

DRAFT MINUTES
Act 73 Working Group on Water Quality Funding
National Life, Catamount Room
Call-In Number: (802) 448-4858
Friday, September 22, 2017
9:00-10:30

Working Group Members: Julie Moore (ANR Secretary), Kaj Samsom (Tax Commissioner), VLCT Dom Cloud (City of St. Albans), John Grenier (Grenier Engineering,) Anson Tebbetts (AAFV Secretary), John Adams (VCGI Director)

Advisory Group Members: Sue Scribner (VTrans), Jared Carpenter (Lake Champlain Coalition)

Others: Karen Horn, (VLCT), Andrew Stein (Tax Department), Rebecca Ellis (DEC), Chris Killian (Conservation Law Foundation), Rep. David Deen (by phone), Jeff Wennberg (City of Rutland), Matt Musgrave (Vermont Realtors), Trey Martin (Downs Rachlin), Jenna Olson (City of Burlington), Tom Torti (Lake Champlain Chamber of Commerce), James Sherrard (Town of Williston), Lauren Hierl (Vermont Conservation Voters)

1. Review Agenda. The Working Group reviewed the draft agenda for 8/11/2017. There were no changes to the draft agenda.
2. Minutes from 9/8/2017. The Working Group reviewed the minutes from the 9/8/2017 meeting. The motion to approve the minutes passed unanimously.
3. Review Updated Cost Estimates for FY20-FY24. The Working Group reviewed updated costs, available [here](#).

Secretary Tebbetts remarked that the labor-intensive nature of project implementation in the agricultural sector is a limiting factor to the cost curve. Secretary Moore concurred and added that agricultural sector spending will ramp up as the labor-intensive phase matures. Rep. Deen commented that state funding for agriculture is nimble compared to federal NRCS funding.

4. Review Comments from Advisory Committee. The Act 73 Working Group discussed comments made by the Act 73 Advisory Committee when the two met jointly on 9/8/2017.

Secretary Tebbetts said he will need to speak with private lenders about Treasurer Pearce's suggestion to capitalize interest rate reductions on agricultural loans.

Matt Musgrave asked whether the state could provide more incentives for towns to create municipal utilities.

Chris Killian queried whether the state could attract more private capital, sometimes called "patient capital" or "disruptive investment," to invest in clean water. He mentioned, for example, a weather-based information system, called [Opti](#), that helps municipalities increase stormwater capacity by

draining storage reservoirs prior to storms. Opti is a product of Mission Point Partners, founded by Jesse Fink.

Chris Killian also mentioned how revenue generation could build a trust corpus over time, which could be used for clean water investments. Examples include the [New York Green Bank](#), which invests in clean energy; and the [Clean Water Trust](#) in Massachusetts, which leverages the state's clean water state revolving fund (CWSRF) to lend out more than would be possible from just direct loans from the revolving fund. Mr. Killian notes that it was “incredibly positive to hear people talk about how to spend money rather than whether to spend money.”

5. Letter Describing Clean Water Authority Concept.

Dom Cloud handed out a concept paper for the creation of statewide water authority or “utility.” Some of the key goals for the authority are to create a nexus between revenues raised and services delivered; to provide leadership and accountability; and to establish a separate authority that focuses solely on clean water. Trey Martin stated that the concept is to create an entity that is politically independent and to collect a broad-based fee.

Commissioner Samsom noted that standing up a separate collection system would be costly, estimated by both the Tax Department and VLCT to be in the range of \$4 to \$5 million/year. The group discussed the difficulty of collecting bills and enforcement. Electric and water utilities have authority to incent payment, but an independent clean water authority would not.

Secretary Tebbetts asked if the authority would manage projects. Dom Cloud suggested that the authority could manage projects that are identified through the tactical basin planning process, but was not sure if the authority would manage projects in the agricultural sector. There was some discussion as to whether a new authority would simply add another layer of costs and bureaucracy to an already complex system.

John Adams inquired whether any other states have adopted a clean water authority. It was suggested that some states, such as Maryland, have county-level clean water authorities.

Chris Killian noted that the Conservation Law Foundation did not sign the letter describing the clean water authority concept because his group would like to see other sources of private financing expanded, such as the Massachusetts Clean Water Trust, which includes both state revolving funds and leveraged monies. CLF is concerned that a public revenue stream might offset private contributions.

Tom Torti effused that there is more alignment on a clean water authority than ever before; that environmental groups are at the table with regional planning commissions, municipalities and businesses, and together everyone is looking for solutions.

There ensued a discussion of how a statewide clean water authority would intersect with the existing municipal stormwater utilities. Trey Martin offered that the statewide authority would partner with municipal utilities, and that municipal utilities could get a credit towards the statewide

payments. Jeff Wennberg stated that many communities have chosen not to form a stormwater utility. Rutland for example implements stormwater projects through its Public Works Department, and many communities accomplish the same projects that would be undertaken by a utility, and can raise revenue in the same way as a utility. Mr. Wennberg added that a statewide authority could fund and support local partners, as well as pursue projects directly. Jenna Olson remarked that the City of Burlington collects \$1.4 million annually for capital projects, which includes costs for administrative services and design.

Lauren Hierl opined that “the devil is in the details,” but that Vermont Conservation Voters was excited about the process of developing a clean water authority.

Sue Scribner wondered if the clean water authority, in its pursuit of projects that are the “best bang for the buck,” would support projects that are required by the Municipal Roads General Permit, even if those projects don’t come to the top of the list. No answer was provided.

Karen Horn stated that the VLCT Board endorsed the concept of an authority, but that the membership meeting would not be until October 4th.

Secretary Moore thanked the group for bringing the proposal forward. She asked if the group had a timeline in mind; Trey Martin said he wasn’t sure.

The meeting adjourned at 10:30 AM.