

## SMALL COMMUNITIES ENVIRONMENTAL INFRASTRUCTURE GROUP

March 2, 2009

### MINUTES

**Attendees:** Steve Grossman, Ken Heigel, Sue Farmer and Gina Sopp, OWDA; John Rauch, RCAP; Randy Hunt, RCAP; Lori Libby, CPMRA – Miami University; Dave Douglas, USDA; Tim Leasure, Ohio Department of Development; Jim Bonk, Ohio EPA; Mike Baker, Ohio EPA; Stacy Barna, Ohio EPA; Brian Hall, Ohio EPA; Linda Bailiff, Ohio Public Works Commission; Lisa Morgan, US Army Corp of Engineers; Stephen Porter, US Army Corp of Engineers; Rebecca Fugitt, Ohio Department of Health; Peter Ross, Fifth Third Securities; and Pat Nortz, NTH Consultants.

Mr. Nortz noted that he is attending as a guest to determine if his firm would benefit from joining the group.

**TRAINING COMMITTEE:** Lori Libby (Karen Mancl absent) - Curriculum and John Rauch - RCAP Training

#### **Curriculum**

Lori reported that she is not aware of any curriculum training commitments since the last meeting in December. She has not heard from Karen Mancl because she is still on sabbatical.

#### **RCAP Training**

John reported that last year, RCAP gave the following courses; 11 Utility Management, 8 Financial Management and 4 Asset Management, with approximately 300 participants and 200 communities attending.

RCAP has not been able to implement the Applied Asset Management courses because there are still some problems with US EPA's CUPS program. RCAP has been working with Stacy Barna at OEPA regarding the CUPS problem and they hope to have this course up and running soon.

RCAP has had several requests for the Project Development short course. They have plenty of books on hand to accommodate these requests and their hope is to utilize this course with communities that have applied for stimulus monies.

John reported that the State of Illinois is now working with RCAP. Through the State of Illinois' budget, RCAP will be delivering the program to them soon.

**FINANCE COMMITTEE:** Jim Bonk

At the last Finance Committee, the Village of Hartville in Stark County was the only community that presented. The US Army Corp of Engineers has been working with this Village on their wastewater project. The project cost is \$6.4 million and Ohio EPA (OEPA) has given them a design loan at 0% interest. The Village has been working on the design portion; however, with the election of a new mayor approximately a year ago, the Village has been looking at their finances and has found that they are not in good shape. Their debt burden is high and the cost of the project, with their current financing plan, added an additional \$27 a month to their individual sewer bills, which are currently \$34. The Village is concerned about this increase.

The committee recommended a potential solution of regionalization with Stark and Summit Counties. They recommended the Village talk with these counties to see if they could broker a deal with one or both of them. Since the meeting, OEPA has checked with the Village and they are in discussion with both counties. OEPA is continuing to actively work with them and will keep everyone posted as to the Village's progress.

Steve noted that the next Finance Committee meeting will be a road trip to Findlay on Wednesday, April 8. A second road trip is scheduled for Tuesday, July 21 at Ohio University, Baker University Center Ballroom. Both meetings will begin at 9:30 a.m. and OWDA has covered the cost for the Ohio University meeting room.

Steve distributed a copy of the invitation letter detailing both the Finance Committee meeting/informational session road trips, as well as the 3 remaining Finance Committee meetings in Columbus. The letter is currently being approved by both Senator Brown and Voinovich's office and is essentially the same letter that was used previously, with a few minor changes, including reference to discussion regarding stimulus. He asked the group to send him their comments. Once he receives approval from the Senator's, the letter will be given to them to send out to their constituents, and can be distributed to anyone else who wants to send it out.

**DECENTRALIZED WASTEWATER WORK GROUP:** Dave Douglas

The Work Group last met on February 12. Those attending the meeting were: Roberta Acosta, Dan Kopec, Rebecca Fugitt, Ken Heigel, Kurtis Strickland, Bruce Goff, Adam Voris, Mark Stedfeld, Eric Zwierschke, and Dave Douglas.

They discussed the outcome of the January 15 engineers training at the Ohio Onsite Wastewater Association (OOWA) conference. Overall, the training went very well, even though it was a small group and not quite the target audience they had hoped for. The group is looking for opportunities to present at other conferences including the Midwest Conference scheduled for March 24, 2009. There is also potential to present at Watershed group meetings and conferences. USDA will include some of the information in its annual USDA engineers meeting.

The group is planning another community training session, like the one done approximately 3 years ago in Chillicothe. It is likely to be done this fall in the Cambridge/Zanesville area and will cover the benefits of decentralized operations.

Dave noted that the group is working to prepare decentralized project fact sheets for distribution at SCEIG Finance Committee meetings starting in April this year. The fact sheet topics will be: centralized vs. decentralized; permitting; how to form a project team and QBS; funding; management; and case studies. They are hoping to present a 10-15 minute presentation at Finance Committee outreach meetings as part of the up-front PowerPoint overview.

**SMALL COMMUNITY TRACKING SYSTEM:** Ken Heigel

The database has a new report feature that allows you to sort by certain criteria. On the main page there is an option to “print report”. By clicking on this option, based on the criteria chosen, the database will sort and print specific reports for the specific criteria.

Ken is still testing the database and will continue to make changes to offer more features in the future. He encouraged everyone to continue updating their projects and if anyone needs assistance, please send the project information to him so that he can get it to OWDA staff for data entry.

Steve did a comparison between Appalachia communities that were seeking funding from OPWC’s Small Government Commission, as compared to communities that are currently on the tracking system. There was only one community that was asking for approximately \$400,000 or more that did not have a project on the tracking system. Should smaller projects be listed on the tracking system as well because there could be better ways to help those communities? In looking at the communities that were asking for funding and those that did not get money, he noticed that the communities who were receiving funding were more likely to ask for less money than more. This information could be analyzed further in the future and he suggested the group discuss this in the future, especially given the current volume of business.

**COORDINATING COMMITTEE:** Ken Heigel

Nothing new to report at this time.

**OUTREACH EFFORTS:** Stacy Barna

With the upcoming session on April 8 in Findlay, the current training presentation is probably outdated due to all the recent changes. She proposed that the group get together, via conference call the week of March 16, to look at what everyone (Deb included) wants to present now. She will e-mail everyone later today regarding this.

For anyone who has a program that will be changing, knowing everyone is still finalizing what they will be able to offer, she suggested putting together new materials to update the folders as well.

Dave asked that everyone get their updated materials to him by Friday, March 27, to allow time for copying and preparation of the folders.

Lori noted she will not be available to run the presentation for the July session; however, she can do updates prior to that session. For updates to the PowerPoint presentation for April, please send those to her.

Stacy asked if there has been decision to do a legislative session this year.

Steve responded that originally there was discussion to do one in the spring; however, with everything that is currently going on, it would probably be better to do one in the fall. In the meantime, for legislative staff people, we could do a special invitation to the informational sessions offering that they could attend one of those sessions. He confirmed that Stacy will take the lead for the fall legislative session.

Dave has alerted the USDA Findlay office to have plenty of extra seats for the April session. At meetings he has attended recently where funding has been discussed, the audiences have been larger because people want to know what is happening. He has instructed the Findlay office not to put up tables in order to provide seating for 80 people. He also suggested possibly allowing extra time at this meeting to discuss the fall legislative session.

Jim added that another way to take advantage of the Findlay meeting is to try to match expectations with supply of stimulus money. No matter how great the request is, people need to be aware that there will be a lot of disappointment because there is only so much money available.

**COMMUNITY PROFILE SHEET REVISION:** Tim Leasure

The profile sheet has been revised to provide additional information for location of activities. Over the years, it has been difficult to determine exactly where the improvements were going to take place; especially for the Block Grant Program because it makes a difference where the improvements are made.

The profile sheet also includes a section for additional information on financial history of existing utilities, including what types of debt are outstanding and how much the debt payments are. This will give a clearer financial picture for each project.

Tim noted that he needs to get Bob Hickey's approval before the sheet is finalized. Once it is finalized, he will e-mail the final version to the group with a copy to Gina Sopp to download on the SCEIG website.

Dave suggested adding the final version to the handout material for the informational session folders.

**APPALACHIAN ENVIRONMENTAL INFRASTRUCTURE STRATEGY**  
**WORKGROUP:** Steve Grossman

An e-mail was sent regarding the next meeting on Tuesday, June 2 at the Ohio EPA office in Logan. Historically these meetings have been fruitful and it will be interesting to see what impact the stimulus package has on future meetings.

**UNSEWERED AREAS OWDA PLANNING LOANS:** Ken Heigel

OWDA has a new planning loan program for unsewered areas. The program includes a 0% interest rate, no semi-annual payments and will not be due until construction begins. One of biggest incentives for this program is that a user charge system will not be required to be put into place during the planning portion of the project. He noted that there is a small window of opportunity for the program. Applicants have until July 15, 2009 to apply.

Ken distributed copies of an announcement that has been sent out regarding this new program, as well as an additional list of communities, provided by Ohio EPA, that will receive the announcement as well. These communities are under Findings and Orders, Referral, or are areas that a district office is tracking. Another mailing will be going out to engineering firms and the announcement will be posted on the OWDA website. If someone is not on the list, please have them contact either he or Sue; or feel free to forward the announcement to them directly.

Steve commented that even though OWDA has designed this as a short-term program, in the long-term, the hopes are that this may get some communities in a better position to proceed.

**ECONOMIC STIMULUS COORDINATION:**

Steve began with an overall summary and reminded everyone that this topic is open for everyone to comment and interact.

He distributed a summary list of projects that are currently listed on the Ohio Recovery website. 11,370 projects have been sorted as of February 28 and 13,423 projects are listed as of March 1. Project submission will be closed soon. Out of the 11,370 projects, there are 703 for Clean Water SRF; 42 Corps of Engineers; 480 Drinking Water SRF; 354 Rural Water and Waste Disposal; 185 Watershed Infrastructure; 2,601 for Infrastructure General/Other; and 14 are blank.

Steve noted that he was not involved with the structure of the website and stated he is concerned that a number of communities may think these are actual applications for

funding. Through some type of sorting, these projects have ended up in the particular categories they are currently in.

His assessment is that some of the Clean Water and Corps projects qualify for CDBG and Rural Development funding; although some of the Corps projects do not fit into the criteria for construction of water and wastewater projects. For Drinking Water, some of the projects qualify for SRF and CDBG. Rural Water and Waste Water projects all fit into SRF and CDBG; however, he has not looked at these particular projects to see if they are all legitimate because he has found that some projects have been placed in the wrong category. He encouraged checking projects to make sure they are categorized correctly. For the Infrastructure, General and Other categories, this group includes highway, broadband, education, etc. and does not appear to have been classified yet. For the Blank projects, these were clearly for water and wastewater.

Per the Governor's plea for adoption of certain program categories, Steve claimed ownership for Dave Douglas on the Rural Development category. He is working directly with Dave and is only entering data based on Dave's input and approval.

Steve noted that Mike and Stacy are the owners for Drinking Water; Greg Smith is the owner for Clean Water; Ohio Department of Natural Resources (ODNR) and the Corps share ownership under the Corps of Engineer; and Dave Hanselmann at ODNR is the owner for the Watershed category.

Given what he has reported, what is the message that needs to be communicated by the SCEIG Group? How do we coordinate efforts to the owners and the people submitting projects?

The group discussed these topics and gave the following comments, concerns and conclusions:

- There are people within each owner agency that are looking through the projects to make sure they get properly categorized. The difficulty is that some of the projects are difficult to find a proper category for.
- Some are waiting for guidance from the Governors office.
- The number of projects has changed, especially in the General category because of work done over the weekend to re-categorize projects to the proper category. This caused some categories to increase, like Drinking Water and Clean Water. Lots of internal work involved within agencies to make sure all projects have appropriate paperwork, including pre-applications.
- The Governor's office is interested in additional communications being sent out to people who have registered; communicating to them what the next steps are or what their status is.
- Challenges with what the processes that everyone needs to follow for each program area, in order to truly be eligible for funding; communicating proper deadlines for those processes including public noticing, public review/hearings, potential project listings, and if/when projects could expect actual funding.

- Managing expectations is key.
- There is coordination amongst the SCEIG members who are involved in this process who have projects that qualify under more than one category. They have been meeting and conferring, and some are utilizing RCAP, especially with the application sorting and coordination. They are also discussing how to communicate in a coordinated manner; recommending sources for funding, as each agency is able, while making sure the projects are affordable.
- Federal agencies have been told that they cannot give specific deadlines or process information until they get approval from the Office of Management and Budget (OMB) in DC, which could be by the end of April or beginning of May. This is the office where all stimulus money will come from, whether funded directly to federal agencies or to state government, and OMB will dictate where the funds will go and how much. It may be a while before the actual funds are available because these processes are being structured now.
- Army Corp of Engineers mentioned that once funds are available, it could be the first time that the Ohio Environmental Infrastructure Section 594 program may receive a lump sum of funds to be prioritized. The Corp is relying on SCEIG to assist with coordination for the usage of those funds for drinking water and sewer.
- Overall concern with stimulus is that the funds be spent, but without much time to do so; timeframes are a big concern and consideration.
- USDA/RD is utilizing a new idea called “an allowance for doubtful accounts” which is based on the current economic climate. Although USDA/RD has a very solid track record of not having delinquencies, they are seeing a few blips with some communities due to foreclosures, abandonment of homes, and bankruptcies. These communities are facing delinquencies because the homeowners are not paying their monthly sewer fees. There are resolutions to the problem by putting those accounts on taxes; however, that does not bring in the monthly user fees. USDA/RD, on a case-by-case basis, is building in an allowance within those communities’ budgets, to allow for this type of situation. Ultimately, USDA/RD will be putting in more grant money for those projects because there is “less loan” there than can be supported with revenue.
- Concern that every project request has received communication that they must apply with the appropriate agencies to be considered for receiving stimulus funds.
- USDA/RD noted that projects do not have to be on the recovery website to get funding from them, which is different than state agencies. They can go directly to USDA/RD to apply and other directly-funded agencies have the same process.
- Some agencies have their own deadline dates for applications in order to fulfill their particular program’s requirements. They also have individual funding timeframes that have to be considered, especially as to whether or not projects can meet those timeframes. New requirements may need to be considered in order to coordinate efforts between agencies.
- Concern with current workload for the agencies that have a large volume of requests. They are currently not able to consider referrals with other agencies of projects that are currently under different categories; especially because they need to make sure all requesters they currently have are contacted and are in process with pre-applications. There are other agency timelines to consider.

- Concern with projects that are nominated to the SRF that have not entered the information yet on the website. If they are not entering their project request through the website, they will not be eligible for stimulus money. They may get the SRF funding, but would miss out on the stimulus. Ohio EPA is contacting these communities and RCAP is assisting.
- There are \$2 billion in requests on the website; however, the available stimulus funds are estimated to be between \$218 - \$224 million.
- A suggestion is to communicate to all projects that if they were not intending to request stimulus money; or may have requested their project under the improper category; or are looking for other funds to go with their project and they want to apply, they could go to various agency websites, like Ohio EPA's, and give them a weblink to that specific agency.
- Some agencies will have 2 pots of money available by July 1, 2009; \$10 million of stimulus and whatever funds are available within each agency for normal funding. There is some flexibility for funding, depending on the qualification/type and readiness of projects. Concern with some stimulus money not being completely utilized if a project is not on the stimulus website.
- USDA/RD will have 3 pots of money available; regular program funding, stimulus and funding from last September's disaster relief. The disaster relief money can be used across the board, including water and sewer projects.
- Army Corps may not have any new business this year if they do not receive stimulus money. Before they can refer any projects, they will send Steve a copy of their 2009 appropriations. By April 8, they will know if they will be able to take applications to assist with coordinating funding efforts through the stimulus funding. Secretary of the Army has full re-programming authority, which may dramatically change their list.
- OMB is retaining full control of how all funds will be appropriated. Then they will give guidance to federal agencies as to final appropriations between grants/loans; not funding directly to each state.
- Concerns for some small communities that may have projects that are "shovel-ready" and are in economic strife with budgets. They lack monetary resources and staffing.
- Group is hopeful that there will be some deadlines soon which will help everyone to know when they might expect to receive funding, or they will not, either from the stimulus or programmatically within each agency. Very difficult to give any answers to communities, except to tell them we all expect to know something "soon" and that we will have funding "soon".
- Concerns with some projects that agencies thought they had the funding solidified through their agency; however, now these projects are showing up on the stimulus website looking for funding there and some are asking for larger amounts. If these projects do not receive what they are applying for through the stimulus funding, the concern is the community will just give up and not do the project if they do not receive stimulus funding. There could be negative consequences due to unmet expectations.
- Project engineers are key in assisting with expectations.

- Concerns also for communities that may be waiting on a second round stimulus package.
- RCAP is actively working with small communities to assist them in this entire process and is keeping in contact with the SCEIG funding sources.

**REVIEW OF 2008 OBJECTIVES:** Steve Grossman

Steve distributed a copy of the objectives and noted that Karen Mancl has not commented due to her current sabbatical. The reports for each item are bolded after each objective.

Please review these and e-mail or call Steve with any corrections.

**SEWER BILL COLLECTION:** John Rauch

This is an ongoing problem that has become more urgent, specifically with Wellston in Jackson and Vinton Counties. Their “not-for-profit association” serves some sewer customers.

John asked if anyone in the group has an ordinance or something legislative that the community can use to establish guidelines, for allowing a cooperation, coordination, and purchase of services from a “not-for-profit water association”, in order to alleviate the association from shutting off the water on sewer customers when they are unable to pay their bill. There is a lot of history behind this particular problem. RCAP is trying to sell Vinton County on the idea of selling to Jackson County water companies; and Wellston is requesting Jackson County to either seed a bunch of customers who have sewer services from Wellston, or have some type of arrangement where Jackson County can be used as a tool to collect the sewer bills. These are existing customers who are with Wellston for their sewer services and are existing customers with Jackson County for their water. They are on a flat rate for their sewer bills and the problem is that there is no coordination between the two entities.

Sue mentioned OWDA had experienced this same issue with South Webster in the past. The outcome for that community was that they would have to come to an agreement between the entities and the local government, including passing some legislation.

John noted that RCAP has figured out how to make this work for them on the funding side when a system is being started; however, if the systems are already in place, this is where it gets difficult.

John asked that this be something that the group pursues this coming year; to assist with resolving these issues. He will give Steve wording to add this item to the 2009 objectives under the Coordinating Committee category.

John added that Buckeye Water District has criteria in place for situations where they work with small surrounding towns, including drafting an agreement. Buckeye then provides meter readings as well as services.

**DISCUSSION OF 2009 OBJECTIVES:** Steve Grossman

Steve distributed a copy of the objectives and noted that he has received comments from almost everyone. Everything that is listed in “bold” is an updated version from the 2008 objectives. Items 5, 6 and 7, these have not been updated yet and item 8 has been added regarding coordinating activities for Ohio’s Federal Stimulus Initiative.

At Dave’s suggestion, the item regarding promoting awareness of the Ohio Rural Development Partners has been deleted due to their uncertain status.

The outreach meetings are mentioned; however, the legislative meeting with congressional and legislative staff is not specifically mentioned.

Dave will give wording to Steve regarding the Decentralized Wastewater Work Group and Karen Mancl’s responses will be added when she returns.

Please review these and e-mail or call Steve with any additions/corrections.

**NEW BUSINESS**

No new business was discussed.

**NEXT MEETING DATE: MONDAY, JUNE 1, 2009, 1:30 P.M.**