CCRPC Comments on the
Clean Water Fund SFY19 Distribution Priorities for FY19 Draft Budget
Approved by the CCRPC Executive Committee on August 2, 2017

The Clean Water Advisory Committee and the CCRPC Executive Committee thank the State’s Clean Water Fund Board (CWFB) for this opportunity to comment publicly on the water quality funding decision making process. While the provided survey has been made available to our Committee members we would like to take the opportunity to provide more detailed comments from a municipal perspective. We appreciate your valuable time and efforts on this issue of paramount concern for all Vermonters.

State-Wide Per-Parcel Fee:
We endorse the implementation of a state-wide funding per-parcel fee that spreads the costs of water quality improvements among all Vermonters, including tax exempt properties. As appropriate as the state-wide fee is as a funding method, multiple municipalities have previously implemented a per-parcel fee in the form of a stormwater utility. Therefore, we ask the CWFB to recognize existing stormwater utilities and allow them the flexibility to continue to meet State permitting and TMDL requirements through the funding mechanisms they already have in place.

Property owners subject to existing stormwater fees should not be “double charged”. To avoid double charging stormwater utilities it is suggested that utilities be exempt from state fees that are lower than a municipal fee. If state fees are higher than any given municipal fee it may be appropriate for those parcel owners to contribute the difference between the two fees to the Clean Water Fund. Essentially, any state-wide fee levied for the purpose of water quality should not reduce funding available for municipal stormwater programs/utilities, nor should municipal local management of stormwater render it ineligible for state grant/loan programs.

Collection of Per-Parcel Fees:
While collection may be most cost effective if administered at the state level, a detailed analysis of the cost of administration for the available options is needed. Municipalities have major concerns about being asked to bill on behalf of the State including tax exempt properties that do not currently receive municipal bills. Accordingly, we suggest that an analysis be performed to determine the collection method which has the lowest administrative cost. Regardless of state, local/regional, or a third-party collection similar to Efficiency Vermont, the method resulting in the lowest administrative costs will provide the greatest net amount of funds for water quality improvements.

Long Term Costs of Operation and Maintenance:
It is important to keep in mind that costs estimated in the recent Treasurers Report do not include project planning and development costs or ongoing operating and maintenance costs, which may be as much or more than the capital costs on an annual basis and are ongoing through the design life of a project. Considering these additional project planning, operating and maintenance costs, the state should raise enough revenue to cover no less than 80% of capital costs. Additionally, the state should consider funding the costs for engineering at 100% which could help to accelerate the development of new projects, especially for smaller towns.

Funding Efforts and State/Municipal Communication:
Vermont DEC recently created a number of new water quality funding programs. Unfortunately, these new programs had a very tight turnaround time which didn’t allow municipalities sufficient time to plan or budget according to funding eligibility requirements. Leading up to the most recent round of grants, municipalities were contacted by multiple branches of DEC, none of which described the context of their information requests. This lack of background from the state resulted in confusion and inadequate information sharing at the municipal level. The grant application period is also occurring during summer
construction season, a time of year when it is very difficult for municipalities to pull new projects together. As noted above, these funding programs do not provide significant funding for project development (i.e., engineering). In the future, it would be helpful for state staff to be more forthcoming and transparent with justification for their requests and to coordinate their efforts to prevent municipalities having to answer similar questions multiple times. For future state/municipal coordination efforts, we request careful consideration of funding timelines, to include traditional bidding and construction schedules and capital planning processes as well as municipal annual budget processes that typically take place each fall.

Municipalities have been told that the reason for these issues is that the legislature has put pressure on DEC to spend enough FY18 funds to facilitate receiving adequate FY19 funds. However, since we (municipalities) weren’t given a reasonable amount of time to develop and plan projects it will be difficult to use these funds to the extent that DEC and others are hoping. This is further exacerbated by the fact that DEC is offering solely a 50% grant on non road-related projects for MS4 communities (as opposed to the 80% grant for non-MS4’s). This grant allocation punishes the communities that have performed the most advanced planning efforts as part of their Flow Restoration Plans, and are therefore more likely to have “shovel ready” projects for implementation. CWAC members have been told that the reason for this is to facilitate the geographic spread of projects across the state. While this may be a reasonable policy goal, it is unreasonable to strive for geographic equity in each fiscal year when certain areas of the state may require different levels of effort at varying times. Geographic equity may take place over a number of years therefore allowing the state to provide an influx of funds when and where needed.

**Clean Water Fund Allocations:**
Clean Water Funds should be prioritizing the development and implementation of both municipal and agricultural water quality projects. Over the short term (2-5 years), the Clean Water Funds should simultaneously allow for significant project development and not solely focus on construction. Over the longer term (5-20 years), the Clean Water Fund Board can continue to increase the percentage of implementation projects while phasing out engineering efforts.

Ultimately, when it comes to constructing water quality improvements, municipalities have the potential to be DEC’s largest, most cooperative, and most effective partners. As such, the funding programs developed by DEC will be far more successful if they take into account the suggestions above and consider the timelines by which municipalities operate.