

**Water Quality Management Fee
Incentives Workgroup Meeting Notes
December 11, 2009**

Revised Schedule & Meeting Location

Next Meeting: Thursday, January 21st from 9:30am-11:00am

Location: Town Branch Wastewater Treatment Plant, 301 Lisle Industrial Ave., Lexington, KY

Water Quality Management Fee Incentive Workgroup Voting Members in Attendance

Kelly Breeding, Fayette County Schools

Linda Gorton, LFUCG Councilmember

Andy Haymaker, Representing Commercial Developers

Emma Tibbs, Representing Fayette County Neighborhood Council

Bob Wiseman, University of Kentucky

Water Quality Management Fee Incentive Workgroup Voting Members Absent

Patrick Brewer, LexMark

Sanford Levy, Small Business Owner Representative

Knox van Nagell, Fayette Alliance

Others in Attendance

Amy Sohner, Bluegrass PRIDE

Maxine Rudder, Bluegrass PRIDE

Darcy Everett, Bluegrass PRIDE

John W. Bronaugh, Greater Lex. Apt. Assoc.

Chad Harpole, Commerce Lexington

John Steinmetz, Hazen and Sawyer

John Cobb, Rainscape

Sandy Camargo, CDP Engineers

Shane Tedder, UK

Joe Jefferies, Trane

Staff

Cheryl Taylor, Dept. of Environmental Quality

Susan Bush, Division of Environmental Policy

Charles Martin, Division of Water Quality

Susan Plueger, Division of Water Quality

Jennifer Myatt, Division of Water Quality

Discussion

The Water Quality Management Fee Incentive Workgroup approved the notes from the December 3rd meeting.

Class B Parcel Application Packet

Ms. Plueger brought attention to the new section added on page 7 of the **Class B Parcel Application Packet** under **Project Ranking**. She summarized the following:

- Highest ranked projects will be funded first at 100% of the requested amount.
- A maximum grant amount has been set at \$500,000.
- Partial funding will be utilized for lower ranked projects with the goal of allocating all available funds each fiscal year.
- The Water Quality Fees Board will approve all grants and is the final arbiter of grant decisions.

- The Board may reopen the grant application period if, after all grants are awarded, not all funds are allocated. If all funds are not allocated, they will be rolled over for use as grants during the next Fiscal Year.
- A grant agreement will be drafted for each project. Guidelines will be similar among all projects, but there is room for some differences.

Ms. Tibbs asked for clarification about funding for multi-year projects, and it was clarified that the grant amount will be encumbered for future years for those projects on page 7.

Mr. Wiseman asked for clarification on page 2 under **Other eligibility requirements to be aware of**. He was concerned that bullet 3 requires all applicants to be in compliance with LFUCG Building Regulations while state-governed applicants such as UK would normally only be required to follow Kentucky Building Code and other applicable state provisions. It was clarified that this section referred to applicants who were required to follow LFUCG Code of Ordinances. Mr. Martin said that the intention was to have a mechanism to avoid awarding grants to noncompliant entities. Councilmember Linda Gorton asked how we would know the compliance status of an applicant, and Mr. Martin said that we would be tracking whether applicants were in good standing through Code Enforcement and other relevant entities. It was clarified that the applicant should be in good standing, not just the property. Councilmember Gorton asked what would happen if an applicant applied for a grant for a compliant property but had other properties that were noncompliant properties. Mr. Martin said it could depend on the situation and that the applicant wouldn't be automatically denied, but that owning noncompliant properties could affect the applicant's chances. The Board would have final determination in this.

Ms. Sohner asked about page 7 and how grants would be funded in full if the Board disagreed with a single line item. Chairman Haymaker pointed to the scoring sheet, and said that the points and weighting would take care of this. Ms. Plueger added that the Workgroup still needs to define what project expenses are eligible for grant reimbursement. That topic was discussed later in the meeting (see below).

Application Process and Incentive Grant Application for Class B Feepayers

The deadline for Class B applications is April 16th, 2010, with the first grants being awarded in July of 2010. On a sidenote, Mr. Martin mentioned that some funds (\$300,000) had been budgeted for the Incentive Grant Program in FY 2010 in case the program had been fully developed by this time. Since the first grants will not be awarded until FY 2011, these funds may be used for a shovel-ready stormwater capital project. This decision will be made by the Division of Water Quality and the Urban County Council in early 2010.

Under the section on page 2 concerning **Structural BMP Grants**, priority is given to project sites within impaired watersheds. The term "303d" was changed to "impaired" since the latter is more straightforward and less likely to cause confusion. A map of impaired streams and their impairments will be included with application packet. Ms. Plueger will clarify that the property owner's signature must be notarized on page 4. Councilmember Gorton suggested adding 5:00pm to the Application Deadline on page 1. Ms. Plueger will also add the mailing address to the application.

The Workgroup decided that verification of receipt of application will be provided within two weeks. If the application is incomplete, the applicant will be notified and given an opportunity to provide the missing information. This is required by Ordinance. Councilmember Gorton and Ms. Tibbs asked for clarification on this point. To summarize, every section of the application should be filled out; if not, applicant will be notified about the missing information.

Chairman Haymaker asked about the second deadline if we have to reopen the grant and whether it should be included on the application. Mr. Martin thought that we should preserve the current flexibility and not dedicate ourselves to a specific date.

Chairman Haymaker asked about the section on page 8 of the **Class B Parcel Application Packet** that refers to impaired watersheds. Mr. Haymaker suggested adding a sentence that applicants should still apply even if they aren't in an impaired watershed so that we don't discourage anyone from applying. Ms. Plueger suggested changing the paragraph to read that **one** of the components is being in an impaired watershed, as reflected on the scoring sheets. Ms. Plueger asked if the scoring sheets should be attached automatically or if the applicant should have to request them. Mr. Haymaker and Mr. Breeding suggested providing a weblink to the scoring sheets in the application packet.

Chad Harpole of Commerce Lexington suggested adding who prepared the application. Councilmember Gorton pointed out that the preparer won't necessarily be the property owner or grant applicant, and Mr. Martin was concerned that this requirement could obligate an applicant to a particular firm. The Workgroup decided that a contact person for the grant application would suffice.

Mr. Wiseman asked if certification by a Professional Engineer (PE) is required after the grant has been awarded but prior to the money being expended as an applicant may not want to incur the additional costs of utilizing a PE until after the funds are assured. Ms. Plueger pointed out a conflict with this on page 5, section f, which requires a report from a PE. Ms. Plueger suggested requiring the PE-certified report as part of the grant award documents so that the PE does not have to be involved in the application process. The Workgroup agreed with that approach.

Eligible Expenses

Ms. Plueger mentioned that the current Application Packet does not explain what expenses are eligible for grant funds, and that this needs to be added to the document. The Workgroup discussed this and agreed that eligible expenses should only be those that are required for full and correct implementation of the grant project. If the proposed project is part of a larger site development/redevelopment and/or a larger educational program, the other elements unrelated to the stormwater or water quality goals are not eligible for grant reimbursement. There was some concern that the grant funds should pay for the project itself and not be used to buy equipment or pay for staff time. It was also agreed that a budget with line-item approved eligible expenses will be part of the grant award documents signed by both LFUCG and the Applicant.

Councilmember Gorton asked how the Incentives Program will be advertised. Mr. Harpole and Mr. Martin had already spoken about utilizing Commerce Lexington. Ms. Sohner volunteered

PRIDE's list of contacts and mentioned that PRIDE will be having an Incentives Workshop during their "Greening Your Business" event in February. A brochure about the Incentives Program will be developed and distributed where building and grading permits are issued. There will be information on the LFUCG website with a link on the homepage and possibly a press event.

Councilmember Gorton moved to accept the **Class B Parcel Application Packet** and the **Incentive Grant Application for Class B Feepayers** with changes and submissions. Ms. Tibbs seconded the motion to accept, and all approved. The application form and packet will be revised to reflect these changes and presented for final approval at the January meeting.

Next Meeting

The Workgroup agreed that the goal for the next meeting is to work on the **Neighborhood Grants**.

Commissioner Cheryl Taylor brought up the Neighborhood Sustainability Grant and Eco-Art Grant Programs that are currently ongoing under the Department of Environmental Quality. The Workgroup discussed who could apply for a Neighborhood Grant. Susan Bush said that for the Sustainability Grants, a Neighborhood Association is required to be registered with the Secretary of State. The Department of Environmental Quality does not require documentation of registration from the applicant, but checks registration with the Secretary of State's office. Ms. Bush also stated that she is satisfied with the Neighborhood Sustainability Grant Application thus far.

Mr. Martin stated that \$200,000 of the Incentive Program is set aside for neighborhood grants. These will not be matching funds; Mr. Martin noted that the time and effort put into these projects is the match. Ms. Plueger mentioned setting a maximum grant amount to preclude neighborhoods applying for difficult and complex capital projects. Concern was raised about the eligibility of Class B properties, such as clubhouses, for Neighborhood Grants. Mr. Martin suggested doing some emailing over the holidays before the January meeting to further discuss the Neighborhood Grants. Chairman Haymaker asked if we could get a skeleton neighborhood grant application before the next meeting.

There was some discussion about whether the Incentive Program should be presented to the Council. Councilmember Gorton said she does not believe Council approval is required, but suggested presenting the program to the Water Resources Oversight Committee and putting the details on the website.

The next meeting will be Thursday, January 21st from 9:30am-11:00am at Town Branch Wastewater Treatment Plant. The Workgroup has a goal of releasing Neighborhood Grant information in February and may decide to have a later due date for the Neighborhood Grants than the Class B Grants.