

MEMORANDUM-DRAFT

TO: Chair Amy Sheldon, Vice Chair Jim McCullough, House NRFW Committee
FROM: Rep. Kari Dolan, House Appropriations Committee Policy Liaison -- Agencies of Agriculture, Food and Markets & Natural Resources, Dept. of Environmental Conservation, Natural Resources Board
DATE: February 10, 2022
RE: Draft Recommendation Pertaining to the FY23 Governor's Recommended Budget
CC: Lizzy Carroll, Committee Assistant, House NRFW Committee

Below is a summary of the topics contained in the [FY23 Governor's Recommended Budget](#) that are related to the work of the House Natural Resources, Fish, and Wildlife Committee. The items are listed by agency/department. To assist in our review, I include references, the proposal, a draft recommendation, and justification to support the recommendation by topic.

Other References:

[ANR FY23 Budget Presentation](#)

[FPR FY23 Recommended Budget](#)

[DEC FY23 Recommended Budget](#)

[FWD FY23 Recommended Budget](#)

Agency of Natural Resources (ANR)

1. ANR #1: Climate Change Contractual Support

- a. References: Sec. B. 1100(a)(9)(A) *One-Time General Fund Appropriations*, p. 4
- b. Proposal: \$75,000 for contractual support.
- c. Draft Recommendation: Support.
- d. Justification: Funds will support completion of work related to Global Warming Solutions Act (GWSA) of 2020.

2. ANR #2: Wetlands Mapping

- a. References:
 - i. B1100 *One-time Appropriations*, (a)(10)(B), p. 4.
 - ii. DEC Summary p. 9
 - iii. DEC FY23 Development Form. Pp. 11, 13
- b. Proposal:
 - i. \$250,000 of *One-Time General Funds* to complete a comprehensive update of the Vermont wetland maps.
 - ii. \$150,000 of *base General Funds* to support ongoing annual updates to the Vermont wetland maps.
- c. Draft Recommendation: Support.
- d. Justification: Wetlands provide climate resilience in terms of flood resiliency and carbon storage, water quality protection, wildlife and aquatic vegetation habitat, groundwater recharge, erosion control, and recreational and educational opportunities. This investment ensures supports project proponents and landowners by providing them with up-to-date wetland maps to help protect wetland functions.

3. ANR #3: Brownfields Remediation

- a. References: B1100 *One-time Appropriations*, (a)(11)(A), p. 4.
- b. Proposal: \$6,000,000 to the ACCD Department of Economic Development for the remediation and redevelopment of brownfield sites.
- c. Draft Recommendation: Support.
- d. Justification: Targets remediation and redevelopment of brownfield sites for economic revitalization.

4. ANR #4 Climate Action Investments

- a. References: Sec. XX, *ARPA Appropriations*, (g)(2), p. 30
- b. Proposal: \$250,000 to DEC to provide technical assistance to statewide hazard mitigation program.
- c. Recommendation: Support.
- d. Justification: Important plan to buy down risks. Interagency coordination ensures consistency among state programs.

5. ANR #5: ARPA Water Infrastructure Needs

- a. References: Sec. XX *ARPA Water and Sewer Investments*, p. 31.
- b. Proposal: See Table A below, which compares the agency testimony on infrastructure needs and the FY23 Recommended Proposal.
- c. Draft Recommendation: See Table A below.
- d. Justification: Intended amount of ARPA funding for water infrastructure is \$225 million of ARPA. I understand that \$105 million of ARPA funds remains unencumbered. I support taking full advantage of funding from the American Rescue Plan Act (ARPA) to meet eligible water infrastructure needs of the state. I recognize that the federal funding does contain some constraints, such as the deadline for obligating the federal funds, the readiness of projects to meet those timelines, and staffing. Nevertheless, I recommend providing strong support for municipalities, including our smaller communities, and the public by increasing funding to achieve our clean water goals.

TABLE A: Water & Sewer Investments from ARPA and Recommendations

| No. | Category of Need | Reported Needs | Budget Proposal | Draft Recommend | Comments |
|-----|--|-----------------------------------|-----------------|-----------------|--|
| 1A | 3-acre stormwater permit for sites with inadequate or no stormwater controls Sec. XX(a)(1)(A), p32 | \$260 million | \$31 million | \$16 million | Per Act 76 (2020) private stormwater control funding assistance is a second tier priority, and the Clean Water Fund is likely to provide support. however, I recommend funding with public and small business needs prioritized. |
| 1B | 3-acre stormwater rule for Dept. of Forests, Parks and Recreation Sec. XX(a)(1)(B), p32 | -- | \$1 million | \$1 million | Support |
| 2A | Community-scale water &/or decentralized wastewater projects in underserved designated centers. Sec. XX(a)(2)(A), p32 | (\$100 million total for 2A & 2B) | \$15 million; | \$30 million | Increase to support more villages; propose coupling funds with housing in downtown areas for economic vitality and state smart growth principles. |
| 2B | Pretreatment processes (Sec. XX(a)(2)(B), p32 | (\$100 million total for 2A & 2B) | \$5 million | \$5 million | Support |
| 3 | Combined sewer overflow abatement Sec. XX(a)(3), p32 | \$90 million | \$10 million | \$30 million | We need a greater commitment to support communities with existing CSOs. Federal funding available now, & this is important for public health & as a climate resilience strategy. |

| | | | | | |
|----|--|--------------------------------|---------------------|---------------------|---|
| 4A | Coop-owned or nonprofit Mobile Home Parks-water & wastewater improvements Sec. XX(a)(4)(A), p32 | (\$50 million total for 4A-4C) | \$6.5 million | \$6.5 million | Vitally important for equity and public safety; addresses affordability for much needed upgrades; achieves important water quality objectives |
| 4B | Failed or failing on-site systems and water supplies -low income or lack of access to financing Sec. XX(a)(4)(B), p32 | (\$50 million total for 4A-4C) | \$2 million | \$2 million | Support |
| 4C | To VHCD to update water infrastructure Sec. XX(a)(4)(C), p32 | (\$50 million total for 4A-4C) | \$1.5 million | \$1.5 million | Support |
| | | \$500 million | \$72 million | \$92 million | Total |

6. ANR #6: General Funds for Civil Rights Compliance and Environmental Justice

- a. References:
 - i. ANR Summary p. 8,
 - ii. ANR Central Office pp. 4-5,
 - iii. Budget Dev. Form p. 6.
- b. Proposal: Request \$46,500 of *General Funds* to convert a part-time position to full time.
- c. Draft Recommendation: Support.
- d. Justification: Aids the Agency in compliance with the 1964 Civil Rights Act and other federal and state civil rights laws and implementing regulations.

7. ANR #7: General Funds for Online Permit Portal Tools

- a. References:
 - i. DEC Summary p. 9,
 - ii. DEC FY23 Development Form p. 12.
- b. Proposal: Support the annual software license costs of the public-facing Permit Navigator permit portal tools using \$400,000 of *base General Funds*.
- c. Draft Recommendation: Support.
- d. Justification: This is an important time-saving tool to aid project proponents secure needed permits.

8. ANR #8: General Funds to Restore Staff Vacancies

- a. References:
 - i. Use of vacancy savings, ANR Summary, p. 6.
 - 1. DEC: DEC FY2023 Governor’s Recommended Budget Summary pp. 1, 8, 10.
 - 2. FPR: 2/3/22 Testimony to H. Appropriations Committee.
 - 3. FWD: FPR FY2023 Governor’s Recommended Budget Summary, pp. 6, 14.
 - ii. Use of Limited Service Positions, ANR Summary, p. 7.
- b. Proposal:
 - i. Continue to use vacancy savings to relieve some base budget pressure. Vacancy savings for FY23:
 - 1. DEC: \$763,000 (6 FTEs)
 - 2. FPR: \$250,000 (2.5 FTEs)
 - 3. FWD: \$361,000 (4 FTEs)
 - ii. Use 28 Limited Service Positions to support ARPA-funded work.
- c. Draft Recommendation: Restore four FTEs at DEC.
- d. Justification:

- i. Our role in the Policy Committee is to bring expertise to bear in understanding where we have gaps in funding essential programs. It appears that we may have vacancies in programs that are vital for the health and safety of Vermonters. For example:
 - 1. Waste Management: Vermont has one lined and open landfill left with only a 20-year lifespan and an absolute need to reduce waste coming in, while addressing 9.5 million gallons a year of toxic leachate draining out of that landfill. Additionally, we have a climate crisis and know that organics in the waste stream generate methane – a powerful greenhouse gas. We know that we need to continue to administer the Universal Recycling Law, assure we are recycling electronic waste, continue to support anaerobic digestion, and work on source reduction.
 - 2. Clean Water Tracking and Accounting and field-based water quality monitoring and assessment. We are investing a substantial amount of money and time, across all sectors and across the state to restore our degraded waters and to keep our cleaner waters from trending towards impairment. We need to track our progress to determine how well we are doing, where we are falling short, and what success looks like over time.
 - 3. Drinking Water. Flint Michigan’s drinking water crisis, costing Michigan over a half a billion dollars to address, could have been prevented. We should not put on to underserved communities or even future generations the costs and the public health risks from contaminated drinking water. We cannot do or fund everything, but we can do something. We can take a longer view
- ii. Support the budget’s proposal to use of Limited Service Positions.

9. ANR #9: New Office of Climate Action

- a. References:
 - i. ANR Summary pp. 6., 9-11;
 - ii. ANR Central Office Summary p. 5;
 - iii. Budget Development Form-Central Office p. 6.
- b. Proposal:
 - i. Create a new Office of Climate Action using General Funds [check]
 - ii. Add 3 FTEs and on-going funding for a fourth grant-funded position.
 - iii. Increase ANR Central Office Budget by \$650,000.
- c. Draft Recommendation: Support.
- d. Justification: The new office will continue to coordinate the implementation of the Global Warming Solutions Act, including monitoring, assessment, tracking, and communications about Vermont’s progress across all sectors.

Agency of Natural Resources – Department of Forests, Parks, & Recreation (FPR)

10. ANR #10: Climate Action Investments: ARPA Funds to FPR for Natural Lands Resilience

- a. References: Sec. XX, *ARPA Appropriations*, (h)(3), p. 31
- b. Proposal: \$1 million to FPR to plant up to 5,000 trees to improve air quality & reduce heat island effects in urban areas.
- c. Recommendation: Support.
- d. Justification: A lower cost carbon mitigation strategy that could also provide benefits to urban areas.

11. ANR #12: Continuation of VT Serve, Learn & Earn, a joint workforce training initiative

- a. References: Continuation of a paid service learning opportunity program for young adults in H439 (Act 74), FY22 Budget, C100(a)(5)
- b. Proposal: \$4 million per year of *General Fund Appropriation*, for three years.
- c. Draft Recommendation: Support.
- d. Justification: This is a highly successful, innovative, and collaborative-based workforce Initiative that provides a pathway to employment and affordable education for youth and young adults in return for their service in Vermont. The initiative provides employment and workforce training in priority areas including housing, outdoor recreation, climate, food security, and conservation. Partners include: VYCC, VT Works for Women, ReSOURCE and Audubon VT, and the program is administered by FPR. We supported this initiative last year with an allocation of \$1.85 million.

VT Housing and Conservation Trust

12. VT Housing and Conservation Trust #1

- a. References: Sec. D100(a)(2), p. 8. *Property Transfer Tax*
- b. Proposal: increase from proposed \$11.1 million to \$35.1 million from the *Property Transfer Tax*
- c. Recommendation: Full Funding based.
- d. Justification: The original statute that set up VHCB—the state program to achieve the complementary goals of housing and conservation-- specifically tied its funding to the Property Transfer Tax so that in times of significant demand on real estate, which both makes affordable housing tougher to find and properties more expensive to conserve, there would be a commensurate increase in the funding to accomplish affordable housing and conservation goals. This is what we are facing today.

I acknowledge the extra federal funding of \$50 million from ARPA for affordable housing, referenced in Sec. XX(a)(1), p. 28. The additional federal funding from ARPA is allocated to address urgent needs related to homelessness and affordable housing. It doesn't fund the full breadth of VHCC's work, including its work on conservation and farm and forest viability. Know that these funds, however, are inflexible, present many complications, restrict leveraging, and are not available for conservation.

If VHCB were to receive \$15M in General Funds, as the Governor recommended in his budget, conservation would receive roughly \$6M. This is less than what we received last year and even less than what is needed to meet increased costs. Moreover, we expect that real estate costs will continue to rise, as more people move to Vermont, attracted to the quality of life that VHCB has worked hard to protect.

This is the moment VHCB was meant for--to confront the worrisome trends and prevent the irrevocable loss of working and natural lands. Thus, if we are committed to the goals contained in the GWSA, the actions described in the Climate Action Plan, steps to address the downward plight of biodiversity trends, and our clean water obligations, then now is the time to provide a necessary increase for conservation from the PTT.

Municipal and Regional Planning

13. Municipal and Regional Planning Fund #1

- a. References: Sec. D100(a)(3), p. 7. *Property Transfer Tax*
- b. Proposal: \$4,360,599 to RPCs (an increase of \$600,000 from prior year)
- c. Recommendation: Increase by an additional \$1.4 million above this amount to \$5,760,599.
- d. Justification: The regional planning commissions are essential partners in assisting municipalities with administrative and implementation capacity to support village and community drinking water and wastewater systems related to American Rescue Plan Act (ARPA) and Infrastructure Investment and Jobs Act (IIJA).

Natural Resources Board

14. Natural Resources Board (NRB) #1: Project Review Support

- a. References: Sec. XX Investments in VT's Economy, Workforce, & Communities, American Rescue Plan Act (ARPA) - *Coronavirus State Fiscal Recovery Funds*, (a)(4), p. 28
- b. Proposal: \$1,050,000 to NRB
- c. Recommendation: Support.
- d. Justification: Funds to prioritize and expedite permitting of ARPA-funded projects, including costs of 3 exempt limited service positions.

Agency of Agriculture, Food, and Markets (AAFM)

15. AAFM #1: Assessment of Ecosystem Services Payments

- a. References: B1100(a)(5)(A): One-Time General Funds to AAFM p. 3.
- b. Proposal: \$1 million for the development of an agricultural Payment for Ecosystems Services Program.
- c. Draft Recommendation: Partial payment and postpone the pilot project and payments at this time.
- d. Justification: There is some uncertainty about how public funds were used last year and the results of the past investments. Additionally, it remains unclear as to the extent or type of ecosystem services this program would be supporting with public funds, and whether water quality is protected enough through the program. Upon acceptable accounting of current investments, the initiative could be partially funded to continue program evaluation, involvement of a broad set of stakeholders, development of a plan with strategies to avoid or minimize negative impacts, ensure water quality protections, and development of a tracking and accounting system. It is too premature to begin payments at this time.

16. AAFM #2: PFAS Testing at State Laboratory

- a. References: B1100(a)(5)(C): *One-Time General Funds* to AAFM, p. 4.
- b. Proposal: \$4230,000 of General Funds to purchase laboratory equipment to test Per- and Poly-fluoroalkyl substances (PFAS) in drinking water to support public health testing requirements for AAFM and ANR
- c. Recommendation: Support
- d. Justification: Testing for PFAS is on-going and long-term. This investment develops in-state capacity in state to test for PFAS.

17. AAFM #3: Climate Action Investments: ARPA Funds to AAFM for Working Lands Resilience

- a. References: Sec. XX, *ARPA Appropriations*, (h)(1), p. 30
- b. Proposal: \$5,000,000 to expand agronomic practices such as cover cropping and conservation tillage to mitigate climate change by improving soil health and storing carbon in soils.
- c. Recommendation: Support.
- d. Justification: Ensures consistency among state programs. Ensure that the state Clean Water Initiative Program will be tracking and reporting on this investment in the annual report.

Department of Public Service Vermont Emergency Management

18. DPS VEM #1: Matching Funds for FEMA Funds to Purchase High Flood Risk Properties

- a. References: B1100(a)(9)(B) *One-Time General Funds*, p. 4
- b. Proposal: \$10 million to match federal FEMA funds.
- c. Draft Recommendation: Support.
- d. Justification: Extremely cost-effective climate resiliency strategy that avoids or minimizes costs associated with future flood damages. (Note that this is different from #10: ARPA Funding for VEM to support a state-level buyout program for flood-vulnerable parcels.)

19. DPS VEM #2: ARPA Funds for Climate Action to DPS

- a. References: Sec. XX, *ARPA Appropriations*, (g)(1), p. 30
- b. Proposal: \$14,750,000 to DPS, VEM for a state-level buyout program for flood-vulnerable parcels
- c. Recommendation: Support.
- d. Justification: These are cost-effective approaches to avoid or minimize flood recovery costs. Recommend that the program is run in similar way to the FEMA-funded program, where the vulnerable properties are converted to open space. (Note that this is different from the one-time general funds to be used for match for the FEMA-funded buyouts, described in #4. on p.4 above.)