DRAFT CCRPC Executive Committee Comments on the State Treasurer’s Clean Water Report, Required by Act 64 of 2015
Approved August 2, 2017 DRAFT

The CCRPC Clean Water Advisory Committee and the CCRPC Executive Committee thank the State’s Clean Water Fund Board 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 which spreads the costs of water quality improvements among all Vermonters. This type of “all in” approach would incorporate all properties including those which are exempt from property taxes while establishing a direct nexus between development and water resources issues, that of impervious cover.

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. The Executive Committee asks the CWFB to formally 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/municipalities with existing stormwater fees should not be “double charged”. To avoid double charging stormwater utilities it is suggested that utilities be exempt from state fees which are lesser than a municipal fee. If state fees are greater than any given municipal fee it may be appropriate for those municipalities to contribute the difference between the two fees to the Clean Water Fund. Essentially, any statewide fee levied for the purpose of water quality should not reduce potential funds available for existing municipal stormwater programs/utilities, nor should a municipality’s local management of stormwater render it ineligible for 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 receive municipal bills. Accordingly, the Executive Committee suggests that an analysis is performed to determine the collection method which has the lowest administrative cost. Regardless of state collection, local/regional collection, or a third party collection similar to Efficiency Vermont, the method resulting in the lowest administrative costs will provide the greatest amount of capital 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. Considering these additional project planning and development costs and the operating and maintenance costs which continue in perpetuity, the State should raise enough revenue to cover no less than 80% of capital costs.
**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 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, neither 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 at a time of year when it is very difficult for municipalities to pull new projects together (during summer construction season). These funding programs are also predominantly for construction and 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 the reasoning behind their requests in addition to coordinating their efforts to prevent municipalities answering similar questions multiple times. For future state/municipal coordination efforts careful consideration of funding timelines, to include traditional bidding and construction schedules and capital planning processes, is requested.

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 utilize 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 for MS4 communities (as opposed to the 80% grant for non-MS4’s). This grant allocation punishes the communities which have performed the most advanced planning level 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 is 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 (i.e., engineering) and implementation (i.e., construction) 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.