

Water Quality Management Fee Incentives Workgroup Meeting Notes November 13, 2009

Revised Schedule & Meeting Location

Next Meeting: Friday, November 20th
Town Branch Wastewater Treatment Plant

Future Meetings: December 3rd and December 11th
301 Lisle Industrial Ave., Lexington, KY

Water Quality Management Fee Incentive Workgroup Voting Members in Attendance

Kelly Breeding, Fayette County Schools
Patrick Brewer, Lexmark
Chairman Andy Haymaker, Representing Commercial Developers
Sanford Levy, Small Business Owner Representative
Emma Tibbs, Representing Fayette County Neighborhood Council
Knox van Nagell, Fayette Alliance
Bob Wiseman, University of Kentucky

Water Quality Management Fee Incentive Workgroup Voting Members Absent

LFUCG Councilmember Linda Gorton

Others in Attendance

John Bronaugh, Greater Lex. Apt. Assoc.
John Steinmetz, Hazen & Sawyer
Amy Sohner, Bluegrass Pride

Staff

Cheryl Taylor, Depart. Of Environmental Quality
Charles Martin, Division of Water Quality
Susan Plueger, Division of Water Quality
Julie Mantrom, Division of Water Quality
Jennifer Myatt, Division of Water Quality
Richard Walker, Tetra Tech, CD Program Manager

Discussion

The Water Quality Management Fee Incentive Workgroup Voting Members discussed the updated calendar, and decided to keep the following schedule: Friday November 20th, Thursday December 3rd, and Friday December 11th. Before the Workgroup began the discussion of scoring, they discussed the application Susan Plueger had updated—which they approve with a couple changes.

Application Packet Discussion

Emma Tibbs wanted to make sure tenants could only apply for grants with written approval of the property owner, and that requirement had been included on page two of the application under who can apply for funding.

Knox van Nagell wanted to know if there should be an appeal added for applicants beyond the Water Quality Fees Board. Charles Martin explained the Water Quality Fees Board is the final appeal at this point. Mr. Martin said the staff from Department of Law had waited to become involved in the development of the incentive program until there was something to review, but he would consult the staff from Law to help determine if an appeal process was needed beyond the Water Quality Fees Board. The Workgroup asked about the appeals process for other Boards/Commissions. Ms. van Nagell checked and found there is no appeal for PDR beyond the Rural Land Management Board; however, that Board has a 2-step approval process that does allow for applicants to “argue their case” and the Board to reconsider if the initial decision is negative.

Bob Wiseman asked if the easement requirement on page six, 4. b. was for a permanent easement, and Mr. Martin explained the intent was to allow access for follow up monitoring—not a typical easement with recorded boundaries associated with it. Mr. Wiseman suggested, and the Workgroup agreed, to change easement to access agreement. Sandy Levy suggested that the access agreement should be in writing, as well as a condition of the grant.

Mr. Martin requested a revision to the paragraph outlining who has the authority to prepare the report of environmental benefits on page five. Mr. Martin suggested that instead of explicitly stating both registered landscape architects and professional engineers can do the work, the KY State Statutes governing types of allowable work will be referenced in our application packet. The Workgroup approved this change.

Scoring Discussion

Susan Plueger reported that she had spoken to Margaret Graves about her experience with scoring for the PDR (Purchase of Development Rights) Program. The points Ms. Graves made included keeping the scoring as objective as possible, compare apples to apples, consider how much the applicant is bringing to the table, consider projects that provide the most benefit per the goals of the program, and if possible compare the cost to the benefit.

Ms. Plueger explained that she had included two parts in the draft scoring template handed out at a previous meeting: 1. Scoring and 2. Criteria. The Workgroup discussed a weighted scoring system vs. a scoring system that awarded points (with or without a range). The Workgroup ended up leaning toward a system that included points without a range, combined with weighted categories. The Workgroup agreed the goals (criteria) for the program had already been established in the application, and the primary goal of the program was improvement of water quality in the worst watersheds. Mr. Martin explained we currently know where the impaired streams are located, but it will take time before a detailed inventory can be completed. Mr. Martin suggested projects that have a sub-regional benefit rather than benefit one property should receive more consideration.

Mr. Wiseman pointed out that if you only provide education funding to schools in the most impaired watersheds that you may not be generating the most benefit—in fact there are probably more schools in watersheds that are not impaired, and students may live in a different watershed than where their school is located. Chair Haymaker was concerned that education could always be at a disadvantage when compared to capital projects if there was not a dedicated percentage for education. Patrick Brewer suggested 20% for education, and the Workgroup agreed. Mr. Brewer wanted assurance that unused funds would not revert to the General Fund, and Mr. Martin explained that the Water Quality Management Fee will be a dedicated fund like Sanitary Sewer Fund. Mr. Levy and Ms. Tibbs suggested that if the funds (20%) dedicated for education are not awarded and funding remains, that it be used for capital applications not fully funded and visa versa.

The Workgroup asked Mr. Martin if the cycle/schedule for funding grants had been set. Mr. Martin said that was dependent on when the program was developed, and once the program is established it will take time to advertise for, receive and review grant applications. Mr. Martin also mentioned that Water Quality Management Fee would start to be collected in January 2010; therefore, the incentive program would not be fully funded until FY 2011 (July 2010 through June 2011), but Mr. Martin said by then we could have received applications and be ready to award funding.

Mr. Wiseman was concerned about flexibility for small education grants, and the Workgroup explained that they had tried to address that by allowing education grants to be funded for 100% of

the project cost up to \$2,500, and up to a 50% match after that. The Workgroup agreed that the scoring process for education and capital projects should be different. Kelly Breeding explained that the schools usually put up some money in staff time, supplies, etc., for projects.

The Workgroup was also concerned that small projects would never have a chance to compete. The Workgroup agreed to set aside 10% of the 20% for education for small projects and 10% of the 80% for capital projects for small projects.

The Workgroup also agreed that if there were not sufficient applications for the funding designated for education and/or capital in a fiscal year, that remaining funds could then be used for unfunded projects in the other category—e.g. if 5% of the capital money was not used and education applications exceeded the 20%, that the remaining capital funds could be used for an eligible education grant.

Ms. Plueger went over the details of the six scoring criteria she had developed—that included point systems under each criterion. The Workgroup agreed it was very difficult to definitively establish a scoring system to rank **5. Project Cost Effectiveness** so it was eliminated. The Workgroup discussed **6. Project Sustainability**, and agreed it was important to know the entity that received grant funding had a plan to maintain what had been constructed/established. Ms. Tibbs clarified that grant funding should not be used for future maintenance.

The Workgroup then began the discussion of how to weight the five criteria, and Mr. Brewer suggested the following for capital/structural Best Management Programs (BMPs):

- | | |
|-------------------------------------|------------|
| 1. Project Type | 30% |
| 2. Project Location/Impact | 50% |
| 3. Project Design Innovation | 10% |
| 4. Project Success Measures | 05% |
| 5. Project Sustainability | 05% |

The Workgroup asked Ms. Plueger to take their suggestions and work up a point system within each criterion—perhaps up to 100 points, which could be used in combination with the weighting to score grant applications. Ms. Plueger said she would work on that, and would also prepare a separate scoring worksheet as the Workgroup requested specifically for education. The Workgroup suggested the following criteria for education grants, and also requested a point system be developed within each criterion.

- 1. # of Participants (e.g. Audience)**
- 2. Measurements/Impact Outcome**
- 3. Matching Funds Availability**
- 4. Sustainability**

The Workgroup asked if someone applied for a grant that was in an impaired watershed, but the project only benefited one property owner, would that project be eligible. Staff said yes—the intent of the incentive program was to allow that, but award of grant will depend on the competitiveness of the applications received.

Next Meeting

The next meeting was scheduled for Friday, November 20th, and the Workgroup will continue to work on scoring.