**DRAFT MINUTES**

**Act 73 Working Group on Water Quality Funding**

**National Life, Catamount Room**

**Call-In Number: (802) 448-4858**

**Friday, August 25, 2017**

**9:00-10:30**

Working Group Members: ANR Secretary Julie Moore, Tax Commissioner Kaj Samsom, Dominic Cloud (by phone), AAFM Anson Tebbetts, VCGI John Adams

Others: Sen. Chris Bray, Matt Musgrave, Elizabeth Clifford, Mary Borg, VLCT Karen Horn, Tax Analyst Andrew Stein, VTrans Sue Scribner, DEC Deputy Commissioner Rebecca Ellis, Vermont Chamber Ashley Romeo-Boles, LCC Jared Carpenter, Rep. David Deen (by phone), Jeff Wennberg, VLCT Gwynn Zakov, Tess Kennedy, Chuck Ross (by phone)

1. Review Agenda. The Working Group reviewed the draft agenda for 8/25/2017. Discussion of Sept. 8 meeting goals was moved above discussion of draft outline.
2. Minutes from 8/14/2017. The Working Group reviewed the minutes from the 8/14/2017 meeting. The motion to approve the minutes passed unanimously.
3. Statewide impervious surface data. John Adams reviewed a [memo](http://anr.vermont.gov/sites/anr/files/specialtopics/Act73WorkingGroup/2017-08-vcgi-memo.pdf) entitled “Data Needs for an Impervious Surface Fee.” VCGI is reviewing a draft request for proposal (RFP) for services to maintain and capture changes to impervious surface data. The source for updates could come from imagery or from documentation submitted as part of a permitting process. South Burlington uses a combination of both methods. Microsoft in Chesapeake Bay has been able to use low-resolution data to capture changes. While low-resolution data is more cost-effective, it has higher error rates. Whatever method is chosen, a process for updating and appealing measurements must be clearly defined.

Statewide parcel data. The target for statewide parcel data is January 1, 2020. VTrans is managing the statewide parcel data project in collaboration with VCGI. Challenges include subdivisions and boundary line adjustments. Surveys of subdivision and boundary line adjustments are frequently available in the municipal land records paper format only. Furthermore, initial calculations show that approximately 5% of land area in Vermont is unaccounted for when comparing the listed acreage in the grand list with the physical area of Vermont. And finally, municipalities use different methodology in their grand lists for unlanded parcels (condominiums) and common lands.

Mechanism for collecting fees and spending fees. VCGI anticipates that it would have sufficient data by summer 2018, i.e. when phase I of the parcel data project is complete, to undertake a preliminary assessment of processes to measure impervious surface, assign dollar values, and transfer data to municipalities.

Tax Department (Doug Farnham) has sent out a [request for information](http://www.bgs.state.vt.us/pca/bids/pdf/Integrated%20Property%20Management%20System.pdf) (RFI) to update the NEMRC grand list administration module and the Tax Department’s Property Valuation Review (PVR) access database. One of the upgrades would make geospatial data available to municipalities. Such upgrades would facilitate the administration of a statewide impervious surface fee. The Tax Department will bring back information about the timeline for the RFI and RFP and implementation process.

As an alternative to the municipal-based model, VLCT offered the idea a “statewide authority” that would collect and spend funds. It was noted that impact fees associated with the 3-acre impervious surface permit should probably be co-mingled with the stormwater impervious surface fee in order to minimize overhead. The disadvantage of this approach are the start-up costs of establishing a new entity.

1. Capital eligibility of water quality costs. The Group discussed the importance of distinguishing between capital and non-capital eligible costs. It was noted capital funds can’t be used for scoping and feasibility studies, and yet these activities are necessary for getting projects queued up for implementation. Rep. Deen underscored the need for Clean Water Funds to pay for scoping and feasibility.

It was suggested that scoping and feasibility studies should be grant funded. Both municipalities and non-governmental organizations (NGOs) need grant money to determine what projects are feasible. This upfront money is akin to “high risk” money in the private sector because of the uncertainty involved in identifying successful projects. The group discussed the idea of “municipal planning grants” for wastewater and stormwater projects. DEC’s Facilities and Engineering Division has been moving its rules in this direction.

1. Revised cost estimates. DEC representatives explained that cost estimates for developed lands were being revised to reflect the final Lake Champlain TMDLs, and that the Treasurer’s Report cost estimates for developed lands were based on draft Lake Champlain TDMLs.
   1. Developed Lands – Roads.  The EPA’s estimated acreage of roads that will require treatment dropped significantly between the draft and final versions of the Lake Champlain TMDLs:  state paved roads from 1,424 to 742 acres; municipal paved roads from 2,703 to 1,408 acres; and municipal unpaved roads from 9,621 to 7,123.  In addition, based on actual cost figures from the last 12 months, the estimated cost of compliance for municipal unpaved roads has been revised from $11,870 per acre to $4,058.
   2. Developed Lands – Non roads.  It was further noted that the final EPA TMDLs estimate that 12,786 acres of non-road impervious surface will need to be treated to comply with water quality standards, compared with 12,158 in the draft TMDL.  Based on an average cost of $30,000 per acre, the total cost of compliance for non-road impervious surface in the Treasurer’s Report was $360 million over 20 years; the revised estimate is $380 million.  Of the 12,786 acres, about 5,000 acres will be regulated under the 3-acre permit, and about 7,000 acres of retrofits are allocated to compensate for “future growth.” The number of acres necessary to compensate for future growth could be reduced if future growth complies with stricter stormwater standards, as proposed in a house bill that would reduce the threshold for stormwater operating permits for new construction from 1 acre to ½ acre.
2. Existing Sources of Revenue. The Group reviewed existing sources of revenue and financing tools in the state’s FY18-19 budget, which include the Capital Bill, the Transportation Bill, the Clean Water Fund, and some smaller appropriations in the Big Bill. See chart on following page.



The meeting adjourned at 10:30 AM.