BMPs) on farms in Vermont. BMPs are site-specific on-farm conservation practices implemented to address the potential for agricultural pollutants to enter the waters of the state. Below is a summary of the programs connected with the Capital Funds for this line item.
 - i. Best Management Practices (BMP) Program, 6 V.S.A. §§ 4820 – 4826. Eligible practices may include manure and agricultural waste storage facilities, composting stack pads, silage leachate collection, laneway development & stream crossings, and clean water diversions.
 - ii. Conservation Reserve Enhancement Program (CREP), 6 V.S.A. § 4829. The program funds 15 to 30-year term water quality agreements to install vegetation within buffers. The scope of this program is unchanged since it was launched more than 15 years ago.
 - iii. Grassed Waterway and Filter Strip (GWFS) Program, which replaced the Vermont Agricultural Buffer Program, 6 V.S.A. §4900. The Grassed Waterway and Filter Strip (GWFS) Program can provide technical and financial assistance to Vermont farmers for in-field agronomic best practices to address critical source areas, erosion, and surface runoff. Eligible practices include establishment of grassed waterways, filter strips, and critical source field area seedings that will remain established for 10 years.
 - iv. Capital Equipment Assistance Program, 6 V.S.A. § 4828. Financial assistance is available for new or innovative equipment that will aid in the reduction of surface runoff of agricultural wastes to state waters, improve water quality of state waters, reduce odors from manure application, separate phosphorus from manure, decrease greenhouse gas emissions, and reduce costs to farmers when they apply manure.
 - v. Agricultural Environmental Management (AEM) Program, 6 V.S.A. 4830. The AEM Program is established to provide farms of Vermont with State financial assistance to alternatively manage their farmstead, cropland, and pasture in a manner that will address identified water quality concerns that, traditionally, would have been wholly or partially addressed through federal, State, and landowner investments in BMP infrastructure, in agronomic practices, or both.

- b. Clean Water Funds: AAFM administered grants and contracts that are non-capital funds are used to support:
 - i. Farm Agronomic Practices (FAP) Program, 6 V.S.A. § 4951. The FAP Program utilizes state funding to help Vermont farms implement soil-based agronomic practices that improve soil quality, soil health, increase crop production, and reduce erosion and agricultural waste discharges. The FAP program also provides education and instructional activity grants to support outreach regarding the impacts of agricultural practices on water quality and current state agricultural water quality regulations. Eligible practices include: Cover Cropping, Conservation Crop Rotation, Conservation Crop Rotation with Nurse crop, Conservation Tillage, No Till Pasture and Hayland Renovation, Rotational Grazing, Manure Injection, Aeration, Educational or Instructional Activities.
 - ii. The Agricultural Clean Water Initiative Program (Ag-CWIP) is AAFM's grant funding program made possible by the Clean Water Fund, created by Act 64 of 2015 or the Vermont Clean Water Act. Funding is awarded to a wide variety of partner organizations through various grant opportunities such as Education and Outreach, Organizational Development, Farm Conservation Practice Surveys, Innovative Nutrient Reduction activities and more. This funding develops and supports the continual improvement of water quality across the state of Vermont by supporting organizations to provide farmers with education and outreach, technical assistance, identifying and implementing best management practices, planning, and more.
 - iii. Innovative water quality improvement methods for manure management, phosphorus reduction and new techniques that directly assist partners and farmers in water quality implementation activities.

Line 3: Operating

The Agency of Agriculture, Food and Markets supports staff and operating costs from the Clean Water Fund. Original appropriations for FY16 and FY17 were \$450,000 each year. Carryforward from these two years of program development and staff onboarding allowed for a reduction in appropriations in FY18 and FY19, to \$375,000 each year. For FY20 and FY21 the staff and operating costs of the existing positions and standard increases along with a reduced amount of anticipated fees collected results in a need for \$550,000 from the CWF.

Vermont Housing and Conservation Board

Line 4: Agricultural Water Quality Projects

- a. VHCB uses this funding to award grants to farmers for water quality-related capital improvements. Eligible projects include production area improvements, manure management projects, farm equipment and pasture management. Grants typically help farmers pay for project components that state and federal grant programs cannot cover. In cases of significant hardship, the grants may assist farmers who are otherwise unable to fully meet the cost share requirements for priority AAFM BMP or Natural Resources Conservation Service projects.
- b. Farmland Retirement: VHCB works closely with other partners – particularly AAFM and ANR – to identify agricultural land that is difficult to farm without adversely impacting water quality. These funds would allow VHCB to help fund the purchase and/or conservation of such

properties with a goal of taking them all or mostly out of production. All grants will require perpetual conservation restrictions.

Line 5: Land Conservation and Water Quality Projects

Part of VHCB's core funding, this allocation is used for grants to eligible applicants (land trusts and other conservation non-profits, towns, certain state agencies) for conservation and water-quality related investments in fee lands and conservation easements. All grants will require perpetual conservation restrictions. Those with surface waters will include specific water quality-related easement provisions such as riparian buffers and wetland protection zones.

Agency of Natural Resources

Line 6: Multi-Sector Innovation, DEC and Partner Support

- a. Innovation: Support of innovation efforts, such as the Phosphorus Innovation Challenge. This is a cross-agency effort, and grants are awarded on a competitive basis. Funds may be used to support other innovative phosphorus reduction-based projects.
- b. Clean Water Service Delivery Act (Act 76 of 2019): Support nutrient pollutant reduction target setting and project tracking and accounting, as well as other requirements associated with developing programs in Act 76 of 2019.
- c. Partner Support: Support partner capacity and development related to tactical basin planning, project development, technical capacity (train-the-trainer), landowner outreach, watershed work crews, Lake Champlain Sea Grant green stormwater infrastructure technical support, targeted water-quality monitoring and laboratory testing of water samples.

Line 7: Natural Resources Restoration

DEC provides grants and contracts to municipalities, watershed organizations, lake associations, conservation districts, and regional planning commissions for natural resources restoration. Through the tactical basin planning process, DEC can identify and prioritize the award of grants for natural resources projects.

Line 8: Lakes in Crisis Fund

Act 168 of the 2018 Session created a Lake in Crisis Fund and requires the Agency of Natural Resources to recommend a budget for the fund. Currently only one lake, Lake Carmi, has been designated as a Lake in Crisis. ANR's plan for Lake Carmi can be found at:

<https://dec.vermont.gov/watershed/cwi/restoring/carmi>. ANR and AAFM use other grant programs to support phosphorus mitigation in the Lake Carmi watershed. In addition, the FY19 budget included up to \$1,600,000 for installation of an aerator in Lake Carmi.

Line 9: Forestry/Skidder Bridges

The Department of Forests, Parks and Recreation (FPR) provides direct grants to loggers to reimburse a portion of the cost of skidder bridges (per 2017 Act 75, 10 V.S.A. § 2622a). Portable skidder bridges prevent erosion and runoff at stream crossings on logging jobs.

Line 10: Adapt/Implement Municipal Roads Standards on ANR Roads and Trails

DEC's Municipal Roads General Permit (MRGP) program is a streamlined process for inventorying roads and prioritizing and constructing projects to improve water quality. This relatively simple framework can be adopted to incentivize non-regulatory road best management practices (BMPs). This project would involve adapting the MRGP inventory methodology for ANR road and trail networks, developing a field application and companion database to gather and store data, and constructing projects based on the prioritized list of road BMPs to reduce nutrient and sediment pollution.

Line 11: Municipal Roads Grants-in-Aid

Provides financial assistance to municipalities to bring hydrologically connected municipal road sections into full compliance with the Municipal Roads General Permit. Funds are dispersed by formula to all participating municipalities based on hydrologically connected road miles. Municipalities enroll through regional planning commissions and complete construction and regional planning commissions provide project verification and reporting. Practices eligible for funding under this pilot project include drainage ditch installation and upgrades, turnouts, removal of high road shoulders, and stabilization of drainage culverts and catch basin outlets, and on Class 4 roads, stabilization of gully erosion.

Lines 13: Municipal Stormwater Project Planning and Implementation

Provides financial assistance to municipalities and other partners to implement stormwater pollution abatement and control projects. Stormwater projects capture and treat polluted stormwater runoff (i.e., rain runoff and snowmelt) from developed areas, including roads, rooftops, and parking lots. These funds may support compliance with municipal stormwater permits required by clean water restoration plans known as total maximum daily loads, or TMDLs. Funds will support project identification, planning, design, and construction.

Line 17: Wastewater Treatment Facility (WWTF) Operators Support

Continued WWTF operator support for optimization and high-strength source management in place of near-term capital investments to implement major nutrient TMDLs (e.g., Lake Champlain phosphorus TMDLs). Programming covers technical, analytical and asset management. Federal funds may become available but are limited in scope and location.

Line 18: Clean Water State Revolving Fund

The Clean Water State Revolving Fund (CWSRF) provides low-interest loans for municipal and private entity stormwater, wastewater and natural resources projects. Vermont provides a 20% match in order to draw down an 80% federal match. The 20% match of \$2,500,000 in FY20 will draw down \$12,500,000; and a 20% proposed match of \$1,604,383 in FY21 will draw down \$8,021,915 in revolving loan funds.

All of the 20% state match funds, federal funds, and repayment funds, minus administrative expenses are used to provide loans for a wide range of water-quality projects that includes combined sewer overflow abatement (CSO), plant refurbishment, plant upgrades, sludge and

septage improvements, sewer line replacement and extension, pump station upgrades, plant enlargements, stormwater improvements, and municipally-sponsored private wastewater disposal systems.

The interest rates on loans to private entities will be slightly higher than interest rates to municipalities, and these revenues will be used to offset reduced interest rates on loans to municipalities that promote natural resource projects. By statute, municipal projects always have priority over loans to private entities.

Line 19: Municipal Pollution Control Grants

In addition to low-interest loans through the Clean Water State Revolving Loan Funds, some municipal clean water projects are eligible for municipal pollution control grants in FY20 up to 35% of the project cost. The source of funding for municipal pollution control grants is the Capital Bill. These grants are for municipalities only. The Legislature has adopted a priority system for municipal pollution control grants, 10 V.S.A. 1626b(c) & 1628. See 2016 [Act 103](#).

Agency of Transportation (VTrans)

Line 12: Municipal [Better Roads Program](#)

Construction projects funded by grants to municipalities in the Better Roads Program are meant to be quick, low cost projects that are easy to advance without all the requirements of federal funding. Example construction projects include ditching, check dams, gravel wetlands, stream bank or slope stabilization, and structure/culvert upgrades. Municipalities have 12 months, or one state fiscal year, to complete the construction projects. In addition to the construction projects which are funded in part by the Clean Water Fund, VTrans also funds road erosion inventories through the program, as required by the Municipal Roads General Permit. Grant award lists going back to FY14 can be found [here](#).

Agency of Administration

Line 14: Stormwater Utility Payments

The Legislature has encouraged the Clean Water Fund to award monies to support the establishment and maintenance of stormwater utilities. 10 V.S.A. §1389(e)(1)(H) (the board "shall prioritize funding to municipalities for the establishment and operation of stormwater utilities); §1389(e)(2) ("the Clean Water Board shall, during the first three years of its existence and within the priorities established under subdivision (1) of this subsection (e), prioritize awards or assistance to municipalities for municipal compliance with water quality requirements and to municipalities for the establishment and operation of stormwater utilities.").

The Clean Water Board has fulfilled this statutory mandate by recommending an annual appropriation of \$25,000 to municipal stormwater utilities. By FY20, five municipalities will have established stormwater utilities: Williston, Colchester, South Burlington, St. Albans City and Burlington. These funds are appropriated through the Agency of Administration. VTrans publishes an annual report about municipal stormwater utilities related to VTrans expenditures:

<https://legislature.vermont.gov/assets/Legislative-Reports/VTrans-Act-158-SW-Utility-Report-2017-Cal-Year.pdf>.

Line 20: Program Audit

10 V.S.A. § 1389b requires that on or before January 15, 2021 the Secretary of Administration shall submit a program audit of the Clean Water Fund to the General Assembly. The audit must be conducted by a qualified, independent environmental consultant or organization and include:

- i. A summary of the expenditures from the Clean Water Fund, including the water quality projects and programs that received funding;
- ii. An analysis and summary of the efficacy of the water quality projects and programs funded from the Clean Water Fund or implemented by the State;
- iii. An evaluation of whether water quality projects and programs funded or implemented by the State are achieving the intended water quality benefits;
- iv. An assessment of the capacity of the Agency of Agriculture, Food and Markets to effectively administer and enforce agricultural water quality requirements on farms in the State; and
- v. An assessment of the capacity of the Department of Environmental Conservation to effectively administer and enforce agricultural water quality requirements on farms in the State; and
- vi. A recommendation of whether the General Assembly should authorize the continuation of the Clean Water Fund and, if so, at what funding level.

Agency of Commerce and Community Development (ACCD)

Line 15: Better Connections (Stormwater Planning)

Better Connections is an award-winning interagency grant program (VTrans, ACCD, ANR, VDH) that supports the implementation of local projects to increase local transportation options, build resilience, and revitalize communities. Funding will help municipalities incorporate stormwater management strategies into downtown and village center transportation and community revitalization plans.

Line 16: Downtown Transportation Fund (Stormwater Best Management Practices)

In partnership with VTrans, the Downtown Transportation Fund will help municipalities incorporate stormwater BMPs into infrastructure improvement projects that make Vermont's downtown areas more pedestrian, bike, and transit friendly.