

CLEAN WATER BOARD
SFY 2020 GOVERNOR'S BUDGET (1/24/2019)

No.	Sector	Agency	Activity	Clean Water Funds	Capital Bill FY20	Total
1	Agriculture	AAFM	Agronomy Conservation Assistance Program (ACAP)	235,000	-	235,000
2	Agriculture	AAFM	Water Quality Grants to Partners and Farmers	2,600,000	3,450,000	6,050,000
3	Agriculture	AAFM	Operating	550,000	-	550,000
4	Agriculture	VHCB	Agricultural Water Quality Projects	-	1,100,000	1,100,000
5	Nat'l Resources	VHCB	Land Conservation and Water Quality Projects	-	1,700,000	1,700,000
6	Innovation	All	Multi-Sector Innovation, DEC and Partner Support	2,555,000	-	2,555,000
7	Nat'l Resources	ANR-DEC (CWIP)	Natural Resources Restoration	2,650,000	-	2,650,000
8	Nat'l Resources	ANR-DEC (CWIP)	Lakes in Crisis Fund	50,000	50,000	100,000
9	Nat'l Resources	ANR-FPR	Forestry/Skidder Bridges		50,000	50,000
10	Roads	ANR-DEC (CWIP)	Municipal Roads Grants-in-Aid	3,200,000	-	3,200,000
11	Roads	VTrans	Municipal Better Roads	800,000	-	800,000
12	Stormwater	ANR-DEC (CWIP)	Municipal Stormwater Project Planning & Implt'ion	2,000,000	-	2,000,000
13	Stormwater	AoA	Stormwater Utility Payments (\$25K each)	125,000	-	125,000
14	Stormwater	ACCD	Better Connections (Stormwater planning)	100,000	-	100,000
15	Stormwater	ACCD	Downtown Trans Fund (Stormwater Best Mgt. Practices)	100,000		100,000
16	Wastewater	ANR-DEC	Wastewater Treatment Facility operators support	110,000	-	110,000
17	Wastewater	ANR-DEC (FED)	Clean Water State Revolving Fund (CWSRF)	-	2,500,000	2,500,000
18	Wastewater	ANR-DEC (FED)	Municipal Pollution Control Grants	-	3,300,000	3,300,000
19	Audit	AoA	Program Audit (10 V.S.A. § 1389b)	25,000	-	25,000
20			Total Requested	15,100,000	12,150,000	27,250,000
21			FY20 Anticipated Revenue Projection as of Dec. 21, 2018	6,000,000	12,150,000	18,150,000
22			FY19 Carry-Over Estimate as of Dec. 21, 2018	1,100,000		
23			FY20 Gap (Line 23 = 20 - 21 - 22) as of Jan. 24, 2019	8,000,000		

Clean Water Board
State Fiscal Year (FY) 2020 Clean Water Budget – Line Item Descriptions
Organized by Agency

Agency of Agriculture, Food and Markets (AAFM)

Line 1: Agronomy Conservation Assistance Program (ACAP) (\$235,000 Clean Water Fund)

- a. Support for the Agronomy and Conservation Assistance Program (ACAP) – contract to continue delivering agronomic (field-based) technical support to farmers statewide, in coordination with federal and state agencies.

Line 2: Water Quality Grants to Partners and Farmers (\$2,600,000 Clean Water Fund; \$3,450,000 Capital)

- a. Capital Funds: The Agency of Agriculture, Food and Markets provides grants and contracts for capital expenditure that include the installation of Best Management Practices (BMPs) on farms in Vermont. The BMPs are to protect water quality and could include manure storage, collection and mitigation of rain water off buildings, collection and storage of silage leachate, structures to mitigate other on-farm water quality issues. Capital funds also support the Agency’s conservation and grass waterway programs.

- i. Best Management Practice (BMP) Program, 6 V.S.A. §4900.
- ii. [Conservation Reserve Enhancement Program](#) (CREP), 6 V.S.A. §4900. The program funds 15 to 30-year term water quality agreements to install vegetation within buffers. The scope of this program is unchanged since it was launched more than 15 years ago.
- iii. Grassed Waterway/Filter Strip Program, which replaced the Vermont Agricultural Buffer Program, 6 V.S.A. §4900.

- b. Clean Water Funds: Grants and contracts that are non-capital funds are used to support: (i) partners in the water quality effort that may include UVM Extension, Natural Resource Conservation Districts, watershed groups in multiple parts of the state, (ii) non-capital fund eligible water quality practices, such as cover-crops; (iii) innovative water quality improvement methods for manure management, phosphorus reduction and new techniques that directly assist partners and farmers in water quality implementation activities. For assistance, farmers should contact: <http://agriculture.vermont.gov/water-quality/farmer-assistance>.

Line 3: Operating (\$550,000 Clean Water Fund)

- a. The Agency of Agriculture, Food and Markets supports staff and operating costs from the Clean Water Fund. Original appropriations for FY16 and FY17 were \$450,000 each year. Carryforward from these two years of program development and staff onboarding allowed for a reduction in appropriations in FY18 and FY19, to \$375,000 each year.



Figure 1. BMP for silage leachate collection system, before and after.

Vermont Housing and Conservation Board

Line 4: Agricultural Water Quality Projects (\$1,100,000 Capital)

- a. VHCB uses this funding to award grants to farmers for water quality-related capital improvements. Eligible projects include production area improvements, manure management projects, farm equipment and pasture management. Grants typically help farmers pay for project components that state and federal grant programs cannot cover. In cases of significant hardship, the grants may assist farmers who are otherwise unable to fully meet the cost share requirements for priority AAFM BMP or Natural Resources Conservation Service projects.
- b. Farmland Retirement: VHCB works closely with other partners – particularly AAFM and ANR – to identify agricultural land that is difficult to farm without adversely impacting water quality. These funds would allow VHCB to help fund the purchase and/or conservation of such properties with a goal of taking them all or mostly out of production. All grants will require perpetual conservation restrictions.

Line 5: Land Conservation and Water Quality Projects (\$1,700,000 Capital)

- a. Part of VHCB's core funding, this allocation is used for grants to eligible applicants (land trusts and other conservation non-profits, towns, certain state agencies) for conservation and water-quality related investments in fee lands and conservation easements. All grants will require perpetual conservation restrictions. Those with surface waters will include specific water quality-related easement provisions such as riparian buffers and wetland protection zones.

Innovation, DEC, and Partner Support

Line 6: Multi-Sector Innovation, DEC and Partner Support (\$2,555,000 Clean Water Fund)

- a. Innovation. Approximately \$1,000,000 will be used to support innovation efforts, such as the Phosphorus Innovation Challenge. This is a cross-agency effort, and grants are awarded on a competitive basis. In FY19, AAFM provided \$250,000 to kick-start the [Phosphorus Innovation Challenge](#). DEC provided \$200,000 to support other innovative phosphorus reduction-based projects (includes School Stormwater Assessment/Early Adoption Project and Rivers Project Identification, Tracking, and Mapping).
- b. Clean Water Service Redesign. Approximately \$300,000 will be used to support project tracking and accounting for nutrient pollutant reductions. Tracking and accounting will be used to promote innovative service delivery through a cost-effective, competitive bidding system.
- c. Partner Support. DEC will use approximately \$1,255,000 in FY20 to support partner efforts, such as programs outlined in the [State Fiscal Year 2019 Clean Water Initiative Program Ecosystem Restoration Grants Spending Plan](#). DEC annually provides grants and contracts, some of which leverage federal funds. Past recipients include UVM SeaGrant’s program, the Vermont Urban and Community Forestry Program, and Vermont Youth Conservation Corps. Through its contracts, DEC also paid for targeted water-quality monitoring and laboratory testing of water samples. DEC uses cooperative agreements to extend outreach and education to municipalities, such as watershed-based planning agreements with the regional planning commissions and natural resources conservation districts (as required by statute). [DEC’s State Fiscal Year 2019 Ecosystem Restoration Grants Spending Plan Appendix A \(July 16, 2018\)](#) included the following water quality grants and contracts related to partner support and innovation in FY19:

Activity	FY19 Amount
Tactical Basin Planning Support	\$330,000
Work Crew Support	\$215,000
Innovation: School Stormwater Assessment/Early Adoption Project	\$100,000
LaRosa Partnership and Laboratory Support for Watershed Monitoring	\$150,000
Innovation: Rivers Project Identification, Tracking, and Mapping	\$100,000
UVM SeaGrant - Extension / Technical Assistance Delivery	\$50,000
Vermont League of Cities and Towns - Extension / Technical Support	\$50,000
Partnership Block Grant – Pilot (Project Development)	\$45,000
Ecosystem Restoration Woody Buffer Block Grant (Project Development Portion)	\$40,000
State parcel mapping, ANR share of costs	\$40,000
Technical Capacity Grants	\$40,000
Total	\$1,160,000

Agency of Natural Resources

Line 7: Natural Resources Restoration (\$2,650,000 Clean Water Fund)

- a. DEC provides grants for natural resources restoration through its Ecosystem Restoration Grant Program. Recipients of ecosystem restoration grants and contracts include municipalities, watershed organizations, lake associations, conservation districts, and regional planning commissions. Through the tactical basin planning process, DEC can identify and prioritize the award of grants for natural resources projects.

Line 8: Lakes in Crisis Fund (\$50,000 Clean Water Fund; \$50,000 Capital)

- a. Act 168 of the 2018 Session created a Lake in Crisis Fund and requires the Agency of Natural Resources to recommend a budget for the fund. Currently only one lake, Lake Carmi, has been designated as a Lake in Crisis. ANR's plan for Lake Carmi can be found at: <https://dec.vermont.gov/watershed/cwi/restoring/carmi>. ANR and AAFM use other grant programs to support phosphorus mitigation in the Lake Carmi watershed. In addition, the FY19 budget includes up to \$1,600,000 for installation of an aerator in Lake Carmi.

Line 9: Forestry/Skidder Bridges (\$50,000 Capital)

- a. The Department of Forests, Parks and Recreation (FPR) provides direct grants to loggers to reimburse a portion of the cost of skidder bridges (per 2017 Act 75, 10 V.S.A. § 2622a). Portable skidder bridges prevent erosion and runoff at stream crossings on logging jobs.

Line 10: Municipal Roads Grants-in-Aid (\$3,200,000 Clean Water Fund)

- a. Provides financial assistance to municipalities to bring hydrologically connected municipal road sections into full compliance with the Municipal Roads General Permit. Funds are dispersed by formula to all participating municipalities based on hydrologically connected road miles. Municipalities enroll through regional planning commissions and complete construction and regional planning commissions provide project verification and reporting. Practices eligible for funding under this pilot project include drainage ditch installation and upgrades, turnouts, removal of high road shoulders, and stabilization of drainage culverts and catch basin outlets, and on Class 4 roads, stabilization of gully erosion.

Lines 12: Municipal Stormwater Project Planning and Implementation (\$2,000,000 Clean Water Fund)

- a. Provides financial assistance to municipalities and other partners to implement stormwater pollution abatement and control projects. Stormwater projects capture and treat polluted stormwater runoff (i.e., rain runoff and snowmelt) from developed areas, including roads rooftops, and parking lots. These funds support compliance with municipal stormwater permits required by clean water restoration plans known as total maximum daily loads, or TMDLs. Funds will support: (a) project identification and planning, (b) illicit discharge detection and elimination (IDDE), (c) design, and (d) construction.

Line 16: Wastewater Treatment Facility (WWTF) Operators Support (\$110,000 Clean Water Fund)

- a. ANR proposes to continue providing WWTF operator support for a third year. These funds support optimization, and high-strength source management, in place of near-term capital investments to implement major nutrient TMDLs (e.g., Lake Champlain phosphorus TMDLs). Programming covers technical, analytical and asset management. Federal funds may become available but are limited in scope and location.

Line 17: Clean Water State Revolving Fund (\$2,500,000 Capital)

- a. The Clean Water State Revolving Fund (CWSRF) provides low-interest loans for municipal stormwater, wastewater and natural resources projects. Vermont provides a 20% match in order to draw down an 80% federal match. The 20% match of \$2,533,697 in FY20 will draw down \$12,668,485; and the 20% proposed match of \$1,571,800 in FY21 will draw down \$7,859,000 in revolving loan funds.

All of the 20% state match funds and all but 4% of the federal funds are used to provide loans for a wide range of water-quality projects that includes combined sewer overflow abatement (CSO), plant refurbishment, plant upgrades, sludge and septage improvements, sewer line replacement and extension, pump station upgrades, plant enlargements, stormwater improvements, and municipally-sponsored private wastewater disposal systems.

Act 185 of the 2018 Session authorized CWSRF loans to private entities for a four-year pilot. Private entities may obtain loans for the same range of projects as municipalities. The interest rates on loans to private entities will be slightly higher than interest rates to municipalities, and these revenues will be used to offset reduced interest rates on loans to municipalities that promote natural resource projects. By statute, municipal projects always have priority over loans to private entities.

Line 18: Municipal Pollution Control Grants (\$3,300,000)

- a. In addition to low-interest loans through the Clean Water State Revolving Loan Funds, some municipal clean water projects are eligible for municipal pollution control grants in FY20 up to 35% of the project cost. The source of funding for municipal pollution control grants is the Capital Bill. These grants are for municipalities only.

The Legislature has adopted a priority system for municipal pollution control grants,¹⁰ V.S.A. 1626b(c) & 1628. See 2016 [Act 103](#). Based on preliminary information provided by municipalities in May 2018, ANR anticipates the award of the following grants in FY20 (July 1, 2019-June 30, 2020):

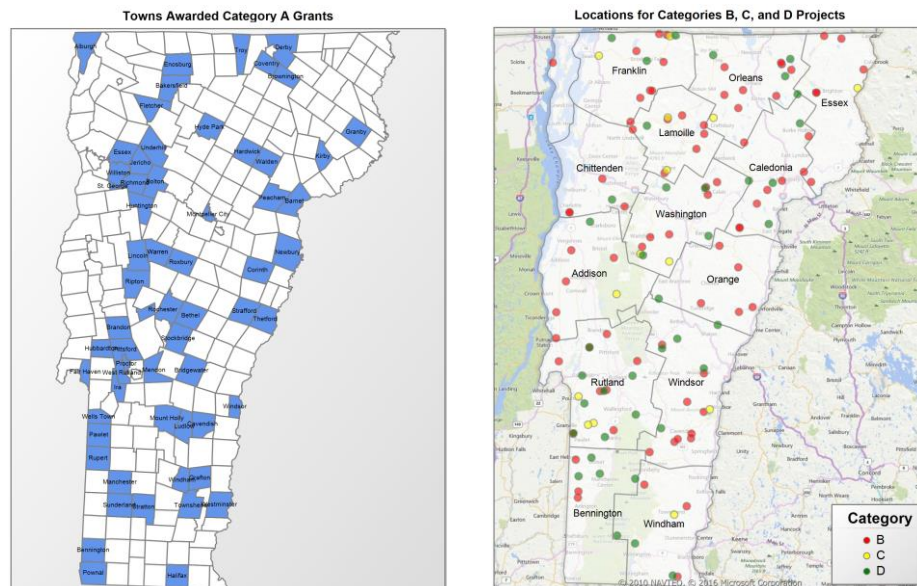
Clean Water - Municipal Pollution Control Grants	
Bridgewater - WWTF	10,000
Fair Haven - River Street Sewers & SW	81,000
Hartford - S Main Street, Gates SW Improvements	100,000
Hartford - S Main, Gates & North Main WW Improvements	96,000
Hartford - WRJ Stormwater Improvements	70,000
Middlebury - WWTF	162,000
Montpelier - WWTF Upgrade	2,400,000
S Burlington Kennedy Drive SW Improvements	65,000
St Johnsbury - Pleasant Street/Gilman Ave CSO	320,000
	3,304,000

Agency of Transportation (VTrans)

Line 11: Municipal [Better Roads Program](#) (\$800,000 Clean Water Fund; \$828,000 Transportation Bill¹)

- a. Better Roads projects are meant to be quick, low cost projects that are easy to advance without all the requirements of federal funding. The program funds road erosion inventory and capital budget planning projects as well as construction projects. Example construction projects include ditching, check dams, gravel wetlands, stream bank or slope stabilization, and structure/culvert upgrades. Municipalities have 18 months to complete the road erosion and capital budget planning projects and 12 months for the construction projects once they are awarded.

The location of FY17 Better Roads awards are shown below as a representation of how funds are distributed; however, actual grant award lists going back to FY14 can be found [here](#).



¹ Transportation Bill amount for Better Roads includes \$500,000 in state funds for construction projects and \$328,000 in federal funds for road erosion inventories.

Agency of Administration

Line 13: Stormwater Utility Payments (\$125,000 Clean Water Fund)

- a. The Legislature has encouraged the Clean Water Fund to award monies to support the establishment and maintenance of stormwater utilities. 10 V.S.A. §1389(e)(1)(H) (the board “shall prioritize funding to municipalities for the establishment and operation of stormwater utilities); §1389(e)(2) (“the Clean Water Board shall, during the first three years of its existence and within the priorities established under subdivision (1) of this subsection (e), prioritize awards or assistance to municipalities for municipal compliance with water quality requirements and to municipalities for the establishment and operation of stormwater utilities.”).

The Clean Water Board has fulfilled this statutory mandate by recommending an annual appropriation of \$25,000 to municipal stormwater utilities. By FY20, five municipalities will have established stormwater utilities: Williston, Colchester, South Burlington, St. Albans City and Burlington. These funds are appropriated through the Agency of Administration. VTrans publishes an annual report about municipal stormwater utilities related to VTrans expenditures: <https://legislature.vermont.gov/assets/Legislative-Reports/VTrans-Act-158-SW-Utility-Report-2017-Cal-Year.pdf>.

Line 19: Program Audit (\$25,000 Clean Water Fund)²

- a. 10 V.S.A. § 1389b requires that on or before January 15, 2021 the Secretary of Administration shall submit a program audit of the Clean Water Fund to the General Assembly. The audit must be conducted by a qualified, independent environmental consultant or organization and include:
 - i. A summary of the expenditures from the Clean Water Fund, including the water quality projects and programs that received funding;
 - ii. An analysis and summary of the efficacy of the water quality projects and programs funded from the Clean Water Fund or implemented by the State;
 - iii. An evaluation of whether water quality projects and programs funded or implemented by the State are achieving the intended water quality benefits;
 - iv. An assessment of the capacity of the Agency of Agriculture, Food and Markets to effectively administer and enforce agricultural water quality requirements on farms in the State; and
 - v. A recommendation of whether the General Assembly should authorize the continuation of the Clean Water Fund and, if so, at what funding level.

² The Clean Water Fund Program Audit will span parts of FY20 and FY21. Additional funds may be added to the \$25,000 as part of the FY21 Clean Water Budget.

Agency of Commerce and Community Development (ACCD)

Line 14: Better Connections Stormwater Planning (\$100,000 Clean Water Fund)

- a. Better Connections is an award-winning interagency grant program (VTrans, ACCD, ANR, VDH) that supports the implementation of local projects to increase local transportation options, build resilience, and revitalize communities. Funding will help municipalities incorporate stormwater management strategies into downtown and village center transportation and community revitalization plans.

Line 15: Downtown Transportation Fund, Stormwater Best Management Practices (\$100,000 Clean Water Fund)

- a. In partnership with VTrans, the Downtown Transportation Fund will help municipalities incorporate stormwater BMPs into infrastructure improvement projects that make Vermont's downtown areas more pedestrian, bike, and transit friendly.