

**VAPDA Comments on the
State Treasurer's Clean Water Report
February 9, 2017**

Thank you very much to the State Treasurers Office, the Agency of Natural Resources and the Tax Department for the hard work and consultation that went into developing this report and its recommendations. It is a significant step forward in developing a long-term funding system for achieving our shared clean water goals.

While no one likes the idea of raising new revenues, and we understand that it will not help improve the affordability of Vermont in the short-term, VAPDA believes that investing in water quality is a necessary long-term investment in our State for our residents and visitors.

Comments on Needs and Revenue Sources

In order for the State of Vermont to establish a stable, long-term source of water quality funding to meet our water quality goals, we **support** the following:

1. **Statewide Approach.** An approach that takes a State-wide perspective on addressing water quality, beyond a focus only on the Lake Champlain basin or a particular region; while acknowledging Lake Champlain is an invaluable asset to the entire State and its economy.
2. **Biggest bang for the buck.** Raising the majority of needed funding statewide will allow the State to best manage investments that have the greatest cost-effectiveness. The cost to society will be less if effective investments are made in high-priority locations. This is important to most efficiently meet our Clean Water goals.
3. **Real Need.** There are significant funding gaps for municipalities and other regulated entities to achieve compliance. The total cost of just capital investments in clean water are substantial. It is important to keep in mind that these costs do not include project planning and development costs or ongoing operating and maintenance costs, which may be as much or more than the capital costs on an annual basis and are ongoing. The needs and costs should be carefully monitored to make sure we are not raising too much or too little revenue.
4. **Raise funds statewide.** Compliance efforts will be most assisted by meeting a significant portion of the cost through statewide revenues. Municipal budgets, and their limited base of property taxes, cannot afford the significant cost of water quality compliance on their own. This will allow for equitable revenue-raising statewide and decrease inequity among municipalities in raising sufficient revenue to implement what needs to be done. Please keep in mind that any municipal costs that are not covered by the State will still be borne by taxpayers at the municipal level, but probably in very unequal ways as some towns move more quickly and some more slowly.
5. **Immediate funding.** VAPDA supports the interim funding proposal of extending the property transfer tax surcharge for another year to 2019 and using state bonding capacity until a long-term revenue can be implemented. The three priorities, in order, for this interim period should be: 1) Developing the administrative systems to determine, collect, and distribute parcel-based

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revenue. 2) Investing in project development. 3) Investing in capital projects that are “shovel ready.” There is some concern here that those that are “shovel ready” now may not be the most cost effective projects.

6. **Nexus.** There should be a clear nexus between how funding is raised and water quality; that is, the revenue source should be closely related to either a significant pollution source or a direct beneficiary of improved water quality. Meeting the documented stream impairment and phosphorus, stormwater, and nitrogen TMDL requirements should be the principal targets.
7. **State-share.** If the state share of capital funding were 80%, it would be consistent with other funding programs like transportation.
8. **Parcel Fee/“All-in.”** Most of us support a broad-based approach that spreads these costs out among all Vermonters. A parcel-based fee of some kind makes the most sense in terms of having a rational nexus and having an “all in” approach. This would include all property owners including businesses, residents, and tax exempt property owners such as non-profits, religious institutions, schools, other government facilities, etc. This type of system will take a couple of years to develop if this is the revenue source chosen.
9. **Additional Resources.** The State of Vermont should raise revenue and bond, as necessary, to provide the match necessary to obtain additional Federal or private funding opportunities. DEC should take an active role in finding and applying for federal funding.

Project Delivery

10. **Clean Water Fund Board.** Two municipal representatives should be added to the Clean Water Fund Board in 2017.
11. **Regional Role.** – Regional planning commissions believe we can play an essential part of a project delivery system that includes working with our conservation districts, watershed groups, and non-profit partners to support the implementation of the most cost effective solutions identified and prioritized in the tactical basin plans. Most RPCs already have established, collaborative relationships with these organizations and have a track record of project planning, development and implementation in partnership with our municipalities. Together, we leverage the capacity of each group in a way that makes the most sense depending upon the nature of the project at hand. We would ask that grant funding with performance requirements be apportioned to the RPCs, as political subdivisions of the State, to work with the Agencies of Natural Resources, Transportation, and Agriculture; and our municipalities, conservation districts, watershed groups and non-profit partners, to accomplish the following:
 - i. Regional prioritization of projects with the tactical basin planning process;
 - ii. Create a pool of project development, engineering, management/monitoring funds in each region;
 - iii. Implement a regional or municipal capital improvement plan approach to project selection rather than competitive grants;
 - iv. partnerships between municipalities, property owners, RPCs, conservation districts, and watershed associations; and,
 - v. development of a long-term framework for ensuring proper maintenance, operations and management of these new clean water assets.

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