As we consider how to responsibly and effectively allocate funding to implement the provisions of the Climate Action Plan, a number of factors and criteria need to be considered, including:

1) What activities are eligible for funding.

2) What opportunities exist for immediate- and near-term needs that have both direct and indirect benefits (including immediate climate pollution reduction and energy cost savings, while also unlocking future opportunities to achieve co-benefits and pollution reductions over time).

3) What actions can achieve cost-effective and equitable greenhouse gas emissions reductions, in line with GWSA requirements and CAP recommendations.

4) What opportunities exist to enable long-run transformational change.

It is important to note up front that the $200 million in state ARPA funds should not be considered in a vacuum. There are significant municipal ARPA funds, which are solely within the control of municipalities, and federal infrastructure bill funds, not to mention other special and regular funding streams, all of which can, should, and must be considered holistically and used to leverage one another. And, there are many important investments the state should strategically make to realize pollution reductions, vibrant and resilient communities for all.

<u>SUGGESTED ARPA PRIORITY INVESTMENTS for TRANSPORTATION from the $200 ARPA CAP FUNDS:</u>

- EV Incentives for low to moderate income VTers, specifically: Fund the State EV incentive program, Replace Your Ride, and Mileage Smart to the degrees necessary to meet Vermont's 2025 EV benchmark (approximately 40,000 additional EV's replacing gas vehicles by 2025). Further investments should be considered for shared models like CarShare and EV micro-mobility model and increasing low-interest financing availability (expanding income-qualifying home energy loan program, providing as low as 0 percent interest loans) should also be considered. Broad funding range: $100 – $150 million. (We need to confirm that this is an eligible expenditure.)[1]
- EV charging and related electrical upgrades for low- to moderate-income households, including, as necessary, panel upgrades that can further enable clean electrification for heating. Specifically, ensure that multi-family units and workplace charging level 2 needs are fully funded, in line with EV deployment benchmarks. (This assumes that Level 3/ fast charging infrastructure needs will primarily be covered by infrastructure bill dollars but, to the extent there is remaining need – especially in low to moderate income areas – ARPA funds should be considered for additional EVSE need build out. We need to confirm that this is an eligible expenditure and, if so, whether this is within qualifying census tracts (QCTs) or at the individual household level. Funding range: $27 million-$XX million (ask Liz Miller and Dan Dutcher).

We also recognize the significant importance of investing now in critical water and sewer infrastructure that will foster smart growth and compact community settlements that will be essential to support affordable housing, housing choices and transportation solutions that provide options other than a single occupancy vehicle to get people where they need to go and reduce VMT. We understand that every Vermont municipality has received ARPA allocations, and that some might choose to invest in this short- and long-term water/sewer infrastructure need. A significant limiting factor is municipal capacity to develop and manage projects. As well, regions are receiving revenue that we anticipate – and urge – to direct to these pivotal downtown and community-center water, sewer and other infrastructure investments, such as bike and pedestrian and public transit amenity investments. If further assessment highlights that municipalities are not investing ARPA dollars in essential water and wastewater infrastructure, then we can potentially reassess recommendation.

IIJA:

Significantly dedicated to EVSE/public charging

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[1] Assumes 40,000 additional EVs needed by 2025, at least half of which could be funded by ARPA by LMI qualification (per State EV Incentive program data, approx. half of recent incentives have gone to LMI qualifying households). As a rough starting point, over four years, we assume 20,000 EVs x $4,000 per low-income incentive + 6,500 EVs x $3,000 for Replace Your Ride + $10 million for Mileage Smart = approx. $120 million. Note: there will likely still be remaining, non-ARPA investment needed for non LMI qualifying EV purchase incentives.