

Frequently Asked Questions and Answers about the Vermont State Report on Financing Clean Water Improvement

A. Obligations under the State and Federal Water Quality Laws

1. What are the requirements under these Federal Clean Water Act that address water pollution problems?

Answer: The federal Clean Water Act directs states to develop “Total Maximum Daily Loads” or TMDLs for “impaired” water bodies -- rivers, streams, lakes and ponds that fail to meet water quality standards due to a pollutant or degraded condition. A TMDL is typically described as a pollutant “budget” that calculates a maximum allowable amount (or load) of the pollutant the water body can assimilate while still meeting water quality standards.

2. What are the consequences of not meeting the Federal Clean Water Act obligations or not spending more money to control the water pollution sources?

Answer: Restoring Vermont’s water bodies requires more resources, targeted at the major water pollution sources. If Vermont does not meet its TMDL commitments, the U.S. Environmental Protection Agency (EPA) is forced to step in to reduce water pollution in Vermont using its own authorities to force pollution reductions. Their actions will be more expensive for the State.

3. What is the purpose of Act 64 – referred to as the “Vermont Clean Water Act,” which was signed into law in 2015?

Answer: The purpose of Act 64 is to:

- a. Protect clean water as fundamental to Vermont’s quality of life and economy;
- b. Invest in state government authority and capacity to keep waters free from threats to clean water;
- c. Allow Vermont to meet the Lake Champlain Phosphorus TMDL – the Federal Clean Water Act obligations to control phosphorus pollution into Lake Champlain -- and all of Vermont’s waters.

4. What are the main problems affecting the health of Lake Champlain and where is the pollution coming from?

Phosphorus pollution is the greatest threat to clean water in Lake Champlain, Lake Memphremagog, Lake Carmi and other water bodies in the State. Phosphorus is a nutrient that stimulates excessive growth of algae in the Lake, turning the water green. In excessive amounts, algae can impair recreational uses and aesthetic enjoyment, depress property values and increase the costs for drinking water treatment. In some cases, algal blooms can produce toxins that are harmful to animals and people.

5. Where is the phosphorus pollution coming from?

Phosphorus is found in eroded soil and runoff. Excessive levels of phosphorus are entering the Lake from many sources including stormwater runoff from roads, parking lots, and lawns, runoff from farm fields and barnyards and logging operations. Other

sources include unstable and incised stream channels, and discharges from sewage treatment plants.

6. What does Act 64 do?

Answer: Act 64 gives the state new tools, resources and obligations to reduce polluted stormwater runoff from agricultural lands and developed areas. It also establishes a new *Clean Water Fund* to assist communities and partners with their role of restoring and protecting the State's waters.

B. The Vermont Clean Water Fund and the Vermont Clean Water Funding Report

7. What is the purpose of the "Clean Water Fund?"

Answer: The Clean Water Fund builds on existing state funding programs to assist municipalities, farmers and other partners in targeting and implementing priority clean water improvement projects.

8. Why does Vermont need a "Clean Water Fund?"

Answer: The Clean Water Fund can help municipalities, farmers and others achieve clean water and comply with clean water regulations.

9. Will the State report on the Clean Water Fund investments?

Answer: Yes, the state agencies will account for and report on the funds spent and the results of those investments in an annual report. The first report is due in January, 2017 and annually thereafter.

10. Why does Act 64 call for a report by the State Treasurer -- in consultation with the Secretary of Administration, the Commissioner of Environmental Conservation and Commissioner of Taxes -- on long-term financing of a Clean Water Fund?

Answer: The existing revenue source that supports the Clean Water Fund – a surcharge on the Property Transfer Tax -- sunsets at the end of State Fiscal Year 2018 (July 1, 2018).

11. What is the intent of this State of Vermont Long-Term Water Quality Financing Report?

Answer: The intent of the report is to provide the Legislature a recommendation for financing water quality improvements that will replace the Property Transfer Tax when it sunsets in 2018. The report is to include:

- a. Recommendations for incentivizing Best Management Practices;
- b. An estimate of the amount of revenue generated from each proposed revenue source;
- c. A summary of how the source will be administered, collected and enforced.
- d. Recommendations on whether the State should bond and whether the revenue source would be sufficient for issuing water quality revenue bonds; and
- e. A legislative proposal to implement each of the sources.

12. What funding sources are being considered that could support long-term financing of the statewide water quality improvements?

Answer: The report will evaluate a number of funding sources. A list of some of those funding options are in an appendix to this document.

13. Are there any requirements the proposed sources must meet?

Answer: Yes. Act 64 instructs the proposed revenue sources to be designed to, “assess fees, taxes or other revenue sources from a property, parcel use, parcel type or an activity in proportion to the negative impacts of property, parcel use, parcel type or activity on the water quality of the State.”

14. What time period will the Report use?

Answer: We are planning to use a 20-year planning horizon for this report, reflecting the 20-year timeframe for the Lake Champlain TMDL. The analysis will attempt to reflect the water quality needs during that time period, recognizing that some needs will peak at different times. Tracking progress is critical, as it will help the state and its partners periodically evaluate the TMDL’s progress, adapt the plan as needed, and adjust its efforts accordingly.

15. What share of the implementation/treatment costs will the State of Vermont cover?

Answer: The proportion of funds from each source—state, federal, municipal and private—will depend on the long-term structure of the Clean Water Fund.

16. Should maintenance costs be included in this report?

Answer: Maintenance costs will not be included, in order to be consistent across all sectors.

C. General Information on Vermont’s Water Quality Challenges

17. What are the most significant sources of water pollution to Vermont’s waters?

Answer: The most significant sources of water pollution, and the most cost-effective to address, are associated with stormwater runoff from developed lands, roads, farms and stream channel erosion due to rainfall and snowmelt.

18. What are the commitments of the Lake Champlain Phosphorus TMDL?

Answer: Below is a summary of the TMDL commitments, as described in the Phase I TMDL Implementation Plan and outlined in the *Act 97 Report – Vermont’s Clean Water Initiative*:

a. *Agriculture:*

1. Revise the Required Agricultural Practices (formerly referred to as “Accepted Agricultural Practices or AAPs), regulation and inspection of small farms,
2. Other statutory changes will require agricultural producers to identify and address critical sources of agricultural runoff,

3. Implement appropriate management practices (buffering and other edge of field practices, livestock exclusion where there is erosion, and effective nutrient management).
- b. *Stormwater:*
 1. Expand stormwater regulations to require municipalities, businesses and private landowners to increase their investment in stormwater controls on existing and future developments.
 2. Expand the existing municipal stormwater permit referred to as the Municipal Separate Storm Sewer System (MS4) General Permit to include phosphorus controls. The municipalities subject to the permit include the nine municipalities in Chittenden County as well as St. Albans Town, St. Albans City, Rutland Town, Burlington Airport, the University of Vermont and the Vermont Agency of Transportation.
- c. *Roads:*
 1. Require municipalities to manage stormwater on municipal roads, including sediment and erosion control best management practices.
 2. Develop and implement a statewide stormwater permit targeting state highways.
- d. *Wastewater:*
 1. Require more stringent concentration limits for wastewater treatment facility effluent in targeted segments of the Lake Champlain watershed.
- e. *River Corridors:*
 1. Use incentives to encourage adoption of flood resilience-based local development standards,
 2. Promote restoration and conservation of floodplains, river corridors and wetlands
- f. *Forests:*
 1. Update AMPs to reduce water pollution on logging jobs.

19. Will investing in wastewater treatment and sewer infrastructure to address municipal overflow sewer systems needs be adequate for the purposes of achieving the Federal Clean Water Act obligations?

Answer: The State and the federal government have invested more than \$600 million since the 1970s to safeguard public health by providing wastewater treatment. Those investments continue to pay dividends to public health and safety, local economies and the environment. As these systems age, we need to continue to support these investments. However, investing in wastewater treatment plants alone will not solve our water quality problems nor achieve the Federal Clean Water Act obligations.