

MEMORANDUM

TO: Mary Hooper, Chair, House Appropriations Committee
FROM: Amy Sheldon, Chair, House NRFW Committee
DATE: February 22, 2022
RE: Recommendation Pertaining to the FY23 Governor's Recommended Budget
CC: Michael O'Grady, Deputy Chief Legislative Counsel, House NRFW Committee Members, Lizzy Carroll, NRFW Committee Assistant

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. To assist in your review of our recommendations, this memorandum numbers the items, groups them by agency/department, and contain a justification as the basis of our recommendations. Additionally, this memorandum identifies the first item as the House NRFW Committee's highest priority – full funding for the Vermont Housing and Conservation Trust.

To assist in our review, included are references, the proposal, a Recommendation, and justification to support the recommendation by topic.

References:

[ANR FY23 Budget Presentation](#) [FPR FY23 Recommended Budget](#)
[DEC FY23 Recommended Budget](#) [FWD FY23 Recommended Budget](#)
[ANR FY23 Budget Book](#)

[Vermont Climate Council Memorandum to Governor Scott and Members of the Vermont Legislature, dated Dec. 29, 2021, on Recommendations for Deployment of ARPA Funding to Support Climate Action Plan Implementation.](#)

House NRFW Committee Highest Priority:

The House NRFW Committee's highest priority is to provide full funding for the Vermont Housing and Conservation Trust:

1. VT Housing and Conservation Trust – Full Funding

- 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.
- 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.

In order to advance the state's goals related to climate, water quality, biodiversity, resilience, conservation, and outdoor recreation, VHCB should be appropriated property transfer tax revenue according to statutory intent. While significant one-time ARPA funding of \$50 million has been allocated to VHCB for the purpose of housing recovery (referenced in Sec. XX(a)(1), p. 28), transfer tax revenue provides base funding for its full range of conservation, farm and forest viability, historic preservation and housing projects and programs. In addition, VHCB's base funding gives it the flexibility to bring additional resources to the state by securing, matching, and administering federal funds including from the U.S. Dept. of Agriculture's Natural Resources Conservation Service and the Land and Water Conservation Fund among others. As the cost of land and homes rises (which leads to increased property transfer tax revenues), VHCB's impact will diminish without an increase in its base appropriation.

To illustrate this point, 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.

Agency of Natural Resources (ANR)

2. ANR #1: Climate Change Contractual Support

- a. References:
 - i. Sec. B. 1100(a)(9)(A) *One-Time General Fund Appropriations*, p. 4.
 - ii. Vermont Climate Council Memorandum to Governor Scott and Members of the Vermont Legislature, dated Dec. 29, 2021, on Recommendations for Deployment of ARPA Funding to Support Climate Action Plan Implementation, p. 2.
- b. Proposal: \$75,000 for contractual support.
- c. Recommendation: Support \$75,000 and include \$150,000 for additional contractual support.
- d. Justification: Funds will support completion of work related to Global Warming Solutions Act (GWSA) of 2020. The additional contractual work, identified by the Climate Council Memorandum, is to support the development of a lifecycle greenhouse gas accounting analysis related to the use of energy in Vermont. This analysis provides for a more comprehensive assessment and accounting of cost-effective pollution reduction strategies.

3. 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. 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 provides project proponents and landowners up-to-date wetland maps.

4. 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. Recommendation: Support.
- d. Justification: Targets remediation and redevelopment of brownfield sites for economic revitalization. The need and demand are on-going and substantial.

5. 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: \$250,000 to DEC to provide technical assistance to statewide hazard mitigation program
- d. Justification: Hazard mitigation grant provide a \$7 return on investment for every \$1 spent. (Source: Climate Action Plan, p. 161). These funds support the buy-out programs for flood-vulnerable properties, including those properties that are not eligible for federal FEMA funds (e.g., flood-damaged properties not on the FEMA National Flood Insurance Rate Maps), which are outdated and map only a portion of flood-prone properties.

6. ANR #5: Climate Resiliency Support

- a. References:
 - i. Vermont Climate Council Memorandum to Governor Scott and Members of the Vermont Legislature, dated Dec. 29, 2021, on Recommendations for Deployment of ARPA Funding to Support Climate Action Plan Implementation, p. 2.
 - ii. Initial Vermont Climate Action Plan, pp 161, 174-175, 195.
 - iii. Sec. B.1100 *One-time Appropriations*, (a)(9), p. 4.
- b. Proposal: Add two new sections to (a)(9), to reflect the ARPA Recommendations from the Climate Council on the topic of Climate Resiliency.
 - i. \$5 million in floodplain reconnection/restoration for flood hazard mitigation, either as an additional item or a shifting of these funds from the \$24,750,000 proposal, which is complimentary to the DPS buyout program contained in #18 and #19 above.

- ii. \$10 million for strategic dam removal projects, prioritized by flood risk, community resiliency to climate impacts, water quality, and habitat connectivity.
- c. Recommendation: Support.
- d. Justification:
 - i. Floodplain reconnection/restoration projects are cost-effective flood resilience strategies for municipalities because of the low per unit investment and maintenance costs. These projects provide communities greater resilience to the impacts from future flooding by storing floodwaters then slowly release waters downstream. They are complementary to the VSD buyout program but provide greater flood damage reduction benefits at a larger scale because it is not based on one property at a time but rather offer community-based benefits. For example, the Gund Institute at UVM estimated that the Otter Creek floodplains/wetlands complex helped Middlebury avoid five million dollars of flood damages related to Tropical Storm Irene. They also provide co-benefits including erosion control and water quality improvements, and wildlife habitat.
 - ii. Vermont has more than 800 known dams that serve no useful purpose, many of which are hazard prone. Neglect and flooding heighten the risk of failure that could result in property and infrastructure damage downstream.

7. ANR #6: American Rescue Plan Act (ARPA) Water Infrastructure Needs

- a. References:
 - i. Sec. XX *ARPA Water and Sewer Investments*, p. 31.
 - ii. ANR ARPA in VT website: Link: <https://anr.vermont.gov/content/arpa-vermont>.
- b. Proposal: See Table A below,
- c. Recommendation: See Table A below.
- d. Justification: The Committee supports taking full advantage of funding from the ARPA to meet eligible water infrastructure needs of the state. We recommend providing strong support for municipalities, including our smaller communities, and the public by aiding our efforts to achieve our clean water goals through funding the ARPA-eligible priorities as close as possible to the initially proposed funding levels of \$100 million.

TABLE A: Water & Sewer Investments from ARPA and Recommendations

No.	Column A: Category of Need	Column B: Reported Needs	Column C: Budget Proposal	Column D: HNRFW Recommend	Column E: Comments
1A	3-acre stormwater permit for sites with inadequate or no stormwater controls Sec. XX(a)(1)(A), p32	\$260 million	\$31 million	\$6 million	Per Act 76 (2020) private stormwater control funding assistance is a second-tier priority for Clean Water Fund support, IJJA funding could be available. Give priority to public, county fairgrounds, & small businesses.
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;	\$25 million (Increase to \$30 million if more funds are available)	Increase to support more villages help keep user rates affordable; propose coupling funds with housing in downtown areas for economic vitality and state smart growth principles; give priority to underserved designated centers & expand to support more communities ANR anticipates IJJA to meet demand.
2C	Rural community aging infrastructure: to provide support including high stress & at-risk water & wastewater facilities	--	--	\$15 million	While IIAJ will help meet the need, these funds address aging infrastructure, such as aid to smaller, rural, MHI-constrained communities with acute aging wastewater/water infrastructure that have a high risk of failure
2B	Pretreatment processes (Sec. XX(a)(2)(B), p32)	(\$100 million total for 2A & 2B)	\$5 million	\$5 million	Support. ANR anticipates using these funds to help those businesses in food, meat, dairy processing businesses to grow in place by investing in on-site pre-treatment.

3	Combined sewer overflow abatement Sec. XX(a)(3), p32	\$90 million	\$10 million	\$10 million (Increase to \$30 million If more funds are available)	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	\$72-\$97 million	Total; see Row 2A, 3

8. ANR #7: 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. 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.

9. ANR #8: 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. Recommendation: Support.
- d. Justification: This is an important time-saving tool to aid project proponents secure needed permits.

10. ANR #9: Agency Capacity

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), including one FTE involved in delivery of education, outreach, and technical assistance to homeowners and businesses in the use of best water quality management practices to avoid water quality degradation.
 2. FPR: \$250,000 (2.5 FTEs)
 3. FWD: \$361,000 (4 FTEs), possibly including one game warden position.
- ii. Use 28 Limited Service Positions to support ARPA-funded work.

c. Recommendation:

- i. Vacancy Savings: Use *General Funds* to:
 1. Restore the open FTE at DEC to continue to support landowners and businesses about water quality best practices & other core functions such as lakes in crisis.
 2. Restore 3 or the 4 FTEs at FWD, including one game warden.
- ii. Support the budget's proposal to use of Limited Service Positions.

d. Justification:

- i. Vacancy Savings: The agency continues to rely heavily on vacancies to arrive at target annual cost savings instead of adequately funding its programs. The House NRFW Committee learned about the core DEC needs to support landowners and businesses including the Lakes in Crisis, and the FWD's lack of resources to conduct its core functions, including permit reviews. Moreover, while we acknowledge and appreciate the proposal to assign two limited Service positions at FWD to assist with the ARPA-funded project review, there continues to be chronic understaffing, particularly at FWD to support its core permit review functions.

The lack of adequate resources inhibits the state's capacity to meet its compliance obligations to implement core duties. Such duties include implementing duties under federal and state law, safeguarding the public and environment, and maintaining adequate customer service for project proponents seeking permits, technical assistance, and financial support.

11. ANR #10: General Funds for New Office of Climate Action

- a. References:
 - i. ANR Budget Book, p. 6.
 - ii. ANR Summary pp. 6., 9-11.
 - iii. ANR Central Office Summary p. 5.
 - iv. Budget Development Form-Central Office p. 6.
- b. Proposal:
 - i. Create a new Office of Climate Action using General Funds.
 - ii. Add 3 FTEs and on-going funding for a fourth grant-funded position.
 - iii. Increase ANR Central Office Budget by \$650,000.
- c. 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)

12. ANR #11: 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.

13. 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: \$12 million of *General Fund Appropriation*, for three-year implementation.
- c. 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.

Municipal and Regional Planning

14. Municipal and Regional Planning Fund

- 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 \$1.6 million above this amount to \$5,960,600.
- d. Justification: The regional planning commissions are essential partners in assisting municipalities with energy plan implementation and providing administrative and implementation capacity to support village and community drinking water and wastewater systems as part of ARPA and IJJA.

Natural Resources Board

15. 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.

16. Natural Resources Board (NRB) #2: Staff Support (placeholder for implementing H492)

- a. References:
- b. Proposal:
- c. Recommendation:
- d. Justification:

Agency of Agriculture, Food, and Markets (AAFM)

16.17. 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. Recommendation: Partial payment and postpone the pilot project and payments at this time.
- d. Justification: A bit too early for a pilot project with payments. We recommend program evaluation to ensure accounting for ecosystem services are aligned with and complementary to water quality improvement, nutrient pollution load reduction obligations, carbon storage in soils, ecological functions. This approach will aid in avoiding any unintended consequences and helps to track funding and outcomes.

17.18. AAFM #2: PFAS Testing at State Laboratory

- a. References: B1100(a)(5)(C): *One-Time General Funds* to AAFM, p. 4.
- b. Proposal: \$420,000 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.

18.19. 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

19.20. 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. 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.)

20.21. 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.)

21.22. Lake Bomoseen Boat Wash Stations

- a. References: --
- b. Proposal: \$200,000 to DEC to allow for the purchase and installation of two boat wash stations on Lake Bomoseen.
- c. Recommendation:
- d. Justification: Lake Bomoseen is the largest lake that is situated entirely within the borders of Vermont. The lake is a major recreation destination for Vermonters and visitors to the state and is home to Bomoseen State Park. Visitors come from all over to enjoy the beauty of the lake and to enjoy paddling, boating, fishing, swimming, camping and other activities. Unfortunately, Eurasian Milfoil (an aquatic invasive weed) threatens the lake's native species and long-term health. This investment will help protect against the continued spread of Eurasian milfoil (and other invasive species) to Lake Bomoseen and other bodies of water in the state. The proposal will cover the capital costs (non-operating costs) associated with these two stations, which are estimated to cost approximately \$157,000 - \$203,500.