

November 9, 2015



A handwritten signature in black ink, appearing to read "T. Bothfeld".

State of Vermont
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MEMORANDUM

TO: Clean Water Fund Board

FROM: Alyssa B. Schuren, DEC Commissioner

DATE: November 9, 2015

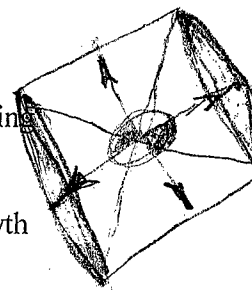
RE: Fund Allocation Priorities for the Clean Water Fund Board

CC: Jolinda LaClair, AAFM Deputy Secretary, Diane Bothfeld, AAFM Deputy Secretary, Chris Cole, AOT Secretary, Trey Martin, ANR Deputy Secretary

Attached please find *Fund Allocation Priorities for the Clean Water Fund Board*. This final proposal was constructed collaboratively by technical staff at the Agencies of Natural Resources (ANR), Agriculture, Food and Markets (AAFM), and Transportation (VTrans). Recognizing that clean water is critical to the state's entire economy, as well as to the environment, this proposal supports actions needed to improve water quality statewide. Contained within are recommendations on Clean Water Fund allocation priorities for you to consider, including sixteen programs and associated activities.

Those funding allocations are organized by sector (e.g. agriculture, municipal and roads) and each proposed allocation is measured against the priorities outlined in Act 64 of 2015 (the "Act 64 Priorities"). Each of the Act 64 Priorities is described on page one of the proposal, and each funding allocation is weighed against those criteria. The total amount recommended for funding is \$10,400,000 over two years (FY16 & FY17).

In addition to the Act 64 Criteria, the technical staff at the three implementing agencies also considered the overall cost-effectiveness of each funding allocation; the extent to which funding allocations will enable Vermont to meet the U.S. Environmental Protection Agency's requirements under the Vermont Lake Champlain Phosphorus TMDL and Vermont's Phase I Implementation Plan; and other co-benefits such as increased flood resilience and smart-growth investments in Vermont downtowns and village centers. A funding focus has been put on municipalities, as encouraged by the Vermont Legislature.



Agency technical staff also considered feedback from more than 250 Vermonters who responded to a public survey regarding expectations for allocation of expenditures from the Clean Water Fund. Most members of the public who responded to the survey considered agriculture, developed lands and roads as high or medium priorities for funding and most supported allocating significant funding to those sectors.

As described on the first page of the proposal under “Implementation Policies,” the proposal leverages existing state programs to maximize effectiveness of the Fund and minimize administrative costs. It acknowledges that the Clean Water Fund provides additional state funds above current state agency program budgets, and it also confirms that state programs involved in implementation will manage the funds strategically by prioritizing and targeting resources in the most cost-effective manner.

Below is a summary of the funding recommendations in the attached proposal:

Recommendation by Sector	FY16	FY17	Total By Sector
Agriculture ¹	\$675,000	\$2,460,000	\$3,135,000
Municipal (roads, stormwater)	\$800,000	\$3,200,000	\$4,000,000
Municipal Wastewater ²	--	\$500,000	\$500,000
Natural Resources	--	\$1,150,000	\$1,150,000
All Sectors – LIDAR Mapping	\$430,000	--	\$430,000
All Sectors – Partner Support	\$100,000	\$1,085,000	\$1,185,000
Total Need	\$2,005,000	\$8,395,000	\$10,400,000

Recommendation by Administering Agency	FY16	FY17	Total By Agency
Agency of Agriculture, Food and Markets	\$675,000	\$1,975,000	\$2,650,000
Agency of Natural Resources	\$900,000	\$4,955,000	\$5,855,000
Agency of Commerce and Community Development	\$430,000	--	\$430,000
Vermont Transportation Agency	--	\$1,465,000	\$1,465,000
Total Need	\$2,005,000	\$8,395,000	\$10,400,000

The state agencies charged with implementing priority actions supported by the Vermont Clean Water Fund will be working closely with federal partners, municipalities, farmers, businesses, loggers, watershed organizations and landowners to reduce phosphorus runoff in both the Lake Champlain Basin and statewide. This coordinated effort, largely bolstered by the decisions of the Board, will serve as a national model for how to strategically and collaboratively target and implement water quality improvements statewide.

Thank you for your consideration. We look forward to answering any questions you may have.

¹ The proposal also includes a transfer of \$450,000 in each year, FY16 and FY17, to fund clean water staffing at AAFM. These transfers were approved by the General Assembly in Acts 58 and 64 of 2015 in order to support minimum critical capacity needs at AAFM until a long term funding source for those positions is approved and implemented. Long term funding for AAFM water quality positions will be considered in the 2016 Legislative Session.

² This proposal allocates \$500,000 in FY17 to be used for leveraging additional federal funds to provide municipal assistance in complying with nutrient-based TMDLs, such as in asset management.