



**Colchester**  
VERMONT

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[www.colchestervt.gov](http://www.colchestervt.gov)

Representative Curt Taylor  
436 Sunderland Woods Road  
Colchester, VT 05446

February 15, 2017

Dear Representative Taylor,

We generally support the efforts of the Vermont Legislature and State Treasurer Pearce to quantify and identify sources of funding for statewide clean water improvement measures. All of us benefit from clean waterways: we rely on them for drinking water, for tourism revenue (\$2.3-2.9 billion annually according to the State Treasurer), for recreation, and as a tax base for State and local revenues (\$2 billion for Lake Champlain). If this problem is not addressed, we will see declines in the tourism industry, reductions in property values along polluted lakes (grand list values are already experiencing reduction in Northwestern Vermont) and less revenue statewide.<sup>1</sup> All of us need to contribute to solving the problem as we all live within watersheds that drain into our streams and rivers which eventually lead to our ponds and lakes.

#### Total Water Quality Needs Estimated at \$60 million for Colchester

Based upon the best information available, we have preliminarily identified the need for \$60 million in water quality improvements in Colchester. To put this figure in perspective, it is five times the Town's total annual budget. We are positioned to receive a \$6.5 million pollution abatement grant for the Malletts Bay Sewer project and are working to secure low interest loans and grants. Within our Capital Budget Program, we are proposing an annual \$200,000 appropriation for stormwater capital work beginning in FY18. We are also proposing an annual \$225,000 appropriation for the Town's overall Clean Water Initiative beginning in FY21. While these funds will help, they will fall well short of our actual needs and we cannot meet a myriad of permitting requirements with local revenue sources alone.

Examples of projects we need funding for include:

- The Flow Restoration Plans required in our Phase II MS4 Permit contain over \$2 million in possible improvements. These improvements will need to be done to meet the significant phosphorus reduction requirements as outlined in the Lake Champlain TMDL.

- We are planning a comprehensive stormwater management project for Malletts Bay including its upland watersheds. Preliminary estimates are \$10 million. We expect this project to play a critical role in meeting the required 20% phosphorus reduction requirements contained in the Lake Champlain TMDL.
- To address bacteria contamination in Malletts Bay, we are advancing a \$25 million sewer project which has been determined to be necessary by the VTDEC-WSMD, and accordingly, has referenced the project as a high priority in the Northern Lake Champlain Direct Drainages Tactical Basin Plan.
- The Tactical Basin Plan also identifies 34 sites in Colchester where roadway improvements are needed to reduce erosion and sediment deposits into receiving waters and will be a requirement of the Municipal Roads General Permit. While these plans have not advanced sufficiently to produce even preliminary estimates, the work is expected to be in the hundreds of thousands of dollars, if not millions.
- Our Capital Budget Program has identified the need for \$8 million in repairs to our existing stormwater systems, and \$15 million in the construction of new systems in areas where no stormwater management currently exists.

#### Need for Project Development Funds

While considering funding needs, policy makers should not to be swayed by what may appear to be the absence of shovel ready projects. Consider that the Lake Champlain Phosphorus TMDL was just released, the Flow Restoration Plans have yet to be approved by the ANR, the Municipal Phosphorus Reduction Plans have yet to be incorporated by the State into municipal permits, and the State's Municipal Roads General Permit has yet to be released. We estimate that these regulatory requirements will begin producing shovel ready projects in 3-5 years as municipalities complete engineering plans.

#### In summary:

- All Vermonters benefit from clean waterways, lakes, and ponds because they are an integral part of our economy and tax base.
- Colchester has preliminarily identified \$60 million in water quality projects. We cannot fund these projects without significant assistance from other sources.
- Stormwater is a statewide issue and it needs statewide revenues. The State's recent settlement with the TDI-NE Clean Power Link project will bring in a total of \$283 million over 40 years or \$7 million annually in revenues that must be used for improving water quality and should be considered as a revenue source.
- We support the concept of the Municipal Clean Water State Aid program that is modeled after the State Aid to Highways program, a non-competitive and automatic source of funding that gives municipalities a steady and predictable yearly revenue stream around which they can build their improvement plans.

- The State should implement a stormwater utility for those communities that do not have the capacity to do so. However, many communities in Chittenden County have stormwater utilities in place. It will be confusing if the State and municipality have a utility for the same purpose; therefore, these communities need to be exempt from a statewide per parcel fee.
- While developing fee structures, the efforts of designated MS4s and Stormwater Utilities must be recognized and we must avoid duplication of fees, double taxation, and use of the already tapped property tax.
- Our current need is mostly project development funding. Beginning in about three years, we expect to have millions of dollars' worth of shovel ready projects.
- We support extending the existing interim funding source from the real estate transfer tax, both short and long term, as it has some nexus to stormwater generation.
- It will take a combination of State and local money for capital and operating funding, just as both sources contribute to our road system maintenance.
- Tier 1 compliance projects will receive first priority for funding. We hope the Malletts Bay sewer project will be considered a Tier 1 compliance project, given we have a determination by the State of pollutants present in Malletts Bay.
- The report continues to stress that the per-parcel fee should be administered at the local level but does not address details of how that would be accomplished. Questions remain:
  - Would the State bill every parcel then the local municipality collect the fees?
  - Would communities be expected to bill and collect?
  - Would communities be expected to pay the State if the fee has not been collected (as per school taxes)?
  - Would communities recover administrative and overhead costs?

Sincerely,



Dawn H. Francis,  
Town Manager

Cc: Treasurer Elizabeth Pearce, Legislators Patrick Brennan, Jim Condon, Maureen Dakin, Curt Taylor, and Senator Richard Mazza

Footnotes:

<sup>1</sup>A Dartmouth College Policy Research Shop Policy Brief (1516—02) dated 2/14/16 found: "The value of Lake Champlain is currently worth a minimum of roughly \$580 million annually, which could increase to at least \$763 million with a clean-up. The potential losses due to pollution in Lake Champlain, assuming a one-meter water clarity decrease, could total at least \$177 million. This includes an annual loss of \$18 million, as well as a \$159 million decrease in seasonal property value."