

MEMORANDUM

To: House Corrections & Institutions Committee
 From: Rebecca Ellis, DEC Senior Counsel for Governmental Affairs
 Subject: Capital Bill – clean water appropriation
 Date: March 14, 2017

Governor Scott proposed an [\\$50 million](#) in clean water spending over the FY18-19 biennium, consistent with the level of funding recommended in the [Treasurer's Report](#) of January 15, 2017. This amount represents approximately half of the estimated gap between current spending levels and the total annual investment needed to meet the state's clean water goals. The Governor's proposed revenue sources for FY18-19 that consist of \$26.5 million in the capital bill; \$13.4 million in transportation funds; and \$10 million in revenues from the property transfer tax surcharge.

The Governor's [capital bill proposal](#), dated January 21, 2017, includes a clean water appropriation over two years of \$21,715,328 (page 34, section 10.1.F): \$10,497,664 in FY18 and \$11,217,664 in FY19. The clean water appropriation is currently a stand-alone budget line item contained wholly within DEC's budget.

Regarding the FY18 clean water appropriation, the administration recommends that the Legislature appropriate the FY18 monies to existing line items, including DEC's Municipal Pollution Control Grants, DEC's Ecosystem Restoration Program, VTrans' Municipal Mitigation Program, and the Agency of Agriculture's Best Management Practices Program. By directing FY18 monies to existing categories of spending, bond revenues can be put to use immediately. The Treasurer has communicated her strong desire to see these monies deployed as shortly after July 1, 2017 as possible. Working with the Treasurer's Office, including direct consultation with her bond counsel, the administration will ensure that all projects are eligible for capital funding.

	FY18	FY19	Total
Governor's Proposed Capital Budget			
10.1.F. Clean Water Appropriation	\$ 10,497,664	\$ 11,217,664	\$ 21,715,328
Reallocation			
10.1.E. Municipal Pollution Control Grants			
Continuation of prior year partially funded projects	\$ 2,947,384		
New projects	2,830,232		
Move baseline spending from FY19 to FY18	(586,482)		
10.1.C. Ecosystem Restoration Program	2,000,000		
VTrans Municipal Mitigation Program	1,000,000		
13.1 Agriculture: Best Management Practices and CREP	1,650,000		
Agriculture: Water Quality Grants & Contracts	600,000		
Clean Water Fund FY19		11,274,194	
	\$ 10,441,134	11,274,194	\$ 21,715,328

Regarding the FY19 appropriation, the administration recommends that the Legislature direct the Clean Water Fund Board to propose allocations for FY19. The Clean Water Fund Board will begin the stakeholder process for the FY19 recommended allocations in spring 2017.

FY18-19 CAPITAL BILL - Section 10.1.E. ("Municipal Pollution Control Grants")

Municipal Pollution Control Grants			
	FY18	FY19	Total
Governor's Budget Proposal (January 2017)			
Continuation of Year Prior Partially Funded Grants	\$ 35,000	\$ -	\$ 35,000
New Projects	31,500	3,275,000	3,306,500
Municipal Pollution Control Grants TOTAL	66,500	3,275,000	3,341,500
Governor's Adjusted Budget Proposal (March 2017)			
Continuation of Year Prior Partially Funded Grants	2,982,384	0	2,982,384
New Projects	2,861,732	2,688,518	5,550,250
Municipal Pollution Control Grants TOTAL	5,844,116	2,688,518	8,532,634
Net Change (March 2017 minus January 2017)			
Continuation of Year Prior Partially Funded Grants	2,947,384	-	2,947,384
New Projects	2,830,232	(586,482)	2,243,750
Municipal Pollution Control Grants TOTAL	\$ 5,777,616	\$ (586,482)	\$ 5,191,134
List of Projects and Estimated Municipal Pollution Control Grants			
FY18 Continuation of Year Prior Partially Funded Grants			
Rutland - NW Neighborhood CSO	688,279		
St. Johnsbury - CSO	667,971		
Springfield - Valley Street CSO	16,073		
Springfield - J&L CSO	93,760		
Brattleboro - Sludge & Septage	1,285,847		
West Windsor - Brownsville Dry Weather Flow	230,454		
	\$ 2,982,384		
FY18 New Projects			
Hartford - WRJ Downtown CSO	175,000		*New since January 2017
Royalton - WWTF	306,250		*New since January 2017
Ryegate Filter Bed #2 reconstruction	31,500		*In proposed FY19 capital budget for \$31,500.
Springfield - J&L CSO	55,000		*Prior grants of \$81,240. FY18 = \$55,000 + \$93,760 = \$148,760.
St. Albans - WWTF P Reduction	1,295,000		* In proposed FY19 Cap Budget for \$1,750,000 Sludge/Septage Grant.
St. Johnsbury - Oak Street CSO	412,500		*New since January 2017
St. Johnsbury - Phase 2 WW improvement	586,482		*In proposed FY19 capital budget for \$577,500. Total need is \$875,000.
	\$ 2,861,732		
FY19 New Projects			
Bennington WWTF Upgrade		-	*In proposed FY19 Capital Budget for \$197,500. Tier 2 project.
Colchester - sewer line		500,000	*In proposed FY19 capital budget for \$500,000.
Hinesburg - WWTF		306,250	*New since January 2017
Rutland City - NW Phase 1A CSO		407,268	*New since January 2017
St. Albans - Weldon Street CSO		250,000	* In proposed FY19 Capital Budget for \$250,000.
Swanton Village - WWTF		1,225,000	*New since January 2017
		\$ 2,688,518	
Eligibility for municipal pollution control grants is governed by Section 39 of 2016 Act 160. DEC is in the process of amending its rules for municipal pollution control grants pursuant to by 10 V.S.A. 1628.			