

SMALL COMMUNITIES ENVIRONMENTAL INFRASTRUCTURE GROUP

September 14, 2009

MINUTES

Attendees: Steve Grossman, Ken Heigel and Gina Sopp, OWDA; Kurt Ericksen, TMACOG; Karen Mancl, OSU; John Rauch, RCAP; Lori Libby, CPMRA – Miami University; Dave Douglas, USDA/RD; Amy Rauch, ORWA; Dave Bornino, Mike Baker and Brian Hall, Ohio EPA; Dave Frantz, US Army Corp of Engineers; and Peter Ross, Fifth Third Securities.

Steve noted that he received a call from Jim Bonk just before the meeting. Jim will not be able to attend the meeting today.

Mike noted that Stacy Barna has accepted an opportunity to go to the Texas Water Development Board and is no longer with Ohio EPA. She is currently in the process of moving to Texas. He and his staff wish her well as this looked like a good professional opportunity for her. Ohio EPA is working to fill her position as soon as possible, which was posted today. In the meantime, between he, Dave Bornino and Kurt Leifheit they will be filling in to cover her position.

TRAINING COMMITTEE: Karen Mancl - Curriculum and John Rauch - RCAP Training

Curriculum

Karen noted that she returned from her sabbatical on July 1, 2009. She is working on her masters in East Asian studies and her thesis topic is “The Culture of Water Pollution Control in Rural China”. A Chinese scholar worked with her here in Ohio and she went to China to collect data and conduct presentations in rural China regarding wastewater treatment. Three demonstration projects are being worked on with Chinese engineers, including bringing Yangtze River water north to Northern China due to their water shortages. The projects also include working through all their difficulties with water quality, pollution and sewage in these areas, including a rural village, home and duck farm.

An educational outgrowth of her studies now includes people that are trying to go to China to work there who have never been there before. The Ohio Farm Bureau sent a small delegation to China for the first time and they asked her to do an orientation for them. She enjoyed this and the travelers appeared to be much more comfortable during their stay. As a result, she is offering orientations, especially for agriculture and environmental leaders that are preparing to go to China, with the goal of assisting them to do business there. The orientation can be customized to fit particular needs of the travelers. She handed out a brochure entitled, “Doing Business in China, an Orientation for Agricultural Leaders” and asked the group to have anyone interested to contact her.

Water and Wastewater:

She is beginning to receive calls regarding small community infrastructure asking what OSU has to offer in terms of helping the planning of infrastructure. She has been sending out brochures for their water and wastewater courses. Nothing is scheduled yet; however, it is exciting to receive calls after a long period of no activity.

For the onsite wastewater portion of OSU's work, the struggle has been that Ohio has no rules. The rules that were adopted two years ago have been rescinded for two years which expired July 1, 2009 and is now extended another six months. In response to this, OSU was prepared because the rules that were rescinded required continuing education. In the past, they were so overwhelmed with continuing education demands from the regulating community that they went from one workshop a year to 12 workshops a year for contractors. They were maxing out the building capacity of the building in order to get everyone in; now they are back to one per year. She believes that the difference is due to the changes at the mandatory level.

In anticipation of having new rules, Karen noted that she has been writing a series of new design manuals. At the request of the Department of Health, she had not been working on them because of the rules being discussed by various committees and legislators. Since the rescission has been extended, she has decided to move on with the manuals and has sent them to be printed. The manuals include topics on septic tank soil absorption systems; sand bioreactors (which is up for review with Ohio EPA and Department of Health); and disinfection systems including the research with OWDA on chlorine dioxide (which will go out for review soon).

Upcoming Activities:

Every year she hosts the Ohio Water Quality and Waste Management Conference, which will be held February 4 and 5, 2010 at the University Plaza just north of the OSU campus. The conference will be on "Waste Energy in Rural Ohio" including looking at anaerobic digestion to produce bio gas, as well as microbial fuel cells to produce electricity. Karen indicated that she would distribute brochures to the group at the December meeting and that the brochure would be posted to the website at <http://setll.osu.edu>. Her colleague from China, who is in charge of anaerobic digestive program for all of China, will be a speaker at this conference.

John mentioned that the Harrison County engineer wants to produce some bio fuel from wastewater treatment.

Karen mentioned that there a lot of projects in the Mid-West, particularly Iowa where they capture livestock waste. They run generators with the bio fuel; however, she is not aware of any projects in Ohio at this time.

New Technology/Research:

Karen reported that OSU is currently working on five research projects that address concerns for small communities.

They just finished the lab phase of a wastewater treatment study on sanitary sewer overflows; representing low-strength wastewater that comes during very high flows but is intermittent, which makes it challenging to treat. They have successfully treated sanitary sewer overflows at a 25 year occurrence interval, including flow rates at all different types of reoccurrence intervals, which meet the anti-degradation rule effluent limits. Ammonia is a little tricky; however, they can meet the limits within the first 2 hours of an overflow. If the overflow extends beyond 2 hours, the ammonia starts to rise. They are working on design strategies to keep the ammonia removal high if an overflow lasts longer than 2 hours. This lab study is complete and they are presenting their findings at the October Water Environment Federation in Orlando.

OSU has proposed to build a pilot plant at Cincinnati, which has an overflow site where they do experimental work on treatment. OSU has applied to US EPA for funding, which might include ARRA funding that was set aside for wet weather flows.

OSU has an ongoing project in treating high-strength wastewaters at a turkey slaughter house. Lab research continues to be ongoing and there is an ongoing pilot plant at the slaughter house that meets all the affluent limits. Ammonia levels are mostly down to undetectable. They are in the design phase for a full scale treatment plant, which will be a sand bio-reactor treatment plant for a turkey slaughter house. This may be the first in the country.

As a result of this pilot treatment plant, what is done with the wastewater after it is treated is a concern. The newest treatment OSU is looking at is discharging the treated wastewater through irrigation, in lieu of discharging to a stream. They are addressing the concerns with discharging through irrigation through research including looking at drip irrigation. OSU has the only controlled study laboratory that is capable of looking at clogging through this type of irrigation system, using different types of wastewater. They are just finishing this study.

OSU is also doing a lab study on cold weather spray irrigation which involves putting sprinklers in the freezer and running the system at 20 degrees below zero. They have been able to use wastewater to irrigate at this temperature. The field site is installed and they are waiting for the weather to get cold so they can irrigate the field site this winter.

OSU is also continuing its ongoing research project regarding disinfection using chlorine dioxide.

RCAP Training

John referred to the pamphlets that were mailed to the group for the RCAP course offerings which include Utility Management and Financial Management for Local Officials. Courses are scheduled from October through December 2009 and are detailed on RCAP's website at <http://www.glracap.org/ohio/>. They are hopeful that US EPA will be able to fix the CUPPS program so they can do the Applied Asset Management, Rate Setting and Budgeting, in order to offer these courses after the first of the year.

Regarding CUPPS, both Tom and Wayne are currently in Washington DC at a conference with US EPA and hopefully they will have some new information on how this piece of software can be fixed .

RCAP has been getting the Project Development short course information out as requested by several communities. They are working these courses in as they continue working on the American Reinvestment and Recovery Act (ARRA) projects.

Before Stacy Barna left, one of the things she asked RCAP to do was to put together a post-closing guide to meet the reporting requirements, as well as everything that a community would need after they close with ARRA funds. The guide only covers some of the recipients, not including direct funding ARRA recipients. Hopefully USDA/RD will be able to assist with these requirements. RCAP is working to get something put together to get into the hands of some of these ARRA recipients; then following up with phone conversations and some site visits. RCAP is stretched pretty thin, as is everyone, with the ARRA requirements and work.

Brian asked if any training sessions are being scheduled for the northwest?

John responded by giving Brian a schedule noting that they have a training scheduled for Upper Sandusky on December 15.

Brian noted that he had a conversation with Tom several months ago, that was very preliminary, regarding Ohio EPA's is interested in co-sponsoring and helping with publicity.

John responded that RCAP could still work with Ohio EPA on this. He asked Brian to continue speaking with Tom noting that they prefer to have approximately 15 participants in order to schedule and justify the time for their courses.

Brian commented that they have good connections with local officials and believe they can help to get the word out. This has been on hold on his end because he was not sure they would have funding, which they now have.

John responded that with this type of interest, they would be willing to schedule another date after February 2010.

DECENTRALIZED WASTEWATER WORK GROUP: Dave Douglas

The group has not had a meeting since the last quarterly meeting; therefore, he has nothing new to report.

They were planning to do a fall meeting; however, with ARRA funding and reporting, and the heavy workload this has created, they have not been able to do so.

Steve suggested that they plan to coordinate a meeting for sometime during the first half of 2010; everyone concurred.

SMALL COMMUNITY TRACKING SYSTEM: Ken Heigel

The database is being utilized regularly to track projects. He and the RCAP field agents are inputting information and he continues to receive weekly reports from Ohio EPA on the permitting, which is extremely helpful.

The project information is current. As the OWDA Board approves ARRA projects, he is inputting this information on a regular basis as well.

Reporting is the next phase they are working towards, which will include searching and customized reports. He will keep the group posted as this feature develops.

COORDINATING COMMITTEE: Ken Heigel

This committee has not met for some time. When they were meeting, they were discussing specific issues. If a meeting needs to be scheduled, they usually meet in an outside meeting (other than the regular SCEIG meeting), to accommodate additional discussion. If anyone has a specific issue that needs to be coordinated with several agencies, please contact him so that a meeting can be scheduled.

John mentioned that there was an issue last fall regarding villages that do not have a water system where someone else is providing the water services. The villages were putting in a sewer system and they wanted to know how to collect for the services. He mentioned an agreement which has not been challenged. Considering the activity of legal aid in that area, RCAP has farmed this question out to some other communities, as well as to their solicitor. He and Dave Douglas thought that this might be a topic for the Coordinating Committee to discuss to assist with some options.

Ken asked John to keep him posted on their progress so that he can make arrangements for the committee, if needed. John affirmed this.

Karen mentioned that in Northern Minnesota, people are on wells with sewage service that is collected through their electric bill. This has been going on since the late 1990's.

John asked Karen to get him copies of these agreements. Karen affirmed this and asked John to e-mail her if he did not hear from her.

OUTREACH EFFORTS: Steve Grossman

The last outreach/finance committee meeting was held in July in Athens. At the last SCEIG meeting in June, it was discovered that Representative Space was holding a series of sessions the second, third and fourth Friday in June. As a result, the finance committee canceled their meeting in June and some of the group attended one or more of the three sessions that took place. Representative Space's sessions were well attended. Approximately half of the people who attended the sessions had water and wastewater needs; and the other half who attended had interests in economic development and social concerns.

The July outreach/finance committee meeting in Athens was not heavily attended by people interested in learning about information for their water and wastewater needs; however, five communities did attend for the finance meeting which made the effort worthwhile.

Steve reported that the goal for this year was to do two sessions, which has been accomplished. At the December meeting, he asked the group to be prepared to discuss schedules for next year, including options in the northeast and southwest. With Kurt here today and due to previous conversations, he believes a meeting will need to be included for the northwest, with Kurt's assistance in getting communities to attend.

John asked if there would be any interest in going to St. Clairsville next year if they could find a location.

Steve responded that this would be the group's decision and could be discussed in December.

These events have clearly been successful in getting communities in to present. Looking back to 2007 and previous years; the committee had more communities present in 2008 than in the previous 5 years. For 2009, there were 3 communities in Findlay and 5 in Athens; therefore, it is worth going out.

Steve noted that the other goal for this committee was to go back to the legislators, which was last accomplished in 2007. Those sessions directly resulted in the outreach sessions to communities in 2008 and 2009. The thinking was to have the next session all in one day instead of two, with two back-to-back sessions. After speaking with Tracy Freedman at Ohio EPA per Stacy's suggestion, the only possible week for this year would be the 2nd week of November. He is not sure how good that would be and if it would be doable.

He reminded the group that the previous session in 2007 was done by the entire SCEIG group; however, the most recent delivery has been to have Lori or RCAP do the entire presentation. This could be done for the legislators so that everyone would not need to be

present. Is the 2nd week of November good; or should we look at mid-January or February. He asked the group to consider this.

The group responded that mid-January or February would be better.

Steve noted that he will contact Tracy to let her know that the November date is not workable; that the projected timeframe would be mid-January or February 2010.

Regarding the 2007 session, Federal legislators attended; however, the State legislators did not respond well. Our recent success came as a result of Senator Voinovich's office attending, including one of his new staff people who offered that they could sponsor something around the state. After two sessions with Senator Voinovich's sponsorship, Senator Brown's office requested to join in and the two Senator's co-sponsored sessions. This increased attendance overall.

FINANCE COMMITTEE: Steve Grossman for Jim Bonk

At the meeting in Athens, the following communities presented:

Cadiz has a project in need of approximately \$3 million of additional funds. The community's wastewater project has been approved to receive \$2.9 in principal forgiveness from the WPCLF.

Racine presented and brought the committee samples of their bottled water. Their project was approximately \$1 - \$1.5 million and the committee felt this was achievable. The community knew who to contact because they have worked with the committee on previous projects.

New Boston also presented and Steve asked if they have been in touch with RCAP.

John responded that Nathan has been visiting New Boston. The first thing they wanted to look at is what kind of arrangement New Boston has with Portsmouth. They need to come up with a plan due to Findings and Orders from EPA. The problem is with a trunk line that goes through New Boston that they installed and Portsmouth uses. However, Portsmouth does not pay New Boston for the usage. New Boston has no enterprise accounts where they are collecting any funding for sewer.

RCAP has talked to them about surcharges and transportation fees. RCAP needs to revisit the agreement with Portsmouth, including addressing a couple of other items. This will be a long term project. John believes Nathan is setting up a meeting with New Boston, Portsmouth and a person from US EPA that they are dealing with.

Steve noted that this is a multi-million dollar project for New Boston. The agreement with Portsmouth is very old and has a long term, which was negotiated by previous administrators. Now there is a relatively new Village Administrator who is requesting

help. He had not spoken to anyone previously and the first thing the committee did was to advise him to speak with RCAP.

The Village of Caldwell presented four water system improvement projects. The highest priority for the Village is the replacement of the finished water transmission main. Caldwell has recently completed two major capital improvements to the water system and wants to continue with the next phases of their capital improvement program.

Washington County presented a plan that showed the County's long-term wastewater project needs.

Steve reported that there was no meeting in August and Jim advised him that there might be one community lined up for the October Finance Committee meeting (*this did not materialize*).

APPALACHIAN ENVIRONMENTAL INFRASTRUCTURE STRATEGY
WORKGROUP: Steve Grossman

Nothing new to report for the workgroup.

The next meeting will be on Tuesday, December 1st, to avoid the County Commissioner's meeting which begins December 6 and ends December 9. The December 1st meeting will be prior to the quarterly SCEIG meeting and Steve stated he would notify everyone via e-mail to remind them of the December 1st meeting.

UNSEWERED AREAS OWDA PLANNING LOANS: Ken Heigel

He distributed a list of planning loans that OWDA has recently approved to communities that are unsewered. The OWDA Board approved this program for the Authority in March which has been extended to October, including interest at 0.00%. The planning loans are not due until the project goes to construction.

This program has been very successful and he will be coordinating with Dave Douglas and Ohio EPA to make sure these projects are tracked to make sure they go to construction. For the community, there is no risk; the risk is really with OWDA; therefore he will be following this closely to minimize the risk. RCAP field agents will also be assisting with coordinating the efforts in getting these projects to construction.

Ken noted that a few more projects are slated for approval this month.

Steve asked the group to let OWDA know of any other communities that are not on the list as the deadline is October 15.

Brian asked Ken if the people he solicited previously are a good representation of that solicitation. Is it worth trying to get more projects in?

Ken responded that it is a good representation and advised him to check the list with his staff to see if there is someone missing from the list that they have been working with that they feel needs to be considered. Then he would be willing to approach them. He added that the engineering community has done an excellent job of soliciting this program.

Steve noted that this has ended up being a true stimulus program because the program did not exist previously. This was a pent-up demand that had been going nowhere until the Authority came across with this program.

Ken stated that Ohio EPA is aware that approximately half of the projects listed are near the top of the priority list at the District level; some have Findings and Orders and others were communities they were watching. He reiterated that it would not hurt to double-check this list.

ECONOMIC STIMULUS COORDINATION: Everyone

Dave Douglas mentioned that the recipient reporting requirements start October 1st for all projects that have received ARRA funding. The reporting requirements are for all projects that have received money, whether they have started construction or not. The reports go into a lot of detail and are quite complex.

If there are communities asking questions, USDA/RD is working with their list of communities, as well as Ohio Rural Water through the new Circuit Writer Program. Their goal is to assist communities with their reporting requirements. This is something that will continue as long as the money is outstanding; even up until the money is actually closed. The community will need to do quarterly reports on the money including how much money is spent, what people are involved, and the progress that the project is making.

Dave Douglas commented that not a lot of communities are aware of these requirements. USDA/RD is notifying all of their communities, which they initially did up-front, regarding these reporting requirements; however, they did not do the details initially. Since then, they have been given the details and timeframes. The consequences of not reporting or not reporting properly can be loss of funding which are tough consequences if they do not report.

Mike noted that as Ohio EPA looks at this, the reporting goes beyond even what they are required to report. Their documentation requirements for recipients are well beyond what they have ever had to do for other financings, such as maintaining salary logs of contractors and "Buy America" documentation. A number of these requirements some recipients have never had to deal with. You can count on the fact that there is going to be an Inspector General, General Accounting Office or Auditor showing up at their door asking for documentation; they had better have it or the consequences will be severe.

As they have made a number of awards, to date on the WRSLA side after September, they are approximately 85% to 90% out the door with ARRA funding. However, this reporting requirement is going to be a major shift for them in working with the service providers and potentially US EPA and Districts. They will be doing a lot of outreach to let people know what they can be doing to be proactive.

Brian asked if the reporting requirements for USDA/RD is the same for what is required by the State Auditor's office/Governor's office. Will this be confusing to people of who they report to, including what they should report?

Dave Douglas responded that it will be confusing, which adds an additional layer to the complexity. Not only do you have to report a lot of information but you also have to report to a lot of offices. There is recipient reporting for Recovery.gov and there is recipient reporting for the Ohio side as well.

Brian commented that the difficulty is when there are different funding streams involved.

Dave Douglas noted that there are different reporting requirements depending on how the money was received. With USDA/RD, they received the ARRA funds directly; therefore, USDA/RD borrowers are considered prime recipients and have to report as such. If people receive money from Ohio EPA, they are reporting as sub-recipients because Ohio EPA is the prime recipient. That changes the way in which the reporting is done as well.

Mike noted that they have the recipients report directly to them at Ohio EPA and then they are reporting for both.

Steve gave the example that for wastewater projects; if a community has received USDA/RD and WPCLF money, the community will be a prime recipient for USDA and sub-recipient for WPCLF.

Dave Douglas added that this does get complicated. The penalties for not reporting properly can be major.

Brian asked if money has been set aside to follow up with auditing processes.

Dave Douglas responded that this is a good point and stated that it was mandated to set aside millions of dollars to the US Inspector General in order to cover all the different reporting requirements.

Mike commented that the goal is to make sure the recipients keep their money once they receive it. It will take a huge effort on everyone's part to accomplish this.

Steve noted that at the November annual SRF Conference in Seattle Washington, Sandy Boughton from the National Office is doing a session on how USDA/RD has coordinated

with the SRF programs on the ARRA funding, over and above what is currently taking place. She will also be surveying the different states to find out what is taking place.

NEW BUSINESS

Dave Frantz reported that this is the Corps busy time of year. He just got word that they have three projects, including one for Minford and one for Upper Hocking in the City of Lancaster. These projects have Project Partnership Agreements signed by the Colonel and he delivered Richmondale's to the Colonel this morning. These three projects total \$1.5 million in federal dollars, with total project costs with US Army Corps and cost shares totaling \$2.1 million.

Hillsborough is slated to be their next project for October. They have their PPA draft and he is waiting for their Letter of Intent and Resolution. He has a couple of communities where they continue to request final invoices from so that they can receive their remainder of their funds including the Village of Buckeye Lake and some others.

The Corps received design drawings from Gallipolis and Gallia last year, and both have indicated they are ready to start back up again and have been looking for alternate funding sources.

Dave Frantz noted that the Corps is looking forward to the end of this fiscal year and the beginning of next year. In looking at trends, the Corps has been receiving approximately \$20 million, which works out to 15-20 new projects per year.

Dave Douglas requested a list of the Corps 2009 awards by awardee. Dave Frantz noted he would get this information.

Steve reminded Dave Frantz to feel free in contacting any of the funding agencies regarding their projects.

Kurt asked if Ohio EPA knows what the FY10 budget will be for the SRF; including total amount, whether or not the money will include any principal forgiveness, and any set asides for green infrastructure. He had hoped that Jim would be here to ask him.

Steve responded stating that this pertains to legislation, which has not been passed. His information would come from the Executive Director at CIFA in Washington and though he has not heard anything lately, he will contact the Executive Director to see if there is any news. *(As of this writing 10/14/09, principal forgiveness of up to 30% is in the House version of the Clean Water Reauthorization Bill as is a requirement of 20% for green projects. There is, however, no mention of Buy America.)*

Brian heard that they are planning an increase in 2010.

Mike added that what passed the House had a substantial increase involved and included the mandatory green project reserve, as well as a mandatory subsidy for wet weather

projects. There were some recommendations from one Senate committee; however, he does not believe it was ever introduced on the Senate side.

Brian noted that what they are forecasting beyond 2010 is at the same levels that were seen for 2009/2010.

Dave Douglas stated that there is a high possibility of a continuing resolution again for the start of FY10.

Mike commented that what came out of the Senate committee had priority for the green project reserve but it was not mandatory (which would be their preference), particularly on the Drinking Water side. It may be October before the Senate gets serious about taking a look at the budget.

Dave Douglas reported that with the way the ARRA money was handled for USDA is different than how it was handled for Ohio EPA. There were deadlines for applications and different deadlines to make decisions on the applications, which all happened within 2009 fiscal year. For USDA/RD, their funding included a two year period. What money that was not used in 2009 continues on and is available until it is gone through September 30, 2010. This is separate and apart from their regular allocation of funds that they will get for 2010.

NEXT MEETING DATE: MONDAY, DECEMBER 7, 2009, 1:30 P.M.