

Vermont Clean Water Board Meeting Minutes

Date/Time: Tuesday, February 8, 2022, 2:30 pm–3:30 pm

Location: [Microsoft Teams Meeting](#)

Details and supporting materials available at: <https://dec.vermont.gov/water-investment/cwi/board/meetings>

Clean Water Board Members/Designees:

Douglas Farnham, Agency of Administration (AoA) Deputy Secretary and Designated Clean Water Board Chair (Present)

Tayt Brooks, Agency of Commerce and Community Development (ACCD) Deputy Secretary (Present)

Alison Conant, public member (Present)

Bob Flint, public member (Present)

Joe Flynn, Agency of Transportation (VTrans) Secretary (Present)

Jim Giffin, public member (Present)

Julie Moore, Agency of Natural Resources (ANR) Secretary (Absent)

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

Chad Tyler, public member (Present)

1. Welcome

Douglas Farnham, Agency of Administration (AoA) Deputy Secretary, designated Clean Water Board Chair

The Chair, AoA Deputy Secretary Douglas Farnham convened the meeting at 2:31 pm and reviewed the agenda.

- AoA Deputy Secretary Farnham discussed adoption of a consent agenda process for meeting minute and agenda approval moving forward and invited a motion to approve this process change. Motion was made by VTrans Secretary Joe Flynn and seconded by Bob Flint. Motion passed.
- Clean Water Board members reviewed meeting minutes from December 14, 2021 meeting and corrected name spelling of James Giffen to James Giffin. The Board Chair invited a motion to approve the December 14, 2021 meetings minutes as amended. Motion was made by VTrans Secretary Joe Flynn and seconded by Bob Flint. Motion passed.

2. Review Governor's budget recommendations

Julie Moore, Agency of Natural Resources Secretary

Emily Bird, Department of Environmental Conservation Clean Water Initiative Program Manager, presented on behalf of ANR Secretary Julie Moore. Bird provided a status update on the State Fiscal Year (SFY) 2022 and SFY 2023 Clean Water Budgets including a summary of prior adjustments recommended by the Clean Water Board ("Board") and the Governor. The SFY 2022 Clean Water Budget is undergoing a Capital Bill Budget Adjustment to swap out \$500,000 of Capital dollars with American Rescue Plan Act (ARPA) dollars. The SFY 2023 Clean Water Budget, as recommended by the Governor to the Legislature, includes a similar swap of Capital dollars for ARPA dollars with no net change to the total budget (*see pages 4 and 5 of [meeting materials](#)*). These proposed adjustments are intended to reduce the debt incurred by the State under the Capital Bill and were recommended upon legislative request. Deputy Secretary Farnham explained to the Board that the changes were relatively minor for SFY 2022 because many agreements had already been executed thereby complicating potential swaps.

3. Review Clean Water Fund operating statement

Michael Middleman, Department of Finance and Management Senior Budget Analyst

Emily Bird presented on behalf of Michael Middleman and updated the Board on the latest Clean Water Fund revenue projections for State Fiscal Years 2022, 2023, and 2024. Revenues remain healthy, which will result in some increase in the unallocated/unreserved available funds in SFY 2022. The Board will be able to program unallocated/unreserved fund balances from SFY 2023 while drafting the SFY 2024 Clean Water Budget this summer. Based on these conditions, no changes to the SFY 2022 or SFY 2023 Clean Water Budgets were recommended (*see page 6 of [meeting materials](#)*).

- Jim Giffin asked why the projected revenues for escheats were tracking below the SFY 2021 Actual value.
 - AoA Deputy Secretary Douglas Farnham noted that escheats is a newer program and that the tax department is being conservative with projections, concerned that when we return to normalcy post-pandemic, this will result in a spike in bottle redemptions and eliminate some revenue gains seen during the pandemic.
- AoA Deputy Secretary Douglas Farnham provided additional insight on the depressed SFY 2024 projections for the Property Transfer Tax Clean Water Surcharge, explaining this is based on a modeled market correction predicting limited housing supply after the pandemic “buy-up” of Vermont properties.

4. Review status of Clean Water Fund Program Audit

Clean Water Board Chair Douglas Farnham

AoA Deputy Secretary Douglas Farnham provided an overview of the Clean Water Fund Program Audit Request for Proposals (RFP) process that has received no responses after being issued several times. He met with ANR Secretary Moore to discuss, and they now recommend the Board take no action. Board members discussed the status of notification to the Legislature regarding this audit. Deputy Secretary Farnham indicated that he had alerted Legislative Counsel that they were unable to secure any bids for the RFP. Jim Giffin and Bob Flint both suggested further dialogue with legislative members to identify the key priorities for this audit and to help draft a scaled down proposal. Deputy Secretary Farnham noted that since the passage of this legislation, the *Vermont Clean Water Initiative Annual Performance Report* has grown in complexity in response to the audit requirements from additional sources of federal money such that it may suffice the transparency goals initially envisioned for this Clean Water Fund Program Audit. Deputy Secretary Farnham indicated that he was willing to speak to the Legislature on behalf of the Agency of Administration since they were originally charged with the responsibility. He will report back to the Board the outcomes of this conversation. No action is required by the Board at this time (*see page 7 of meeting materials*).

5. Review status of the *Vermont Clean Water Initiative 2021 Performance Report*

Emily Bird, Department of Environmental Conservation (DEC) Clean Water Initiative Program Manager

Emily Bird notified the Board that the *Vermont Clean Water Initiative 2021 Performance Report* is complete and has been submitted to Legislature and the Environmental Protection Agency and noted this report fulfills multiple reporting requirements. She provided an overview of what the report entails and reviewed the Executive Summary that covers state investments, high-level results, project performance measures, and updates on reaching Vermont’s Lake Champlain and Lake Memphremagog phosphorus Total Maximum Daily Load (TMDLs) requirements (*see page 8 of meeting materials*).

6. Public comment

Clean Water Board Chair Douglas Farnham

- Dan Albrecht from Chittenden County Regional Planning Commission appreciates and wants to acknowledge the efforts of DEC in the complicated endeavor of creating Clean Water Service Provider guidance and appreciates how collaborative the work has been.
- Martha Pofit (via Microsoft Teams meeting chat): Given the revenues expected to enter the Governor’s budget, please ask that no ANR/DEC positions be held open for the purpose of ‘vacancy savings.’ An egregious current example of such positions is that of recently retired position of Amy Picotte, DEC Lake Wise Coordinator, given the importance of her work and the lack of need to hold such positions open. The Federation of Vermont Lakes and Ponds (FOVLAP) has gone on record in this regard.
- Pat Suozzi (via Microsoft Teams meeting chat): Thanks Martha for your comment. This is a very important position that should be filled asap.
 - Emily Bird noted she will follow up with Secretary Moore and ensure she receives Martha’s comment.
- Alison Conant wanted to congratulate and thank those who worked on the *Vermont Clean Water Initiative 2021 Performance Report*. The Report was very detailed and yet clear and easy to read which is no small feat.

7. Other business, determine next steps, closing remarks*Clean Water Board Chair Douglas Farnham*

Emily Bird noted the Board typically reconvenes in the late spring or early summer to start the annual Clean Water Budget process and she will get meetings on calendars to support the SFY 2024 process in the coming months.

8. Adjourn

The Board Chair invited a motion to adjourn. Motion was made by AoA Deputy Secretary Tayt Brooks and seconded by VTrans Secretary Joe Flynn. Motion passed. Meeting adjourned at 3:30 pm.

Meeting Materials Contents and Page Number:

1. December 14, 2021 Draft Clean Water Board Meeting Minutes [page 1]
2. SFY 2022 Clean Water Budget (January 2022 Governor Recommended Adjustment) [page 4]
3. SFY 2023 Clean Water Budget (January 2022 Governor Recommended) [page 5]
4. Clean Water Fund Operating Statement (January 26, 2022) [page 6]
5. Excerpt of Clean Water Fund Audit statutory language (10 V.S.A. § 1389b) [page 7]
6. *Vermont Clean Water Initiative 2021 Performance Report Executive Summary* ([view full report here](#)) [page 8]

State Fiscal Year (SFY) 2024 Clean Water Budget Process (July 2022 – April 2023)

Updated October 7, 2022

Emergency Board meeting:
adopt SFY24 consensus
revenue forecast
July 28, 2022

Agency of Administration Tax
Department provides
updated Clean Water Fund
revenue forecast to inform
SFY24 budget targets
Early-August 2022

Budget development work
and interagency coordination
in preparation for October
Board meeting
August-September 2022

Clean Water Board meeting:
review and approve SFY24
budget for public comment
October 18, 2022

Public comment period on
draft SFY24 budget via public
hearing and online
questionnaire
October 24-November 22,
2022

Prepare public comments for
Board review
Late-November 2022

Clean Water Board meeting:
finalize SFY24 budget
recommendation based on
public comment
December 7, 2022

Board transmits final SFY24
budget recommendations to
Agency of Administration
Early-December 2022

Agencies update SFY24
Clean Water Fund and Capital
Bill budget language, if
needed, to align with Board's
final recommendation before
final submission to Agency of
Administration
Mid-December 2022

Governor's proposed SFY24
budget submitted to the
Legislature
January 2023

Clean Water Board meeting:
review SFY24 Governor's
recommended budget (as
needed)
February 2023

Legislative review: testimony requested by Legislature on SFY24 budget recommendations, as needed
January-April 2023

Visit the [Clean Water Board webpage](#) for more information. [Subscribe to the Clean Water Stakeholder Listserv](#) or visit the [DEC Calendar](#) to be notified of upcoming Clean Water Board meetings.

Clean Water Fund Operating Statement - Appropriation Basis 10/04/2022

| | Revenue | | Jan. 2022 Rev. Update & BAA | | Jan. 2022 Rev. Update 12/14/21 CWB Adopted Budget | | July 2022 Rev. update | | July 2022 Rev. update | |
|--|-------------|-------------|-----------------------------|-------------|---|-------------|-----------------------|---------|-----------------------|------------|
| | Actual | | Actual | | FY 2023 | | FY 2024 | | FY 2025 | |
| | FY 2020 | FY 2021 | FY 2022 | FY 2022 | FY 2023 | FY 2023 | FY 2024 | FY 2025 | | |
| (a) Clean Water Surcharge (PTT) | 4,973,378 | 8,327,370 | 8,230,000 | 12,099,687 | | 8,430,000 | 10,440,000 | | 9,120,000 | 8,300,000 |
| (b) Interest Income | 90,087 | 41,320 | - | 63,849 | | - | - | | - | - |
| (c) Reversions | - | - | - | - | | - | - | | - | - |
| (d) Donations | - | - | - | - | | - | - | | - | - |
| (e) Escheats | 1,293,747 | 3,159,383 | 2,811,530 | 3,554,563 | | 2,811,530 | 2,810,630 | | 2,810,630 | 2,810,630 |
| (f) Meals and Rooms Tax | 6,620,286 | 8,629,034 | 11,856,000 | 13,017,953 | | 12,372,000 | 13,710,000 | | 13,998,000 | 14,382,000 |
| (g) Subtotal Sources | 12,977,498 | 20,157,108 | 22,897,530 | 28,736,052 | | 23,613,530 | 26,960,630 | | 25,928,630 | 25,492,630 |
| Appropriations | | | | | | | | | | |
| (h) DEC | 10,375,000 | 9,581,000 | 10,746,607 | 10,746,607 | | 15,360,540 | 15,360,540 | | | |
| (i) DEC Adjustments | (626,201) | (650,715) | (3,175,150) | (3,175,150) | | - | - | | | |
| (ii) Fish & Wildlife | | | 1,000,000 | 1,000,000 | | - | - | | | |
| (j) ACCD | 200,000 | 169,000 | 200,000 | 200,000 | | 200,000 | 200,000 | | | |
| (k) ACCD Adjustments | (100,000) | - | - | - | | - | - | | | |
| (l) VCGI | - | | - | - | | - | - | | | |
| (m) VTRANS | 770,000 | 3,977,000 | 3,977,000 | 3,977,000 | | 4,317,498 | 4,317,498 | | | |
| (n) VTRANS Adjustments | (117,485) | 650,715 | 2,175,150 | 2,175,150 | | - | - | | | |
| (o) FPR | - | 50,000 | 600,000 | 600,000 | | 110,000 | 110,000 | | | |
| (p) AOA | 150,000 | 169,000 | 156,000 | 156,000 | | 25,000 | 25,000 | | | |
| (q) Subtotal Uses | 10,651,314 | 13,946,000 | 15,679,607 | 15,679,607 | | 20,013,038 | 20,013,038 | | - | - |
| (r) Revenue Surplus/Deficit | 2,326,184 | 6,211,108 | 7,217,923 | 13,056,445 | | 3,600,492 | 6,947,592 | | 25,928,630 | 25,492,630 |
| Transfers (To)/From | | | | | | | | | | |
| (t) Transfer (to) Agriculture CWF | (3,255,000) | (3,408,000) | (4,521,393) | (4,521,393) | | (5,816,111) | (5,816,111) | | | |
| (u) AAFM Adjustment | - | - | (1,442,457) | (1,442,457) | | - | - | | | |
| (v) Transfer (to) Lakes in Crisis Fund | (50,000) | (50,000) | (50,000) | (50,000) | | (50,000) | (50,000) | | | |
| (w) Transfer (to)/From Contingency Reserve | 450,000 | - | - | - | | - | - | | - | - |
| (x) Subtotal Transfers | (2,855,000) | (3,458,000) | (6,013,850) | (6,013,850) | | (5,866,111) | (5,866,111) | | - | - |
| (y) Current Year Unallocated/Unreserved | (528,816) | 2,753,108 | 1,204,073 | 7,042,595 | | (2,265,619) | 1,081,481 | | 25,928,630 | 25,492,630 |
| Reserve | | | | | | | | | | |
| (z) Contingency Reserve | 500,000 | 500,000 | 500,000 | 500,000 | | 500,000 | 500,000 | | 500,000 | 500,000 |
| Available Funds | | | | | | | | | | |
| (aa) Prior Year Balance Unreserved/Unallocated | 1,571,273 | 1,042,457 | 3,795,565 | 3,795,565 | | 4,999,638 | 10,838,160 | | 11,919,641 | 20,954,292 |
| (bb) Current Year Unallocated/Unreserved | (528,816) | 2,753,108 | 1,204,073 | 7,042,595 | | (2,265,619) | 1,081,481 | | 25,928,630 | 25,492,630 |
| (cc) Summary of Unallocated/Unreserved | 1,042,457 | 3,795,565 | 4,999,638 | 10,838,160 | | 2,734,019 | 11,919,641 | | 37,848,271 | 46,446,922 |

CLEAN WATER BOARD
Proposed State Fiscal Year (SFY) 2024 Clean Water Budget (10/17/2022)

| No. | Agency | Activity | SFY24 BASE FUNDS | | | SFY24 ONE-TIME FUNDS | | | Total SFY24 |
|---|--|--|-----------------------|-------------------|---------------------|---------------------------|-----------------------------------|-------------------------|-------------------|
| | | | Base Clean Water Fund | Base Capital Bill | Subtotal Base Funds | One-Time Clean Water Fund | American Rescue Plan Act (ARPA)** | Subtotal One-Time Funds | |
| Clean Water Budget Statutory Priority Tier 1 (Items of Equal Priority) | | | | | | | | | |
| 1.1 | ANR-DEC (CWIP) | Water Quality Restoration Formula Grants to Clean Water Service Providers & O&M | 7,210,000 | | 7,210,000 | 1,150,000 | | 1,150,000 | 8,360,000 |
| 1.2 | ANR-DEC (CWIP) | Basin Planning, Basin Water Quality Council Participation, Education, and Outreach | 650,000 | | 650,000 | | | - | 650,000 |
| 1.3 | <i>Water Quality Enhancement Grants</i> | | | | | | | | |
| 1.31 | ANR-DEC (CWIP) | Statewide Non-regulatory Clean Water Projects | 5,000,000 | | 5,000,000 | | | - | 5,000,000 |
| 1.32 | VHCB | Land Conservation and Water Quality Projects | | 2,000,000 | 2,000,000 | | | - | 2,000,000 |
| 1.4 | AAFM | Water Quality Grants to Partners and Farmers | 5,818,630 | 2,202,019 | 8,020,649 | | 3,000,000 | 3,000,000 | 11,020,649 |
| 1.5 | <i>Agency and Partner Operating Support</i> | | | | | | | | |
| 1.51 | AAFM | Program Support | 866,250 | | 866,250 | | | - | 866,250 |
| 1.52 | ANR-DEC (CWIP) | Program and Partner Support | 953,750 | | 953,750 | 401,250 | | 401,250 | 1,355,000 |
| Tier 1 SUBTOTAL | | | 20,498,630 | 4,202,019 | 24,700,649 | 1,551,250 | 3,000,000 | 4,551,250 | 29,251,899 |
| Tier 1 % of Total | | | 80% | 42% | 69% | | | | 60% |
| Clean Water Budget Statutory Priority Tier 2 (Items of Equal Priority) | | | | | | | | | |
| 2.1 | <i>Outreach and Implementation of Forestry Acceptable Management Practices for Maintaining Water Quality</i> | | | | | | | | |
| 2.11 | ANR-FPR | Forestry Water Quality Practices and Portable Skidder Bridges | 110,000 | | 110,000 | | | - | 110,000 |
| 2.12 | ANR-FPR | Implement BMPs at State Forests, Parks, and Recreational Access Roads | | 550,000 | 550,000 | | | - | 550,000 |
| 2.2 | <i>Municipal Stormwater Implementation</i> | | | | | | | | |
| 2.21 | VTrans | Municipal Roads Grants-in-Aid (MRGP) | 3,000,000 | | 3,000,000 | | | - | 3,000,000 |
| 2.22 | VTrans | Municipal Better Roads (MRGP) | 1,000,000 | | 1,000,000 | | | - | 1,000,000 |
| 2.23 | VTrans | Missisquoi Bay Federal Earmark (Non-Federal Match)* | | - | 1,000,000 | | 1,000,000 | 1,000,000 | |
| 2.24 | ANR-DEC (CWIP) | Municipal Three-Acre General Permit and MS4 | 1,000,000 | | 1,000,000 | | 7,000,000 | 7,000,000 | 8,000,000 |
| 2.3 | VHCB | Water Quality Farm Improvement and Retirement Projects | | 800,000 | 800,000 | | | - | 800,000 |
| 2.4 | ANR-DEC (CWIP) | Innovative or Alternative Technologies or Practices to Improve Water Quality | | | - | 200,000 | | 200,000 | 200,000 |
| Tier 2 SUBTOTAL | | | 5,110,000 | 1,350,000 | 6,460,000 | 1,200,000 | 7,000,000 | 8,200,000 | 14,660,000 |
| Tier 2 % of Total | | | 20% | 14% | 18% | | | | 30% |
| Clean Water Budget Statutory Priority Tier 3 | | | | | | | | | |
| 3.1 | ANR-DEC (WIFP) | Developed Lands Implementation Grants | | | | | | | |
| Tier 3 SUBTOTAL | | | | | - | | | | - |
| Tier 3 % of Total | | | 0% | 0% | 0% | | | | 0% |
| Clean Water Budget Other Priorities | | | | | | | | | |
| 4.1 | ANR-DEC (Lakes) | Lakes in Crisis Fund | 120,000 | | 120,000 | | | - | 120,000 |
| 4.2 | AoA | Stormwater Utility Payments (\$25K each) | | - | 100,000 | | 100,000 | 100,000 | 100,000 |
| 4.3 | ACCD | Better Connections and Downtown Transportation Fund | | - | | | | - | - |
| 4.4 | ANR-DEC (WIFP) | Capital Bill Priorities | | | | | | | |
| 4.4 | ANR-DEC (WIFP) | State Match to Clean Water State Revolving Fund (CWSRF) Federal Grant*** | 1,147,981 | | 1,147,981 | | | - | 1,147,981 |
| 4.5 | ANR-DEC (WIFP) | Municipal Pollution Control Grants | | 3,300,000 | 3,300,000 | | | - | 3,300,000 |
| Other SUBTOTAL | | | 120,000 | 4,447,981 | 4,567,981 | 100,000 | - | 100,000 | 4,667,981 |
| Other % of Total | | | 0.5% | 44% | 13% | | | | 10% |
| Subtotal Requested for Appropriation/Allocation | | | 25,728,630 | 10,000,000 | 35,728,630 | 2,851,250 | 10,000,000 | 12,851,250 | 48,579,880 |
| Subtotal Requested for Expenditure Contingency & Risk Reserve* | | | | | | 2,000,000 | | 2,000,000 | 2,000,000 |
| Total Requested | | | 25,728,630 | 10,000,000 | 35,728,630 | 4,851,250 | 10,000,000 | 14,851,250 | 50,579,880 |
| Anticipated SFY24 Clean Water Fund Revenue/Capital Bill & ARPA Budget Target | | | | | | | | | |
| Actual Unallocated/Unreserved Clean Water Fund Revenue at SFY22 Closeout | | | 25,928,630 | 10,000,000 | 35,928,630 | | 10,000,000 | | 45,928,630 |
| Total Available | | | 25,928,630 | 10,000,000 | 35,928,630 | 10,838,160 | 10,000,000 | 20,838,160 | 56,766,90 |
| Balance=Total Available-Total Requested**** | | | 200,000 | - | 200,000 | 5,986,910 | - | 5,986,910 | 6,186,910 |

Proposed SFY 2024 Clean Water Budget by Agency

| Agency | Base Clean Water Fund | Base Capital Bill | Subtotal Base Funds | One-Time Clean Water Fund | American Rescue Plan Act (ARPA)** | Subtotal One-Time Funds | Total SFY24 | | |
|---|---|-------------------|---------------------|---------------------------|-----------------------------------|-------------------------|-------------------|-------------------|-------------------|
| Proposed SFY24 | AAFM | 6,684,880 | 2,202,019 | 8,886,899 | - | 3,000,000 | 3,000,000 | 11,886,899 | |
| | ACCD | - | - | - | - | - | - | | |
| | ANR (DEC) | 14,933,750 | 4,447,981 | 19,381,731 | 1,751,250 | 7,000,000 | 8,751,250 | 28,132,981 | |
| | ANR (FPR) | 110,000 | 550,000 | 660,000 | - | - | - | 660,000 | |
| | AoA | - | - | - | 100,000 | - | 100,000 | 100,000 | |
| | VHCB | - | 2,800,000 | 2,800,000 | - | - | - | 2,800,000 | |
| | VTrans | 4,000,000 | - | 4,000,000 | 1,000,000 | - | 1,000,000 | 5,000,000 | |
| Expenditure Contingency & Risk Reserve | | | - | - | 2,000,000 | - | 2,000,000 | 2,000,000 | |
| Total SFY24 Requested | | | 25,728,630 | 10,000,000 | 35,728,630 | 4,851,250 | 10,000,000 | 14,851,250 | 50,579,880 |
| Projected SFY25 | Anticipated SFY25 Clean Water Fund Revenue/Capital Bill Target | | 25,492,630 | 12,000,000 | 37,492,630 | - | - | 37,492,630 | |
| | Actual Unallocated/Unreserved Clean Water Fund Revenue at SFY22 Closeout Proposed to Program in SFY25 | | | | - | 5,986,910 | 5,986,910 | 5,986,910 | |
| Total Projected/Proposed SFY25 | | | 25,492,630 | 12,000,000 | 37,492,630 | 5,986,910 | - | 5,986,910 | 43,479,540 |

* Denotes new budget activity line item in SFY 2024

** ARPA-funded activities will be reviewed against addenda recently issued by Agency of Administration to bulletins governing state grants and contracts addressing ARPA-specific requirements and ARPA guidance from U.S. Treasury.

***Additional capital investment needed to leverage federal infrastructure investment beyond SFY 2024 Clean Water Budget:

Bipartisan Infrastructure Law (BIL) Clean Water State Revolving Fund (CWSRF) state match: \$1,015,164

Supplemental Municipal Pollution Control Grants need: \$16.7 million

**** Balance=Total Available-Total Requested. Reflects (a) one-time pause on Line 4.3 base funds and (b) remaining unallocated/unreserved revenue at SFY22 closeout proposed to program in SFY25 as "one-time" funds.

Clean Water Board State Fiscal Year 2024 Clean Water Budget Overview

Introduction and Background

Clean Water Budget Process

Vermont's clean water funding helps municipalities, farmers, and others implement projects that will reduce pollution washing into Vermont's waters. The Clean Water Board recommends the annual Clean Water Budget, with representation from five state agency secretaries and four members of the public appointed by the Governor.

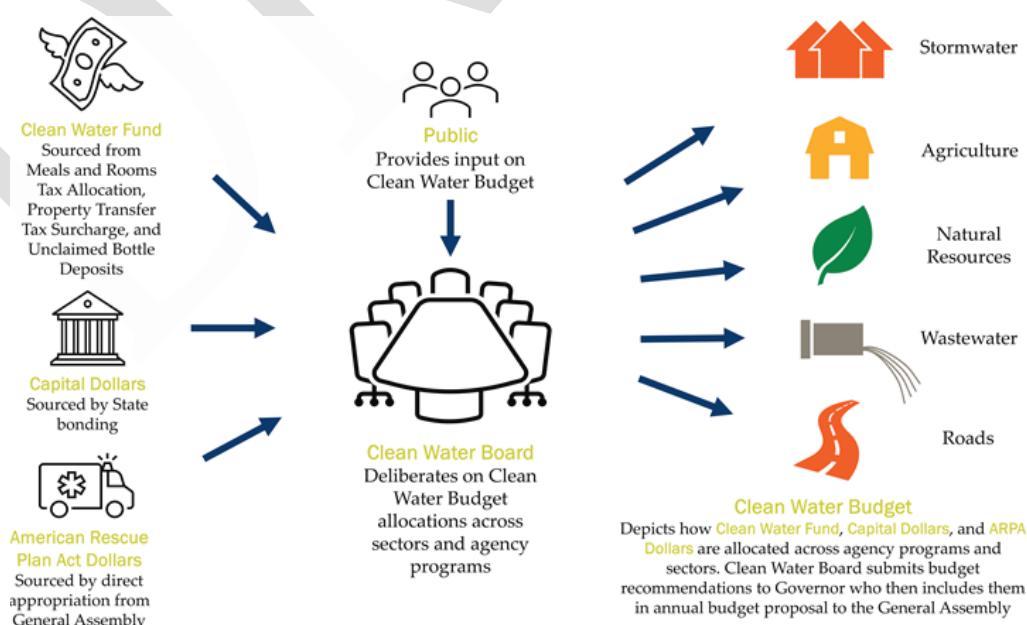
Vermont's Clean Water Board invites the public to weigh in, annually, on how they would like to see clean water funding put to use to clean up water pollution across the state, as summarized in the figure below. Public input helps the Board prioritize funding for projects that improve water quality in Vermont's lakes, streams, and wetlands. The State Fiscal Year 2024 Clean Water Budget process is summarized in the figure to the right.

Visit the Clean Water Board webpage for more information on how to participate at:

<https://dec.vermont.gov/water-investment/cwi/board/>.

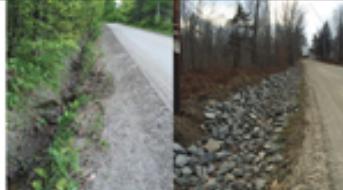


*Clean Water Board Meeting



Clean Water Projects Apply Across all Land Uses

The Clean Water Budget supports efforts to reduce pollution across all land use sectors—all land use sectors contribute to Vermont’s water quality challenges and all sectors have opportunities for improvement. Below is a description of the land uses that impact clean water, the types of projects that this budget supports, and the additional benefits of supporting clean water projects for that land use.

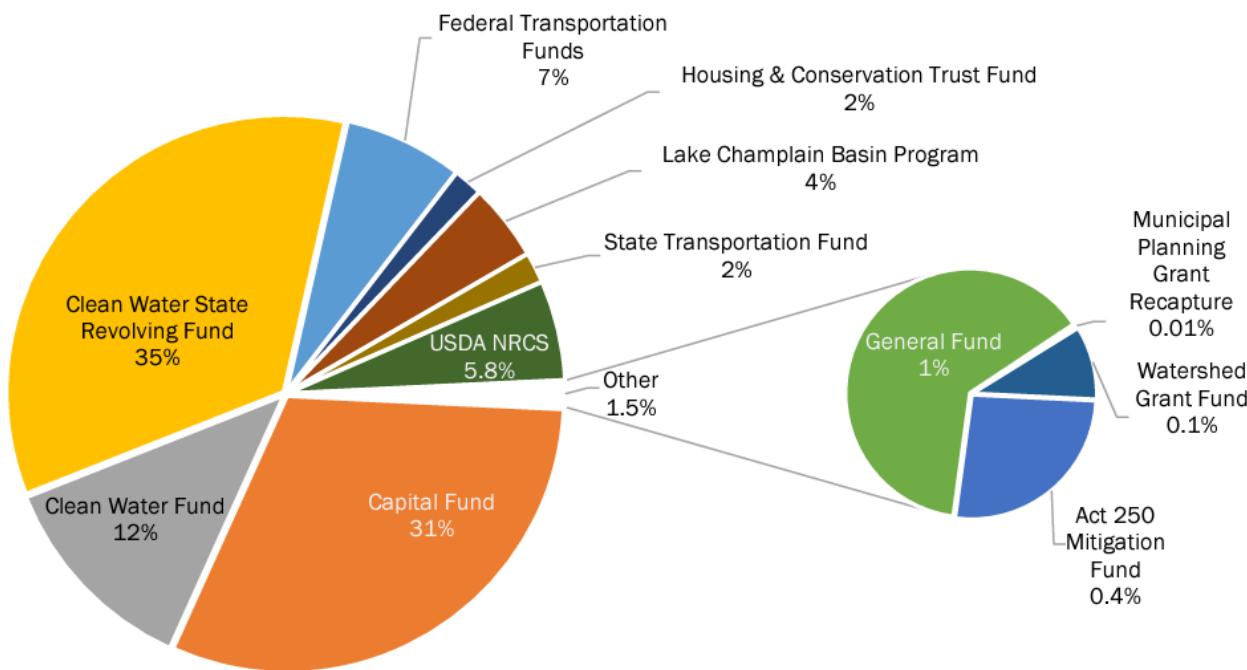
| Land Use | Clean Water Project Objectives and Example Project Images | Additional Benefits | |
|---|---|--|--|
|  AGRICULTURE | <p>Addresses runoff and soil erosion from farm production areas and farm fields</p> |  | <ul style="list-style-type: none"> Supports Clean Water Act compliance More cost-effective Leverages federal funds Supports agricultural economy |
|  DEVELOPED LANDS | <p>Addresses stormwater runoff from developed lands, such as parking lots, sidewalks, and rooftops</p> |  | <ul style="list-style-type: none"> Supports Clean Water Act compliance Increases flood resilience May enhance aesthetic appeal |
|  NATURAL RESOURCES | <p>Restores functions of “natural infrastructure”—river channels, floodplains, lakeshores, and wetlands</p> |  | <ul style="list-style-type: none"> Supports Clean Water Act compliance More cost-effective Increases flood resilience Improves habitat Enhances recreation |
|  ROADS | <p>Addresses stormwater runoff from roads</p> |  | <ul style="list-style-type: none"> Supports Clean Water Act compliance More cost-effective Increases flood resilience Leverages federal funds Reduces future road maintenance costs |
|  WASTEWATER | <p>Decreases nutrients (phosphorus and nitrogen) through enhanced wastewater treatment and addresses aging infrastructure</p> |  | <ul style="list-style-type: none"> Protects public health and safety Supports Clean Water Act compliance Leverages federal funds |

The Clean Water Budget Complements Several Funding Sources

The Clean Water Budget is not the only source of support for clean water projects. The following image, from the *Vermont Clean Water Initiative 2021 Performance Report*, shows how from 2016 through 2021 the Clean Water Budget (Capital Bill and Clean Water Fund dollars) accounted for less than half of all state-administered funds contributing to improving Vermont’s water quality. These funds complement and leverage other funding sources to support clean water efforts statewide.

Visit the [Clean Water Projects webpage](#) to view the latest [Vermont Clean Water Initiative Annual Performance Report](#) and access the [Clean Water Portal](#) to learn more about investments in and results of state-funded clean water projects, at: <https://dec.vermont.gov/water-investment/cwi/projects>.

Investments by Funding Source



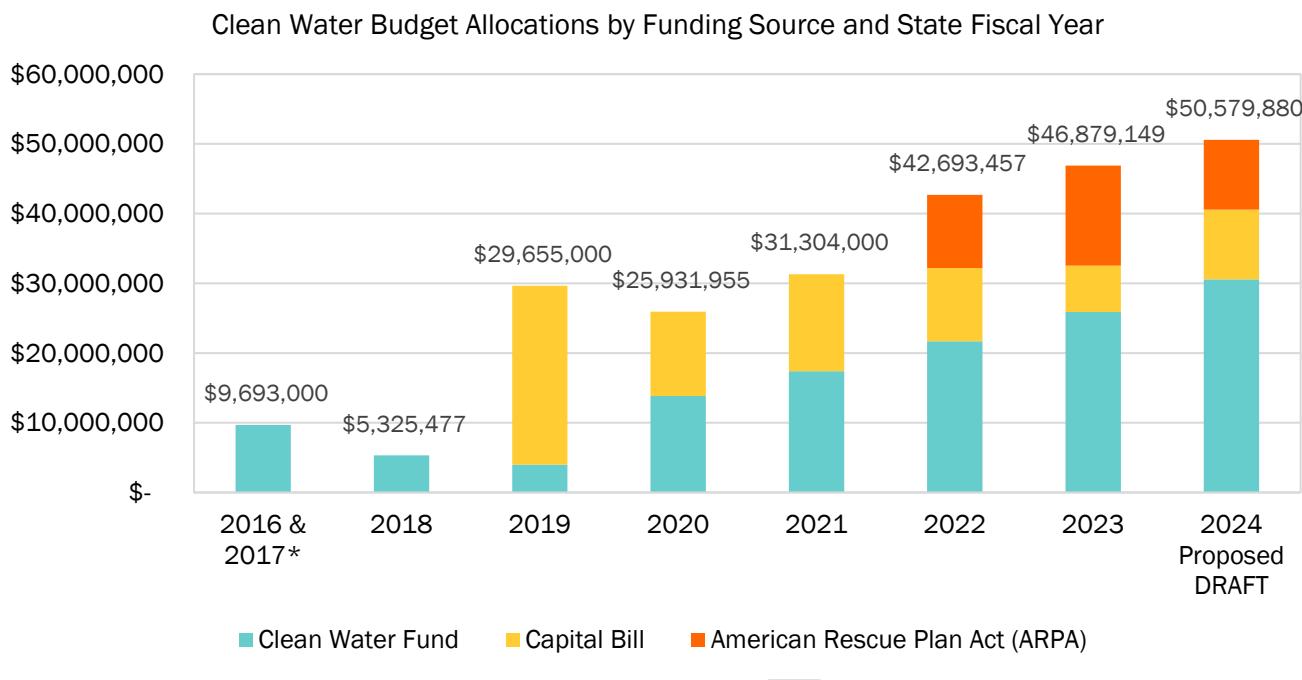
SFY 2016-2021 Total: \$257,069,304

The figure above shows the proportion of dollars awarded to clean water projects through State of Vermont agencies from State Fiscal Year 2016 through 2021 by funding or financing source (from Figure 10, page 16 of the *Vermont Clean Water Initiative 2021 Performance Report*).¹

Clean Water Budget Growth Over Time

The following figure below shows the ramping up of the Clean Water Budget, recommended by the Clean Water Board, since its inception in State Fiscal Year (SFY) 2016, to align with long term clean water funding needs. The State Fiscal Year (SFY) 2024 Clean Water Budget is estimated to be roughly \$50.6 million. This represents an increase compared to prior year budget levels, in part due to leveraging of federal American Rescue Plan Act (ARPA) dollars beginning in SFY 2022, and in part due to increase in Clean Water Fund revenue.

¹ Investments reported include state and federal dollars awarded to projects by state agencies, but exclude federal funds awarded directly by federal agencies and the Lake Champlain Basin Program.



*Note that SFY 2016 and 2017 funds were programmed together.

State Fiscal Year 2024 Clean Water Budget Overview

This State Fiscal Year 2024 Clean Water Budget Overview contains the following information:

- SFY 2024 Clean Water Budget total targets by funding source;
- The proposed SFY 2024 Clean Water Budget sheet;
- Summary of budget drafting approach for State Fiscal Year 2024; and
- Proposed SFY 2024 Clean Water Budget line-item descriptions of each budget program/activity.

Please visit the [Clean Water Board's webpage](#) where additional educational materials will be posted at the launch of the SFY 2024 Clean Water Budget public comment period, including contents of this document displayed in a Story Map format and the recording and slides of the SFY 2024 Clean Water Budget presentation by agency staff.

State Fiscal Year (SFY) 2024 Clean Water Budget Totals by Funding Source

The State Fiscal Year (SFY) 2024 Clean Water Budget totals approximately \$50.6 million, made up of roughly \$25.7 million in forecasted SFY 2024 Clean Water Fund revenue, \$4.9 million in “one-time” surplus prior year Clean Water Fund revenue, \$10 million from the clean water section of the Capital Bill, and the final year of \$10 million in federal American Rescue Plan Act (ARPA) dollars. The proposed SFY 2024 Clean Water Budget sheet on Page 6 shows the proposed allocation of funds across programs/activities and funding sources.

$$\$25.7 + \$4.9 + \$10 + \$10 = \$50.6$$

| MILLION | MILLION | MILLION | MILLION | MILLION |
|---|---|--|---|--|
| Estimated SFY 2024 Clean Water Fund revenue from Meals and Rooms Tax, Property Transfer Tax Surcharge, and Unclaimed Bottle Deposits. | “One-time” funds from prior year Clean Water Fund surplus revenue proposed to be programmed in SFY 2024 Clean Water Budget. | Estimated SFY 2024 funds from the clean water section of the Capital Bill. | Final year of federal American Rescue Plan Act (ARPA) dollars appropriated to the Clean Water Budget. | Estimated State Fiscal Year 2024 Clean Water Budget. |

Clean Water Board's Proposed SFY 2024 Clean Water Budget Recommendation

| No. | Agency | Activity | SFY24 BASE FUNDS | | | SFY24 ONE-TIME FUNDS | | | Total SFY24 | |
|---|--|--|-----------------------|-------------------|---------------------|---------------------------|-----------------------------------|-------------------------|-------------------|-------------------|
| | | | Base Clean Water Fund | Base Capital Bill | Subtotal Base Funds | One-Time Clean Water Fund | American Rescue Plan Act (ARPA)** | Subtotal One-Time Funds | | |
| Clean Water Budget Statutory Priority Tier 1 (Items of Equal Priority) | | | | | | | | | | |
| 1.1 | ANR-DEC (CWIP) | Water Quality Restoration Formula Grants to Clean Water Service Providers & OEM | 7,210,000 | - | 7,210,000 | 1,150,000 | - | 1,150,000 | 8,360,000 | |
| 1.2 | ANR-DEC (CWIP) | Basin Planning, Basin Water Quality Council Participation, Education, and Outreach | 650,000 | - | 650,000 | - | - | - | 650,000 | |
| 1.3 | Water Quality Enhancement Grants | | - | - | - | - | - | - | - | |
| 1.31 | ANR-DEC (CWIP) | Statewide Non-regulatory Clean Water Projects | 5,000,000 | - | 5,000,000 | - | - | - | 5,000,000 | |
| 1.32 | VHCB | Land Conservation and Water Quality Projects | - | 2,000,000 | 2,000,000 | - | - | - | 2,000,000 | |
| 1.4 | AAFM | Water Quality Grants to Partners and Farmers | 5,818,630 | 2,202,019 | 8,020,649 | - | 3,000,000 | 3,000,000 | 11,020,649 | |
| 1.5 | Agency and Partner Operating Support | | - | - | - | - | - | - | - | |
| 1.51 | AAFM | Program Support | 866,250 | - | 866,250 | - | - | - | 866,250 | |
| 1.52 | ANR-DEC (CWIP) | Program and Partner Support | 953,750 | - | 953,750 | 401,250 | - | 401,250 | 1,355,000 | |
| Tier 1 SUBTOTAL | | | 20,496,630 | 4,202,019 | 24,700,649 | 1,551,250 | 3,000,000 | 4,551,250 | 29,251,899 | |
| Tier 1 % of Total | | | 80% | 42% | 60% | | | | 60% | |
| Clean Water Budget Statutory Priority Tier 2 (Items of Equal Priority) | | | | | | | | | | |
| 2.1 | Outreach and Implementation of Forestry Acceptable Management Practices for Maintaining Water Quality | | | - | - | - | - | - | - | |
| 2.11 | ANR-FRR | Forestry Water Quality Practices and Portable Skidder Bridges | 110,000 | - | 110,000 | - | - | - | 110,000 | |
| 2.12 | ANR-FRR | Implement BMPs at State Forests, Parks, and Recreational Access Roads | - | 550,000 | 550,000 | - | - | - | 550,000 | |
| 2.2 | Municipal Stormwater Implementation | | - | - | - | - | - | - | - | |
| 2.21 | VTrans | Municipal Roads Grants-in-Aid (MRGP) | 3,000,000 | - | 3,000,000 | - | - | - | 3,000,000 | |
| 2.22 | VTrans | Municipal Better Roads (MRGP) | 1,000,000 | - | 1,000,000 | - | - | - | 1,000,000 | |
| 2.23 | VTrans | Misquash Bay Federal Earmark (Non-Federal Match)* | - | - | - | 1,000,000 | - | 1,000,000 | 1,000,000 | |
| 2.24 | ANR-DEC (CWIP) | Municipal Three-Acre General Permit and MS4 | 1,000,000 | - | 1,000,000 | - | 7,000,000 | 7,000,000 | 8,000,000 | |
| 2.3 | VHCB | Water Quality Farm Improvement and Retirement Projects | - | 800,000 | 800,000 | - | - | - | 800,000 | |
| 2.4 | ANR-DEC (CWIP) | Innovative or Alternative Technologies or Practices to Improve Water Quality | - | - | - | 200,000 | - | 200,000 | 200,000 | |
| Tier 2 SUBTOTAL | | | 5,110,000 | 1,350,000 | 6,460,000 | 1,200,000 | 7,000,000 | 8,200,000 | 14,660,000 | |
| Tier 2 % of Total | | | 20% | 14% | 16% | | | | 30% | |
| Clean Water Budget Statutory Priority Tier 3 | | | | | | | | | | |
| 3.1 | ANR-DEC (WIFP) | Developed Lands Implementation Grants | - | - | - | - | - | - | - | |
| Tier 3 SUBTOTAL | | | | | | | | | | |
| Tier 3 % of Total | | | 0% | 0% | 0% | | | | 0% | |
| Clean Water Budget Other Priorities | | | | | | | | | | |
| 4.1 | ANR-DEC (Lakes) | Lakes in Crisis Fund | 120,000 | - | 120,000 | - | - | - | 120,000 | |
| 4.2 | AAgA | Stormwater Utility Payments (\$29K each) | - | - | - | 100,000 | - | 100,000 | 100,000 | |
| 4.3 | ACCD | Better Connections and Downtown Transportation Fund | - | - | - | - | - | - | - | |
| 4.4 | ANR-DEC (WIFP) | State Match to Clean Water State Revolving Fund (CWSRF) Federal Grant*** | - | 1,147,981 | 1,147,981 | - | - | - | 1,147,981 | |
| 4.5 | ANR-DEC (WIFP) | Municipal Pollution Control Grants | - | 3,300,000 | 3,300,000 | - | - | - | 3,300,000 | |
| Other SUBTOTAL | | | 120,000 | 4,447,981 | 4,567,981 | 100,000 | - | 100,000 | 4,667,981 | |
| Other % of Total | | | 0.5% | 44% | 13% | | | | 10% | |
| | Subtotal Requested for Appropriation/Allocation | | | 25,726,630 | 10,000,000 | 35,726,630 | 4,851,250 | 10,000,000 | 12,851,250 | 48,579,880 |
| | Subtotal Requested for Expenditure Contingency & Risk Reserve* | | | - | - | - | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| | Total Requested | | | 25,726,630 | 10,000,000 | 35,726,630 | 4,851,250 | 10,000,000 | 14,851,250 | 50,579,880 |
| | Anticipated SFY24 Clean Water Fund Revenue/Capital Bill Target | | | 25,928,630 | 10,000,000 | 35,928,630 | - | 10,000,000 | - | 45,928,630 |
| | Actual Unallocated/Unreserved Clean Water Fund Revenue at SFY22 Closeout | | | - | - | - | 10,838,160 | - | 10,838,160 | - |
| | Total Available | | | 25,928,630 | 10,000,000 | 35,928,630 | 10,838,160 | 10,000,000 | 20,838,160 | 56,766,790 |
| | Balance=Total Available-Total Requested**** | | | 200,000 | - | 200,000 | 5,986,910 | - | 5,986,910 | 6,186,910 |

| Proposed SFY 2024 Clean Water Budget by Agency | | | | | | | | | |
|--|---|-------------------|---------------------|---------------------------|-----------------------------------|-------------------------|-------------------|-------------------|------------|
| Agency | Base Clean Water Fund | Base Capital Bill | Subtotal Base Funds | One-Time Clean Water Fund | American Rescue Plan Act (ARPA)** | Subtotal One-Time Funds | Total SFY24 | | |
| Proposed SFY24 | AAFM | 6,684,880 | 2,202,019 | 8,886,899 | - | 3,000,000 | 3,000,000 | 11,886,899 | |
| | ACCD | - | - | - | - | - | - | - | |
| | ANR (DEC) | 14,933,750 | 4,447,981 | 19,381,731 | 1,751,250 | 7,000,000 | 8,751,250 | 28,132,981 | |
| | ANR (FRR) | 110,000 | 550,000 | 660,000 | - | - | - | 660,000 | |
| | AgA | - | - | - | 100,000 | - | 100,000 | - | |
| | VHCB | - | 2,800,000 | 2,800,000 | - | - | - | 2,800,000 | |
| Projected SFY25 | VTrans | 4,000,000 | - | 4,000,000 | 1,000,000 | - | 1,000,000 | 5,000,000 | |
| | Expenditure Contingency & Risk Reserve | | - | - | 2,000,000 | - | 2,000,000 | 2,000,000 | |
| | Total SFY24 Requested | 25,726,630 | 10,000,000 | 35,726,630 | 4,851,250 | 10,000,000 | 14,851,250 | 50,579,880 | |
| | Anticipated SFY25 Clean Water Fund Revenue/Capital Bill Target | | | 25,492,630 | 12,000,000 | 37,492,630 | - | - | 37,492,630 |
| | Actual Unallocated/Unreserved Clean Water Fund Revenue at SFY22 Closeout Proposed to Program in SFY25 | | | - | - | 5,986,910 | 5,986,910 | 5,986,910 | 5,986,910 |
| | Total Projected/Proposed SFY25 | 25,492,630 | 12,000,000 | 37,492,630 | 5,986,910 | - | 5,986,910 | 43,479,540 | |

* Denotes new budget activity line item in SFY 2024

** ARPA-funded activities will be reviewed against addenda recently issued by Agency of Administration to bulletins governing state grants and contracts addressing ARPA-specific requirements and ARPA guidance from U.S. Treasury

***Additional capital investment needed to leverage federal infrastructure investment beyond SFY 2024 Clean Water Budget

Bipartisan Infrastructure Law (BIL) Clean Water State Revolving Fund (CWSRF) state match: \$1,015,164

Supplemental Municipal Pollution Control Grants need: \$16.7 million

**** Balance=Total Available-Total Requested. Reflects (a) one-time pause on Line 4.3 base funds and (b) remaining unallocated/unreserved revenue at SFY22 closeout proposed to program in SFY25 as "one-time" funds.

Summary of State Fiscal Year 2024 Budget Drafting Approach

The SFY 2024 Clean Water Budget was developed with the following considerations.

1. Initial budget targets (i.e., total amounts by funding source) were pulled from the following sources.
 - a. SFY 2024 Clean Water Fund revenue projection was pulled from the August 2022 Clean Water Fund Operating Statement, which projects \$25,928,630 in revenue.
 - b. SFY 2024 Capital Bill appropriation was proposed at \$10,000,000, which is on the lower range of the \$10-12 million range per year target, factoring availability of American Rescue Plan Act (ARPA) dollars.
2. Base SFY 2024 funding allocations were proposed per line item based on ongoing Clean Water Fund revenue projections and Capital Bill allocations.
 - a. Base funding levels were allocated with the goal of maintaining funding program stability, in-pace with long-term program growth/demands, where feasible, without relying on short-term influxes of revenue or federal dollars.
 - b. Base funding levels are also critical to maintain the non-federal match necessary to leverage ongoing/core federal dollars. This includes the Department of Environmental Conservation's (DEC) match to the Lake Champlain Basin Program and the Clean Water State Revolving Loan Fund (CWSRF) federal grants and significant contribution to the U.S. Department of Agriculture-Natural Resources Conservation Service (USDA-NRCS) Regional Conservation Partnership Program (RCPP). This also includes Agency of Agriculture, Food and Market's (AAFM) match required to leverage USDA-NRCS federal funds.
3. Base SFY 2024 funding amounts were then parsed out by Clean Water Fund and Capital Bill sources using the following strategic approaches:
 - a. Maximize use of Capital Bill dollars for capital-eligible activities (generally, design/engineering and construction for projects with minimum 10-year lifespan) and reserve Clean Water Fund dollars to support non-capital eligible activities (such as project identification and development efforts);
 - b. Limit Capital Bill dollars to as few line items as possible for administrative purposes; and
 - c. Reserve Clean Water Fund dollars for Clean Water Fund statutory priorities ([10 V.S.A. § 1389](#)).
4. Short-term influxes of revenue and federal funds were pulled from the following sources. Short-term influxes in funds are advised to be allocated as “one-time” funds. This approach is intended

to avoid scaling-up ongoing/long-term programs at an unsustainable rate that would later need to be contracted.

- a. SFY 2024 ARPA appropriation from the Legislature for allocation by the Clean Water Board is \$10 million. SFY 2024 is the last year of ARPA appropriations into the Clean Water Budget. As such, ARPA funds were effectively considered one-time funds in the SFY 2024 Clean Water Budget.
- b. Clean Water Fund revenue, to be allocated as one-time funds, was pulled from the August 2022 Clean Water Fund Operating Statement's unallocated/unreserved total revenue at SFY 2022 closeout, totaling \$10,838,160. This unallocated/unreserved revenue is mainly due to a notable increase in SFY 2022 actual revenue compared to forecasted revenue, likely a result of pent-up demand following the COVID-19 Pandemic.
 - i. The August 2022 Operating Statement forecasts SFY 2023 revenue may also exceed prior forecasts and amounts appropriated in the SFY 2023 Clean Water Budget, which may result in additional unallocated/unreserved balances. However, it is not advised to allocate current fiscal year unallocated/unreserved balances, as there is still uncertainty in how revenue may track in the current fiscal year (July 1, 2022–June 30, 2023).
5. The SFY 2024 Clean Water Budget proposes allocating the \$10.8 million in unallocated/unreserved revenue, identified at SFY 2022 closeout, across two state fiscal years, SFY 2024 and SFY 2025. Spreading surplus revenue across two state fiscal years will help provide stability during the anticipated contraction of the Clean Water Budget, resulting from: (1) sunsetting of \$10 million per year in ARPA after SFY 2024 and (2) leveling and decrease of forecasted Clean Water Fund revenues in SFY 2024 and SFY 2025.
6. One-time funds were then allocated in separate columns from base funds in the proposed SFY 2024 Clean Water Budget, with the targeted goals to:
 - a. Provide stability during the anticipated contraction of the Clean Water Budget in the next two state fiscal years;
 - b. Fill discrete/short-term gaps, such as securing non-federal match to leverage short-term federal funding opportunities;
 - c. Fill gaps while programs are ramping up capacity to access Bipartisan Infrastructure Law (BIL) and Clean Water State Revolving Fund (CWSRF) federal funding/financing; and
 - d. Establish reserve funds and line items with an initial allocation that can be replenished on an as-needed basis. See budget drafting approach step #8 below for more information on reserve funds. See "Innovative or Alternative Technologies or Practices to Improve Water Quality" under Agency of Natural Resources's State Fiscal Year (SFY) 2024 Clean Water Budget Line-Item Descriptions for more information.

7. The funding prioritization approach, initially developed for State Fiscal Year 2023, was replicated in SFY 2024 with some modification, to meet the intent of the Clean Water Fund statutory priorities ([10 V.S.A. § 1389](#)). Roughly 60% of the total Clean Water Budget was allocated to Tier 1 initiatives, 30% to Tier 2 initiatives, and 10% to Tier 3 and “other” initiatives. The percent allocations change slightly based on funding source (Clean Water Fund, Capital Bill, and ARPA). For example, Clean Water Fund dollars were allocated in closest alignment with the statutory priorities, resulting in a breakdown of 80% of Clean Water Fund dollars allocated to Tier 1 initiatives, 20% to Tier 2 initiatives, and nearly 0% to Tier 3 and “other” initiatives. It should be noted that ARPA funds are only available SFY 2022-2024 and the breakdown of funds across budget priority tiers may need to be revisited in future years.
8. Finally, the SFY 2024 Clean Water Budget proposes an increase in funds allocated to the existing Contingency Reserve and a broadened scope of uses for the reserve funds, renaming it the “Expenditure Contingency and Risk Reserve.”
 - a. *Increase in Contingency Reserve Funds:* The existing [Clean Water Fund Expenditure Contingency Plan](#) sets up a cash reserve to guard the budget against downward swings in Clean Water Fund revenue. The Contingency Reserve was originally established at \$0.5 million (at the time, this represented 10% of the Clean Water Fund’s roughly \$5 million annual revenue). In acknowledgement that Clean Water Fund annual revenue has grown to roughly \$25 million, the SFY 2024 Clean Water Budget proposes to add \$2 million in “one-time” funds to increase total Contingency Reserve to \$2.5 million (10% of the Clean Water Fund’s roughly \$25 million annual revenue).
 - b. *Broadened scope of Contingency Reserve uses:* The SFY 2024 Clean Water Budget proposes to broaden the intent of the Reserve to also serve as a “risk reserve” pursuant to [Clean Water Service Provider Rule](#) §39-306 (n). Funds from the risk reserve *may* be allocated to mitigate non-regulatory clean water project loss/failure, due to unforeseen circumstances or Acts of God, to restore project contributions toward pollution reduction targets. An updated [Clean Water Fund Expenditure Contingency Plan](#) will be presented to the Clean Water Board for its review/approval at the February 2023 Clean Water Board meeting prior to any allocation of funds for project loss/failure purposes.

Dollars will remain in the Expenditure Contingency and Risk Reserve, unutilized, unless revenue shortfalls and/or project loss/failure triggers use of Reserve funds. In the event the Reserve is utilized, the Reserve balance will be replenished with revenue from the following state fiscal year.

State Fiscal Year (SFY) 2024 Clean Water Budget Line-Item Descriptions

Organized alphabetically by agency.

Agency of Administration (AoA)

Line 4.2: Stormwater Utility Payments

- This line item is no longer a statutory obligation and is not reflected as a tiered priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e).

The Clean Water Board has awarded monies to support the establishment and maintenance of stormwater utilities (up to \$25,000 per year per municipality for five years). There are currently six municipalities that have established stormwater utilities: Williston, Colchester, South Burlington, St. Albans City, St. Albans Town, and Burlington. All stormwater utilities except St. Albans City and St. Albans Town have received five years of incentive payments as of SFY 2023. Therefore, the SFY 2024 budget proposes to continue to support St. Albans City for a final year, as well as to provide funds to St. Albans Town for three years (St. Albans Town Stormwater Utility was established in SFY 2022 so should have received payments in SFY 2022-2024). These funds are appropriated through the Agency of Administration.

Agency of Agriculture, Food and Markets (AAFM)

Line 1.4: Water Quality Grants to Partners and Farmers

- This line item and all associated funding initiatives reflects a Tier 1 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(1)(C). This line item is funded with Clean Water Fund, Capital Bill, and one-time ARPA federal dollars in SFY 2024.

Capital and ARPA 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 and ARPA Funds for this line item.

- 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.
- Conservation Reserve Enhancement Program (CREP), 6 V.S.A. § 4829. The program funds 15 to 30-year term water quality agreements to install perennial grass or woody vegetation within buffers. This program receives a 4:1 federal to state program match.

- Grassed Waterway and Filter Strip (GWFS) Program, 6 V.S.A. § 44831. The 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.
- 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.
- 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.

Clean Water Funds: AAFM administers grants and contracts that are supported with non-capital Clean Water Funds under the following programs:

- Farm Agronomic Practices (FAP) Program, 6 V.S.A. § 4832. The FAP Program utilizes state funding to help Vermont farms implement soil-based agronomic practices that improve soil quality and 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 current state agricultural water quality regulations and the impacts of agricultural practices on water quality. Eligible practices include cover cropping, crop to hay rotation, crop to hay rotation with nurse crop, conservation tillage, no till pasture and hayland renovation, rotational grazing, manure injection, and educational or instructional activities.
- 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 (i.e., the Vermont Clean Water Act). Funding is awarded to a wide variety of partner organizations through various grant opportunities such as Education and Outreach, Technical Assistance, 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 local and regional organizations to provide farmers with education and outreach, technical assistance, identifying and implementing BMPs, conservation planning, and more.

- Agronomy and Conservation Assistance Program (ACAP). Support for the ACAP service agreements to continue delivering agronomic (field-based) technical support to farmers in the Lake Champlain Basin, in coordination with federal and state agencies.

Line 1.51: Program Support

- This line item is a statutory obligation and is reflected as a tiered priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(C). This line item funds operating activities that are foundational to supporting the structure and function of the Clean Water Fund and program obligations under Act 76 of 2019 and Act 64 of 2015.

This line item supports a portion of the Water Quality Program staff and operating costs from the Clean Water Fund. The necessary increase in staffing occurred as part of the Vermont Clean Water Act development process and allows the AAFM to meet the [Phosphorus Total Maximum Daily Loads for Vermont Segments of Lake Champlain](#) (i.e., Lake Champlain TMDLs) and statewide on farm inspection and technical assistance goals for achieving water quality improvements.

Agency of Commerce and Community Development (ACCD)

Line 4.3: Better Connections (Stormwater Planning) and Downtown Transportation Fund

- This line item is not a statutory obligation and is not reflected as a tiered priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e).

Better Connections is an award-winning interagency grant program (VTrans, ACCD, ANR, Vermont Department of Health) 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. 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. Due to availability of prior year leftover funds, the SFY 2024 Clean Water Budget proposes a temporary pause on funding for this line item, which will be re-evaluated in SFY 2025.

Agency of Natural Resources (ANR)

Line 1.1: Water Quality Restoration Formula Grants to Clean Water Service Providers & Operation and Maintenance (O&M)

- This line item reflects a Tier 1 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(1)(A) and (B).

The Secretary shall administer a Water Quality Restoration Formula Grant Program to award grants to Clean Water Service Providers (CWSPs) to meet the pollutant reduction requirements under 10 V.S.A. § 921-923. The grant amount shall be based on the annual pollutant reduction goal established

for the CWSP multiplied by the standard cost for pollutant reduction including the costs of administration and reporting. The standard cost shall include the costs of project identification, project design, and project construction. Additionally, in making recommendations regarding the appropriate allocation of funds from the Clean Water Fund, the Board is directed to prioritize grants to CWSPs to fund the reasonable costs associated with the inspection, verification, operation, and maintenance of clean water projects in a basin, to ensure installed practices continue to realize their phosphorus reduction potential for expected design life. Eligible non-regulatory clean water project types that can be funded under Formula Grants will be described in the ANR-DEC Clean Water Initiative Program's (CWIP) Funding Policy Guidance. This includes projects across a range of sectors including floodplain and stream restoration, buffer plantings, stormwater management improvements, wetlands restoration, and lake shoreline restoration. CWSPs and their Basin Water Quality Councils will be responsible for determining how Formula Grant allocations are awarded at the project-level, within their respective basins, using state-derived Guidance. Formula Grants will be administered by the ANR-DEC CWIP with technical project management assistance from the ANR-DEC Watershed Planning Program. For more information, [visit the DEC's Clean Water Service Delivery Act webpage](#).

The following summarizes how line-item funds are allocated across and within each program area.

- For State Fiscal Year 2024, the ANR-DEC CWIP proposes combining Water Quality Restoration Formula Grant funds with O&M funds in a single line item to allow for the flexibility to assign funds where they are most needed when SFY 2024 Formula Grant agreements are developed. The ANR-DEC CWIP will maintain the ability to track the expenditure of funds on project installation versus O&M.
- Water Quality Restoration Formula Grants are allocated based on the [Water Quality Restoration Formula Grant Targets and Fund Allocation Methodology, available here](#), with phosphorus reduction targets and budgets scaled down to available funds and partner capacity. The Methodology will be refined on an as needed basis. Total Formula Grant estimated need based on targets will be further refined in future budget cycles, pending results from additional planning and analytical tools, currently under development.
- Additional SFY 2024 “one-time” funds are allocated to Water Quality Restoration Formula Grants, in the amount of \$950,000 to increase the minimum Formula Grant award to \$700,000 for three smaller basins (Northern Lake Champlain, Lamoille, and Memphremagog). This is the threshold determined necessary to maintain full CWSP operations. This adjusted threshold results in the acceleration of phosphorus reduction target attainment for these three basins.
- The Water Quality Restoration Formula Grant budget line item contains \$210,000 in “base” funds for O&M with an additional contribution of \$200,000 in SFY 2024 “one-time” funds. ANR-DEC will continue to work with O&M partners to improve O&M cost predictions and establish quantitative budget targets in future years. O&M funding needs are expected to increase over time as more projects reach installation.

Line 1.2: Basin Planning, Basin Water Quality Council Participation, Education, and Outreach

- This line item reflects a Tier 1 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(1)(E).

This line item supports partners' participation and outreach throughout the Tactical Basin Planning process and Basin Water Quality Council participation, pursuant to 10 V.S.A. § 1253(d)(3). Funding shall be at least \$500,000. Eligible tactical basin planning activities are prescribed in 10 V.S.A. § 1253(d)(3). Funds are provided in the form of annual contracts to eligible basin planning partner entities defined in statute. Eligible tasks include assisting the tactical basin planning process through regional coordination, technical support and outreach, participation in Water Quality Restoration Formula Grants' Basin Water Quality Councils, water quality monitoring, and municipal bylaw updates identified as priorities in tactical basin plans. Basin planning contracts will be administered by the ANR-DEC CWIP with technical project management assistance from the ANR-DEC Watershed Planning Program.²

Line 1.31: Water Quality Enhancement Grants—Statewide Non-regulatory Clean Water Projects

- This line item reflects a Tier 1 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(1)(D) and is designed to meet the statutory intent of 10 V.S.A. § 926.

ANR-DEC CWIP's "Water Quality Enhancement Grants—Statewide Non-regulatory Clean Water Projects" line item, funded with Clean Water Funds, will fulfill the Water Quality Enhancement Grant Program established in statute to protect high quality waters, maintain or improve water quality, restore degraded or stressed waters, create resilient watersheds and communities, and support the public's use and enjoyment of the State's waters. These grants will be administered by the ANR-DEC CWIP with technical project management assistance from staff in the Watershed Planning Program and Watershed Management Division.

The ANR-DEC CWIP will achieve the statutory intent of the Water Quality Enhancement Grant Program through a series of sub-initiatives as outlined in the annual CWIP Spending Plan. For State Fiscal Year 2024 these sub-initiatives will likely include dam removal design and implementation; clean water project development, design, and implementation; riparian buffer plantings; river corridor easements; wetlands easement incentive payments; and assessments for clean water project

² Point of clarification for SFY 2023 Clean Water Budget: In SFY 2023 an additional \$50,000 were added, in response to public comment. The rationale for the increase was to fill a gap in compensation for the two municipal representatives and one land conservation organization representative on the Water Quality Restoration Formula Grants' Basin Water Quality Councils (BWQCs). However, this compensation gap is now covered under the Water Quality Restoration Formula Grants administrative costs based on feedback from Clean Water Service Providers that this approach would be less administratively burdensome. The \$50,000 increase was reallocated to meet other priority tactical basin planning statutory partners' capacity needs, consistent with the "Basin Planning, Basin Water Quality Council Participation, Education, and Outreach" eligible activities described above.

identification. Enhancement grants offered under this line item may vary in structure between grants or contracts depending on the scope of work. Some funds may be administered through a block grant structure. The intent is to support the full life cycle of projects from identification to development through implementation.

Since September 2021, the ANR-DEC CWIP has engaged with internal and external stakeholders to further define this grant program's scope and eligible project types to fulfill the statutory intent, while avoiding duplication/overlap with other Clean Water Budget line items.

The Water Quality Enhancement Grants must be at a funding level of at least 20 percent of the annual balance of the Clean Water Fund, provided that the maximum amount recommended shall not exceed \$ 5,000,000. The Clean Water Board's proposed SFY 2024 Clean Water Budget funds this grant category at the full \$5,000,000 maximum from the Clean Water Fund.

Line 1.52: Program and Partner Support

- This line item supports program and partner work that directly supports statutory obligations and Tier 1 priorities for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e).

Line item includes all initiatives under the ANR-DEC CWIP that are foundational to supporting the structure and function of the Clean Water Fund and program obligations under Act 76 of 2019 and Act 64 of 2015. Base Clean Water Fund budget levels reflect on-going needs. The SFY 2024 one-time Clean Water Funds are earmarked to boost short term investments in clean water partner capacity. The initiatives listed below are all pre-existing from either SFY 2022 or SFY 2023.

- Supports development of nutrient pollutant reduction target setting and project tracking and accounting, as well as other requirements associated with developing and implementing programs in Act 76 of 2019. Includes site hosting and data management tools that support river, floodplain, and wetland restoration project identification and prioritization, and estimate projects' phosphorus reductions.
- Supports unmet organizational capacity and training needs for partners to ensure a strong partnership network to deliver high quality and high priority clean water projects.
- Supports lab analytical and testing expenses to process water quality samples collected by partners as well as other collaborative, targeted water quality monitoring efforts.
- Supports ANR-DEC's program capacity to administer grants and contracts.
- Funds an entity to develop and implement a plan to provide education, outreach, and technical assistance to Wastewater Treatment Facility (WWTF) operators subject to major nutrient Total Maximum Daily Loads (TMDLs) (e.g., Long Island Sound Nitrogen TMDL and Lake Champlain Phosphorus TMDLs).

- Supports ANR-DEC match requirement to federal AmeriCorps grant by directly funding the time of Eco AmeriCorps members who are assigned to organizations that implement clean water projects.
- Supports co-leveraged capacity with partner organizations to assist ANR-DEC in providing technical assistance to project proponents on advancing and maintaining clean water projects.

Line 2.11: Forestry Water Quality Practices and Portable Skidder Bridges

- This line item reflects a Tier 2 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(2)(B).

This line item supports the Department of Forests, Parks and Recreation (FPR) in providing financial, technical, and educational assistance to support water quality best management practices (BMPs) on forestlands. This includes approximately \$60,000 to support FPR's personnel capacity to enhance implementation of Acceptable Management Practices (AMPs) for Maintaining Water Quality on Logging Jobs on private and public lands through direct assistance to service providers, foresters, and loggers. A portion of the funds (approximately \$50,000) are offered in 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 2.12: Implement Best Management Practices (BMPs) at State Forests, Parks, and Recreational Access Roads

- Funded from the Capital Bill, this line item reflects a Tier 2 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(2)(B).

This line item funds planning/design and implementation of road and trail BMPs to reduce erosion and nutrient and sediment pollution on ANR's road and trail networks, including State Forests, Wildlife Management Areas, State Parks, and recreational access points. Road and trail segments are identified and prioritized for BMP implementation using a modified Municipal Roads General Permit (MRGP) inventory methodology, a field application for data collection, and a companion database to gather and store data (inventory work is funded with prior year Clean Water Fund dollars). BMPs implemented under this line item bring whole road segments up to standards for water quality improvement, defined in the inventory methodology. In addition to benefiting water quality, these projects offer multiple benefits for improving public access to state lands. The slight decrease in this line item in SFY 2024 is reflective of prior year leftover funds, as FPR is building its capacity to efficiently deliver these projects (for context, this line item has received \$3.65 million total SFY 2021-2023 Clean Water Budgets). This line item contains funding (approximately \$150,000) for State Lands Foresters working directly on project planning/design and implementation.

Line 2.24: Municipal Three-Acre General Permit and MS4

- This line item reflects a Tier 2 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(2)(C). This line item is also funded with ARPA federal dollars in SFY 2024.

This is one of four programs proposed to support the Municipal Stormwater Implementation Grant initiative as outlined in 10 V.S.A. § 928. This line item includes two spending initiatives to be managed by the ANR-DEC CWIP to assist municipal entities in addressing regulatory obligations as follows:

- Municipal Separate Storm Sewer System (MS4) Permit Formula Grant: This Formula Grant program, to be designed and managed by the ANR-DEC CWIP, will assist MS4 communities with developing and implementing clean water projects to comply with MS4 permit obligations to implement Flow Restoration Plans and Phosphorus Control Plans. Eligible project types include those identified within MS4s' approved Flow Restoration Plans or Phosphorus Control Plans that meet the other eligibility requirements of the CWIP Funding Policy.
- Green Schools Initiative: This initiative includes passthrough funds to entities to assist public schools in Lake Champlain and Memphremagog basins in obtaining and complying with the Three-Acre General Permit (design, permitting, construction). Co-funded with Lake Champlain Basin Program federal funds administered by the ANR-DEC CWIP.

Line 2.4: Innovative or Alternative technologies or practices to improve water quality

- This line item reflects a Tier 2 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(2)(D).

Provides "funding for innovative or alternative technologies or practices designed to improve water quality or reduce sources of pollution to surface waters." Most recently, the Clean Water Budget supported innovation through the [Vermont Phosphorus Innovation Challenge](#). As the Vermont Phosphorus Innovative Challenge sunsets, this line item is proposed to be populated in SFY 2024 with "one-time" funds that will be replenished on an as-needed basis to serve as available match for applied innovative or alternative research in clean water work. Program will leverage the expertise of existing clean water research groups and consortia across the State. Administrative structure of this program is still to be determined.

In SFY 2024, this line item is anticipated to support a Vermont Lakes Alum Treatment Feasibility Study. Alum treatments are an option to mitigate internal and legacy phosphorus loading that is released within a lake or pond, which have the potential to mitigate cyanobacteria and algae blooms. Alum treatments should only be applied in cases where phosphorus sources from the surrounding landscape/watershed have been sufficiently mitigated, for an investment in alum to be cost effective and endure long term. This will largely focus on Lake Carmi but, pending projected expenses, may extend applicability to other Vermont lakes.

While this line item makes an explicit investment in research related to innovative or alternative technologies or practices, innovation also is integrated throughout many of the Clean Water Budget-supported programs/activities. Please see the October 18, 2022 Clean Water Board meeting materials, [posted on the Clean Water Board meetings webpage](#), for a summary of examples of ongoing/existing innovative or alternative work supported by the Clean Water Budget.

Line 3.1: Developed Lands Implementation Grant

- This line item reflects a Tier 3 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(3).

The Secretary shall administer a Developed Lands Implementation Grant Program to provide grants or financing to persons who are required to obtain a permit to implement regulatory requirements that are necessary to achieve water quality standards. Program shall be administered by the Water Infrastructure Financing Program. Program will support Three-Acre General Permit obtainment and compliance through design and implementation. This program is eligible for and is currently funded with approximately \$30 million in American Rescue Plan Act (ARPA) dollars directly appropriated to the Agency of Natural Resources Water Infrastructure Financing Program outside of the Clean Water Budget. As such, to relieve pressure on the Clean Water Fund, the SFY 2024 Clean Water Budget proposes no additional funds to this program.

Line 4.1: Lakes in Crisis Fund

- This line item is a statutory obligation but not reflected as a tiered priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e).

Line item reflects the Agency of Natural Resources' recommended annual budget for the fund pursuant to 10 V.S.A. § 1314 (b). Currently only one lake, Lake Carmi, is designated as a Lake in Crisis. In addition to the Lakes in Crisis Fund, ANR and AAFM use other grant programs to support phosphorus mitigation in the Lake Carmi watershed. The *Lake Carmi Crisis Response Plan*, the *Lake Carmi 2022 Progress Report*, and other resources are available at the [Restoring Lake Carmi webpage](#). Funds are managed by the DEC's Lakes and Ponds Program within the Watershed Management Division. Eligible practices and projects are determined by the Lakes and Pond Program, in consultation with statute and with annual budget review by the Legislature. Lakes in Crisis Funds may be used to implement the Crisis Response Plan and/or a Lakes in Crisis Order. Currently, Lakes in Crisis Funds are used to implement the Crisis Response Plan, with local match incentivized. In the event the Funds were used to support implementation of a Lakes in Crisis Order, pursuant to 10 V.S.A. § 1313, the entity subject to the Order shall pay at least 35 percent of the total eligible project cost or shall pay the specific cost share authorized by statute for the program from which the grant is awarded. Funds awarded externally are provided as a mix of grants and contracts depending on the scope of work. The SFY 2024 budget reflects increased spending to support Lake Carmi water quality monitoring activities and Lake Carmi aerator operating and monitoring expenses.

Line 4.4: State Match to Clean Water State Revolving Fund Federal Grant

- This line item is not reflected as a tiered priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e) but is critical towards leveraging federal funding into the CWSRF.

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 to draw down federal funds. All 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 rate/administrative fee on loans to private entities will be slightly higher than rates to municipalities, and these revenues will be used to offset reduced rates on loans to municipalities that promote natural resources projects. By statute, municipal projects always have priority over loans to private entities. Program is administered by the Water Infrastructure Financing Program.³

Line 4.5: Municipal Pollution Control Grants

- This line item is not reflected as a tiered priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e) but the Legislature has adopted a priority system for Municipal Pollution Control Grants, found in 10 V.S.A. § 1626b(c) and § 1628, and the Department of Environmental Conservation Chapter 2 – Municipal Pollution Control Priority System Rule, adopted December 2017.

In addition to low-interest loans through the Clean Water State Revolving Loan Fund (CWSRF), some municipal clean water projects are eligible for Municipal Pollution Control Grants in SFY 2024 for 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. This grant program is administered by the Water Infrastructure Financing Program. Eligible project types focus on management of stormwater, sewage, or waste, including improvements to a wastewater treatment facility, combined sewer separation facilities, an indirect discharge system, a wastewater system, flood resiliency work related to a structural facility, or a groundwater protection project.⁴

³ Beyond the scope of the SFY 2024 Clean Water Budget, additional capital investment is required to secure state match for the Bipartisan Infrastructure Law (BIL) federal award, which will be awarded in the form of CWSRF loan subsidy. This additional capital investment is proposed to be covered from a separate section of the Capital Bill to relieve pressures on the clean water section of the Capital Bill in the SFY 2024 Clean Water Budget.

⁴ Beyond the scope of the SFY 2024 Clean Water Budget, additional capital investment is needed to meet the demand for municipal pollution control grants. This additional capital investment is proposed to be covered from a separate section of the Capital Bill to relieve pressures on the clean water section of the Capital Bill in the SFY 2024 Clean Water Budget.

Agency of Transportation (VTrans)

Line 2.21: Municipal Roads Grants-in-Aid

- This line item reflects a Tier 2 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(2)(C). This is one of two VTrans initiatives proposed to support the Municipal Stormwater Implementation Grant initiative as outlined in 10 V.S.A. § 928.

Provides financial assistance to municipalities to bring hydrologically connected municipal road segments into full compliance with the Municipal Roads General Permit. Funds are dispersed by formula to all participating municipalities based on hydrologically connected road miles. Practices eligible for funding under this program 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.

- SFY 2023 is the final year of funding for the Municipal Roads Grants-in-Aid complementary equipment purchase program, administered by ANR-DEC CWIP. In the future, VTrans may continue this equipment program as a sub-initiative of the Municipal Roads Grants-in-Aid line item, pending continued demand and capacity. It is unlikely this need will go into effect in SFY 2024, as the SFY 2023 funds are winding down, but may be re-instated in future years.

Line 2.22: Municipal Better Roads Program

- This line item reflects a Tier 2 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(2)(C). This is one of two VTrans initiatives proposed to support the Municipal Stormwater Implementation Grant initiative as outlined in 10 V.S.A. § 928.

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, slope stabilization, and structure/culvert upgrades. All Clean Water Funds awarded through the Better Roads Program will be used to bring hydrologically connected municipal road segments into full compliance with the Municipal Roads General Permit. Other funding sources may be used to support other types of construction projects through the Better Roads Program. In addition to the construction projects, which are funded in part by the Clean Water Fund and in part with funds appropriated through the Transportation Bill, VTrans also funds road erosion inventories through the Better Roads Program, as required by the Municipal Roads General Permit. Grant award lists going back to FY 2014 can be found [here](#).

- Beginning in SFY 2024, a small portion (\$10,000) of VTrans' Better Roads funds may cover 50% of the Rivers and Roads Training Program. This training program assists municipalities and other land managers and project proponents on approaches that minimize hazards and conflicts between rivers and road infrastructure. The program is jointly delivered by VTrans and the ANR-DEC Rivers Program. The proposed \$10,000 included in the Clean Water

Budget was previously covered by ANR-DEC CWIP's Program and Partner Support line item and was transferred annually from ANR-DEC to VTrans via Memorandum of Agreement. By directly appropriating the dollars to VTrans it eliminates an administrative step to transfer the funds from ANR-DEC to VTrans. Existing funds are in place to cover this training program through calendar year 2024. VTrans and DEC will evaluate whether additional funds are needed to sustain this program in the future. If these funds are not required for Rivers and Roads Training, VTrans will allocate them through the Better Roads Program.

Line 2.23: Missisquoi Bay Federal Funds (Non-Federal Match)

- This line item reflects a Tier 2 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(2)(C). This line item fits in Tier 2 because it complements VTrans' line items 2.21 and 2.22 that are in direct support of Municipal Roads General Permit implementation. This line item will support environmental mitigation activity, including pollution prevention and pollution abatement activities and mitigation to address stormwater management, control, and water pollution prevention or abatement related to highway construction or due to highway runoff.

This one-time allocation of State Clean Water Funds will serve as the non-federal match for federal funds through the Federal Highway Administration, designed to improve water quality in the Missisquoi Basin. The funds will support a suite of clean water projects in the Missisquoi Bay watershed area, that will be selected and vetted in collaboration with the Northwest Regional Planning Commission, ANR-DEC, and VTrans. Selected projects will be delivered as locally managed projects through the VTrans Municipal Assistance Program. Development (engineering and permitting) of the projects is expected to occur over the next 2-3 years with implementation of the projects occurring in the final year. This one-time allocation will provide the required 20% match over the course of each project's lifecycle.

Vermont Housing and Conservation Board (VHCB)

Line 1.42: Land Conservation and Water Quality Projects

- Funded from the Capital Bill, this line item complements the Water Quality Enhancement Grant Program and is therefore aligned with Tier 1 priorities for the Clean Water Fund.

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.

Line 2.3: Water Quality Farm Improvement and Retirement Projects

- Funded from the Capital Bill, this line item reflects a Tier 2 priority for Clean Water Fund spending pursuant to 10 V.S.A. § 1389 (e)(2)(E).

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. VHCB also 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 U.S. Department of Agriculture Natural Resources Conservation Service projects.

DRAFT

State Fiscal Year 2024 Clean Water Budget Public Comment Questionnaire

Thank you for participating in the Clean Water Board's public comment period on the proposed State Fiscal Year (SFY) 2024 Clean Water Budget, open October 24 through November 22, 2022.

The Clean Water Board is asking the public to provide feedback, through this online questionnaire, on whether they believe funding levels are sufficient and whether they agree with the Board's proposed prioritization of funding across programs. The Clean Water Board will consider public input before making its final Clean Water Budget recommendation in December 2022.

This online questionnaire has two sections:

1. The first section requests input on the allocation and prioritization of funds proposed in the State Fiscal Year 2024 Clean Water Budget. There are opportunities to provide additional comments, thoughts, or elaboration of your answer below each question to better collect your input.
2. The second section is intended to collect feedback on the questionnaire process, suggestions for improvement, and gather information about individuals who responded to the questionnaire.

[~] Required

Clean Water Budget Public Comment

1. Do you believe there are sufficient funds projected in the Clean Water Fund for State Fiscal Year 2024 revenue (\$25.7 million forecasted revenue within the \$50.8 million budget)? *

- Yes
- No
- Unsure

2. Please provide any comments, if applicable, on Clean Water Fund revenue/funding levels to share with the Clean Water Board:

3. Do you agree with the proportion (60%/\$29.3 million) of funds allocated to **Priority Tier 1** of the proposed State Fiscal Year 2024 Clean Water Budget? State Law (10 V.S.A. § 1389) directs the Clean Water Board to fund Tier 1 grants and programs as its first priority. *

- Yes
- No
- Unsure

4. Please provide any specific comments/recommendations, if applicable, on the overall allocation of funds to Priority Tier 1 of the Clean Water Budget:

5. Please provide any specific comments/recommendations, if applicable, on individual line-items and funding amounts included within Priority Tier 1 of the proposed Clean Water Budget:

6. Do you agree with the proportion (30%/\$14.7 million) of funds allocated to **Priority Tier 2** of the proposed State Fiscal Year 2024 Clean Water Budget? State Law (10 V.S.A. § 1389) directs the Clean Water Board to fund Tier 2 programs as its next priority, after reviewing requests for Tier 1 grants and programs. *

- Yes
- No
- Unsure

7. Please provide any specific comments/recommendations, if applicable, on the overall allocation of funds to Priority Tier 2 of the Clean Water Budget:

8. Please provide any specific comments/recommendations, if applicable, on individual line-items and funding amounts included within Priority Tier 2 of the proposed Clean Water Budget:

9. Do you agree with the proportion of (10%/\$4.7 million) of funds allocated to **Priority Tier 3 and Other Priorities** of the proposed SFY 2024 Clean Water Budget? State Law (10 V.S.A. § 1389) directs the Clean Water Board to fund Tier 3 programs as its next priority, after reviewing requests for Tier 1 and Tier 2 programs. *

- Yes
- No
- Unsure

10. Please provide any specific comments/recommendations, if applicable, on the overall allocation of funds to Priority Tier 3 and Other Priorities of the Clean Water Budget:

11. Please provide any specific comments/recommendations, if applicable, on individual line-items and funding amounts included within Priority Tier 3 and Other Priorities of the proposed Clean Water Budget:

12. Please provide any other specific comments/recommendations, if applicable, on the overall draft State Fiscal Year 2024 Clean Water Budget to share with the Clean Water Board.

Questionnaire Evaluation and Participant Demographics

In this section, we are interested to know who is completing this questionnaire. Please take a moment to answer questions to help us improve future questionnaires and evaluate the effectiveness of our communication state-wide and to a diverse audience.

13. How can we improve future Clean Water Budget public comment periods, including improvements to the online questionnaire? *

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

- Email
- Online forum (like Front Porch Forum)
- Print, radio, or television news source
- Social Media
- Vermont Clean Water Initiative e-newsletter
- Website
- Word of mouth
- Other

15. Please enter your zip code to help us understand the statewide distribution of response to this questionnaire. *

16. Which groups do you belong to or identify with? Select all that may apply.*

- Agricultural Producer/Farmer
- Business Owner
- Concerned Resident
- Forester/Forest Landowner
- Municipal Employee/Representative
- Natural Resources Conservation District
- Recreational User
- Regional Planning Commission
- State Legislator
- Student
- Watershed Group or other Nongovernmental Organization
- Other

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Summary of Ongoing/Existing Innovative or Alternative Technologies or Practices to Improve Water Quality

The Clean Water Budget's "Innovative or Alternative Technologies or Practices to Improve Water Quality" line-item funds "innovative or alternative technologies or practices designed to improve water quality or reduce sources of pollution to surface waters...". While this line item makes an explicit investment in research related to innovative or alternative technologies or practices, innovation is also integrated throughout many of the Clean Water Budget-supported programs/activities. Below is a summary table with examples of ongoing/existing innovative or alternative work across state agencies, supported by the Clean Water Budget. Ongoing/existing work will be taken into consideration to strategically target new investments in innovative or alternative technologies and practices. The Lake Champlain Basin Program also funds innovative or alternative clean water work in Vermont and across the Lake Champlain basin (see page 7 for more information).

| Line Item | Agency | Project | Goal | Innovative/Alternative Aspect |
|--|---|---|---|--|
| Water Quality Grants to Partners and Farmers | Agency of Agriculture, Food and Markets (AAFM) | Woodchip Barnyard Replacement | Provide cost effective solutions to reduce water quality impacts for small livestock producers. | The woodchip barnyard, an innovative practice from the UK, replaces existing heavy use areas with a layer of woodchips and contains drainage collection system.  |
| Water Quality Grants to Partners and Farmers | Agency of Agriculture, Food and Markets (AAFM) | Grassland Shallow Slot Manure Injection | Significantly reduce surface phosphorus application and nutrient loss while increasing efficiency and crop production. | The predominant practice for spreading manure on hay fields is surface application. This new technology of manure injection reduces phosphorus runoff from hay fields.  |
| Water Quality Farm Improvements and Retirement Projects | Vermont Housing and Conservation Board (VHCB) | Farmland Retirement Program | Retire and restore farmland whose continued operation is detrimental to water quality and provide a critical source of capital to retiring farmers. | An innovative practice of targeting retirement of farm parcels for the purpose of protecting and improving water quality.  |
| Implement Best Management Practices at State Forests, Parks, and Recreational Access Roads | Agency of Natural Resources (ANR) Department of Forests, Parks and Recreation (FPR) | Road Erosion Inventory | Assess hydrologically connected road segments on ANR land and develop a methodology of scoring and prioritization to efficiently and effectively implement clean water funds. | Road Erosion Inventory is the first program designed to comprehensively assess roads and includes the creation of a Survey123 application for data collection and utilizes GIS technology.  |
| Program and Partner Support | Agency of Natural Resource (ANR) Department of Environmental Conservation (DEC) Clean Water Initiative Program (CWIP) | Clean Water Workforce Capacity Development Initiative | To ensure that the State and its valued partners can effectively and sustainably meet the upsized demand for more clean water project design, development, implementation, and maintenance. | Direct investment in partner capacity has not been done to this level before and involves interviewing and soliciting input from partners on capacity needs before designing funding opportunities.  |

Examples of Ongoing/Existing Innovative or Alternative Technologies or Practices to Improve Water Quality

The following innovative or alternative project examples are organized by Clean Water Budget line item and include a brief overview of the project goals and innovative or alternative aspects.

Clean Water Budget Line Item:**Water Quality Grants to Partners and Farmers****Agency:****Agency of Agriculture, Food and Markets (AAFM)****Project:****Woodchip Barnyard Replacement Project****Goal of Project and Summary:**

To provide a cost-effective solution for small livestock producers looking to improve winter management and reduce water quality impacts from winter heavy-use areas.

Innovative/Alternative Aspects of the Project:

The woodchip barnyard can replace existing heavy-use areas and contains a drainage layer overlain by woodchips. The drainage system underneath collects and diverts the effluent to a collection system. The top layer of woodchips is replaced each year and can be composted and then field applied along with the effluent collected from underneath the woodchips. This innovative practice was first introduced in Ireland and the UK in the early 2000s, used in New Zealand, and researched in West Virginia in the last ten years. University of Vermont Professor Joshua Faulkner brought this practice north from West Virginia, with the first woodchip barnyard implemented in Warren, VT in 2016.



During implementation of woodchip barnyard project in Vershire, Vermont.

Clean Water Budget Line Item:

Water Quality Grants to Partners and Farmers

Agency:

Agency of Agriculture, Food and Markets (AAFM)

Project:

Grassland Shallow Slot Manure Injection Project

Goal of Project and Summary:

UVM Extension acquired, tested, and evaluated an innovative technology called Grassland Shallow Slot Manure Injection. The goal was to significantly reduce surface phosphorus application and nutrient loss while increasing efficiency and crop production. Grassland shallow slot injection is a very shallow manure injection method which causes a low level of soil disturbance. This technology decreases surface runoff and enables low disturbance manure injection on hay fields. The goals of this project were to provide farms with an opportunity to reduce impacts from manure application on hay fields, as well as to share this new opportunity with the agricultural community and raise awareness about this equipment. During the project time frame, the system was used on almost 5,000 acres, predominately in priority watersheds including East Creek and McKenzie Brook. The system continues to be operated by a Custom Manure Operator in Addison County and is available to be used on farms within their service area.

Innovative/Alternative Aspects of the Project:

The predominant practice for spreading manure on hay fields is surface application, so this new technology offered an incredible opportunity for reduction of phosphorus (P) runoff. This was a relatively new technology and expensive piece of equipment that came from Veenhuis Machines B.V. in the Netherlands. It is one of the first systems of its kind to be used in Vermont and provided a new method of manure application for Vermont farms that was not available prior to this project. Since this project, two additional systems have been supported in Vermont.



Veenhuis grassland manure injector project in Addison County, Vermont.

| | |
|--------------------------------------|--|
| Clean Water Budget Line Item: | Water Quality Farm Improvements and Retirement Projects |
| Agency: | Vermont Housing and Conservation Board (VHCB) |
| Project: | Farmland Retirement Project |

Goal of Project and Summary:

The goal of VHCB's Farmland Retirement Program is to fund a buyout of farmland whose continued operation is especially detrimental to water quality, given the land's location, proximity to water, type of operation, etc. In particular, the Program has targeted farms with identified water quality problems that are physically or financially infeasible to remedy. This has included dairy farms with severe manure management problems that are too costly or too physically difficult to remedy and in places where this type of intense farming use is simply not appropriate. In some cases, the conservation of this land has also coincided with the need for the landowner to retire from the business of farming completely. The funds the farmer receives from the sale of the land is a critical source of capital as they transition to retirement.

With the support of the Clean Water Budget (Capital Bill dollars), VHCB has been able to direct funds to conservation partners (Vermont Department of Fish & Wildlife, The Nature Conservancy (TNC), and Vermont Land Trust (VLT)) to purchase farmland and then retire some, or all, of the land from agricultural production. To date, Clean Water Budget Capital Bill funds (a total of \$860,000) have been used to fund 3 farm retirement projects: Deering Farm (State Fiscal Year (SFY) 2021), Fitzgerald Farm (SFY 2018 and 2019), and Farrow Farm (SFY 2020). These projects have featured habitat restoration work which has included planting native vegetation along impaired waterways to reduce runoff, stabilize riverbanks, and improve water quality. In each of these projects, Vermont Department of Fish and Wildlife now owns the properties and has undertaken extensive restoration work, which has also included removing farm infrastructure to improve water quality and enhance wildlife habitat. A secondary layer of protection in the form of a conservation easement co-held by VHCB and a land trust (VLT or TNC) has ensured that the land will remain perpetually conserved.

Innovative/Alternative Aspects of the Project:

We are not aware of other state-funded conservation programs which focus on the targeted retirement of farm parcels for the purposes of protecting and improving water quality. While the core of VHCB's agricultural program remains the protection of working farmland, we are excited to have the opportunity to work with our conservation partners to protect and improve water quality in places where farming is having severe detrimental effects on water resources and habitat.



In August 2022, VHCB in collaboration with Vermont Department of Fish and Wildlife retired a former dairy farm in the Lake Memphremagog basin. The farm barn and manure pit will be removed, and riparian area restored. This includes day-lighting a stream behind the barnyard.

Clean Water Budget Line Item:

Implement Best Management Practices (BMPs) at State Forest, Parks and Recreational Access Roads

Agency:

Agency of Natural Resources (ANR)

Project:

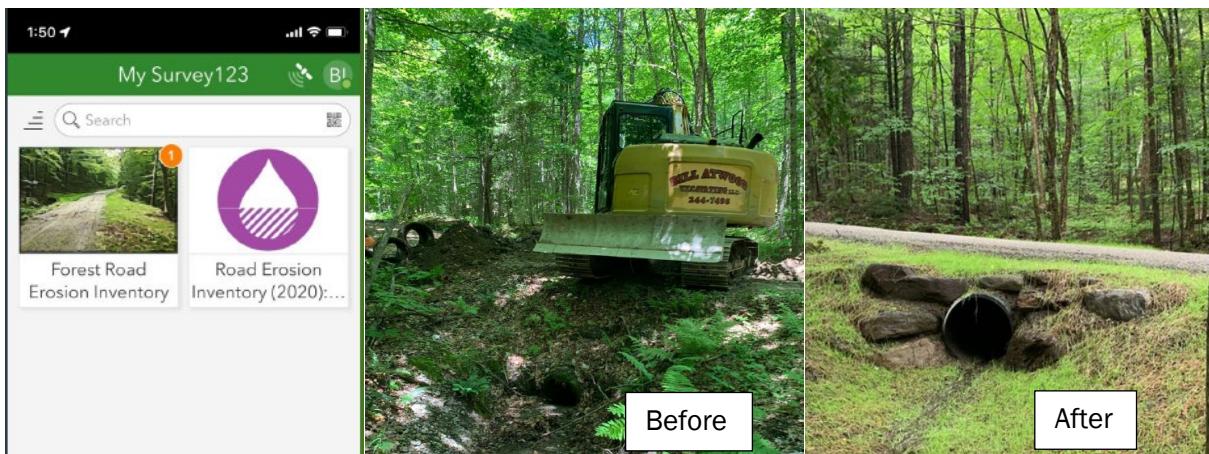
Road Erosion Inventory Project

Goal of Project and Summary:

The goal of the project is to adapt the Municipal Roads General Permit Road Erosion Inventory to assess hydrologically connected road segments (i.e., roads most adjacent to waterways) on ANR land. The Inventory scores and prioritizes BMPs to bring road segments up to standards for water quality.

Innovative/Alternative Aspects of the Project:

ANR has never completed a comprehensive road assessment and this project created a good incentive for FPR to adapt the Municipal Roads General Permit Road Erosion Inventory to ANR land. This project included the creation of a Survey 123 App that is used for data collection and utilizes smart phone and GIS technology.



The ArcGIS Field Maps and Survey123 applications are used to manage the hydrologically connected road segments and collect segment data while in the field. This data is then used to install corrective practices, such as replacing undersized culverts with correctly sized structures.

Clean Water Budget Line Item:

Program and Partner Support

Agency:

Agency of Natural Resource (ANR)

Project:

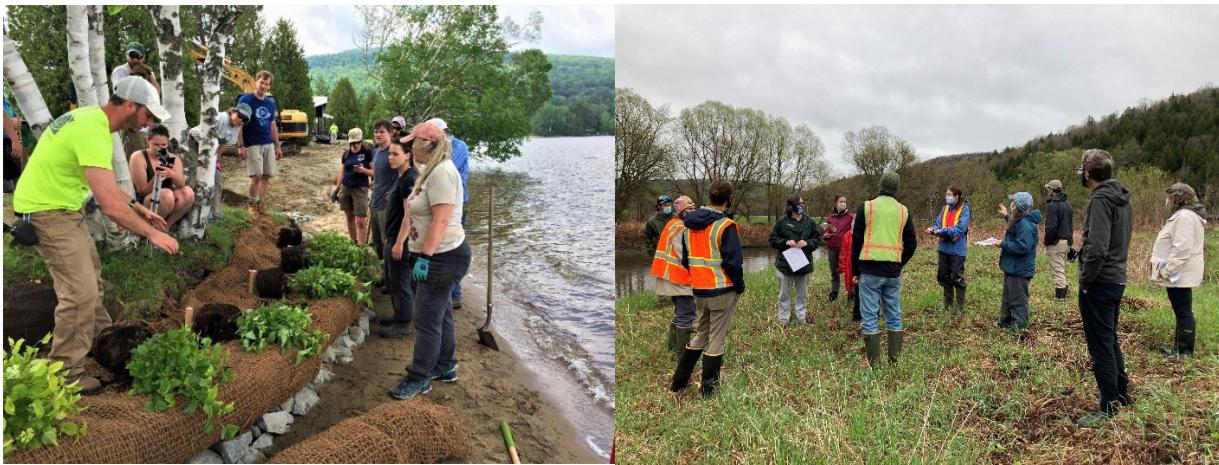
Clean Water Workforce Capacity Development

Goal of Project and Summary:

The Department of Environmental Conservation (DEC) Clean Water Initiative Program (CWIP) has recently launched a Clean Water Workforce Capacity Development Initiative to invest in the people and organizations that help get clean water projects on the ground. Due to additional investments from the Vermont Clean Water Budget, American Rescue Plan Act (ARPA), Bipartisan Infrastructure Law (BIL), Lake Champlain Basin Program, and other opportunities, the total funding for clean water projects over the next few fiscal years is expected to be orders of magnitude greater than historical levels. Implementation of clean water projects across multiple sectors in Vermont requires expanded capacity and evolving technical expertise of a network of partners that are numerous, diverse, well-trained, well-resourced and who operate in an enabling environment with minimal roadblocks or barriers. Vermont is fortunate to have a strong group of partners assisting in these efforts, but recent feedback from these partners has identified challenges to their ongoing success.

Innovative/Alternative Aspects of the Project:

With a relatively sudden increase in federal and state funds, CWIP wants to ensure that the State and our valued partners can effectively and sustainably meet the upsized demand for more clean water project development, design, implementation, and maintenance. CWIP's Capacity Development initiative is innovative in both intent (DEC has not directly invested in partner capacity to this level before) and form (DEC is interviewing and soliciting input from the Clean Water Workforce on capacity needs *before* designing the funding opportunities so that the program reflects better Human Centered Design principles).



CWIP values its partners work and need for capacity: From a shoreland restoration project in Brighton, VT to riparian restoration work along the Lamoille River.

Summary of Lake Champlain Basin Program (LCBP) Role in Clean Water Innovation

The LCBP is a lead partner in the state's clean water network to help identify and develop innovative or alternative technologies or practices designed to improve water quality or reduce sources of pollution to surface waters. The LCBP, through its Technical Advisory Committee (TAC), allocates federal funds to applied research efforts that support innovative or alternative approaches to achieving clean water goals, as well as maintain/improve performance of ongoing efforts in Vermont and across the Lake Champlain basin—a key component to support adaptive management. The TAC leverages the expertise of professionals from academia, management agencies, and others, including representation from the State of Vermont. The TAC presents technical information to be used for decision-making; advises about emerging management issues and prepares research or action to address those issues; and interprets monitoring program results and other technical information to help determine success or redirection of projects. The State of Vermont provides non-federal match from the Clean Water Budget to assist the LCBP in securing its federal funds, including federal funds to support the TAC's objectives. This is important context when considering the Vermont Clean Water Budget's complementary role in supporting/leveraging resources for innovative or alternative technologies or practices. To learn more, [visit the LCBP Technical Advisory Committee webpage](#).

For example, the LCBP TAC has funded and is overseeing a modeling study to evaluate options to control internal phosphorus loading in the Missisquoi Bay, factoring the dynamics of internal (from the Bay sediments) and external (from the land draining into the Bay) phosphorus pollution loading.

Another example, the LCBP TAC has funded and overseen the feasibility study and design of the "Jewett Brook Treatment Train." This is an innovative approach, under development/evaluation, that could address excessive nutrient runoff, by installing a series of constructed wetlands to treat a proportion of the total flow of the Jewett Brook to remove phosphorus, and to return the treated water to the stream. This proposed concept would complement aggressive implementation of agricultural water quality improvement practices in the Jewett Brook watershed.

July 28, 2022

Secretary Julie Moore
Agency of Natural Resources
1 National Life Drive, Davis 2
Montpelier, VT 05620

Dear Secretary Moore and Members of the Clean Water Board,

The Lake Champlain Committee, Audubon Vermont, Connecticut River Conservancy, Conservation Law Foundation, Vermont Businesses for Social Responsibility, Vermont Conservation Voters, and Vermont Natural Resources Council write in advance of the public comment period to raise concerns and offer suggestions regarding the FY24 Clean Water Budget (“Draft Budget”) and generally on the Clean Water Fund (CWF) in its support role of the Act 76 Clean Water Service Provider (CWSP) program.

Summary of Comments

The FY24 Clean Water Budget should focus on Tier One programs and support the Restoration Formula Grants, the Enhancement Grants, and the Agriculture Water Quality Grants to Partners and Farmers, as administered by the Agency of Agriculture, Food & Markets (AAFM). With Tier Two and Three programs receiving extensive federal funds from the American Rescue Plan Act (ARPA) and the Infrastructure Investment and Jobs Act (IIJA), the opportunity exists for an outsized investment in Tier One programs and objectives until the ARPA and IIJA funding expires.

Our organizations remain concerned that the Restoration Formula Grants are underfunded and that this will potentially hinder the phosphorus reduction progress of the CWSP program. We also ask the Clean Water Board to expand O&M funding for routine maintenance of projects as well as create a Risk Reserve Fund for rehabilitation of clean water projects damaged by unforeseen events. Further, we respectfully request that the Enhancement Grants remain fully funded at its statutory maximum. Finally, we ask that any additional state funding for stormwater programs, particularly the Three Acre General Permit, be put on hold while the federal ARPA and IIJA funds are utilized.

Statutory Priority Tier One

Restoration Formula Grants

Our organizations remain concerned that funding allocated to Restoration Formula Grants in the FY23 Clean Water Budget is insufficient for the CWSPs to fulfill their assigned phosphorus reduction goals. Clean water projects funded by Formula Grants also provide the opportunity to achieve additional co-benefits, particularly habitat restoration, that provide for broader ecosystem restoration. If budgetary constraints force the CWSPs to forgo more expansive clean

water projects that reach reduction goals while also providing needed co-benefits, opportunities will be lost to restore water quality while also providing ecosystem protection.

Formula Grant funds will be used for all stages of project development, so it is prudent to allocate more money to the Formula Grants initially. The Draft Guidance notes that “[a]llowable costs include expenses incurred that directly relate to project identification, development, implementation and reporting,” all of which is necessary for the CWSP to implement projects and reach pollution reduction goals. The FY24 Clean Water Budget allocation should be increased above FY23 levels to ensure that all stages of project development are funded.

O&M Funding

Operations and Maintenance (O&M) funding under the Restoration Formula Grant program will likely need annual increases as more projects are completed and require annual maintenance. The FY23 Budget allocated \$210,000 for O&M which seems appropriate as it is the inception of the program and there will be only a small number of projects to maintain. But this need will increase annually, so the O&M budget must increase accordingly starting in FY24 to ensure that the clean water projects continue to sequester nutrient pollution and these gains do not slip.

Risk Reserve Fund

Our organizations encourage the creation of a Risk Reserve Fund under the Restoration Formula Grant program in Tier One as an emergency funding source in case completed clean water projects are damaged or destroyed by natural circumstances. With an increase in the number of heavy precipitation events due to climate change, there is a likelihood that clean water projects will be impacted and sustain damage, limiting their ability to reduce phosphorus pollution. If a damaged project is not repaired, the phosphorus reduction benefits of that project are lost, diminishing the integrity of the CWSP program overall.

Without a Risk Reserve Fund, a CWSP will have to dip into their annual Restoration Formula Grant funds or O&M funds to repair a project. This diversion of annual Formula Grant funds could contribute to the CWSP missing its annual phosphorus reduction goal. Moreover, a single large weather event could potentially damage several years-worth of projects in one watershed. A Risk Reserve Fund would allow for the ‘repair’ of these damaged projects while ensuring a CWSP could still meet its annual reduction goals. A Fund created for the whole CWSP program could be managed by DEC, allocating funds to specific CWSP to repair projects as needed.

Basin Planning

Tier One also includes funding for basin planning and similar programs. The statutory minimum is \$500,000, and \$600,000 was allocated in the FY23 Budget. We continue to express concerns that this funding level is inadequate given the increase in participation by groups in the Basin Water Quality Councils (BWQC). This funding is used for multiple purposes, including compensation to groups for participation in the basin planning, for participation in the BWQC in each of the watersheds in the Lake Champlain Basin and Lake Memphremagog, as well as for general education and outreach. Because of this, we ask that the funding level be increased in the FY24 Clean Water Budget and in subsequent years to ensure groups are adequately compensated and are encouraged to continue this participation.

Enhancement Grants

We thank the Clean Water Board for allocation of the full statutory amount of \$5 million to the Water Quality Enhancement Grants in the FY23 Clean Water Budget and respectfully request that funding remain at this level for FY24. The Enhancement Grant program was created to address concerns that the entirety of the Clean Water Fund would focus on phosphorus reduction in the Lake Champlain Basin to the detriment of water quality protection and aquatic habitat restoration in the rest of the state. The need for full funding of the Enhancement Grants will remain for the duration of the CWSP program.

The Act 76 statute states the Clean Water Board must fund “the Water Quality Enhancement Grants ... at a funding level of at least 20 percent of the annual balance of the Clean Water Fund, provided that the maximum amount recommended under this subdivision (D) in any year shall not exceed \$5,000,000.” (10 V.S.A. § 1389(e)(1)(D)). It is our understanding that state revenue in the Clean Water Fund is projected to be approximately \$21 million for FY24, twenty percent of which is \$4.2 million. However, we ask that the Board allocate the maximum amount of \$5 million to ensure groups can continue to conduct much-needed water quality projects across the state.

Funding for Capacity Building

Finally, we ask the Board to increase funding to the Tier One “Program and Partner Support” to provide for capacity building for watershed groups and Conservation Districts. The Tier One “Program and Partner Support” is used to fund a number of areas and, according to a past description, also “supports unmet organizational capacity needs for partners to ensure a strong partnership network to deliver high quality and high priority clean water projects.”

Watershed groups and Conservation Districts are key to a successful CWSP program but many need to expand their capacity. While some funding has been provided in the past, it has largely been to gauge capacity needs. Additional funding will allow for implementation after the scope of this need is determined. In addition to clean water projects, expanded capacity could also provide for more expansive water quality monitoring in these watersheds. As the CWSP program gets underway, it is important that watershed groups and Conservation Districts are recognized as important partners with the ability to contribute even more to the CWSP program if given the opportunity and the means.

Statutory Priority Tiers Two and Three

In the FY22 and FY23 Budgets, programs under Tiers Two and Three received substantial funding from ARPA and will continue to receive substantial funding from IIJA. Because of this, we ask that state revenue be directed to other areas of need while the ARPA and IIJA funds are available, with the understanding that some state revenue, as unrestricted dollars, may be needed for matching funds in these Tiers.

By our estimate, the Three Acre General Permit alone has received over \$40 million in the FY22 and FY23 Budgets, largely in ARPA funds, but also a much smaller amount of state revenue from the Clean Water Fund. While \$40-plus million may only be a modest step towards what DEC

estimates is a \$260 million need, we believe some of this cost should be borne by the regulated entities that can afford the expenditures or loan repayments for the retrofitting needed to comply with the requirements of the General Permit.

Further, the FY22 Budget generally allocated \$50 million in ARPA funds to ANR for FY23 and FY24. Of this, \$20 million is to the Clean Water Fund for FY23 and FY24, and \$30 million to DEC over the same time period “for drinking water, sewer, and stormwater infrastructure projects, including dam safety improvements and CSO abatement” at the Department’s discretion. It is our assumption that a portion of these funds will also be allocated to stormwater programs in FY24, further lessening the need for state funds in these programs.

Conclusion

The undersigned groups continue to raise concerns that the Clean Water Fund will be over-allocated to secondary programs. While extensive federal funds are available, the state revenue in the Clean Water Fund should be allocated to programs in Tier One to ensure pollution reduction goals are met, clean water projects are maintained, and that adequate funds are available for water quality projects statewide. When federal ARPA and IIJA funds are no longer available, allocation of state revenue in the Clean Water Fund across all three Tiers can be re-assessed.

Sincerely,

Lori Fisher, Executive Director
Lake Champlain Committee

David K. Mears, Executive Director
Audubon Vermont

Kathy Urffer, River Steward
Connecticut River Conservancy

Mason Overstreet, Staff Attorney
Conservation Law Foundation

Jordan Giaconia, Public Policy Manager
Vermont Businesses for Social Responsibility

Lauren Hierl, Executive Director
Vermont Conservation Voters

Jon Groveman, Water and Policy Program Director
Vermont Natural Resources Council

cc:

Dep. Secretary Doug Farnham, Agency of Administration, and, Chair, Clean Water Board
Secretary Anson Tebbetts, Agency of Agriculture, Food & Markets
Secretary Lindsay Kurrel, Agency of Commerce and Community Development
Secretary Joe Flynn, Agency of Transportation
Senator Chris Bray, Chair, Senate Natural Resources & Energy Committee
Senator Jane Kitchel, Chair, Senate Appropriations Committee
Rep. Amy Sheldon, Chair, House Natural Resources, Fish & Wildlife Committee
Rep. Mary Hooper, Chair, House Appropriations Committee



To: Secretary Moore, Commissioner Beling, members of Vermont's Clean Water Board and elected officials

From: Robert L. Evans – President, Franklin Watershed Committee/Vice President Lake Carmi Campers Association

Date: September 7th, 2022

As we move into fall and I look out over Lake Carmi, I am struck by what a special place this lake really is. However, our continuing clean water challenges remind us daily, of the work that still needs to be done. Late in June, we once again experienced an extensive algae bloom that has lasted now for months. Our beaches have been closed, our shorelines have been choked with thick blue green algae, and campers and community members have been extremely frustrated by their inability to enjoy all the lake has to offer. In fact, many camp owners left the lake early, some renters of camps cancelled their reservations due to the poor water quality, and I'm sure the town has felt the financial impacts due to the lakes poor water quality. While we understand that our situation is not unique to Vermont's lakes and ponds, we are the only lake designated as a "Lake in Crisis" in the state, and we simply must do better to address this crisis and prevent a situation where month-long blooms on Lake Carmi become the norm.

For 4 years now, the aeration system that was deployed in the lake has not delivered the outcomes we had all hoped it would. Flaws in the design of the system and frustrating maintenance issues have kept us from experiencing a fully functioning system throughout an entire summer since the system was installed. For the first three years of operation, and despite the system working in an uninterrupted manner in 2022, the lake's water quality and frequency and intensity of blooms are as bad as ever.

Additionally, the system's outages in 2020 and 2021, followed by repair and redeployment appears to have led to increased internal phosphorus loading in the lake, as evidenced by abnormally high summer mean total phosphorus concentrations for those two years. Finally, the data being collected by the monitoring buoy currently deployed in the middle of the lake leads us to believe the aeration system is not providing enough relief for our lake and our algae blooms seem to be as bad as they ever were.

While we recognize and appreciate the significant financial and personnel resources that have been committed to enhancing water quality at Lake Carmi, we fear that if more is not done, we will lose our decades long battle and Lake Carmi will continue on its downward spiral. In an effort to support our work, we are asking for the following.

1. Funding to conduct a diagnostic feasibility study for a possible alum treatment at Lake Carmi
2. Funding be reserved in Vermont's Clean Water Initiative Program (CWIP) to support an alum treatment for Lake Carmi if the above feasibility study determines this is an appropriate strategy. (approximately 1-2 million)
3. Increase from \$50,000.00 to \$150,000.00 the annual Lake in Crisis funding to support the electrical costs, operation/maintenance of the aeration system and the work of our Franklin Watershed Coordinator in 2023 (despite the aeration system's challenges, data suggests that a functioning system may be better than no system, and we would like to continue to operate the system until a determination on the alum treatment is made)
4. Continue to support the deployment of the data collection buoy on Lake Carmi in 2023 while the aeration system is deployed at the lake. (approximately \$50,000.00)
5. Continue to fund UVM Extension's work in the watershed, whose assistance has been instrumental in helping agriculture community as they work to implement Best Management Practices.

As many of you know, Lake Carmi has drawn significant attention from local and regional media outlets and we recently hosted members of our Congressional delegation at the lake who wanted to learn more about our concerns. We feel strongly that with every challenge comes an opportunity. We have an amazing collaboration of campers, farmers, community members, local and state elected officials and state clean water partners who are all trying to do their best to improve our situation. We have a unique opportunity to demonstrate for all Vermonters, what can be done if we all work together.

While our work is far from over, we do want to thank all of our partners who have been with us throughout this journey. While we may not always agree, we very much appreciate their insights and partnerships with this important work. In a period where the state has unprecedented resources from COVID-related federal grants and tax revenue, it seems a good use of those funds to try to take a significant step forward to address the state's only lake in crisis, as well as continue to learn more about what type of lake treatment would be the most effective for Lake Carmi.