



Peter Walke, Commissioner, Department of Environmental Conservation
Via email: Peter.Walke@vermont.gov

Dear Commissioner Walke,

As the state and the Department consider how to prioritize clean water spending using funds received from the American Rescue Plan Act (ARPA), I am writing to request that funding awards advance two essential goals: 1) investing in new community wastewater systems that support village economic development and recovery, and 2) ensuring that investments do not enable or support sprawl development. We offer background information and suggestions below.

Investing in village wastewater systems promotes rural resilience, economic development, and housing - all of which support the recovery *and* long-term success of our communities.

Today, the development potential of many of Vermont's small villages is limited by wastewater capacity, leaving communities without the ability to invest in housing, businesses, and child care in smart growth locations. Investing in new village-scale wastewater systems - which could include soil-based, decentralized systems that may or may not include pretreatment - helps smaller communities revitalize their historic villages, provide much-needed housing, and foster vibrant community gathering spaces while simultaneously helping prevent rural sprawl that fragments farmland and forestland. Investing in smart growth areas where people can have affordable housing, transportation options other than driving, and access to jobs, schools, and services is a win for long-term community vitality as we recover from the pandemic.

Recommendations:

While the Intended Use Plan and Priority Project List appear to focus on projects that address an environmental mitigation need, these lists do not necessarily place a strong value on the community development opportunities that could be realized with infrastructure investment. **Develop a ranking system for distribution of ARPA funds** that gives greater priority to factors including smart growth locations, areas with unmet housing need or where housing costs are misaligned with area median income, active community development efforts, etc.

Convene a stakeholder group to a) support development of this ranking system, and b) identify projects for which such funding would be catalytic, in order to diversify the applicant pool (geography, rural/urban, past access to funds, etc.). This will help provide opportunities to communities not effectively served by existing programs.

The State of Vermont must ensure that investments do not enable sprawl development.

We are concerned that pressure to spend the influx of funds and demonstrate job creation could lead to an overemphasis on “shovel ready” projects and projects that are expedient but do not necessarily build long-term resilience. For example, line extensions of existing systems may be easy to execute because they can sometimes be located in existing right of ways, and often have a more straightforward permitting process, whereas building in compact locations might involve additional steps such as land acquisition for disposal fields, discharge permits, and groundwater monitoring. Line extensions should be avoided, however, as they can be costly to maintain over time, undermine downtowns and villages, and damage water quality by developing greenfield locations.

Recommendation: **Apply the requirements of the Municipal Pollution Control Priority System** (often called the “sewer rule”) to all of the funding set aside for applicable clean water projects.

We recognize that there are many important clean water needs that could be served by ARPA funds.

We know that existing water and wastewater infrastructure is in need of upgrades, including refurbishing aging facilities, repairing CSOs, and meeting other needs. This creates a tension between the big-ticket needs of existing systems in larger settled areas compared to new, small-scale systems in villages. We note that even though shared village wastewater infrastructure represents new public infrastructure, it often replaces old and inadequate onsite septic systems that fail to meet modern standards. In this way, such investments in village wastewater systems should be considered infrastructure rehabilitation.

Recommendation: We urge decision-makers to **commit a meaningful portion of funds to new village systems**, at least the \$35 million amount recommended in the Governor’s April 6th *Proposed Investment of American Rescue Plan Funds* but preferably more.

Limit the use of ARPA funds for three-acre stormwater rule compliance. VNRC’s position has consistently been that public funds should not be used to achieve compliance with existing permitting requirements, such as projects that must comply with the three-acre stormwater rule. It may be appropriate to use some of these federal funds to help entities with special circumstances, public schools and mobile home parks, for example, comply with the three-acre stormwater rule. However, such public assistance should be very limited. We recommend that ANR propose restrictions on the use of public funds for compliance with the three-acre stormwater rule and obtain feedback from stakeholders.

Thank you for your consideration, and for your work during these challenging times. Given that my last day at VNRC is April 30, 2021, please reach out to our Policy and Water Program Director, Jon Groveman (jgroveman@vnrc.org), with any questions.

Sincerely,



Kate McCarthy, AICP
Sustainable Communities Program Director

Cc: Kim Greenwood, Deputy Commissioner, Department of Environmental Conservation
Neil Kamman, Director, Water Investment Division
Senator Jane Kitchel, Chair, Senate Committee on Appropriations
Senator Michael Sirotkin, Chair, Senate Committee on Economic Development, Housing, and General Affairs
Senator Chris Bray, Chair, Senate Committee on Natural Resources and Energy
Representative Mary Hooper, Chair, House Committee on Appropriations
Representative Tom Stevens, Chair, House Committee on General, Housing, and Military Affairs
Representative Amy Sheldon, Chair, House Committee on Natural Resources, Fish, and Wildlife