MINUTES
WATER QUALITY FEES BOARD
January 11, 2024
Regular Meeting

I. **CALL TO ORDER**: Harry Clarke, Vice Chairman, called the January 11th Meeting of the Water Quality Fees Board (WQFB) to order at 9:04 a.m.

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

Staff Members in Attendance: Greg Lubeck, P.E., Deputy Director, Frank Mabson, DWQ; Denice Bullock, DWQ; Jared Gabbard, DWQ and Evan P. Thompson, Department of Law.

Guests in Attendance: Scott Southall, Earthcycle Design, LLC, and Bill Sallee.

II. **APPROVAL OF MINUTES**: Mr. Clarke asked the WQFB to review the minutes of the October 12, 2023, Water Quality Fees Board Meeting.

Mr. Vaught moved to accept the minutes as written. The motion was seconded by Ms. Fogle, and the motion passed unanimously. Mr. Lowe and Mr. Woolwine were absent.

III. **FY22 LAKESHORE VILLAGE, LLC** - Mr. Mabson indicated that this item was canceled and does not require a motion.

IV. **COMMENTS/SUGGESTIONS FROM CITIZENS ABOUT THE INCENTIVE GRANT PROGRAM**: There were none.

V. **MEMBER TERM EXPIRING** – Before serving on the Water Quality Fees Board, Mr. Clarke also served on the Urban County Council representing Council District 10, Lexington's Tree Board, and the Board of Adjustment. He spoke highly of his time volunteering for the city and appreciated the opportunity to serve the community. On behalf of the Director, and the staff, Mr. Mabson and Mr. Lubeck thanked Mr. Clarke for his service on the Water Quality Fees Board and his services to the Community.

VI. **WELCOME WQFB MEMBER** – Mr. Mabson introduced Bill Sallee and briefly explained that Mr. Sallee was previously with the Division of Planning as the Planning Services Manager. He explained that Mr. Sallee has volunteered to serve on the Water Quality Fees Board with his term set to begin on February 4, 2024.

VII. **MEMORANDUM REGARDING PROGRAMMATIC CHANGES**: Mr. Mabson directed the Board's attention to the memorandum dated January 2024, and briefly explained each of the items as follows:

Per comments submitted to the Lexington-Fayette Urban County Government (LFUCG) Division of Water Quality (DWQ), items discussed at previous Water Quality Fees Board (WQFB) meetings, and items noticed while administering the Stormwater Quality Projects Incentive Grant Program (SQPIGP), we are providing the following list of items to facilitate the discussion during the January 11, 2024 meeting of the WQFB. Table 1 lists the Program's current funding structure and parameters:

Table 1 – SQPIGP Current Funding Structure and Parameters

Funding Description:	Class A Neighborhood	Class B Education (BE)	Class B Infrastructure (BI)	Change Order (CO)	Innovative & Experimentation (I & E)
Percentage of Annual Funding Allocated:	17.0%	6.0%	77.0%	Capped at 10% of the annual fiscal year's budget	**Fund receives no annual allocations*
Cost Share:	20.0%	20.0% beyond the first $3,000	20.0%	20.0%	20.0%
Max Award:	$120,000.00	$40,000	$360,000.00	CO awards are not to exceed the maximum for grant type	I & E awards are not to exceed the maximum for grant type
Target/Total Amount or Percentage Allocated:	Feasibility Only / $45,000	Small Projects ≤ $3,000 / $12,500	•Feasibility Only / $55,000; •Infrastructure Projects $75k or Less / 15% of the Annual Class BI Allocation	The CO Pool currently has a balance of $157,702.38	The I & E Pool currently has a balance of $156,800.00

** I & E Pool replenished at the Board's Discretion*

We are hoping to complete the discussion about programmatic changes, as well as a discussion about the application documents and the scoresheets, for the three grant classes during the January 11, 2024 meeting. This should allow the grant application packets to be finalized and advertised well in advance of the application due date of May 3, 2024, for the Class A and Class B Education Grants.

Please note, the pro and con lists are not exhaustive but have been provided to aid in the discussion process. Also, please note, the items listed below are not presented in any particular order.

1. **Should we continue with the Change Order (CO) Program to allow organizations to request additional funding to help cover extraordinary costs caused by certain unforeseen economic challenges, e.g., rise in material costs. History of CO funds used to date is shown below.**

Table 1 – Change Order History:

Item Description	Amount
CO Pool Beginning Balance	*$ 157,908.00*
Awarded to Colt Engineering (dba Thoroughbred Engineering) 239 N. Broadway	($ 111,281.80)
Fiscal Year 2024 CO Budget Allocation (10% of Annual FY Budget)	$ 114,873.80
Fiscal Year 2024 CO Fund Balance	$ 161,500.00
Awarded to Hartland Homeowners Association	($ 3,797.62)
CO Pool Current Balance:	***$ 157,702.38***

Pros – Provides an opportunity to salvage projects that might otherwise be canceled due to lack of additional funds warranted by certain economic challenges. In 2023, the CO Program helped to salvage two (2) projects that might have been canceled due to receiving bids higher than expected.
Cons – Reduces available funding for new grant applications. Increases responsibilities for LFUCG staff to manage.

Staff presentation: Mr. Mabson directed the Board's attention to Item #1, and explained the pros and cons of whether to continue the Change Order (CO) Program to allow organizations to request additional funding to help cover extraordinary costs caused by certain unforeseen economic challenges, e.g., rise in material costs. He discussed the history of CO funds used to date as shown in the graph above. He noted that the University of Kentucky Research Foundation was not included in the list because their request was approved by the Board before the Change Order Program was implemented and incorporated use of I & E funds.

Board comments and questions: Mr. Vaught clarified that the University of Kentucky Research Foundation was not included in the list because their request was before the Change Order Program was implemented. For 2023 there have been two (2) Change Order requests, which Mr. Mabson confirmed. Mr. Vaught agreed that the Change Order Program should be continued for another fiscal year.

Mr. Mabson pointed out the Change Order application and briefly discussed the criteria and the items that must be provided for the staff to review the grantee's request. The staff recommends adding "three (3) construction bids/quotes" to Item #2 of the criteria list.

Mr. Clarke agreed that the Change Order Program should be continued for another year.

Ms. Fogle also agreed and said the Change Order Program is a good program for those projects that need additional help.

Mr. Vaught moved to continue the Change Order (CO) Program to allow organizations to request additional funding to help cover extraordinary costs caused by certain unforeseen economic challenges; seconded by Ms. Fogle. The motion passed unanimously. Mr. Lowe and Mr. Woolwine were absent.

2. **Should we continue allowing for tree canopy expansions to be a part of the Class A and B Infrastructure scoring matrices? The pilot was approved during the 2/16/2023 Special Meeting. For the FY24 Grant cycle, 8 out of 12 total Class A and Class BI applications included tree canopy expansions. (A, BI)**

See attached for the approved DWQ Recommendations for Tree Canopy Expansion from the February 16, 2023, Special Meeting, as well as the Tree Canopy Summary for FY24 Applications.
Pro – The program continues to receive good reactions in response to adding tree canopy expansion to both the Class A and BI scoring matrices.

Con – Projects incorporating tree canopy might take away funding from projects proposing BMPs with better and more timely benefits.

Staff presentation: Mr. Mabson directed the Board's attention to Item #2, and explained the pros and cons of whether to continue allowing for tree canopy expansions to be a part of the Class A and B Infrastructure scoring matrices. The Board approved the pilot program during the February 16, 2023, Special Meeting. He explained that during the FY24 grant cycle, 8 out of 12 grant applications incorporated a tree canopy explanation for Class A and Class BI Grants.

At the February 16, 2023 meeting, the Board approved the following changes to Class B Infrastructure Grants:

- Amend section 1d of the Class B Infrastructure (BI) Scoresheet to value the establishment of tree canopy square footage at a coefficient of 1.5 times the canopy square footage calculated using Article 26 of the LFUCG Zoning Ordinance.
- Apply point allocations to the current ranges (*see revision to Class BI Scoresheet below).*
- To determine which species fit into each size category, applicants and division staff to reference the existing LFUCG Planting Manual.
- Amend section 1e of the Class BI Scoresheet to value the drainage area in square feet intercepted by the proposed tree canopy area, not including the canopy area counted in 1d (*see revision to Class BI Scoresheet below).*
- For questions 1f and 1h of the Class BI scoresheet, staff recommends no changes as the captioned questions refer to LFUCG standards (e.g. Stormwater Manual) which currently do not list trees by themselves as BMPs. **NOTE**: The Stormwater Manuel does mention trees as a component of certain BMPs including Tree Trenches and Planter Boxes (Chapter 10.3.7), and Riparian Buffer Restoration (Chapter 10.3.10).

The Board also approved the following changes for the tree canopy expansion on the scoring matrix for Class A Neighborhood grants:

- Amend section 1a of the Class A Scoresheet to value the establishment of tree canopy square footage calculated using Article 26 of the LFUCG Zoning Ordinance (no multiplier). (*see revision to Class A Scoresheet below).*
- Amend section 1d of the Class A Scoresheet to value the drainage area in square feet intercepted by the proposed tree canopy area, not including the area counted in 1a (*see revision to Class A Scoresheet below).*

Tree Canopy Summary for FY24

	FY24 Application	Class	Description	Tree Canopy in Application	Canopy (SF)	Overall Project Score
1	Beaumont Residential Association (Savannah Ln and Guilford Ln)	A	drainage channel, invasive removal	N	NA	42
2	Beaumont Residential Association (Chasewood Way and Beaumont Centre Cir)	A	stream restoration, riparian buffer	N	NA	89
3	Friends of Wolf Run	A	stream restoration, riparian buffer	N	NA	93
4	Sunny Slope Farms Homeowners Association, Inc.	A	stream restoration, riparian buffer	Y	65,340	93
5	The Rotary Club of Lexington, Inc.	A	tree/ pollinator planting	Y	200	87
6	Waterford II Homeowners Association, Inc.	A	stream restoration	N	NA	95
7	Dan Partin, Partin Lex Acquisitions, LLC (2514 Regency Rd)	BI	permeable pavers (5,852 SF)	Y	2,471	74.14
8	Fayette County Public Schools (FCPS)	BI	tree canopy establishment	Y	360,000	68.03
9	Rob Prop, LLC (2512 Palumbo)	BI	rain garden, infiltration swale	Y	1,950	44.47
10	Rob Prop, LLC (2592 Palumbo)	BI	permeable pavers (1,306 SF), bioswale	Y	5,250	58.09
11	University of Kentucky Research Foundation	BI	stream stabilization/ restoration	Y	16,000	72.46
12	Wesley United Methodist Church of Lexington, Kentucky, Inc.	BI	permeable pavers (3,725 SF), stream restoration with riparian buffer	Y	3,000	74.5
				66.66%	454,211	Total

Board comments and questions: There were none.

Mr. Vaught moved to continue the tree canopy expansions as part of the Class A Neighborhood and Class B Infrastructure scoring matrices; seconded by Ms. Fogle. The motion passed unanimously. Mr. Lowe and Mr. Woolwine were absent.

3. **Since its inception, the Program has referred to the Bureau of Labor Statistics (BLS) under the US Department of Labor as the source for the hourly volunteer rate which currently sits at $7.25. Should we increase the volunteer rate from $7.25 per hour to $10 per hour or something similar? This question was posed by potential applicants (Idle Hour Neighbors Alliance and Hickman Creek Conservancy) during the FY24 grant cycle. For example, the Corridors Neighborhood Enhancement Match Grant Program (see attached) has adopted LFUCG's higher minimum wage rate of $15 per hour as its new volunteer rate.**
Pro – Implementing a higher volunteer rate would incentivize more volunteer participation. It would also incentivize applicants to apply as the increased value would make cost-share more doable and reasonable in today's economic climate. Applicants with less money would be able to incorporate the higher value for sweat equity.
Con – Allowing for a higher volunteer rate will allow grantees to receive higher cost share credit which would take away from other eligible expenses.

<u>Staff presentation</u>: Mr. Mabson directed the Board's attention to Item #3, and explained since the inception of the Stormwater Quality Projects Incentive Grant Program the volunteer rate has been based on the Bureau of Labor Statistics (BLS) under the US Department of Labor as the source for the hourly volunteer rate which currently sits at $7.25. During the FY24 grant cycle, a request from a potential applicant was made to increase the volunteer rate from $7.25 per hour to $10.00 per hour. The Corridors Neighborhood Enhancement Match Grant Program has adopted LFUCG's higher minimum wage rate of $15.00 per hour as its new volunteer rate.

The Division of Water Quality recommends that the Board approve the increase of the volunteer rate from $7.25 per hour to at least $15.00 per hour based on the following reasons:

1. LFUCG passed an Ordinance back on October 28, 2021, to increase its local minimum wage to $15.00/hr. (see O-109-2021 attached). Increasing the SQPIGP Volunteer Rate to $15.00/hr. allows for the rate to be in alignment with O-109-2021.
2. The Corridors Neighborhood Enhancement Match Grant Program (CNEMGP) increased its volunteer rate to $15/hr. to match the minimum rate of pay for LFUCG staff (see attached).
3. The state of Kentucky has increased its volunteer rate based on the study performed by the Independent Sector. According to Haileigh Arnold (Technical Advisor - Kentucky State Watershed Management Branch), the Kentucky-specific volunteer rate calculated by Independent Sector for 2023 is $26.85 (see email attached).
4. Demetria Mehlhorn (Program Manager Sr., DES) says DES will use the $26.85/hr. rate when applying for grants through the state of Kentucky. She also says they will allow non-profits to use the $26.85/hr. volunteer rate (see email attached).

<u>Board comments and questions</u>: Ms. Fogle asked if the rate increase would apply to adults over the age of 18. Mr. Mabson replied that there is no age limit for volunteers.

Ms. Fogle agreed with increasing the volunteer rate so the rate is in line with the current LFUCG minimum hourly pay rate.

Mr. Mabson clarified that the volunteer rate only applies to the rate for cost-share. No funds are actually paid out to the volunteer. The State of Kentucky has increased its volunteer rate to $26.85 per hour, but that rate is for higher dollar projects. The staff believes raising the volunteer rate to $15.00 per hour is more in line with other grant programs.

Mr. Clarke agreed with Ms. Fogle and said that it would match LFUCG's hourly pay.

<u>Ms. Fogle moved to approve the increase of the volunteer rate from $7.25 per hour to at least $15.00 per hour as recommended by staff; seconded by Mr. Vaught. The motion passed unanimously. Mr. Lowe and Mr. Woolwine were absent</u>.

4. **As LFUCG and other partners develop watershed management plans for the seven major watersheds within the Urban Service Area, these plans can be used to direct capital investment and help prioritize water quality Best Management Practices (BMPs). Currently, Cane Run, West Hickman, and Wolf Run have approved Watershed Management Plans. Should we give preferential scoring to projects that align with the proposed BMPs and/or action items of approved plans within the Urban Service Area? (A, BE, BI)**

See the attached proposed FY25 scoring and application forms for Class A, BE, and BI.
Pro – The addition would allow for a more targeted use of grant funds that encourages the implementation of projects that are supported by existing watershed data, sampling results, stakeholder input, and engineering judgments. Encourages watershed management plan development.
Con – With regard to scoring grants, watersheds without an existing watershed management plan will be at a disadvantage.

Staff presentation: Mr. Mabson directed the Board's attention to Item #4, and explained as the LFUCG (Lexington-Fayette Urban County Government) and other partners develop Watershed Management Plans for the seven (7) major watersheds within the Urban Service Area, these plans can be used to direct capital investment and help prioritize water quality Best Management Practices (BMPs).

Currently, Cane Run, West Hickman, and Wolf Run have approved Watershed Management Plans. The staff is recommending giving preferential scoring to projects that align with the proposed BMPs and/or action items of approved plans within the Urban Service Area.

This change would apply to the FY25 Grant application forms for Class A, BE, and BI.

Mr. Mabson referenced Item 1. Project Impact category on the scoresheets and explained that under "Does the project involve installation of:" Item 1i) "one or more proposed BMPs from an approved Watershed Management Plan" was inadvertently left off. This question is a yes or no answer.

Board comments and questions: Mr. Clarke agreed with encouraging watershed management, and asked if the Board approved Item #4 then the proposed changes to the scoresheets would also be approved. Mr. Mabson replied affirmatively.

Mr. Vaught said that Cane Run, West Hickman, and Wolf Run have approved Watershed Management Plans, but inquired about the other watersheds in Fayette County. Mr. Lubeck pointed out the watersheds in Fayette County on the Watershed Map and gave a brief explanation.

Mr. Mabson indicated that this change would give preferential scoring to projects that align with the proposed BMPs and/or action items of approved plans within the Urban Service Area.

Mr. Vaught said that the overlay that was created for the grant projects would overlap the Watershed Management Plan. Mr. Mabson agreed.

Mr. Clarke agreed with the proposed changes and asked if the change would be on the application forms. Mr. Mabson replied this change would give preferential scoring to projects that align with the proposed BMPs and/or action items of approved plans within the Urban Service Area and would impact the FY25 grant application forms for Class A, BE, and BI.

Ms. Fogle moved to give preferential scoring to projects that align with the proposed BMPs and/or action items of approved plans within the Urban Service Area. (A, BE, BI); seconded by Mr. Vaught. The motion passed unanimously. Mr. Lowe and Mr. Woolwine were absent.

VIII. FY 2025 GRANT APPLICATION DOCUMENTS: Mr. Mabson presented a brief overview of the Class A Neighborhood, Class B Education, and Class B Infrastructure FY25 applications. He then requested approval to make the necessary changes to the applications and to implement the changes approved by the Board during this meeting.

Board comments and questions: Mr. Clarke noted that the filing date on page 11 of the Class B Infrastructure application packet is incorrect. Mr. Mabson indicated that the staff would make the necessary changes before publishing the document.

Mr. Clarke confirmed that the staff would make the necessary changes to the application packet. Mr. Mabson replied affirmatively.

Mr. Vaught moved to approve the changes as discussed to the FY25 application packet for Class A, BE and BI; seconded by Ms. Fogle. The motion passed unanimously. Mr. Lowe and Mr. Woolwine were absent.

VI. INCENTIVE GRANT STATUS UPDATE: Mr. Mabson briefly provided an update on the Incentive Grants between FY 2016 to FY 2024; commenting on a few select projects.

Comments: Scott Southall, Earthcycle Design, LLC, briefly provided an update on a few select projects, which he is involved with.

IX. OTHER MATTERS:

a. **MS4 SECTION MANAGER** - Mr. Lubeck updated the Board on the MS4 Section Manager position and indicated that they had sent their recommendation to Human Resources.

VI. ADJOURNMENT: Mr. Clarke asked LFUCG staff if there were any other matters to address. There were none.

Mr. Vaught moved to adjourn the meeting at 10:01 a.m.; seconded by Ms. Fogle. The motion passed unanimously. Mr. Lowe and Mr. Woolwine were absent.