MINUTES
WATER QUALITY FEES BOARD
May 5, 2022
Special Meeting

I. **CALL TO ORDER** – George Woolwine, Chairman, called the May 5th Meeting of the Water Quality Fees Board (WQFB) to order at 9:00 a.m.

Water Quality Fees Board Members in Attendance: Harry Clarke, Donna Fogle, David Lowe, Aaron Vaught and George Woolwine.

Staff Members in Attendance: Charles Martin, P.E., Director, DWQ; Greg Lubeck, P.E., Deputy Director, DWQ; Frank Mabson, DWQ; Denice Bullock, DWQ; and Michael Cravens, Department of Law.

Guests in Attendance: Britney Ragland, P.E., CEM, Utilities Engineering Manager, UK Utilities & Energy Management; Graham Gray, Facilities Utilities & Energy Management Engineer, UK Facilities Management; Shane Tedder, Sustainability Coordinator, UK Facilities Management.

II. **APPROVAL OF MINUTES** - Mr. Woolwine asked the WQFB to review the minutes of the April 14, 2022, Water Quality Fees Board Meeting.

Mr. Clark moved to accept the minutes as written. The motion was seconded by Mr. Vaugh, and the motion passed unanimously.

III. **FY 2020 The University of Kentucky Research Foundation (UKRF)** – a continuation of a request to amend the scope of the FY20 Class B Infrastructure project at 751 Press Avenue due to hid bids caused by rising construction costs since the Grant Award Agreement was approved by the Lexington-Fayette Urban County Council (LFUCG).

Presentation: Britney Ragland, P.E., CEM, Utilities Engineering Manager, UK Utilities & Energy Management, presented a PowerPoint presentation to briefly recap the overview of the proposed request. She noted that the location of the project site is situated along Virginia Avenue between Norfolk Southern Railroad and Press Avenue.

Ms. Ragland said that the intent of the project will improve the quality and decrease the quantity of stormwater flowing to Wolf Run Creek. This project will harvest stormwater for use in the University of Kentucky's cooling towers at Central Utility Plant #4 (CUP). This will be accomplished by installing a water harvesting system to remove, filter, and transfer the stormwater to cooling towers for evaporation. There will also be positive educational benefits and the project will be formally connected with the University's outreach and public education efforts through the Stormwater Quality Plan.

Ms. Ragland described the following project details:
- There is a 200-acre campus watershed that drains to Wolf Run via the Simpson Avenue outfall point through an 8' x 8' partially exposed box culvert.
- This area of the campus is intensely developed and more than 50% of the watershed is covered with impervious surfaces.
- The cooling towers in Central Utility Plant #4 consume over 45,000,000 gallons of water per year as of FY21. This plant is adjacent to the Simpson Avenue outfall point.
- The University conducted a feasibility study and found that the flow in this stormwater conduit ranged from 56,000 gallons to 15,500,000 gallons per day between May and October of 2017.
- The University conservatively anticipates diverting 23,000,000 gallons / year from Wolf Run, assuming a harvesting efficiency of 25% of available flow (170 million gallons).
- Savings for water costs are expected to be $139,000 and sanitary sewer costs are $65,000 for a total of $204,000 in savings annually.

Ms. Ragland said that the Project Elements will consist of the following:

1. The existing box culvert will be cut into and a trench drain installed at the bottom to divert the flow towards the pump station. The trench drain is designed to maximize the available water and prevent large debris from entering the pump station.
2. A pump station will be installed adjacent to the box culvert. A bag filter will be installed on the discharge of the station to remove small, dissolved, unwanted particles in the water.
3. Piping system to transfer water to the storage tanks for the cooling towers.
4. Metering & controls, including conductivity sensor.

Ms. Ragland briefly explained the project history.

- 2017 – Study performed; design concept & budget developed;
- July 2018 – Project applied for a grant;
- July 2019 - Project re-applied for a grant;
- October 2019 - WQFB requested a presentation for clarification and an award was made shortly thereafter;
- March 2020 – COVID19 impacts regular operations;
- September 2020 – Approved Grant Award Agreement delivered to UK;
- Summer 2021 – Completion of project plans by Bell Engineering;
- November 2021 – Quotes for project construction obtained at $650k; project placed on hold for evaluation;
- December 2021 – Plans reviewed by 3rd party consultant for additional cost-savings opportunities;
- April 2021 – Project issued for bid in parallel with the request for additional funding from LFUCG.

Graham Gray, Facilities Utilities & Energy Management Engineer, UK Facilities Management, indicated that NAC Heavy Hwy, Inc. came in as the low bid on the project.

Mr. Martin noted that NAC had bidded on various city projects, but they never came in as the lowest bid.

Mr. Gray indicated that NAC had been the lowest bid on several projects at the Army Depot, and it turned out that the University's consultant, Bell Engineering, was also the consultant on those projects. He said that the University feels comfortable with NAC and the staff knows the subcontractors that will be used.

Shane Tedder, Sustainability Coordinator, UK Facilities Management, echoed that the University is comfortable with using NAC on this project. He said that this is an innovative project that was hit by unforeseen changes in the market. The maximum amount of funding to receive from the incentive grant would be $360,000.00.

Mr. Tedder explained that the University was originally awarded $216,800.00 for the FY20 Class B Infrastructure grant project. Should the Board authorize the additional funding today and the change order is approved by the Urban County Council, the University of Kentucky can then move forward on the project. The city would be investing a maximum amount of $360,000.00 (51%), while the University would put forth $349,400.00 (49%) as well as include a ten (10) percent contingency plan ($70,940.00) to finish the project.

Staff Presentation - Mr. Mabson confirmed that the maximum grant amount would be $360,000.00.

Mr. Mabson said that the Board had already deemed this project to be innovated in nature, and since the Innovated and Experimental funds are still available, the staff recommends the use of those funds for this change order request.

Mr. Mabson indicated that the staff had distributed a set of recommendations for the Board to review.

Board comments and questions: Mr. Woolwine confirmed that through the discussions it was determined that previous estimates were insufficient to complete the project. Mr. Gray replied affirmatively, adding that they reopened the bid but the deadline was after the April 14th meeting.

Mr. Mabson said that the staff is recommending the Board consider approval of the request based on the following:

1. The project construction cost increase is substantiated by the competitive bids received by the applicant.
2. The board had previously considered this project as innovative, which should afford it consideration for the previously unallocated innovative project funding.
3. Approval of the amended grant award, as summarized in Table 2, caps the city's commitment to the maximum amount allowable under the current program.
4. The University, as one of the largest ratepayers of the Water Quality Management Fee, is demonstrating an unprecedented commitment to this project by assuming nearly 50% of the total project cost and agreeing to absorb any future project cost increases.

Table 2

***Total Project Cost with Bid**	**$709,400**
LFUCG Share (51% of total)	$360,000
UKRF Share (49% of total)	$349,400

*UKRF assumes all risk for future project cost increases

Mr. Woolwine asked if the Board decided to move forward in awarding the additional funds, will there be a stipulation indicating the University would be paying the remainder of the cost. Mr. Mabson replied affirmatively.

Mr. Gray said that they have done rock sampling in the area and they are fairly confident they are good to go. They accept full contingency should the cost be more than what they are expecting.

Mr. Martin said that, as long as both parties agree, the additional stipulation would become a component of the change order.

Mr. Cravens said that the Board would need to approve the stipulation, as well as the Urban County Council, approve the change order.

Mr. Martin said that the change order will be accompanied by a cover letter, which will explain the reasoning as well as the language of the stipulation.

Mr. Clarke asked if the Board's motion would include the language. Mr. Mabson replied affirmatively.

Mr. Clarke commented that he saw this project as innovative from the beginning.

Mr. Woolwine said that the Board agreed that the project was innovative from the beginning, but there was no funding for innovative and experimental projects at that time. This is what led the Board to create the Innovation and Experimental funding allocation.

Ms. Fogle commented that before she toured Greyline Station, the description of the project was just words on paper. Now she can appreciate and understand what these grants accomplish.

Mr. Woolwine requested clarification that the University uses 45,000,000 gallons of water per year. Mr. Gray agreed and indicated that this is how the campus is cooled.

Mr. Woolwine also asked for clarification on mention of the “23,000,000” gallons of water. Mr. Gray replied that depending on the weather, the University consumes over 45,000,000 gallons of water per year. The plan is to harvest 23,000,000 gallons of water out of the storm culvert.

Mr. Woolwine said that between May and October the water flows. Mr. Gray replied that this is true, but this facility will be based on the time of the season the University is using heat for the winter months.

Mr. Vaughn expressed his appreciation to the University for their commitment to the project, and he hopes the Board can take a tour in the future. Mr. Martin agreed and said that should the University give a presentation on this grant, the city would like to participate. Mr. Tedder said that they would be happy to co-present on this grant. Mr. Gray said that this project checks a lot of boxes.

Mr. Clarke commented that the public should also be included to show what the University is achieving, as well as, for the public to see what is available to the communities through the Stormwater Quality Projects Incentive Grant Program.

Mr. Tedder said they are looking at the future on how to present this project and will be working with Ken Cooke, Friends of Wolf Run.

Mr. Lowe said that the Board appreciates the additional support from the University. This is an exciting project and it’s giving a tremendous opportunity to the community. He said that no one could foresee the market increasing which is unfortunate, but asked if there are any other stipulations to be added. Mr. Grey said that they have spoken with the University Vice President and they have a commitment to the project. Mr. Tedder indicated that they understand the city would be refunded if the project is not completed. Mr. Gray said that they will assume any additional cost that may occur to complete this project.

Mr. Martin said that there are risks, but the thing to be concerned with are the controls for the pump station being out of stock.

Mr. Woolwine asked if there have been any discussions about the delivery of the components or when the equipment / materials may be available. Mr. Gray indicated that they have no other information from the contractor except the equipment vendor believes the timeline is realistic based on the current quote they have. They are aware of the risk of what could happen if key components are not available.

Mr. Woolwine said that the contractor could come back with a higher cost on certain components due to the manufacturer increasing their cost. Mr. Gray agreed.

Mr. Martin said that should the Board approve the staff’s recommendation, the staff will have to do due diligence fairy quickly to prepare the change order and submit it to the Urban County Council before they enter their summer recess.

Mr. Cravens said that the Board has already approved the previous grant and determined that this project is innovative. This request is not to be treated any differently from any other grant application, and there is funding available. He then said that this will not be the last project the Board will see when it comes to supplemental funds. He suggested that as part of the January 2024 WQFB meeting, discussions take place on the type of guidelines / criteria that need to be used when determining additional funds on already approved grants and what kind of timeline will be used to hear these types of requests.

Mr. Clarke agreed and said that there are many ongoing projects that are being impacted by the cost increase on materials that need to be completed.

Mr. Mabson commented that it will be important to establish guidelines / criteria to help citizens to know if they are heading in the right direction.

Mr. Clarke moved to accept the staff recommendation for FY 2020 The University of Kentucky Research Foundation (UKRF) by increasing the grant amount $143,200.00 from $216,000.00 to a total of $360,000.00. The motion was seconded by Mr. Lowe, and the motion passed unanimously.

Mr. Martin indicated that the staff will prepare the change order to submit it to the Urban County Council.

IV. **ADJOURNMENT -** The meeting was adjourned at 9:32 a.m.