

### MEMORANDUM

**TO:** Susanne Young, Agency of Administration Secretary, Clean Water Board Chair

**FROM:** Anson Tebbetts, Agency of Agriculture, Food & Markets Secretary

**DATE:** August 14, 2020

**SUBJECT:** Agency of Agriculture, Food & Markets SFY21 Clean Water Fund Updated Budget - August 2020

The Vermont Agency of Agriculture, Food & Markets (VAAFMM) has received budget instructions regarding the SFY21 Clean Water Fund (CWF) budget development process and has applied the estimated 15% decrease to the original SFY21 Governor's Recommended budget from January 2020 to the AAFMM appropriation. This has resulted in a decrease from a \$4,027,999 appropriation to AAFMM from the January 2020 Governor's Recommend to a recommended appropriation of \$3,408,000 for SFY21. AAFMM has reviewed and applied the 'Guiding Principals' provided by the Interagency Clean Water Initiative Finance and Reporting Subcommittee in translating the agency-level appropriation into clean water budget line items summarized by Table 1 below:

Table 1

<b>SFY21 AAFMM CWF Updated August 2020 Appropriation Line Items</b>	
<i>1. Agronomy Conservation Assistance Program (ACAP)</i>	\$ 235,000
<i>2. Water Quality Grants to Partners and Farmers</i>	\$ 2,450,498
<i>3. Operating</i>	\$ 722,502
<b>Total AAFMM Appropriation:</b>	<b>\$ 3,408,000</b>

Discussion of the application of Guiding Principals in developing AAFMM recommended appropriation line items is provided below:

1. VAAFMM operating expenses (Table 1, Item #3) are included as a CWF line item and are level-funded at the Governor's Recommend of SFY21 (January 2020). This funding level is necessary to meet statutory requirements including deadlines regarding mandatory farm inspection cycles. [Public comment](#), which informed the January 2020 Governor's Recommended CWF Budget, articulated support for the agricultural sector as a clear theme: "Commentators identified clean water improvements in the agricultural sector as a high priority and requested more flexible funding to support agricultural technical assistance, education and outreach, project development, and enforcement." Responses to the Clean Water Board (CWB) questionnaire also returned the public opinion that agriculture is the sector that should receive the highest proportion of funding from the CWF.

Based on the increased statutory requirements for AAFMM to inspect agricultural operations of all sizes for compliance with the RAPs resulting from Act 64 of 2015 – taken in conjunction with the strong public support for agricultural funding based on public comments gathered by the CWB – AAFMM considers it necessary and essential that the two new agricultural water quality positions originally requested in the January 2020 Governor's Recommend be maintained through this Restated SFY21 CWF budget.

2. The Agronomy Conservation Assistance Program (ACAP) (Table 1, Item #1) is 'level-funded' in this recommended appropriation exercise at the Governor's Recommend of SY21 (January 2020) as this program provides essential agronomy assistance to farmers in Vermont. This critical program guides farmers to directly



implement conservation practices as well as enroll in state and federal financial assistance programs to implement conservation programs

AAFM has recommended a cut of \$619,999 to the Water Quality Grants to Partners and Farmers line (Table 1, Item #2) and has balanced this recommendation in-part by prioritizing programs that directly fund Water Quality On-Farm Implementation Grants, and maintaining ongoing commitments to foundational programs and services which lead to direct, on the ground water quality implementation.

3. In balancing AAFM's recommended cut of \$619,999 to the Water Quality Grants to Partners and Farmers line (Table 1, Item #2), AAFM has limited latitude to defer obligations existing under this line item, without jeopardizing the foundation of our programs which has resulted in significant water quality improvements from the agricultural sector. AAFM's granting includes a forward-looking approach which drives future year grant enrollment by farmers and implementation of conservation practices; these activities continue to operate even under COVID-19, and as such work is moving ahead under the current State of Emergency. These existing financial commitments will be met under the above proposed SFY21 budget.
4. In considering AAFM's recommended cut of \$619,999 to the Water Quality Grants to Partners and Farmers line (Table 1, Item #2), AAFM has cautiously selected key projects to move forward with granting under the Q1 SFY21 Appropriation and deferred or scaled back additional projects where appropriate.
5. We understand the challenges the pandemic has created across the landscape. The Agency is committed to improving water quality under challenging budget times.

*C. S. Telle*



Memorandum

To: Clean Water Board  
From: Emily Bird through Secretary Julie Moore  
Date: August 20, 2020  
CC: Peter Walke, Neil Kamman, Emily Byrne  
Re: ANR's State Fiscal Year (SFY) 2021 Restated Clean Water Budget Recommendation

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The table below presents Agency of Natural Resources' (ANR) recommended revision to its SFY21 Clean Water Fund allocations to accommodate the 15% reduction in total appropriation. The recommendation is based on a bottom-up exercise of drafting the SFY21 Clean Water Initiative Program (CWIP) spending plan and applying Clean Water Board-approved guiding principles at the program-level.

SFY 2021 Clean Water Budget Activity	SFY21 Governor Recommend (January 2020)	DRAFT Restated SFY21 (August 2020)	Change from FY21 Governor Recommend
Multi-Sector Innovation, Grant Administration and Partner Support	3,052,498	2,393,734	(658,764)
Natural Resources Restoration	3,234,503	3,234,503	-
Lakes in Crisis Fund	50,000	50,000	-
Forestry/Skidder Bridges	50,000	50,000	-
Stormwater Project Delivery, Planning, and Implementation	4,943,808	3,842,763	(1,101,045)
Wastewater Treatment Facility Operators Support	110,000	110,000	-
Total Clean Water Fund	11,440,809	9,681,000	(1,759,809)

Clean Water Board-approved guiding principles for the SFY21 clean water budget revision were applied as follows.

Guiding Principle #1: Fully fund, to the extent feasible, financial commitments required in statute, required to meet statutory obligations, or committed as match to leverage federal funds (e.g., Tactical Basin Planning support). Applies to:

- Multi-Sector Innovation, Grant Administration and Partner Support funds for Tactical Basin Planning support to statutory partners per 10 V.S.A. § 1253(d)
- Multi-Sector Innovation, Grant Administration and Partner Support funds to leverage U.S. Department of Agriculture Lake Champlain Subwatershed Conservation Effects Assessment Program (CEAP) funds
- Natural Resources Restoration funds for wetland conservation incentive payments to leverage U.S. Department of Agriculture Regional Conservation Partnership Program funds

Guiding Principle #2: Level-fund with SFY20, and increase funding where feasible, programs directly supporting design and implementation of projects and best management practices (BMPs) to reduce sediment and nutrient pollution (e.g., natural resources restoration, water quality grants to partners and farmers). Funds should be prioritized to the most cost effective implementation programs within agencies'/departments' appropriations. Applies to:

- Natural Resources Restoration funds for project development, planning, design, and implementation through Ecosystem Restoration Grants and block grants
- Lakes in Crisis Fund
- Forestry/Skidder Bridges funds
- Stormwater Project Delivery, Planning, and Implementation funds for project development, planning, design, and implementation through Ecosystem Restoration Grants and block grants
- Wastewater Treatment Facility Operators Support funds

Guiding Principle #3: Defer or scale, where appropriate, funds to support programs where timelines/deadlines are/may be extended as a result of COVID-19-related challenges (e.g., start-up funds to Clean Water Service Providers). Applies to:

- Multi-Sector Innovation, Grant Administration and Partner Support funds for Clean Water Service Provider start-up are appropriately scaled to cover approximately 6-months of start-up activities instead of one year of start-up activities due to proposed effective date change of Clean Water Service Provider's Water Quality Restoration Formula Grants from November 1, 2021 to July 1, 2022
- Multi-Sector Innovation, Grant Administration and Partner Support funds to support the Operational Stormwater General Permit 3-9050 (i.e., "3-acre Permit") are appropriately scaled to anticipated SFY21 demand based on the Permit timeline, where applicants must submit a Notice of Intent (NOI) by December 2023 and then have 18 months to complete permitting and engineering design work

Guiding Principle #4: Defer or scale, where appropriate, funds to programs that play a supporting role to clean water work but would not have a direct impact on outputs/outcomes if deferred/reduced for one year (e.g., development of new innovative best management practices). Applies to:

- Multi-Sector Innovation, Grant Administration and Partner Support funds for technical development of tracking, accounting, and target-setting methods and tools are appropriately scaled, as significant contractual work is funded in SFY20 and other funding sources were secured to support this work
- Multi-Sector Innovation, Grant Administration and Partner Support funds for development of innovative best management practices are appropriately scaled to complete work already underway through the Vermont Phosphorus Innovation Challenge; initiation of new development work may otherwise be delayed until Clean Water Fund revenue performance improves

Memorandum

To: Clean Water Board  
 From: Emily Bird through Secretary Julie Moore  
 Date: August 20, 2020  
 CC: Peter Walke, Neil Kamman, Emily Byrne  
 Re: VTrans, ACCD, AoA State Fiscal Year (SFY) 2021 Restated Clean Water Budget Recommendation

The following are VTrans, ACCD, and AoA's SFY21 restated Clean Water Fund (CWF) budget recommendations for a 15% reduction in appropriation, with explanation of application of guiding principles. These recommendations were communicated to verbally and via email by agency staff.

Agency	Activity	DRAFT Restated SFY21 CWF Budget	Application of Clean Water Board Guiding Principle
VTrans	Municipal Roads Grants-in-Aid	\$3,130,830	Guiding principle #2; supports design and implementation of projects and best management practices; 15% reduction applied to both VTrans line items, as projects funded under both programs will result in road segments achieving full compliance with the Municipal Roads General Permit
VTrans	Municipal Better Roads	\$846,170	Guiding principle #2; supports design and implementation of projects and best management practices; 15% reduction applied to both VTrans line items, as projects funded under both programs will result in road segments achieving full compliance with the Municipal Roads General Permit
ACCD	Better Connections (Stormwater Planning)	\$169,000	Guiding principle #2; supports design and implementation of projects and best management practices through planning activities
ACCD	Downtown Transportation Fund (Stormwater Projects)	\$0	Guiding principle #3; communities are focused on keeping businesses open and communities safe during the pandemic; limited demand for constructing infrastructure projects; ACCD recommends redirecting appropriation to Better Connections planning activities
AoA	Stormwater Utility Payments (\$25K each)	\$125,000	Guiding principle #2; supports design and implementation of projects and best management practices; supports municipalities raising local revenue for stormwater treatment and management activities
ACCD	Program Audit (10 V.S.A. § 1389b)	\$44,000	Guiding principle #3; AoA is requesting additional time to conduct the Clean Water Fund Program Audit; AoA recommends applying its reduction in appropriation to the Program Audit line item