

SMALL COMMUNITIES ENVIRONMENTAL INFRASTRUCTURE GROUP

June 1, 2009

MINUTES

Attendees: Steve Grossman, Ken Heigel, and Gina Sopp, OWDA; Randy Hunt, RCAP; Dave Douglas, USDA; Jim Bonk, Ohio EPA; Stacy Barna, Ohio EPA; Elizabeth Bailik, Ohio EPA; Linda Bailiff, Ohio Public Works Commission; David Frantz, US Army Corp of Engineers; and Stephen Porter, US Army Corp of Engineers.

Elizabeth noted that she is attending the meeting on behalf of Brian Hall at Ohio EPA.

TRAINING COMMITTEE: (Lori Libby and Karen Mancl absent) - Curriculum and Randy Hunt - RCAP Training

Curriculum

Steve noted that with Lori's absence, he reminded the group that someone will need to do presentation for the July 21 meeting in Athens as Lori is unable to attend that meeting as well.

RCAP Training

Steve reported that 3 months ago, Randy Hunt became the new RCAP Director, taking John Rauch's place. He welcomed Randy and asked him to report.

Randy noted that RCAP is continuing to hit the same 300-400 total numbers for individuals who have attended the RCAP training. For the 2008-2009 training cycle, 372 people participated, which represents 208 systems. RCAP continues to follow the same course curriculum for Utility, Financial and Asset Management trainings, which finished as of April 20, 2009. The test scores and test evaluations indicate participants have improved in their knowledge base.

On Wednesday, June 3rd, RCAP, USDA Rural Development and the US Army Corps of Engineers are offering a "Plan B" conference for communities that were not successful in getting stimulus funding. Just over 80 people are registered as of today, with an even spread of representation from throughout the state. This conference will be held at the Ohio Department of Agriculture's office in Reynoldsburg, beginning at 9:30 a.m.

FINANCE COMMITTEE: Jim Bonk

The last meeting was a "road show" in Findlay. The Village of Ottawa and the Village of Paulding presented projects, as well as Crawford County/Westmore.

The Village of Ottawa presented an \$8.8 million project to upgrade their 300 mg reservoir in order to regionalize. Their second project is for a waterline to regionalize currently unserved areas within Putnam County in the amount of \$850,000.

Crawford County/Westmore is an unsewered area that presented a project to build a collection system, with a project cost of approximately \$6,395,000. This is a project that had extremely high assessments of close to \$18,000. With Ohio EPA's stimulus list possibly being finalized within the next few days, this project may be jointly funded with USDA Rural Development. Jim and Dave have been working through these details, including the potential for reducing the assessments by a considerable amount between the two ARRA grants.

The Village of Paulding presented an \$8.5 million project for a water treatment plant upgrade. Jim asked Stacy to comment.

Stacy noted that the Village is lacking detailed plan approval as well as some other requirements. She suggested that USDA RD may be able to help them and has referred them to Dave.

Jim reported that Defiance County is debating whether or not to come to the June Finance Committee meeting. The County is looking for credit enhancement and they may be looking for OPWC money. They are looking for interim financing, which OWDA may be able to provide. He will get them Sue's and Linda's number to contact. They are also working with Dave.

Dave responded that this project has been 10 years in the making and it appears to be in a position that USDA RD can finally do something with them.

Linda noted that OPWC solicitations begin this summer for a July 1, 2010 release.

Dave commented that Defiance County was just announced as USDA RD project last week.

Stacy inquired if anyone will be involved with Congressman Zack Space's funding presentations at Athens, Chillicothe, Kent State, New Philadelphia and Zanesville; beginning with Friday, June 12 and continuing for the next 2 Friday's.

Dave added that these presentations are for local elected officials and funding agencies that are present are supposed to give a 3-4 minute overview of their program. Once the presentations are complete, the funding agencies will have individual stations and the officials are encouraged to go from station to station to get more detailed information about specifics on their project. This is somewhat of a finance committee meeting with the difference being that only funding agencies will be doing individual presentations and then meeting with individuals for 15 minutes. Trish McConnell sent the e-mail to him.

Stacy noted that she would forward the e-mail to Steve.

The group conferred and decided that the speakers they were targeting were the only people that were notified.

Jim stated that Defiance County is the only potential project currently for the June 12th meeting; however, they may not need to travel because of where they are in the process. Based on the commitments for the three upcoming Friday's, the group concurred that the June 12 meeting is canceled. Jim asked that any new projects be referred to the July 21st meeting in Athens.

DECENTRALIZED WASTEWATER WORK GROUP: Dave Douglas

The Work Group was supposed to have a meeting on May 21; however, with everyone being so busy with ARRA projects, the meeting was canceled.

Looking back at the March meeting, the discussion revolved around what would be done at the Athens meeting in July, but there has not been further discussion to finalize plans.

They are planning to have a community meeting this fall in the Cambridge/Zanesville area. Plans will be made to get together to finalize these plans as soon as everyone is a little less busy.

COORDINATING COMMITTEE: Ken Heigel

This committee has not met for some time mainly because of the stimulus projects. One of the goals for next year is to see if there is a special issue that needs to be coordinated; such as has been done in the past.

He asked the group to send him comments as to any specifics that need to be coordinated; otherwise this committee will continue to be on "hold" until needed.

SMALL COMMUNITY TRACKING SYSTEM: Ken Heigel

There has been some difficulty entering information into the database and OWDA is currently working through those issues with an IT person.

Ken noted that he is working on some enhanced reporting features on the database, including working with RCAP to add some fields to create a report for RCAP to submit to the other funding sources.

All the ARRA funds have been entered into the database for the WPCLF and DWAF programs that were on the Intended Use Plan list. He entered the data in order to assist with identifying projects that need to be reviewed at the meeting tomorrow in Logan. As a result, three lists were created for drinking and wastewater. The lists include projects that are receiving ARRA funds; projects that are not receiving ARRA funds; and projects that are not in the database that are receiving ARRA funds. This information will assist

in coordinating funding to make sure the ARRA projects ultimately get underway; then the focus will turn to those projects that did not receive ARRA funds.

Steve added that this also ties in partly to Dave's USDA RD stimulus funds, which needs to be included in the coordination.

Ken commented that notes can be made to all of these projects at the meeting tomorrow.

Stacy reported that the revised Intended Use Plan should be coming out this Thursday and she will work to get an advanced copy to Ken.

Ken offered that he will review the revised list and will enter the changes as needed to the database. He also encouraged the group to continue entering data and if for any reason anyone has difficulty entering data, please contact him either by phone or e-mail with specifics.

Stephen noted that the Corps did not receive any ARRA money to do environmental infrastructure through their 594 program. Their other programs in West Virginia and Kentucky did receive funding. Because Ohio is considered as a "congressional add" there was no money funded; however, Ohio is included in the Corps budget for funding.

David Frantz distributed the US Army Corps FY 2009 Section 594 Project Assignment list to the group. The list includes 26 projects that are in process now and each of the Corps districts have initiated kick-off meetings with the local sponsors. Over the last couple of weeks, he and Stephen Porter have had 1-2 meetings a week to conduct initial meetings to explain the program and see how far along they are in their process. They are compiling paperwork for the next 3-4 weeks.

OUTREACH EFFORTS: Stacy Barna

Regarding the letter for the July 21st meeting in Athens, she forwarded all the information to Tracy Mann at Senator Voinovich's office. The letter was dated June 1 and she wondered if the letter had been mailed yet.

Steve responded that the letter has not yet been mailed. He sent the letter to both of the Senator's approximately two weeks ago and he will follow up today to see if they have given their final approval.

Stacy noted that the Senators have a list of all the systems; therefore they should be ready to mail the letter this week.

Steve asked Randy to be the presenter for the SCEIG group at the July Athens meeting and he agreed.

Stacy requested a conference call on July 8, 9 or 10 between herself, Dave, Randy, Lori and Steve to make sure all details are cared for. Any changes to the PowerPoint should

be minimal; however, the presentation needs to include some information covering ARRA updates.

Steve commented that he is concerned that Congressman Space was not aware of the Finance Committee's July 21st meeting. He offered to contact the Congressman's office, on behalf of the SCEIG group, to ask about their meeting and to make them aware of the SCEIG Finance Committee meeting. The group affirmed this and Dave noted that Trish McConnell is the contact in the Dover office.

Stacy read the e-mail from Congressman Space's office, which included 9 funding tables/agencies to be represented for projects being funded in their area (did not specify water and wastewater projects only).

APPALACHIAN ENVIRONMENTAL INFRASTRUCTURE STRATEGY
WORKGROUP: Steve Grossman

The meeting will be tomorrow at the Ohio EPA office in Logan, beginning at 9:30 a.m.

David and Stephen from US Army Corps noted that they will not be able to attend the meeting due to scheduling conflicts.

Steve stated he would make sure they receive some type of summary list following the meeting tomorrow.

UNSEWERED AREAS OWDA PLANNING LOANS: Ken Heigel

As previously mentioned, the Ohio Water Development Authority's (OWDA) Board approved a new program in March to provide 0.00% interest rate planning loans to unsewered communities for their wastewater improvements. The program provides for no payments until the project goes to construction.

Since March, OWDA has approved loans to 4 Villages and 4 Counties. He distributed a list describing each of the projects in detail. The Authority is pleased with the response so far and is aware of some other communities that are contemplating sending in their applications. This program is only open until July 2009 with the idea of getting as many communities as possible started. The current thought is that they could receive some stimulus funds, possibly through USDA Rural Development.

Ken noted that he will be meeting with these communities on a quarterly basis. He will also be coordinating with Rural Development's state engineers, as the projects move forward, in order to maintain good communications regarding the progress. His plan is to contact these engineers within the next 3-4 weeks.

ECONOMIC STIMULUS COORDINATION:

Steve noted that he put this on the agenda to see if anyone had any updates, prior to the meeting tomorrow in Logan which will be focusing on Appalachia.

Dave Douglas commented that they are seeing more demand coming into USDA RD.

Stacy is hopeful that with the upcoming funding session on Wednesday, she can update the Governor's website through Ohio EPA's e-mail system to continue the communication thread. She is currently working on their final list, which should be out by Thursday of this week.

Dave commented that based on the number of requests that are currently coming into their office; they are not planning on another funding session. With "Recovery of Ohio.gov" coming to fruition, everyone that has received correspondence or is rumored not to be included on that list (if they are serious about doing their project), are currently seeking other sources of funding. As a result, their office has seen a dramatic increase in requests including larger sized projects. Their concern is that while they do have a lot of money available to fund, there is a large demand for grant money...greater than what is available.

Stacy noted that she has some projects that did not rank high enough to get ARRA funds; however, they need to be funded soon. She will send Dave this list to see if he can assist them.

Steve asked if anyone has received requests from communities within the last two weeks that are looking for stimulus money that were not on the initial list.

Stacy responded that she has and they were not looking for stimulus money particularly; they were looking for a loan to begin their project and already wanted to know when they could apply again. For drinking water, they cannot apply for a year. Typically they begin taking projects in the fall, which is the start of their normal calendar year. However, with the stimulus funds, she has advised them that there may be a different schedule for next year. She is also encouraging them to seek other funding options such as OWDA, USDA RD and the rest of the SCEIG group, especially since they need to receive funding sooner.

Jim concurred that he is having the same requests and they anticipate pushing the wastewater program calendar year to approximately February 2010.

Dave noted that there are differences between programs. While Ohio EPA's money has to be completely used for a two year period by February 2010, USDA RD's money has different criteria. For USDA RD's current fiscal year, September 30, 2009 is the end of their first half of ARRA money and the other half will come the next fiscal year, in addition to their regular allocation. This is what is currently being reported; however, Congress could change this.

Steve added that the appropriations for USDA RD's next fiscal year compared to the State Revolving Fund (SRF) program is significantly higher.

Stacy commented that for Ohio, total ARRA funding is \$1.5 billion. The drinking water needs survey from 2007 was published March 26, 2009 and Ohio went from being a 3% state to a 3.21% state, which is a big increase. Based on the larger allotment to begin with, and their percentage/budget change if it goes through, Ohio EPA is slated to receive \$47 million instead of \$24 million per year, which is nearly double of what they will receive for the SRF annually for at least 3 years.

For the Army Corps of Engineers, David Frantz reported the next year is still unclear as to what funding they will receive. There has been some communication and he does not believe there will be much change from what has been historically allocated. They will know more by late fall.

David Frantz commented that as he looks at their 594 project assignment list, they have had several projects listed that have had renamings and large dollar namings. Last week, he had a kick-off meeting for Marlboro for their \$2 million project. For this small community, this is impressive and is an indication that the program is gaining popularity and is continuing to grow. Their attempt to educate representatives is succeeding and they are noticing that the communities are more prepared than what they have seen in previous years. They also know that SCEIG has been very helpful to these communities for funding sources and education.

He gave a summary of the Section 594 of the Water Resource Development Act of 1999, which authorizes the Ohio environmental infrastructure program and has been revised since 1999 to include North Dakota. When this program first started, it only encompassed congressional districts. Ohio was one of the first to cover the entire state. Now there are infrastructure programs throughout the country that are all funded separately, and have separate authorizations and appropriations. Some have much broader authority and tighter restrictions.

Stephen Porter noted that appropriations for the Corps is \$240 million.

David Frantz noted that of the \$26 million appropriated for the 594 Program, Ohio received \$21 million and the rest went to North Dakota. He also noted that 4 projects have been impacted by the "non-profit" provision within the Army Corps by adding language that would allow non-profits to be project sponsors. They are currently developing some "work-arounds" for this including some language changes that were approved last year. They were hoping that it would be approved through some authorizing vehicle through Congress; but this did not happen. However, all the districts are developing work-arounds because there is conflicting language through other authorizations that say non-profits cannot be sponsors. When they put the new language in, it conflicted.

Dave Douglas asked him to define the term “sponsor”.

David Frantz responded that for all of their non-infrastructure programs, there has to be a non-federal sponsor who is responsible for the project. In Ohio’s case, the state puts up 25% and the Corps pays 75%. There is also a requirement that the sponsor is a publically-owned entity. For non-profits, you can have both public and private which was the glitch. In the original language, there was nothing specified that you cannot be a non-profit.

Dave Douglas added that non-profit water systems could also be recipients.

David Frantz affirmed this and mentioned Western Water, which is one of his projects. The intent for that project, when it was funded, was that Western Water was to be the sponsor because they own all of the water infrastructure. This is not currently possible; therefore, they are hoping that the Mount Orab Port Authority may be able to act as a sponsor, working around the Corps’ headquarters to make the project happen. They still will have to have their money up front for the reimbursements because their program is reimbursable. This project included some sort of third party agreement with the intended sponsor, which had been accomplished in the past, but is currently not acceptable. It would be easier to have the agreement directly with Western Water.

Jim noted that their office has listed 5 projects on the stimulus list that were originally using the WPCLF Program for on-lot systems. Trumbull County is interested and Kirk Erickson is working with the Northwest counties; however, there is concern with these projects because Ohio EPA will not give them funding unless they put in an operation and inspection program in order to make sure these systems get pumped regularly.

As of the last couple of weeks, Jim stated that Rebecca Fugitt with Ohio Department of Health was estimating nomination of up to 40 projects. With the way they intend to distribute the stimulus funds, Ohio EPA’s wastewater division will not have a ranking system for the on-lot upgrades; everyone will be put on the list. As invoices are received, Ohio EPA will work through these quickly, due to the short timeframe they have to work within, to spend the \$5 million in set-aside until the money runs out.

REVIEW OF 2008 OBJECTIVES: Steve Grossman

He distributed a copy to everyone and noted that these have been finalized, with the exception of Karen’s areas. Since she has been on sabbatical, Steve was not comfortable with adding any response without her permission. The consensus was to go ahead and post them “as is” to the website.

APPROVAL OF 2009 OBJECTIVES: Steve Grossman

Steve asked for comments on Items #5 and 7. He wants to keep #6 “as is” because this is Karen’s objective.

Dave responded to keep Item #7 “as is”.

The group is concerned about Item #5 regarding evaluating options for one universal loan application because of the workload increase with the stimulus funding.

Ken suggested adding “will extend beyond 2009” to this objective and the group concurred.

Steve mentioned another objective that was originally mentioned by John Rauch from RCAP regarding sewer bill collection. There was a specific issue that was discussed at the March meeting and it was mentioned that an objective should be created for this in 2009.

Randy is not sure where John is with this particular objective and Steve suggested that the group may want to revisit this in the future.

Stacy mentioned that in the President’s budget, there is a call for SRF’s to have a sustainability policy. For 2010 and beyond, the language calls for looking at sustainability and creating a policy, which she believes will include “green”. The SCEIG group has talked about capacity capability of systems before; however, now this is something that has to be addressed. She asked if anyone in the group wanted to look at capability/sustainability for their programs and offered to assist with coordinating that information.

She is part of a federal work group, that Jim Horn is chairing, that will be meeting and conference-calling throughout the summer in order to have draft language ready for September. She is representing both drinking and wastewater for Ohio and her goal is to keep the language as flexible and incentive-based as possible; while keeping it applicable for Ohio. With being involved with this, she will be able to share first-hand knowledge with the group.

Dave asked if the sustainability is from the financing portion or the design aspect.

Stacy responded that it is for the financing portion, including sustainability for programs on a long-term basis. She is not sure about the design portion until after she returns from Washington DC next week and suggested putting together a meeting within the next few months to discuss this further with the group.

The group asked that she bring back a clear definition of what this encompasses.

Jim mentioned that the WPCLF already has a factor where projects receive extra ranking points if the project implements something that is in line with an approved sustainable growth plan. This is currently specific to the Lake Erie area.

Stacy affirmed that the DWAF has the same criteria.

She suggested adding “evaluate sustainability for infrastructure components” to objective #5.

NEW BUSINESS

As mentioned previously by Jim, he has been working with Rebecca regarding the on-lot systems. Ohio EPA is doing \$5 million in on-lot upgrades through the stimulus and he is waiting on a draft fact sheet from Rebecca. He has put together a simplified nomination form and has distributed it to a few health departments and counties.

Also, Ohio EPA is working up a compromise between SB 100 and 110. Jim has written Ohio EPA’s programs into the compromise and has submitted it to his boss, Greg Smith. According to Tracy Freeman, Ohio EPA’s legislative liaison, action on this Bill is expected sometime this summer. The goal is to craft a compromise between the two competing Bills.

NEXT MEETING DATE: MONDAY, SEPTEMBER 14, 2009, 1:30 P.M.