

CLEAN WATER IMPLEMENTATION READY PROJECTS

Clean water projects are identified through: 1) the Agency of Natural Resources, Department of Environmental Conservation's tactical basin planning process, which incorporates; 2) State Agency technical assistance; and 3) stakeholder engagement and recommendations. The tactical basin planning process is a multi-year mapping of pollution threats in each basin and the identification of projects to address these threats. Scientists and engineers within the Agencies of Natural Resources, Agriculture and Transportation work with stakeholders (regional planning commissions, conservation districts, municipal officials, farmers, developers and others) to identify projects. Tactical basin plans are part of the accountability framework required by Federal and State cleanup targets, or Total Maximum Daily Loads (TMDLs).

Once projects are identified, they are prioritized through grant and loan-making processes within each agency. Some projects will be reviewed by the General Assembly, and particularly the House Corrections & Institutions and Senate Institutions committees. Other projects will be funded through approved budget allocations, capital and otherwise, such as through the Clean Water Fund, Ecosystem Restoration Program, or Better Back Roads Program.

SHOVEL READY PROJECTS – JANUARY 6, 2017

In December 2016, Treasurer Beth Pearce requested a list of shovel-ready projects from the Agencies of Natural Resources, Agriculture and Transportation. The Agencies put forth \$80 million worth of projects that would be ready for implementation in State Fiscal Year's 2018-2019. The projects are categorized below. Full detail is available.

Agency - Sector	Cost	Project Notes
ANR- Municipal Wastewater	\$61,527,539	Addison, Bennington, Castleton, Colchester FD #2, Hinesburg, Montpelier, N. Branch FD #1, Royalton, Rutland City, Ryegate, St. Albans City, St. Johnsbury, Springfield, Williston, Winooski
AAFM-Agriculture	\$9,000,000	Production area Best Management Practices (BMPs) (\$6M), livestock exclusion (\$1.4M), technical assistance for BMPs (\$1.6M)
ANR- Agriculture	\$587,300	Farm projects identified through ANR stakeholder processes
ANR- Developed Lands	\$9,383,930	Stormwater treatment for roads and developed lands (ex. parking lots)
Natural Resources	\$360,518	Projects that restore the phosphorus and sediment reduction potential of stream corridors, lakeshores, wetlands
Total	\$80,272,898	

*BMP = Best Management Practice

Over the past month, additional projects have been identified. Each Agency is prioritizing these projects based on impact. This work is being vetted by a new clean water legislative workgroup, including two members of House Appropriations, Corrections & Institutions, Agriculture & Forestry, and Natural Resources, Fish & Wildlife. State Agencies are considering their capacity to administer the funds and are investigating public-private partnerships, block grants and other strategies to deliver funds and track results. Deployment strategies are also being considered by the legislative workgroup.

TREASURER'S REPORT & RECOMMENDATION

Act 64 of 2015 directed the State Treasurer, in partnership with State agencies, to prepare a report to the General Assembly on clean water financing and funding recommendations. The Treasurer recommended an interim (two-year) plan to generate a minimum of \$25 million per year of additional clean water funding and a long-term revenue option (tiered usage fee collected and managed through local and regional stormwater utilities). The Treasurer's Office has undertaken a series of reviews and proposed the existing resources below for the first two years:

- (1) Reallocate/Secure/Prioritize State capital money from general obligation bond program consistent with Capital Debt Affordability Advisory Committee (CDAAC) recommendations— \$15 million annually;
- (2) Reallocate transportation infrastructure bond fund capital money, either in the form of pay-go capital or future issue bond fund—\$5 million annually;

- (3) Extend property transfer tax collected for the Clean Water Fund to through State fiscal year 2019—\$5 million annually; and
- (4) Potentially use some dollars in the Municipal Equipment Loan Fund (limited).

Enactment of these proposals provides for a number of authorized uses beneficial to the cleanup of our lakes and rivers:

Sources	Authorized Uses	Examples of Projects Eligible for Funding
State General Obligation (G.O.) Bonds	Capital projects	<p>Developed Land/Stormwater Treatment</p> <ul style="list-style-type: none"> • Grants to municipalities or local and regional stormwater utilities • Additional contributions to Clean Water State Revolving Fund (CWSRF) <p>Agricultural</p> <ul style="list-style-type: none"> • Purchase of water quality-based easements • Grants for livestock exclusion fencing and manure management systems (taxable) <p>Natural Resources</p> <ul style="list-style-type: none"> • Capital projects and grants for wetlands and floodplain restoration <p>Wastewater Treatment Facilities</p> <ul style="list-style-type: none"> • Additional contributions to CWSRF • Grants to municipalities
Transportation Infrastructure Pay-Go or Bonds (TIB)	Limited by TIB Statute to: rehabilitation, reconstruction, or replacement of State and municipal bridges, culverts, roads highways. ¹ Project must have a minimum remaining useful life of 10 years.	<p>Developed Land/Stormwater Treatment</p> <ul style="list-style-type: none"> • Grants to municipalities for qualified highway costs related to stormwater management • VTrans roads and highway related stormwater management efforts
Clean Water Surcharge	Most flexible use of funds: Planning, design costs, restoration, training, technical assistance, operating programs, capital projects, partner support	Funds available for costs authorized by Act 64, including training, technical assistance, operating programs, private financial assistance for non-capital items, partner support, etc. that would not available from other interim sources.

INCENTIVIZING CLEAN WATER INVESTMENT

The Treasurer’s report also outlined policy recommendations to incentivize clean water investments, including those outlined below.

- (1) Expand Current Use – Riparian buffers benefit water quality. The “Current Use Program” permits unmanaged riparian buffers on forest lands to remain in the program. A portion of unmanaged riparian buffers on agricultural lands are required to be unenrolled from Current Use. There is an opportunity to ensure riparian buffers are managed consistently between sectors, benefiting farmers, loggers, and water quality.
- (2) Debt Buy-Down on Farms – Farm loans are available to strengthen existing farm operations, including promoting soil and water conservation and protection. Farms could be incentivized to make investments above and beyond the Agency of Agriculture’s Required Agricultural Practices (RAPs) through the creation of a program that provides capital to buy down the interest payments on loans. The program could be housed at the Vermont Economic Development Authority.

¹ The statutory term "highway" includes rights-of-way, bridges, drainage structures, signs, guardrails, areas to accommodate utilities authorized by law to locate within highway limits, areas used to mitigate the environmental impacts of highway construction, vegetation, scenic enhancements, and structures. The term "highway" does not include State Forest highways, management roads, easements, or rights-of-way owned by or under the control of the Agency of Natural Resources, the Department of Forests, Parks and Recreation, the Department of Fish and Wildlife, or the Department of Environmental Conservation.