

DRAFT MEMORANDUM

TO: Chair Amy Sheldon, Vice Chair Jim McCullough, NRFW Committee
FR: Kari Dolan, Clerk
DATE: December 31, 2021
RE: DRAFT Assessment of Proposed FY22 Budget Adjustment
CC: Michael O’Grady, Legislative Counsel

I support the FY22 Governor’s Recommended Budget Adjustment (BA) pertaining to the environmental investments recommended for these agencies. These changes continue to support Vermont’s efforts to meet our clean water requirements. Please see my detailed comments below. I am happy to discuss:

1. 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: I support 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. 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: I support 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:

- 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: I support 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.

4. ANR and AAFM:

- a. References
 - i. BA Language: Sec. XX 2021 Acts and Resolves No. 74, Sec. G.700(a)(5) (p. 9)
 - 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: I support 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.