

## Comments on Draft Clean Water Funding Report, due November 1, 2017

Municipal Stormwater Staff from Colchester, South Burlington, Essex, Essex Junction, and Williston worked together to compile the comments below on the Draft Clean Water Funding Report prepared by the Act 73 Working Group.

- Ongoing operation/maintenance responsibilities are not mentioned other than a statement that these costs would be the facility owner's responsibility. Ongoing O&M costs are present for any facility, can be significant, are necessary to realize the water quality benefits of any physical improvements, and should be considered and planned for as part of the overall water quality funding needs landscape. Stormwater utilities report that operation, maintenance, and administrative activities can account for over 50% of their annual budget. DEC should revise the Act 73 report to include an estimate of the ongoing operation and maintenance costs associated with the capital upgrade costs included in the report. In recognition of the on-going O&M costs borne by municipalities, capital costs should be distributed appropriately between the different sectors and "sources of clean water investment" that will bear the financial responsibility for maintaining the initial investments going forward.
- There is very limited discussion or emphasis on the need for funding the scoping/planning/preliminary design portions of water quality projects, which are the necessary first steps to constructing water quality improvements. Without additional resources provided for these activities, it will continue to take significant lengths of time for municipalities to get projects from a conceptual stage to completion. Additional discussion of and financial support for scoping/planning/preliminary design activities is recommended if the Legislature wants to see construction projects move forward.
- The group's charge by the Legislature was to "recommend draft legislation to the General Assembly to establish equitable and effective long term funding methods to support clean water." This report does not recommend legislation or establish long-term funding methods, and we believe it does not seek an equitable balance amongst responsible parties. The report suggests asking municipalities and private citizens to pick up larger and larger pieces of the tab as time goes on.
- The shortening of the "long-term" funding horizon from 20 years to 5 years further indicates how inadequately this report achieves the Legislature's objectives. The 2017 Treasurer's Report on this subject suggests the need to be spending \$115 million annually in order to address water quality issues in Vermont. The new 5-year horizon indicates only \$84 million needs to be spent each year for the first five years, in order to build capacity over this time to adequately manage higher levels of funding. This is an annual reduction of \$31 million over previous estimates, which adds up to \$155 million over 5 years. As

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a result of this short-term spending reduction, the remaining 15 years will have an additional \$155 million of needs to address. This comes out to an additional \$10 million a year in need with no identified source of revenue. This report does not present any plan for how to equitably address this long-term funding cliff.

- Of the estimated \$79 million in clean water revenues expected per year during FY20-24, municipalities are expected to pick up 33% (\$25 million) of the tab, with private landowners picking up 14% (\$11 million) – these are annual figures. While it is understood these may be preliminary figures, the assumption that this money will materialize from these sources is concerning. The report accurately clarifies what is likely to be raised at the state level or received from the Feds, but it assigns municipalities and private property owners to come up with the rest, except for the \$5 million gap attributed solely to the Ag sector. Financial gaps are not limited to the Ag Sector and there is no discussion of the municipal and private sectors' abilities to meet this funding need. The assumption that municipal voters will support any bond on the ballot is speculative and risky and the ability of municipalities to comply with a variety of permitting requirements essentially hangs in the balance. Unless an ability-to-pay analysis is completed, there are funding gaps of unknown amount and significance for both the municipal and private sectors every year into the future.
- The use of the term “municipal ratepayer” is misleading. Most of the 255 municipalities in Vermont fund water quality activities through their property tax base and not through a dedicated utility with ratepayers.