

# Funding Vermont's Clean Water Initiative



Introduction: The following summary of the budget and revenue proposals pending before the Vermont House of Representatives is provided in response to a series of related inquiries from you and other committee chairs. We have organized the information around the three state funding mechanisms: (1) Clean Water Fund proposal; (2) Operating budget proposal; (3) Capital budget proposals including transportation funding; and, (4) Federal funding sources. For each category, this presentation will summarize both the requested expenditures and proposed sources of revenue. Please refer to the attached memo for background and explanation.

# Clean Water Fund – State Revenue Needs Estimate

This is not a budget proposal but instead an estimate of demands on the Clean Water Fund not covered by federal or other funds. The Clean Water Fund will be targeted at non-point source pollution.

Category	Strategy	Year 1	Year 2	Year 3	Year 4	Year 5
Agricultural Lands	1, 2	\$390,000	\$600,000	\$850,000 <sup>F</sup>	\$850,000	\$850,000
	3 <sup>A</sup>	\$0	\$0	\$0	\$0	\$0
Municipal Stormwater	1, 2	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000
	3 <sup>B</sup>	\$1,240,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Town Highways - 80% of all road miles in Vermont are managed by towns.	1, 2 <sup>C</sup>	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
	3 <sup>C,D</sup>	\$850,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
Natural Resources - Privately and publicly held wetlands, forests, and river corridors.	1, 2 <sup>E</sup>	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
	4 <sup>E</sup>	\$400,000	\$850,000	\$850,000	\$850,000	\$850,000
Minimum known costs <sup>G, H</sup>		\$4,680,000	\$10,250,000	\$10,500,000	\$10,500,000	\$10,500,000

## Key of Strategies

1 - Mapping, inventory, prioritization and planning

2 - Education, outreach, and technical assistance.

3 - Pollution control and abatement - projects and practices to control pollution. Examples include installing rock-lined ditches along gravel roads, installing buffers along farm fields, and re-building paved surfaces to mitigate stormwater run-off.

4 - Restoration and conservation

## Notes

<sup>A</sup> The first 4 years of funding for agricultural pollution control projects funded by NRCS and LCBP funds. Beyond that a state share may be needed.

<sup>B</sup> Need in this category is substantial. This estimate covers only currently designated MS4 communities and assumes a state grant with a 50% local match.

<sup>C</sup> VTrans will administer through an expanded municipal water quality program.

<sup>D</sup> Rough estimate that would be revised based on the first round of planning and inventory development.

<sup>E</sup> Wetland, river, and forest conservation and restoration partially funded through state ERP and federal NRCS programs.

<sup>F</sup> Increase over Year 2 to cover loss of 3 agronomist positions at Lake Champlain Basin Program (LCBP).

<sup>G</sup> Costs are estimates; actual costs will be based on inventories, prioritization, planning and policy decisions (level of match, loan v. grant, etc).

<sup>H</sup> Proposal does not include the use of state funds to pay for private landowner expenses associated with stormwater management.

# VT DEC and AAFM Proposed FY'16 Revenue and Expenditures

Revenue Sources	FY'16
AAFM Fees - Increase over FY'15	\$1,206,000
DEC Water-Related Fees - Increase over FY'15	\$1,557,756

Expenditures	FY'16
AAFM - 7 Positions - Salary and Benefits	\$680,000
DEC - Program and Operating Costs	\$272,000
AAFM - Grants to Farmers	\$248,000
<b>AAFM Total Operating Expenditures</b>	<b>\$1,200,000</b>
DEC - 13 Positions - Salary and Benefits	\$865,000
DEC - Program and Operating Costs	\$342,000
Contracting with Regional Planning Commissions	\$333,000
<b>DEC New Operating Expenditures</b>	<b>\$1,540,000</b>

# Clean Water Programs in Capital and Transportation Bills

See memorandum for descriptions of each program

Revenue Source	FY'15	FY'16 Budget (proposed)	FY'17 Budget (proposed)
Capital Bill – Agriculture (Best Management Practices, Conservation Reserve Enhancement, Critical Source Seeding)	\$1.2M	\$1.4M	\$1.8M
Capital Bill – Ecosystem Restoration Grants	\$2.57M	\$3.75M	\$3.75M
Capital Bill – State Revolving Fund (SRF) Match	~\$1.3M	~\$1.3M	~\$1.3M
Transportation - TS4 Implementation <sup>1</sup>	\$3.2M	\$3.2M	\$3.38M
Transportation Alternatives Fund <sup>1</sup>	\$1.1M	\$1.1M	\$1.1M
Better Back Roads <sup>1</sup>	\$872K	\$650K	\$650K <sup>2</sup>

<sup>1</sup>Transportation funds are a mix of state and federal funds (Federal Highway Administration).

<sup>2</sup>Future increases in Better Backroads funding for FY'17 and beyond will come from Clean Water Fund monies.

# Federal Programs that Support Vermont's Clean Water Initiative

Revenue Source	Current FY	FY16 Budget
USDA NRCS – Farm Bill water quality (EQUIP) programs for Lake Champlain (almost entirely direct payments to farmers; budget includes \$45M over 4 years which contains \$15M of new funds for Lake Champlain)	\$6.9M	\$8.9M
USDA NRCS – VT/NY Partners Grant (\$16M RCPP 5-year grant)	\$1M	~\$3.5M
USDA NRCS – VACD Partners Nutrient Management Grant (RCPP, 5-year grant)	\$0	\$0.14M
U.S. EPA State Revolving Fund (See Capital Bill slide)	\$6.9M	\$6.9M
Lake Champlain Basin Program Grants (monitoring, research, tech. assistance, grants)	\$1.2M	~\$3.7M
Federal Highways Administration	Included in State T-Fund	Included in State T-Fund

## Key

- RCPP: Resource Conservation Partnership Program (USDA NRCS partnership grant program)  
 USDA NRCS: U.S. Dept. of Agriculture Natural Resources Conservation Service  
 U.S. EPA: U.S. Environmental Protection Agency