

Vermont Clean Water Board Virtual Meeting Ground Rules

Tuesday, May 21, 2020, 1:30 – 3:00 pm

Microsoft Teams audio and visual:

- Attendees are encouraged to participate fully using computer audio and visual at: [Join Microsoft Teams Meeting](#).
 - Attendees who are not able to participate through the computer audio may use the call-in by phone option: dial +1 802-828-7667 and enter Conference ID 814 841 934# (press *6 to mute/unmute).
- The meeting organizer will display meeting materials via Microsoft Teams screen sharing.
 - Materials are also posted on the Clean Water Board Meetings webpage at: <https://dec.vermont.gov/water-investment/cwi/board/meetings>.
- All attendees will be muted by the meeting organizer, unless called upon to comment by the Clean Water Board Chair. This will help cut down on audio disruptions.
- If experiencing technical difficulties: (1) contact Don Hefferon of Agency of Digital Services at (802) 505-8408 or Donald.Hefferon@vermont.gov or (2) visit Microsoft Teams help and support webpage at: <https://support.office.com/en-us/teams>.

Question and answer:

- Only Clean Water Board members may comment and ask clarifying questions throughout the agenda.
 - Board members may indicate they have a question via the Microsoft Teams chat function.
 - The meeting organizer will call on Clean Water Board members to ask questions.
 - The Clean Water Board Chair will field questions or direct questions to the appropriate Board member or staff.

Public comment:

- The agenda includes time for attendees to address the Clean Water Board.
- The Clean Water Board Chair will establish a time limit per commenter based on the time available and the number of attendees who signed up to comment in advance (via online RSVP form).
- The meeting organizer will call upon attendees to comment in the order RSVPs were received.
- The meeting organizer will keep track of time and indicate when it is time to move onto the next commenter.
- A friendly reminder to keep comments concise and respectful of the public meeting environment.
- Comments may also be submitted via email by 4:30 pm on Friday, May 22, 2020 to ANR.CleanWaterVT@vermont.gov. Public comments will be compiled in the Clean Water Board meeting minutes.

Future public participation opportunities:

- Upcoming Clean Water Board meetings and past meeting minutes are posted on the Clean Water Board Meetings webpage at: <https://dec.vermont.gov/water-investment/cwi/board/meetings>.
- [Subscribe to the Clean Water E-Newsletter](#) to learn about future opportunities for public participation in the clean water budget process, including future Clean Water Board meetings.

Vermont Clean Water Board Meeting Minutes

Date/Time: Tuesday, October 22, 2019, 2:30 – 4:30 pm
Location: National Life Davis Building – 1 National Life Drive, The Catamount Room (N215)

Clean Water Board Members/Designees:

Susanne Young, Agency of Administration (AoA) Secretary and Clean Water Board Chair
Ted Brady, Agency of Commerce and Community Development (ACCD) Deputy Secretary
Bob Flint, public member
Joe Flynn, Agency of Transportation (VTrans) Secretary
James Giffin, public member
Christopher Louras, public member (absent)
Julie Moore, Agency of Natural Resources (ANR) Secretary
Anson Tebbetts, Agency of Agriculture, Food and Markets (AAFM) Secretary
Chad Tyler, public member (absent)

- 1) Welcome, Overview of Agenda, Approval of Meeting Minutes** **2:30-2:35 pm**
Agency of Administration Secretary and Clean Water Board Chair Susanne Young
 - June 12, 2019 meeting minutes approved
 - August 22, 2019 working meeting minutes approved

- 2) Draft Clean Water Fund Current Year Unallocated Balance and Contingency Reserve** **2:35-2:42 pm**
Agency of Natural Resources Secretary Julie Moore (information only)
 - The Clean Water Fund current year unallocated/unreserved balance is \$900,000 (recurring revenue) and prior year unallocated/unreserved balance is \$218,808 (non-recurring revenue) due to higher than anticipated revenues; if the Clean Water Board recommends adjusting the contingency reserve from \$950,000 to \$500,000, additional \$450,000 in non-recurring unallocated/unreserved revenue would be available
 - Noted unclaimed bottle deposit escheats reporting and revenue collection began October 2019; limited data/experience available to update anticipated revenues
 - Draft October 17, 2019 proposed SFY 2021 clean water budget provides recommendation for use of unallocated/unreserved revenue

- 3) SFY 2021 Clean Water Budget**
 - a. Budget Process, Public Comments, and Recommended Adjustments** **2:42-2:55 pm**
Secretary Julie Moore (information only)
 - Meeting materials contain all public comments received in response to the draft SFY 2021 clean water budget via online questionnaire, August 22, 2019 public hearing, and other comments submitted by email
 - The Clean Water Initiative Program summarized public comment themes and suggested options to address public comment themes for the Board's consideration

 - b. Response to Agricultural Land Use Practices and Enforcement Concerns** **2:55-3:03 pm**
Agency of Agriculture, Food and Markets Secretary Anson Tebbetts (information only)
 - AAFM is focused on agricultural nonpoint source pollution
 - Secretary Tebbetts explained that in 2018, AAFM:

- Held 366 educational events statewide with approximately \$1.3 million invested across the state to educate farmers and partners on new approaches to agriculture;
- Funded 87 BMPs; financing includes costs for cover cropping after corn harvesting and no-till practices, which focused on a new approach for not disturbing soils and improving soil health;
- Made 652 quality compliance visits; and
- Issued 118 enforcement actions totaling \$69,000 in penalties; thirty cases were referred to ANR and seven individual cases were referred to the Vermont Attorney General with a total of \$115,000 in fines
- The proposed budget redirects more resources to compliance and enforcement than the public comment draft

c. Discuss and Finalize SFY 2021 Clean Water Budget Recommendation 3:03-3:17 pm

Secretary Susanne Young

- Bob Flint asked if the proposed SFY 2021 clean water budget incorporates reducing the contingency reserve from \$950,000 to \$500,000; Secretary Moore responded yes, it proposes authorizing \$450,000 in non-recurring unallocated/unreserved revenue from the contingency reserve, \$218,808 non-recurring prior year unallocated/unreserved revenue, and \$900,000 reoccurring current year unallocated/unreserved revenue
- Secretary Young asked if the Board ever had to dip into contingency reserve; Secretary Moore responded the State accessed the contingency reserve once, required by statute, to fund initial response of \$50,000 for Lake Carmi's designation as a "Lake in Crisis"
- Motion to approve SFY 21 budget made and seconded; discussion followed
- Bob Flint asked if level of clean water investment is aligned with what the State of Vermont can afford, and how the State is doing compared to other states, considering its size; Secretary Moore cited a U.S. Environmental Protection Agency letter indicating the level of investment is acceptable to support the Lake Champlain phosphorus reductions over an estimated 20-year timeframe
- Bob Flint asked if, given experience over last few years, the State is meeting its targets; Secretary Moore responded yes and cited the Vermont Clean Water Initiative Annual Investment Report that tracks state investments and reflected on substantial amount of work completed over the past few years
- Secretary Young reiterated next steps: the approved SFY 2021 clean water budget will be sent to the Department of Finance and Management, incorporated into the administration's proposed budget and presented to the Governor
- Motion to approve recommendation passed

4) Establishment of Clean Water Service Providers (Act 76 of 2019) 3:17-3:33 pm

Department of Environmental Conservation Water Investment Division Director Neil Kamman

- Provided update on implementation of Act 76 of 2019
- Bob Flint commented that he did not remember this process being quite as convoluted and asked if ANR anticipates it will take this long; Neil explained the Act requires Clean Water Service Providers be established by November 1, 2020, which will allow Providers one year to establish before receiving funds to begin implementing projects November 1, 2021
- Bob Flint asked what the Regional Planning Commissions' (RPC) role will be in the process; Neil answered that statute does not specify the entities that will

serve as Clean Water Service Providers; Secretary Moore clarified that a prior version of the bill proposed RPCs serve as Clean Water Service Providers but the bill enacted does not

- James Giffin asked if ANR expects there to be organizations willing to serve as Clean Water Service Providers in every region of the state; Neil anticipates there will be willing organizations, but if not, the State may need to operate “business as usual” or utilize other block grant models

5) Status of Clean Water Fund Program Audit due January 15, 2021

3:33-3:40 pm

Secretary Susanne Young

- AoA will post a Request for Proposals to select a contractor to complete the Clean Water Fund Program Audit this fall

6) Public Comments

3:40-4:28 pm

Secretary Susanne Young

- Public comment with four minutes allotted per individual (summary of public comments on pages 4-8)

7) Next Steps, Closing Remarks

4:28-4:30 pm

Secretary Susanne Young

- The Board agreed to schedule a February meeting if needed to review revenue updates
- Susanne Young entertained a motion to adjourn. Secretary Moore motioned; Bob Flint seconded the motion; meeting adjourned

8) Adjourn

4:30 pm

Supporting Materials:

1. June 12, 2019 Draft Clean Water Board Meeting Minutes (Page 1)
2. August 22, 2019 Draft Clean Water Board Working Meeting Minutes (Page 28)
3. Clean Water Fund Revenues vs. Appropriation (Page 4)
4. Clean Water Funding Factsheet (Page 5)
5. SFY 2021 Clean Water Budget Public Comment Package (Page 6)
6. Draft Updated SFY 2021 Clean Water Budget (Page 41)
7. Draft Updated SFY 2021 Clean Water Budget Line Item Descriptions (Page 42)
8. Act 76 Overview (Page 48)
9. Draft Clean Water Fund Program Audit Scope of Work (Page 52)

Vermont Clean Water Board Meeting Minutes – Public Comment Attachment

Date/Time: Tuesday, October 22, 2019, 2:30 – 4:30 pm

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

Public Attendees Recorded

John Barrows	Deborah Hartenstein
Paulette Bogan	Kent Hartenstein
Katherine Brewer	Catherine Lajeunesse
Jared Carpenter	Caterina Lamanna
Laurel Casey-Ansley	Adam Lougee
Jane Clifford	Lyn Munno
Michael Colby	Kathryn O'Neill
Andrea Englehardt	David Putter
Ernie Englehardt	Dan Albrecht (Skype)
Nancy Everhart	Jess Buckley (Skype)
Judith Fisher	Eric Perkins (Skype)
Elizabeth Gribkoff	Holden Sparacino (Skype)
Reed Hampton	Kathy Urffer (Skype)
Vanessa Hampton	

Public Comments

3:40-4:30 pm

Secretary Susanne Young

- Public comment with four minutes allotted per individual

John Barrows: We don't have enough money in the fund, probably need about 10 times the amount. Know we've done a lot since 2015, it's a small step and long ways to go, but don't think \$20 million goes far enough. Know there's other money, \$50 to 60 million, about the amount in a school budget. Thinks agriculture, Missisquoi Bay, etc., should be a part of Lakes in Crisis. Glad to hear Neil mention there is a protection grant program, think will be very critical in this process. Been promoting this idea for years for farms that drain on the side of hills like Lake Carmi. If the state bought rights for land, so there won't be any nutrients put in the land, would solve a lot of the problems. That would be a permanent solution you won't have to keep paying. BMPs Secretary Anson mentioned should be mandatory and not occasional. Another pet peeve is the Cyano-tracker, which is basically someone going out one to two times per week. Have sent pictures to the Department of Health. A lot goes unreported, specifically in Carmi, and not as accurate as it should be. Would hope that in areas like Button Bay, there should be someone there every day.

James Maroney: Everyone in this room knows that there are essentially three sources of phosphorus pollution: stormwater runoff approximately 45%, wastewater treatment facilities 5% and agriculture 45%. The state doesn't seem to know there is a tremendous difference between the first two and the third. We're not going to stop driving and going to the bathroom, it's not going to stop raining. The only way to fix the pollution coming from stormwater runoff and WWTF is with money. We've got some money there, which I see is necessary to spend. The third one however, agriculture, is voluntary – we don't need to do it at all. We import 95% of our food in Vermont and dairy farmers present 1% of the national supply of milk. Vermont agriculture could disappear tomorrow and virtually nobody outside Vermont would notice, and probably most consumers wouldn't notice, putting aside cultural affinities. Eric Smeltzer, who did a study of the TMDL a couple of years ago, said this lake is capable of absorbing about 500 tons of phosphorus. It's getting now around 800 tons, 300 tons too much and 60% of that is coming from agriculture. Conventional ag is the problem. We didn't have this problem 25 years ago, something in the agriculture has changed. Vermont has said they've been working on it since 1984 and virtually nothing has changed but costs. Some of you may have seen a survey from VPR, said that 95% of Vermonters support dairy. Question was, do you think dairy farming is important to the state as it views itself. Survey that had to do with general questions about life in Vermont. In the article that come out in

Vermont Biz, Secretary Tebbetts you said you were working very hard to fix dairy farmers' problems. What are you going to do? Everyday I come in with a stack of bills and I can't pay them. Losing \$100,000 per year. What will you do about that?

Reed Hampton: Spoke a bit at the last meeting on Lake Champlain. Believe the Agency of Agriculture is failing with their enforcement. We've had numerous outbreaks every time we have any kind of a storm surge. You can call up, you can complain, and nothing happens. Certain large CAFOs and large farms out there that take advantage of this. There's no one watching and they're doing whatever they want to do. It's a disgrace.

Vanessa Hampton: Built home on Button Bay. Every day walk around Button Bay and pick up garbage, so it looks nice, good for wildlife. Last few years haven't been able to swim in the lake. Have become sick breathing in whatever in the manure that's different now. When picking up garbage, go up to Basin Harbor, go out to the point and go further down, Arnold Bay, go all the way down to marina that is coated green. Point is this, tourists are asking - what's with the lake. Forty percent of the GDP in the state of Vermont is tourism. Tourists are asking if they can go in the water, can't lie. We're right on Champlain, people will revolt, people won't pay taxes. Not against the farmer, came from farming background in England, know how it was done 40-50 years ago. It wasn't cows dying after three or four years, wasn't cows standing in their own [expletive]. Wasn't that at all. It was them eating grass. Then the farmers standing out bullying you and looking at you. Scared to live where I live for my own health, scared because the retribution of the farmer and just can't see agriculture overseeing itself. It should be overseen and enforced.

Paulette Bogen: From Panton, Bed & Breakfast owner on Lake Champlain. Very small part of tax goes into the budget. Again, would like to reinforce tourism brings in a lot more money than agriculture. Piece of information I would like to know – even though fines have been assessed to farmers, how much of those assessed fines have been collected? Again, the Department of Agriculture cannot self-monitor or self-evaluate. Representatives from ANR and AAFM came to Panton for small town hall meeting. Asked, how much of those fines assessed were collected? Those representatives from those departments did not know. In past two years have had to warn guests not to swim right off our dock, from a very deep part of our lake. Milfoil was in Button Bay and a little bit north of Button Bay, now it has come down almost to Arnold Bay and there are plants in Arnold Bay and we're at a very deep part of the lake. In past seven years we are now seeing milfoil where I haven't before, now having to warn my guests not to swim in lake. Guest are writing reviews (at least one) talking about quality of the lake. That's out there on internet, can't be pulled back and that's going to part of what damages the future in Vermont, because tourism and not agriculture is bringing in a lot more money into Vermont. Please do consider not having AAFM monitor itself and do put money into best practices for farmers.

Rob Cormier: Don't know any of these people here but hearing same reoccurring themes. Big reoccurring theme is not about money but it's about public policy. Money's going to help but if we do some simple things to change public policy will make a big world of difference. If you as a group can recommend to Lakes in Crisis bill like we did for Lake Carmi – we ran a great system on how to get money and attention. Think there are worse areas than Lake Carmi that don't have the resources. Have to get water out of agriculture, it's the biggest thing but we have the fox guarding the hen coop. Reoccurring theme, seeing it over and over again. Have to get a mutual entity evaluating. Need to get water out of agriculture and back to ANR. Not anti-farming, just anti-pollution. Here in the State of Vermont, pollution looks like two things: either a municipality's dumping into the lake or it's dairy, clear cut. We don't have huge industries. Needs to be a moratorium on banning of spreading and can use Lake Carmi as an example; it's a bowl it's all going down. If you ban spreading on Lake Carmi, it's going to drop outbreaks. We need some kind of tracking system on outbreaks. Need to start pivoting out of dairy. If agriculture drops out of Vermont, nobody would notice. Hemp is not the answer, need to figure out one way to pivot to a sustainable agriculture market that feeds our system and helps stops the pollution.

Laurel Casey-Ansley: Thank you guys for what you're trying to do, ironically, it's not a money issue, it is the laws we don't have. Cyanobacteria all over my property is making me sick, making my renters sick. It's getting worse, what's going to happen is someone is going to die. It'll make national news. Cyanobacteria goes

airborne for 18 miles. Eighteen miles inland of lakes in Vermont and everyone's going to get sick. Dairy is dying. People are stopping eating dairy, know it's not good for you. Even farmer friends are trying to sell properties. They keep spreading manure and keep their cows because they're trapped. Would be great if the state can buy property and turn into a land trust. Just saying, the good news for those of us are very upset – it's going to get bad fast. What's happened in just last three years with the gallons and gallons of rain coming down quickly and it goes right to the lake. There's nowhere else it will go. We thought this is something that might happen, and it's happening now. Good news is, it is going to get worse, people will get very sick, probably going to have to get together and sue the state. Not a small problem, a disaster, horrific. When it gets on the front page of the Times maybe we can go do something about it. Trust that sometimes we have to hit the bottom before we go up.

Michael Colby: Some other good news, one is the people in the room. I commend you for this patience. These people are on the front line of what is a war. It's not agriculture, what you're promoting Anson with these big CAFOs, it's agri-warfare. These people on the frontlines, they didn't ask for this war. But in their yards, in their waterfront, in their air, it is an assault. I've been to their properties; it breaks your heart to go there. Please, visit these places, seeing how they're living, it's an abomination, a disgrace. Good news, we know exactly why it's happening, no mystery. It's the CAFOs, the large farms. All across the country, map it out, where do these people live, where are the biggest CAFOs? It's a one and one relationship. Here's an obscenity – while we're trying to spend this money, AAFM is handing out more and more permits for large farms. In the last five years the number of farms with more than 700 hundred cows, at least the ones reporting, have doubled in past five years. People are living the way they're living and you're handing out permits. All small farms and medium farms, they're part of this assault too, this agricultural warfare going on. What happened with cyanobacteria outbreaks in that same five-year period? Increased 141%. There's no mystery here. Have to get Anson's agency to get their act together and do their job. Can anyone on the Board tell me how much pesticides were put on the land last year? You can't because he's not following the law and for the past six years, he hasn't told the public, which he's required to do. Required by statute to report to the public every year how many pesticides are being used in the state. Last time he did it, 2013. How can you talk about water and a plan when you don't have data? How can you talk about a plan when the cause is being encouraged? Again, good news, people are waking up, the state is waking up, we're telling this story and we're going to get action. Please help us sooner rather than later.

Response from Secretary Young: For the record, Tebbetts has not been AAFM Sectary since 2013.

Deborah Hartenstein: Live south of Button Bay. Since everyone's saying the same thing, would like to make one comment: the solution to the pollution is not dilution. Will also say, I've been in this property 20 years next week, and you never get used to the smell of manure. It doesn't smell the same way it did 15 years ago. It's burning, your eyes hurt. You don't want to hang your clothes out. You don't want to have guests over. Can't open windows at night, never get used to it. And we drink this water, we drink it and most people in our region have super high-end water filtration systems even though we have municipal water to drink. This is not an uncommon occurrence. This is a picture Paulette showed on June 21st which hit the airwaves on NPR and VPR.

Andrea Englehardt: From Lake Carmi. We do appreciate all the resources for Lake Carmi. It has to be \$2 million if you count the State Park. And the years of work – Neil wrote our TMDL in 2009. He's been in it for a decade, but today the lake is blooming and it's worse than ever. I think we can conclude we have to do something else. Consider banning manure in our watershed and see what happens. She mentioned something about a death – our camp is 50 feet from Dicky Brook. Lucky we don't live there. Dicky Brook was named after Dicky Reinveldt who died of ALS. The more I read; ALS is tied to cyanobacteria. We don't like smell of manure but what will state do if all of a sudden people are getting sick? Did you do everything you can do to make sure people don't get sick? Feel bad when the school bus goes by, students breathe it. At the retirement home, people can't leave. When we see the blooms, we do leave. Asking for manure bans in the watershed as a test case, to see if it helps. Landscape has changed but phosphorus has to go down. Even with our \$1.5 million aeration this fall it is still blooming constantly. We know you're trying, but I think you're going to have to step

out of the track and try something different. Becoming a huge health crisis, not just for us, but for Lake Champlain. Thank you for the work but it's not going to cost as much as a lawsuit.

Ernie Englehardt: Made a statement in the Lake Carmi Campers Association spring newsletter, said health alert signs were common on Lake Carmi last summer and fall of 2018. And in my understanding, there hasn't been any changes in past year. Wanted to remind people quickly that Carmi is a Lake in Crisis. Some of the discussion that lead up to that, is that it can be seen as a laboratory. Carmi is a small lake, surround by agricultural use. We know where point and nonpoint sources are, where phosphorus is coming into the lake. Request that AAFM and ANR take some pretty aggressive action on Lake Carmi, since it is small it can be a laboratory to see what can be done to reduce amount of phosphorus coming into the lake. A lot of RAPs (Required Agricultural Practices) in the lake and a lot of BMPs coming in line to help. Think there are a lot of other things that can be done. Perhaps for some of the fields in Lake Carmi there could be less manure spread, see what happens to the crops. May not be a significant difference. Eliminating manure, try it, see if you can get the same yield without as much manure. At same time realize, financial impact on farmers. Appreciate Secretary Young, that there is flexibility in the Clean Water Fund, and if some specific actions are tried, taking a farmland out of farming, or trying a different type of farming that's not very intensive – see what happens then. But part of that can be flexible to compensate the farmers to switch to something else. Please act aggressively in this little lake, hopefully will be results found that can be applied on a larger scale, like Lake Champlain, that are in terrible shape.

Public Member: Hospital Creek is near my house, surrounded by farms. It is a tributary to Lake Champlain. Angie Allen just completed a survey that covers 2017 and 2018. I think this Hospital Creek will be identified as an issue, maybe not quite in crisis, but almost there. Can trace all pollution to agriculture in the area. Marina on opposite side of creek, most boats covered in green goo. No real tourism, nobody really wants to move to this area, it's near the Crown Point Bridge. When bought the property we paid \$40,000 in land transfer taxes. We are here by choice; this is a holiday residence. That money – I want to know what happened to it, it's fraudulent. It's fraudulent to write checks like that and see the quality of the lake go down year after year. It's declined in the four summers I've been on the lake. This is our investment money and our retirement money in this house. It's our decision to be there but it's a scary bad decision if that's going to happen to us. Lot of people are here have a lot to lose and the state has a lot to lose. Not sustainable to continue to run a state like this. Vermont must lead, not follow by chasing laws and statutes. Just racing to the bottom. To lead is to start a legislative process that gets glyphosates, manure, all of these things, out of our supply. We tried voluntary, tried enforcement, but the laws have obviously been insufficient.

Adam Lougee, on behalf of Vermont Association of Planning and Development Authorities (VAPDA): My focus a bit different than other folks, a lot more focused on budget. Three things to talk about. First, going back to the 2020 budget and talk about funding for watershed groups. Then, Grants-in-Aid briefly, and lastly since Neil brought up Clean Water Service Providers wanted to briefly talk about that as well.

1. Funding for watershed groups: Take you back to December 2018 board meeting. Peter Gregory and some other people testified before you and requested you put in extra \$75,000 for watershed planning. That money went into the top line budget. Watershed groups haven't been able to access it yet. They will be able to access it by going through an RFP, but they haven't been able to get it yet, and if you look at the Clean Water Service Provider timeline, a lot is happening already. That money was intended, as I understand, to get them into a position for them to participate in the water quality planning process. Ask to get that money to the groups quickly; they're important partners to us in the watershed. They do a lot of good work, specifically in Addison County. Do a lot of water testing. Nobody knows the watersheds better than the watershed groups. They're locally active and will be able to help the Clean Water Service Provider in any region. Urge you to help them get more involved in the process.
2. Grants-in-Aid: Looking at clean water budget on page 41, footnote at very bottom of budget. Footnote says "ANR and VTrans leadership have requested staff evaluate efficiencies to be gained by VTrans managing the Municipal Roads Grants-in-Aid Program." RPCs work with municipalities to run that

program. Northwest RPC gets a grant from DEC and distributes to other RPCs who get the money directly to municipalities to help fix their roads. Program runs really well, don't want to see it change significantly, especially in front of an audit. In the past year in SFY 2019, had 193 municipalities participating, over \$2 million in grant funding and \$1.4 million of local match (town money) went into road projects, 836 road segments improved covering 56 miles. It is making a significant difference. Good program and essentially don't want to mess with it.

3. Clean Water Service Providers: RPCs are very interested in participating. In Neil's handout last line about Clean Water Service Providers being responsible for pollution reductions. You all make the rules and give the allocations, we're ready to work on contracts and we'll be held to the timelines for the contracts and bring projects in on budget but being held responsible for achieving reductions that are not yet established scares us.

Lyn Munno: Want to quickly echo some of the comments. Watersheds United Vermont represents community-based nonprofit watershed groups that have been key partners for DEC and the state in developing tactical basin plans and implementing clean water projects across the state. Wanting to ask, as we look forward into this year FY2021, 2022, rolling out Act 76, ensuring funds are available to support these community-based watershed groups to help the state achieve clean water goals. Specifically, been working with DEC tactical basin planning staff for years. Received support that watershed groups are key partners in developing these plans. One barrier, watershed groups, unlike RPCs and conservation districts, have not been in state statute as a basin planning partner eligible to receive funds. During 2019 legislative session, part of Act 76, legislature amended 10 VSA Chapter 1253 to include funds to support watershed groups participation in tactical basin planning via Watersheds United Vermont (WUV). Very pleased about opportunity to provide support. Change adds WUV and designees alongside RPCs and conservation districts as entities to receive performance contract for development and implementation tactical basin plans. Changed when legislation went into effect in July 2019. Looking forward to having watershed groups receiving funds in line with the change in statute in current fiscal year and years to follow. Tactical basin support, core of DEC's efforts to restore Vermont waters to reach goals of Act 64 and implementation of Act 76. Will be interesting to see how basin planning works out with CWSP to achieve clean water goals together, even with the regional model. Watershed organizations in conjunction with districts and RPCs are critical partners for the state in achieving these goals. We ask the Clean Water Board to allocate sufficient funds for three groups to work together for tactical basin plans and implementing clean water projects to ensure protection of all Vermont waters.

Jill Arace: We too would support the participation of the watershed groups in the basin planning process. Want to thank the board for the increase in funds for agricultural projects in SFY 2021. Agriculture for TMDL presents 40% of problems for Lake Champlain phosphorus and is being asked to contribute to 67-68% of the solution and so far, has contributed quite a bit to the solution, don't want to forget that. I am participating on the payment for ecosystem services workgroup, also looking at supporting the working lands by acknowledging contribution it's making to remediate pollution problems but also adding value environmentally and economically to community. Proposal to come probably before the legislature asking for funds to support a pilot project. Lastly, have some concerns for the Clean Water Service Provider model. Don't want to be set up to be competing with our partners. Don't want this context to be where we're all competing with one another. Have communicated with DEC and participating in process but do have a concern about conflicts of interest and how it will be managed. If people are both acting as implementing and money lenders, seems if there are conflicts of interest hoping it will be addressed in this process.

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Vermont Clean Water Board Working Meeting Minutes

Date/Time: Friday, February 21, 2020, 10:00 am – 12:00 pm
Location: National Life Davis Building – 1 National Life Drive, The Catamount Room (N215)

Clean Water Board Members/Designees:

Susanne Young, Agency of Administration (AoA) Secretary and Clean Water Board Chair
Ted Brady, Agency of Commerce and Community Development (ACCD) Deputy Secretary on behalf of
Lindsay Kurrle ACCD Secretary
Bob Flint, public member
Joe Flynn, Agency of Transportation (VTrans) Secretary
Jim Giffin, public member
Christopher Louras, public member (absent)
Julie Moore, Agency of Natural Resources (ANR) Secretary
Anson Tebbetts, Agency of Agriculture, Food and Markets (AAFM) Secretary
Chad Tyler, public member

Attendees:

Jill Arace, Vermont Association of Conservation Districts	Emily Byrne, ANR
Charlie Baker, Chittenden County Regional Planning Commission	Jeff Cook, AAFM
Geoff Batista, Office of the State Auditor	Jennifer Hollar, Vermont Housing and Conservation Board
Emily Bird, Department of Environmental Conservation (DEC)	Neil Kamman, DEC
Eric Blatt, DEC	Robert Lehmert
Katelyn Bockwoltdt, DEC	Robert Mann
	Michael Middleman, AoA
	Mary Russ, White River Partnership

1. Welcome, Overview of Agenda

Secretary Young reviewed the agenda. No action taken.

2. Clean Water Fund Operating Statement

Secretary Moore presented the Clean Water Fund Operating Statement for the Board's information and input. No action taken.

3. SFY 2021 Clean Water Budget

Secretary Moore presented the final SFY 2021 Governor's recommended clean water budget and summary of the SFY 2018-2021 clean water budget. No action taken.

4. Clean Water Service Provider Selection Process Update (Act 76 of 2019)

Department of Environmental Conservation Water Investment Division Director Neil Kamman presented the request for proposals for the Selection of Clean Water Service Providers for Seven Vermont Watershed Basins per Act 76 of 2019. No action taken.

- Jim Giffin commented that a lot of clean water funding flows through AAFM and VTrans, but the RFP says proposals will only be evaluated by three or more DEC staff members. Jim Giffin recommended broader representation on the selection committee and asked if it should be broadened to include people from other agencies and a public member from this Board. Secretary Young requested ANR broaden representation on the selection committee.

5. SFY 2022 Clean Water Budget

Department of Environmental Conservation Clean Water Initiative Program Manager Emily Bird proposed a clean water budget process for the FY22 budget and further updated the budget priorities

for FY22 established by the legislature in Act 76 of 2019. No action taken.

6. Clean Water Fund Program Audit due January 15, 2021

Secretary Young updated the board on the status of the Clean Water Fund Program Audit RFP and indicated it is in the final review stage, with a goal to release next week and proposals submitted in the following 3-5 weeks. No action taken.

7. Vermont Clean Water Initiative 2019 Performance Report

Program Manager Emily Bird presented the Vermont Clean Water Initiative Performance Report, a results-based accountability report for Vermont's clean water funding that fulfills both state and federal reporting requirements. No action taken.

8. Public Comments

Secretary Young welcomed input from the public.

- Comment from Jill Arace: Thank you to DEC (Neil Kamman, Chris Rottler, Ethan Swift) for the open, collegial, and free-flowing dialogue within Act 76 Advisory Committee. We also want to express appreciation for the stellar Performance Report. Reporting structures among agencies are becoming more consistent, which is appreciated by external organizations. Also, please be aware of the Vermont Agricultural Water Quality Partnership (VAWQP) meeting on March 10. VAWQP plays a large role in agricultural efforts at the state and local level.
- Question from Robert Lehmert: There are 54,000 tons of commercial fertilizers imported to Vermont, and I presume a significant amount is phosphorus. Is this counterproductive to our efforts here, and should the Legislature be encouraged to look at this? Additionally, he asked if innovative techniques for capturing phosphorus from sewage/septic emerge, will they be considered?
 - Secretary Moore responded describing the Phosphorus Innovation Challenge. Further she indicated that there is one wastewater project part of the Phosphorus Innovation Challenge in Essex Junction that is looking at bio-sludge.

9. Next Steps, Closing Remarks

Secretary Young welcomed the Board's input and suggestions for making the FY22 budget more transparent and accessible, including what information is needed to better understand the process. Board members were encouraged to reach out to Secretary Young with suggestions or Emily Bird with questions.

10. Adjourn

Supporting Materials:

1. October 22, 2019 Draft Clean Water Board Meeting Minutes
2. Clean Water Fund Operating Statement
3. SFY 2021 Clean Water Budget (January 21, 2020 Governor Recommended)
4. SFY 2018-2021 Clean Water Budget Summary
5. Request for Proposals: Selection of Clean Water Service Providers for Seven Vermont Watershed Basins, per Act 76 of 2019
6. DRAFT SFY 2022 Clean Water Budget Process
7. Act 76 of 2019 Updated Clean Water Budget Priorities
8. Vermont Clean Water Initiative 2019 Performance Report
9. Clean Water Project Explorer Factsheet

Vermont Clean Water Board Meeting Minutes

Date/Time: Tuesday, May 12, 2020, 1:00 – 2:00 pm
Location: Microsoft Teams Meeting

Clean Water Board Members/Designees:

Susanne Young, Agency of Administration (AoA) Secretary and Clean Water Board Chair
Chris Cochran on behalf of Agency of Commerce and Community Development (ACCD) Secretary
Lindsay Kurrle
Bob Flint, public member
Joe Flynn, Agency of Transportation (VTrans) Secretary
Jim Giffin, public member
Christopher Louras, public member (Absent)
Julie Moore, Agency of Natural Resources (ANR) Secretary
Anson Tebbetts, Agency of Agriculture, Food and Markets (AAFM) Secretary
Chad Tyler, public member

- 1. Welcome, Overview of Agenda 1:00-1:05 pm**
Agency of Administration Secretary Young reviewed the agenda. No action taken.
Board member Bob Flint requested that the draft minutes be revised to reflect that Jim Giffin asked to expand the selection committee for the Clean Water Service Provider RFP to include Board members. Secretary Young responded saying Emily Bird will amend the draft minutes for adoption at the next meeting.
- 2. Review Updated Clean Water Fund Revenue Projections for SFY20 and 21 1:05-1:15 pm**
Agency of Natural Resources Director of Finance and Administration Emily Byrne presented the Clean Water Fund SFY20 Supplemental Budget Adjustment Request to align spending authority with reduced revenue in light of COVID-19. Estimated SFY21 revenues should be coming out within 1-2 weeks. Discussion was held around the escheats revenue projection. No action taken
- 3. Review Updated SFY20 Clean Water Fund Budget 1:15-1:20 pm**
Agency of Natural Resources Secretary Julie Moore presented the updated SFY20 budget that aligns with reduced revenue by utilizing unobligated/uncommitted funds and shifting some commitments to SFY21. Secretary Moore recommends not utilizing the Clean Water Fund \$500,000 contingency reserve to meet SFY20 revenue reductions, as the reserve may be needed in SFY21. No action taken.
- 4. Establish Process and Timeline for Revising SFY21 Clean Water Fund Budget 1:20-1:40 pm**
Secretary Young discussed revising the SFY21 budget on a quarterly basis due to uncertainty in short-term and long-term revenue estimates. The Board will review the proposed SFY21 Quarter 1 budget and timeline for revising the SFY21 Quarter 2-4 budget at its next meeting. Secretary Moore and Emily Bird described how ANR has engaged the Interagency Clean Water Initiative Finance and Reporting Subcommittee to evaluate revenue scenarios and spending authority needs to run funding programs on a quarterly basis for SFY21. Discussion was held around ensuring public comments in this expedited timeframe. No action taken.
- 5. Update on Clean Water Fund Program Audit due January 15, 2021 1:40-1:45 pm**
Secretary Young informed the Board that no bids were received on the Clean Water Fund Program Audit RFP. AoA will discuss extending the audit deadline and potentially clarifying the Audit scope with the Legislature. No action taken.

- 6. Public Comments** **1:45-1:55 pm**
Secretary Young welcomed input from the public.
- Comment from Jill Arace: Thank you to the agencies for preserving the funds committed to implementors. There were approximately \$1 million in grants to Natural Resources Conservation Districts on hold due to budget uncertainties that are now moving forward. We would like to echo comments about keeping the seasonality of implementation in mind when developing budget since there are short construction/field season timeframes in Vermont.
- 7. Next Steps, Closing Remarks** **1:55-2:00 pm**
Secretary Young discussed hosting another Board meeting next week to discuss the proposed SFY21 Quarter 1 clean water budget and proposed process for developing the SFY21 Quarter 2-4 budget.
- 8. Adjourn** **2:00 pm**

Supporting Materials:

1. February 21, 2020 Draft Clean Water Board Meeting Minutes
2. Clean Water Fund SFY20 Supplemental Budget Adjustment Request
3. Clean Water Fund Program Audit Request for Proposals

Updated SFY21 Clean Water Fund (CWF) Revenue Projections

May 18, 2020

CWF Revenue	Jan. 2020 Rev. SFY21	May 2020 Rev. SFY21
Clean Water Surcharge	5,790,000	4,980,000
Escheats	1,940,000	1,940,000
Meals and Rooms Tax	11,982,000	7,854,000
Total Revenue Subtotal	19,712,000	14,774,000
Revenue Decrease		(4,938,000)
One Time Transfers <i>(Anticipated to be available in SFY21 no longer available due to SFY20 budget shortfall.)</i>		
Contingency Reserve	450,000	(450,000)
Unallocated Balance	406,808	(406,808)
One Time Transfers Subtotal	856,808	(856,808)
Total Budget Target	20,568,808	14,774,000
Total Budget Target Reduction		(5,794,808)
Total Budget Target Percent Reduction		-28%

May 18, 2020 Adjustment Methodology

Property Transfer Tax Clean Water Surcharge

The clean water surcharge forecast is constructed primarily by using the estimated property transfer tax revenues from the consensus economic forecast prepared for the Joint Fiscal Committee. Consensus forecast information was received from the State economists on Monday, May 18th. The reduction of \$810K from the January forecast is due to a COVID-19 related reduction in property transfer volume. A minor reduction of 1.75% in the expected growth rates has been part of the forecast model since the inception of the Clean Water Fund because the clean water surcharge only applies to a subset of property transfers. Retention of this growth rate reduction helps reduce the risk of this revenue element not achieving forecast. There is a low to moderate level of risk in this revenue element as property transfers are heavily driven by consumer confidence levels and population migration and the conditions in neighboring states tend to impact Vermont's real property transaction rates and values.

Escheats from Unreturned Bottle Deposits

The current forecast for escheats is based on the fiscal note produced by the Joint Fiscal Office during the legislative process. Although two quarters have now been filed, and revenue has been exceeding the FY20 forecast, there is insufficient data to merit a significant change to this forecast element. There is an extremely low risk for this revenue element and, because of the nature of the revenue source, the risks tend to be upside risks of increased revenue and help balance the risk levels of other revenue elements.

Meals and Rooms Tax

The meals and rooms element is a strict 6% allocation to the Clean Water Fund and therefore is completely based on the updated consensus economic forecast received on Monday, May 18th and has resulted in a \$4.128M revenue downgrade. Because of the nature of the COVID-19 pandemic, the industries which generate this revenue element are currently at extremely high risk. There are currently many state and federal programs being implemented to mitigate this risk. While the economists have certainly done everything possible to account for these risks in their consensus forecast, there is very little contemporary or historical data to leverage for this type of economic event and it remains a high risk revenue element.

SFY21 Q1 Clean Water Fund (CWF) Skinny Budget Recommendation:

For the purposes of the Skinny Budget, appropriate an amount equal to 50% of the SFY20 As Passed Clean Water Fund Appropriations to departments and agencies in proportion to their SFY21 Governor's recommended allocations.

SFY20 CWF Appropriation:	14,800,000
50% of SFY20 CWF Appropriation:	7,400,000

	SFY21 Gov. Rec.	% of SFY21 Gov. Rec.	SFY21 Q1 Skinny Budget Appropriation
DEC	11,390,809	55.38%	4,098,049
ACCD	200,000	0.97%	71,954
VTrans	4,700,000	22.85%	1,690,910
FPR	50,000	0.24%	17,988
AOA	200,000	0.97%	71,954
AAFM	4,027,999	19.58%	1,449,145
Total	20,568,808		7,400,000

5/20/2020



Vermont Department of Environmental Conservation

Clean Water Initiative Program

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Agency of Natural Resources

MEMORANDUM

TO: The Clean Water Board
FROM: Emily Bird, Manager, Clean Water Initiative Program
DATE: May 20, 2020
RE: Draft State Fiscal Year (SFY) 2021 Q1 Clean Water Fund Contingency Plan

SFY21 Clean Water Budget Process

The Clean Water Board made its initial SFY21 clean water budget recommendation October 2019 after holding an extensive public comment period and public hearing. The Governor incorporated the Clean Water Board's SFY21 budget recommendation in his budget, presented to the Legislature January 2020.

SFY21 COVID-19 Contingency Planning

COVID-19 impact on revenues has resulted in an unprecedented clean water budget situation. COVID-19 impacts to revenue are significant enough to warrant a rebuild of the SFY21 budget. This work is being done in two parts: a "skinny budget" limited to Q1 SFY21 spending that is currently being worked on by the Legislature and a "3/4s budget" covering Q2-4 SFY21 that will be taken up by the Legislature later this summer. The rebuild of the SFY21 budget necessitates development of a revised SFY21 clean water budget. Additionally, COVID-19 presents exceptional uncertainty in the ability to project annual revenue to the Clean Water Fund. Therefore, it is also recommended that the Clean Water Board adopt a modified contingency plan for monitoring and managing Clean Water Fund revenues in SFY21. Upon completion of SFY21 closeout, the Board may elect to revert to the June 1, 2018 *Clean Water Fund Expenditure Contingency Plan* or adopt a modified Contingency Plan.¹

Quarterly Revenue Monitoring

Quarterly revenue monitoring is recommended throughout SFY21, following the schedule in Table 1 on page 3 of this memorandum. Revenue monitoring will follow the Emergency Board (E-Board) meeting schedule of August 15, 2020 (typically held on or about July 31 by statute – delayed due to COVID-19) and on or about January 15, 2021 by statute, with informal revenue check-ins October 2020 and April 2021 between E-Board meetings.

¹ June 1, 2018 Clean Water Fund Expenditure Contingency Plan available at:
<https://dec.vermont.gov/sites/dec/files/wsm/erp/docs/CWFExpenditureContingencyPlan6-1-18memo.pdf>.

SFY21 Revenue Monitoring Outcomes and Recommended Actions

The following are recommended actions based on outcomes of quarterly revenue monitoring.

1. Monitoring Outcome: SFY21 Q1 revenue perform as expected or underperform by less than \$250,000 relative to the revised Clean Water Board recommended SFY21 Q1 budget (to be approved May 21, 2020).

Recommendation: If revenue underperform, but remain within \$250,000 of the SFY21 Q1 budget, the Clean Water Fund contingency reserve will be utilized. The Clean Water Fund contingency reserve will then be restored by SFY22 revenue.

2. Monitoring Outcome: SFY21 Q1 revenue underperform by more than \$250,000 relative to the revised Clean Water Board recommended SFY21 Q1 budget (to be approved May 21, 2020).

Recommendation: The Clean Water Fund contingency reserve will be utilized, up to the capacity of the reserve (\$500,000), and the balance of the SFY21 Q1 deficit will roll into SFY21 Q2-4 budget. The Clean Water Fund contingency reserve will then be restored by SFY22 revenue.

3. Monitoring Outcome: Based on the August 2020 E-Board meeting, SFY21 Q1 revenue are projected to overperform the revised Clean Water Board recommended SFY21 Q1 budget (to be approved May 21, 2020) by more than \$250,000.

Recommendation: Because of the timing, any anticipated excess revenue will simply accrue to the Clean Water Fund balance and be available for project work in SFY22.

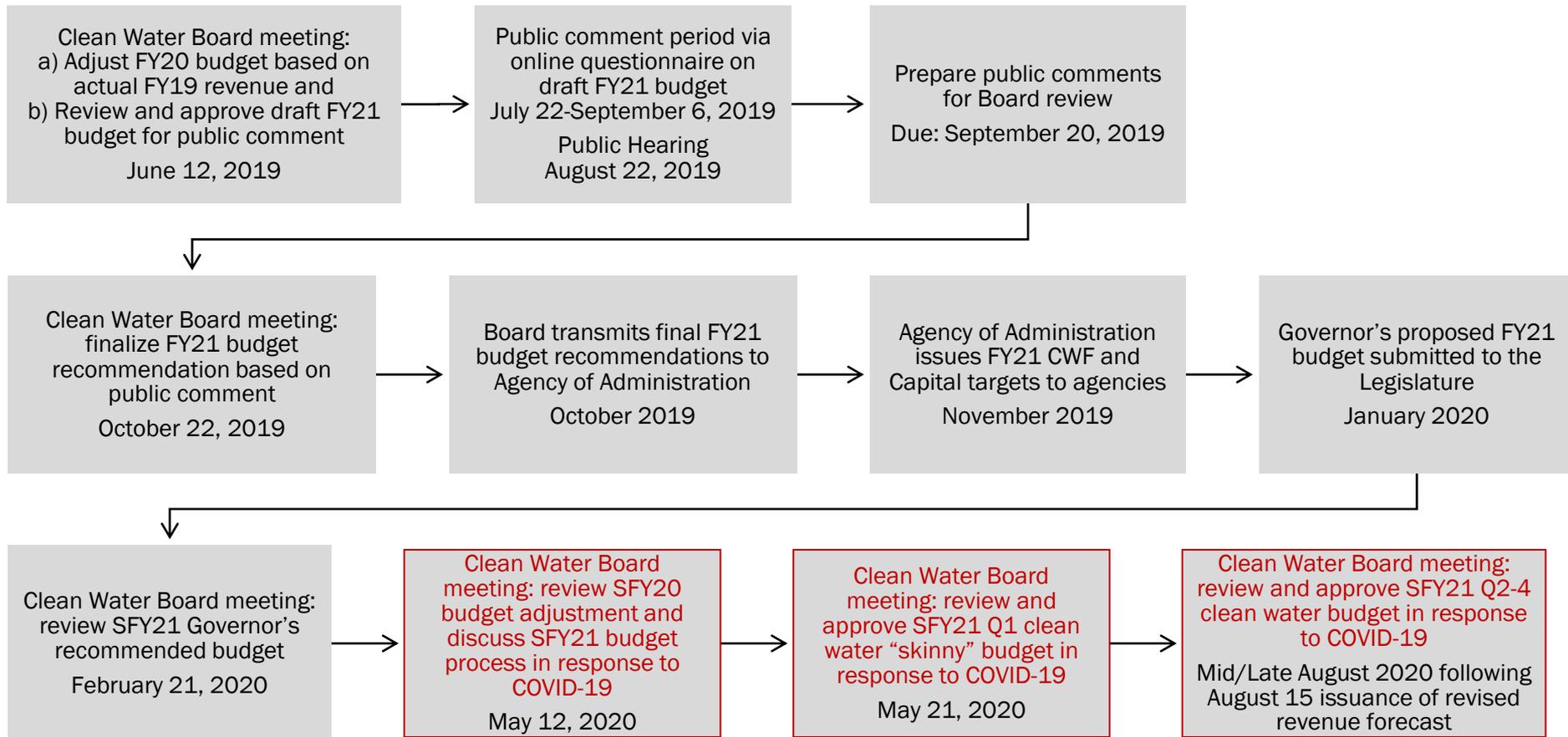
Table 1. Timeline for clean water budget and revenue construction and revision (*red italicized text indicates process changes due to COVID-19*).

SFY	January 2020	Spring 2020	Summer 2020	Late-Summer/ Fall 2020	January 2021	Spring 2021	Summer 2021	Late-Summer/ Fall 2021
SFY20 budget process	Updated SFY20 forecast received; no budget modifications warranted	Legislature updates clean water budget if needed; <i>prepare 2nd SFY20 Supplemental BAA</i>	Actual FY20 revenue finalized; determine unallocated revenue/use of the contingency reserve	Close out				
SFY21 budget process	Governor's SFY21 Budget is presented to Legislature; update forecast and modify budget, if needed, following January E-Board mtg	Legislature modifies/adopts Governor's proposed budget; <i>prepare SFY21 Q1 budget</i>	Updated forecast and budget modified, if needed, following July E-Board meeting; <i>state agencies implement SFY21 Q1 budget</i>	State agencies implement the budget; <i>prepare SFY21 Q2-4 budget</i>	Updated forecast at January E-Board meeting; recommend modification to the budget, if needed; <i>changes pursued thru BAA process</i>	Legislature updates SFY21 clean water budget, if needed; <i>changes pursued thru BAA process</i>	Actual FY21 revenue finalized; determine unallocated revenue/use of the contingency reserve	Close out
SFY22 budget process	Initial revenue SFY22 forecast adopted	Clean Water Board reviews/adopts budget process <i>(likely delayed compared to typical year due to COVID-19)</i>	Updated forecast; utilized for the initial clean water budget targets; agency staff develop SFY22 budget recommendation for the Clean Water Board	Clean Water Board makes budget recommendation for Governor; include any unallocated surplus funds from SFY20 close out	Governor's SFY22 Budget is presented to Legislature; update forecast and modify budget, if needed, following January E-Board Meeting	Legislature modifies/adopts Governor's SFY22 budget	Updated forecast and budget modified, if needed, following July E-Board meeting	State agencies implement the budget; <i>incorporate any unallocated surplus funds from SFY21 closeout in SFY22 budget thru BAA process</i>
SFY23 budget process					Initial revenue SFY23 forecast adopted	Agency staff develop SFY23 budget recommendation for the Clean Water Board	Updated forecast; utilized for the initial clean water budget targets	Clean Water Board makes budget recommendation for Governor; include any unallocated surplus funds from SFY21 closeout (if not incorporated in SFY22 budget)

State Fiscal Year (SFY) 2021 Clean Water Budget Process (June 2019 – August 2020)

DRAFT Revised May 20, 2020

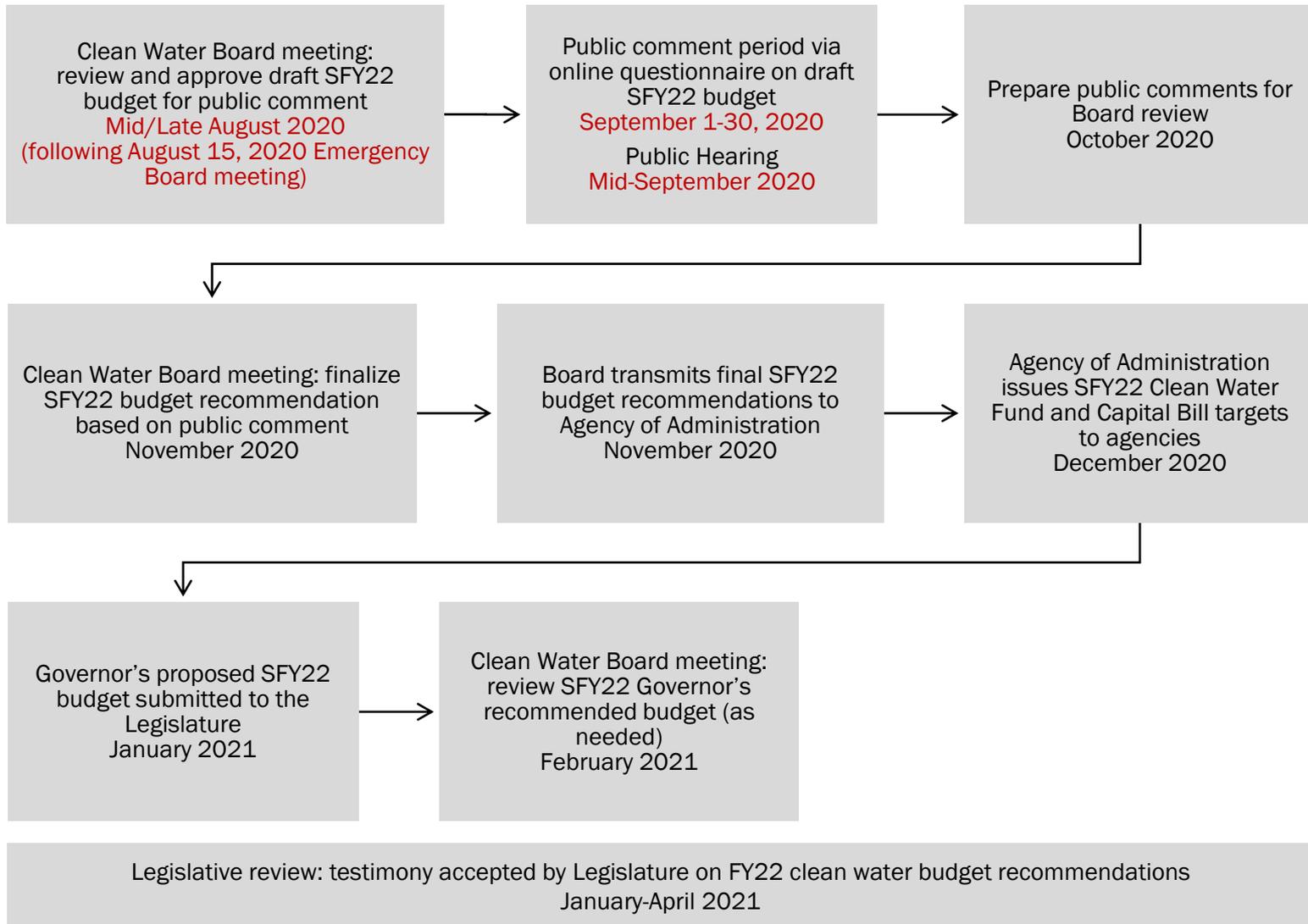
May 21, 2020 Vermont Clean Water Board Meeting Materials #8



Legislative review: testimony accepted by Legislature on FY21 clean water budget recommendations
Typically January-April 2020, but ongoing to authorize COVID-19 related budget revisions

State Fiscal Year (SFY) 2022 Clean Water Budget Process (August 2020 – April 2021)¹

DRAFT Revised May 19, 2020



¹ - This process addresses SFY22 only. The Clean Water Board will also conduct business for other state fiscal years during the August 2020 – April 2021 timeframe. See May 2020 *State Fiscal Year 2021 Q1 Clean Water Fund Contingency Plan* (Table 1, Page 3) for all budget and revenue construction and revision activities within the August 2020 – April 2021 timeframe.