



December 3, 2015

Justin Johnson, Secretary of Administration  
Agency of Administration  
109 State Street  
Montpelier, VT 05609

Dear Secretary Johnson,

I am writing regarding the administration's budget development process in the context of the obligations that Act 46 imposed on municipalities to inventory their road network and make improvements to address areas vulnerable to flooding and stormwater flow.

To implement Act 64, the Vermont Clean Water Act, the Clean Water Fund receives approximately \$10.4 million per year, revenue that is derived from a temporary increase in the property transfer tax. Act 64 required the Clean Water Fund Board to prioritize municipal projects for three years.

In general, ongoing maintenance of municipal roads comprises between 70% and 85% of the municipal budget. (School boards are separate governmental entities and, as we know, use approximately 85% of total property tax revenue). This draw on the municipal budget comes before complying with the provisions of the new Vermont Clean Water Act and municipal roads permit. State estimates of the funds required to meet the mandates of the municipal roads permits are in the hundreds of millions of dollars.

This makes sense. The cost of a single bottomless culvert required to accommodate storm flows ranges up to \$400,000, or more. (For reference, please consult the VTrans Tropical Storm Irene Bridge Replacement Summary.) In 2013, the Agency of Natural Resources (ANR) estimated that it would take \$155,659,000 in addition to current expenditures in each of the next ten years to clean up Lake Champlain.

As well, increases in fees payable to the agencies of Natural Resources and Agriculture, Food and Markets were passed with the understanding that they would pay for additional staff at both agencies to implement the Clean Water Act and comply with the Lake Champlain Total Maximum Daily Load when it is adopted by the U.S. Environmental Protection Agency. New and increased fees imposed on municipalities – most of them at increases of 100 percent – were estimated to raise \$1,557,716 in FY16 to fund 13 new ANR positions, regional commission basin planning work, and existing operations at the Department of Environmental Conservation. Included in those fees were two new fees for municipal roads permits – a \$400 application fee per municipality once every five years and an annual \$2,000 fee per municipality. The annual fee alone raises \$492,000 per year, based upon a count of 246 cities and towns (no villages). The application fee raises an additional \$98,000 over a five-year period.

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New fees imposed on medium-sized farms that are estimated to raise \$621,000 in FY16 are to be deposited in a new Agriculture Water Quality Special Fund. An additional fee of \$30 per ton was imposed on the sale of non-agricultural fertilizer, estimated to raise \$345,000, most of which was to be deposited to the same fund.

We are very disappointed that the Clean Water Fund Board recommended only \$1.4 million for municipal road inventories and improvements and only \$2,140,000 for municipal stormwater support. These amounts are a fraction of the amount of money that municipalities will need to

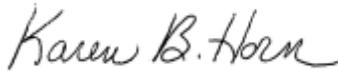
spend to comply with Act 64, in addition to all of the ongoing obligations they have to maintain roads and water quality within their borders.

We do not understand why Clean Water Fund dollars are to be spent on administrative or enforcement expenses at the Agency of Agriculture, Food and Markets, or on administrative expenses of Light Detection and Ranging (LiDAR) mapping at ANR. Fee increases should pay for those costs and the agencies should live within the limits imposed by their budgets. LiDAR is a pre-existing obligation of the state.

We strongly urge you to increase the funding for municipalities so they will be able to comply with Act 64's mandates to address vulnerabilities in their road network and general stormwater management projects.

Thank you for your consideration. We are happy to discuss the disposition of the Clean Water Fund with you at your convenience.

Sincerely,

A handwritten signature in cursive script that reads "Karen B. Horn".

Karen B. Horn, Director  
Public Policy and Advocacy