

MEMORANDUM

TO: Rep. Martha Feltus, House Committee on Appropriations
FR: Rep. Kari Dolan, Clerk
DATE: January 9, 2022
RE: Updated Assessment of Revised FY22 Recommended Budget Adjustment Act (BAA)
CC: Chair Amy Sheldon, Lizzy Carroll, Committee Assistant, House NRFW Committee

Thank you for the opportunity to provide comments on the revised FY22 Governor's Recommended Budget Adjustment Act (BAA). This is an updated memorandum that addresses environmental sections contained the BAA. Please note that some of our comments address related environmental topics involving the Agency of Agriculture, Food, and Markets, the Vermont Transportation Agency, and the Natural Resources Board.

The Committee has reviewed and supports these components of the Recommended BAA. Please see a detailed set of comments below. I am available to answer questions you may have.

1. Agency of Agriculture, Food, and Markets (AAFM):
 - a. References
 - i. BA Language: Sec. XX 2021 Acts and Resolves No. 74, Sec. D. 101 (p. 2)
 - ii. BA Spreadsheet: B.225.2 (see under "Protection," AAFM – Clean Water Initiative)
 - iii. BA Spreadsheet: D101(a)
 - b. Proposal: Transfers additional unallocated/unreserved funds Clean Water Funds to the AAFM Agricultural Water Quality Special Fund in amount of \$1,442,457. As described in D101(a), this is a net-neutral transfer.
 - c. Recommendation: The House NRFW Committee supports this adjustment.
 - d. Justification: These funds support AAFM's Water Quality Grants to Partners and Farmers. The funds help AAFM address the unmet demand for support (as reported to the Clean Water Fund by the Secretary of the Agency of Agriculture, Food, and Markets, dated 6/25/21 and contained in the [June 2021 Clean Water Board Meeting materials](#)).
2. VT Agency of Transportation (VTrans):
 - a. References
 - i. BA Language: Sec. XX 2021 Acts and Resolves No. 74, Sec. D. 101, (g) (pp. 5-6)
 - ii. BA Spreadsheet: B919 (see "Transportation – municipal mitigation assistance program)
 - iii. BA Spreadsheet: D101(g) (see "Reversion from DEC-Office of Water Programs to Clean Water Fund," a reversion that allows the Clean Water Funds to be appropriated to VTrans in B919)
 - b. Proposal: Reverts unspent Clean Water Funds of \$675,150 from the ANR Department of Environmental Conservation (DEC), to be appropriated to VTrans in

Section B.919 of the budget adjustment proposal. Also adds \$1.5 million of Clean Water Funds (as shown in Spreadsheet).

- c. Recommendation: The House NRFW Committee supports this adjustment.
- d. Justification: This adjustment is due to action by the Clean Water Board to consolidate municipal funding for clean water-related transportation projects at VTrans. It does not reduce funding available for municipalities.

3. ANR #1:

- a. References
 - i. Sec. XX 2021 Acts and Resolves No. 74, Secs. B.1106(a)(25) [Note spreadsheet erroneously references "(24)"; I highlighted this in yellow for your convenience.]
- b. Proposal: Directs \$350,000 to support an economic analysis to assume ownership of the Green River Dam.
- c. Recommendation: The House NRFW Committee supports this adjustment.
- d. Justification: Directs \$350,000 to support an economic analysis (capital -- the funds the state would need to invest to keep it in good standing as a high-hazard dam -- and ongoing operations and maintenance costs) to the State to assume ownership of the Green River Dam. The Unspent funds will be directed to state-owned dams to evaluate the capital and on-going operations and maintenance costs.

4. ANR #2:

- a. References
 - i. BA Language: Sec. XX 2021 Acts and Resolves No. 74, Sec. G.700(a)(4)(B)(i) (p. 9)
- b. Proposal: Makes available \$1 million in federal ARPA funds to support grants and loan forgiveness to replace failed or inadequate residential on-site wastewater and water supply systems.
- c. Recommendation: The House NRFW Committee supports this adjustment.
- d. Justification: This adjustment adds "grants" to the existing "loan forgiveness" as a mechanism to fund these programs and includes systems that are inadequate to meet household needs. This adjustment is aligned with the Treasury guidance regarding the use of ARPA funds and provides important public health benefits.

5. ANR and AAFM:

- a. References
 - i. BA Language:
 - ii. BA Spreadsheet:
 - 1. G700(a)(5) (see "Water and Sewer Investments" Dept. of Env Conservation for allocation by Clean Water Board)
 - 2. B702 (see "Natural Resources, "Fish and wildlife-support and field services")

- b. Action: Specifies that the original \$10,000,000 of ARPA funds allocated to the Clean Water Board be amended, reflecting the Clean Water Board’s 8/12/21 decision. Amount remains net neutral.
 - i. DEC: (A): retains \$6.5 million of the \$10,000, largely to support municipal water control grants and stormwater projects.
 - ii. AAFM: (B): shifts \$3.5 million in water quality grants to farmers.
- c. Recommendation: The House NRFW Committee supports this adjustment.
- d. Justification: With respect to:
 - i. DEC (A):
 1. The \$6.5 million enables DEC to use ARPA funds for eligible projects, helps DEC meet the demand for grants where bids on planned projects exceeded estimates, and supports work at a number of municipal publicly owned wastewater treatment facilities (including Addison, Burlington, Hardwick, Hinesburg, Ludlow, St. Johnsbury, and Whitingham).
 2. The adjustment also supports the anticipated demand for stormwater control projects.
 3. B702 “Fish and wildlife – support and field services:” The use of ARPA funds frees up Clean Water Funds to allocate \$1 million towards the unmet need for investments in natural resources restoration projects (see BA Spreadsheet, B702).
 4. B711 “Environmental conservation – office of water programs:” The combination of B702 and this reduction of \$2.5 million in Clean Water Fund allocation accommodates the \$3.5 million shift to AAFM, as described in “AAFM (B).”
 - ii. AAFM (B): This allocation enables AAFM to address the unmet demand for assistance under its Best Management Practices and Capital Equipment Assistance Programs.

6. Natural Resources Board:

- a. References
 - i. BA Spreadsheet: B713 (see “Natural Resources Board”)
- b. Proposal: Reallocates \$149,888 of funds.
- c. Recommendation: I support this adjustment.
- d. Justification: This adjustment is a net neutral shift of General Funds Operating to General Fund Personal services to correct a technical error. According to NRB Chair Sabina Haskell in an email to me dated January 7, 2022, the FY22 budget included an extra \$500,000 to fund an executive order -- \$350,112 of personal service costs and \$149,889 of operating expenses. When the Legislature in 2021 removed these funds from the budget, the result was a reduction in personal services by the full \$500,000. The result was that the NRB had more operating funds than necessary and a shortfall in personal service funds. This BAA item corrects this technical error.