

## MEMORANDUM

To: Senate Institutions Committee  
 From: Rebecca Ellis, DEC Senior Counsel for Governmental Affairs  
 Subject: H.519 Capital Bill – clean water appropriation  
 Date: April 7, 2017

Governor Scott has proposed a clean water investment of **\$50 million** over current spending in 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 annualized 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 consists 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.

Of the \$26.5 million in the capital bill, the Governor proposed a clean water appropriation of \$21,715,328 (Governor's [Capital Budget](#) Proposal, page 34, section 10.1.F) over two years: \$10,497,664 in FY18 and \$11,217,664 in FY19. The Clean Water Fund Board met on February 10 and February 22, 2017 to recommend an allocation of the FY18 monies. The Clean Water Fund Board's proposal, which was approved by the Secretary of Administration, was forwarded to the House Corrections and Institutions Committee in a [memo](#) dated March 14, 2017. DEC supports the proposed allocation of the FY18 clean water appropriation, as further modified by the House, and summarized as follows:

	Governor's Request			House Corrections & Institutions		
	FY18	FY19	FY18 & FY19	FY18	FY19	FY18 & FY19
<b>Section 11: Clean Water Investments</b>						
Clean Water State Revolving Fund (SRF)	\$ 1,200,000	\$ 1,200,000	\$ 2,400,000	\$ 1,000,000	\$ 1,200,000	\$ 2,200,000
Governor's Clean Water Appropriation						
AAFM BMP & CREP				\$ 1,650,000		
Water Quality Grants & Contracts				\$ 600,000		
Ecosystem Restoration Grants				\$ 1,000,000		
Municipal Pollution Control Grants (prior)				\$ 2,947,384		
Municipal Pollution Control Grants (new)				\$ 2,672,732		
VTrans Municipal Mitigation Program				\$ 1,400,000		
	<b>\$ 10,497,664</b>	<b>\$ 11,217,664</b>	<b>\$ 21,715,328</b>	<b>\$ 10,270,116</b>	<b>\$ 11,112,944</b>	<b>\$ 21,383,060</b>
Baseline Clean Water Appropriations						
AAFM BMP & CREP	\$ 1,800,000	\$ 2,000,000	\$ 3,800,000	\$ 1,800,000	\$ 2,000,000	\$ 3,800,000
Water Quality Grants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ecosystem Restoration Grants	\$ 5,000,000	\$ 5,000,000	\$ 10,000,000	\$ 5,000,000	\$ 5,000,000	\$ 10,000,000
Municipal Pollution Control Grants (prior)	\$ 35,000	\$ -	\$ 35,000	\$ 35,000	\$ -	\$ 35,000
Municipal Pollution Control Grants (new)	\$ 31,500	\$ 3,275,000	\$ 3,306,500	\$ 31,500	\$ 1,407,268	\$ 1,438,768
VTrans Municipal Mitigation Program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
VHCB: water quality projects	\$ 2,750,000	\$ 1,000,000	\$ 3,750,000	\$ 2,800,000	\$ 2,750,000	\$ 5,550,000
VHCB: purchase of farm easements	\$ -	\$ -	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
	<b>\$ 9,616,500</b>	<b>\$ 11,275,000</b>	<b>\$ 20,891,500</b>	<b>\$ 10,666,500</b>	<b>\$ 11,157,268</b>	<b>\$ 21,823,768</b>
	<b>\$ 21,314,164</b>	<b>\$ 23,692,664</b>	<b>\$ 45,006,828</b>	<b>\$ 21,936,616</b>	<b>\$ 23,470,212</b>	<b>\$ 45,406,828</b>

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 consultation with the Treasurer's bond counsel, the administration will ensure that all projects are eligible for capital funding.

Regarding the FY19 appropriation of \$11,112,944, 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.

The Department of Environmental Conservation requests the following two changes to H.519 as passed by the House:

- Municipal Pollution Control Grants. Page 14, section 11(h): Strike the end of the sentence that reads: “...if the Secretary determines that one of these projects is not ready in FY 2018, the funds may be used for an eligible new project ~~listed in subdivision (f)(3) of this section.~~” This change would authorize DEC to award municipal pollution control grants to eligible projects not listed in the bill should a listed project not move forward.
- Report on Tactical Basin Projects. Page 33, section 34: Strike the section requiring DEC to work with Regional Planning Commissions on a plan to administer clean water projects. This section is duplicative of 10 V.S.A. § 1253(d)(3), existing law which states: “The Secretary shall, contingent upon the availability of funding, contract with a regional planning commission or the Natural Resources Conservation Council to assist in or to produce a basin plan ....”

Thank you for your consideration of these requests.