

CHESAPEAKE BAY and WATER RESOURCES POLICY COMMITTEE
777 North Capitol Street, N.E.
Washington, D.C. 20002

MINUTES OF MAY 20, 2011, MEETING

ATTENDANCE:

Members and alternates:

Chair Barbara Favola, Arlington County
Vice Chair Andy Fellows, College Park
Penelope Gross, Fairfax County
Bruce Williams, Takoma Park
Cathy Drzyzgula, City of Gaithersburg
Obie Patterson, Prince George's County
Shelley Aloi, City of Frederick
Johannah Barry, City of Falls Church
Meo Curtis, Montgomery County
Mark Charles, City of Rockville
J. L. Hearn, WSSC
Mohsin Siddique, DC Water
Marc Pederson, Loudoun Water

Staff:

Stuart Freudberg, DEP Director
Tanya Spano, DEP
Steve Bieber, DEP
Heidi Bonnaffon, DEP
Karl Berger, DEP

Visitors:

George Hawkins, DC Water
Kevin Fay, Alcade & Fay
Rob Catron, Alcade & Fay
Alex Perry, Alcade & Fay

1. Introductions and Announcements

Chair Favola called the meeting to order at approximately 10:05 a.m.

2. Approval of Meeting Summary for March 18, 2011

The members approved the draft summary.

3. Chesapeake Bay Restoration Coalition

Chair Favola introduced Mr. Fay of Alcade & Fay, an Arlington-based lobbying concern, which has put together an proposal for a coalition of local governments affected by the Bay TMDL.

Mr. Fay said the idea for the coalition sprang from discussions with some of their local government clients, who expressed concerns with the short timetable and potentially high cost of meeting TMDL requirements. He noted a number of developments, such as recent legislation in Congress that would have cut off funding for EPA to administer the TMDL, which have added to the uncertainty and concern about the TMDL. Current EPA funding

for the Bay effort, at about \$50 million/year, is a fraction of what's needed and also significantly less than Congress has provided for the restoration of the Florida Everglades, according to Mr. Fay.

Mr. Fay said the coalition would have three main objectives: seeking additional funding from the federal government for implementation of restoration measures at the local level; addressing the lack of confidence that some local government representatives have in the accuracy of the computer model EPA uses to establish nutrient and sediment reduction requirements for the TMDL; and working to ensure that federal facilities participate in reduction efforts. He said that membership would be drawn primarily from local governments or local government associations in the Bay watershed, but that private sector concerns potentially could participate as well. The firm's goal is to raise up to \$500,000 to conduct work for such a coalition over the next year. It hopes to officially launch the coalition in the next month, he said.

Discussion: Chair Favola said that she thinks this proposal has some potential benefits for COG's members and deserves serious consideration.

While acknowledging that some aspects of the proposal make sense, such as having a common voice for local governments, Ms. Drzyzgula said she does not agree with the proposed focus on modeling issues, which she interpreted as trying to simplify the model the Bay Program uses. The City of Gaithersburg, she said, is looking for more detail from the Bay Program's modeling efforts.

In response, Mr. Fay said that the modeling issue he sees is the reliance of the TMDL on a single, very complicated computer model and that the coalition would be interested in the development of other tools that could also be used to judge progress under the TMDL.

Chair Favola asked if local governments themselves would be members of the coalition or could COG be a member. Mr. Fay envisions a coalition in which either is possible. How you wish to participate would be up to you, he said. He did note that the dues structure they currently envision, which is based on population, would charge associations of local governments considerably more than it would individual members.

Ms Gross initially offered a disclaimer of sorts, noting that Fairfax County has an existing contractual relationship with Alcade & Fay. She then offered qualified support for the effort, noting that there currently isn't an umbrella group that represents local governments in the Bay region and that there are such groups in other parts of the country – in the Great Lakes region, for instance. She also said there was merit in the idea of trying to get business interests and local governments to work together.

Mr. Gross offered a motion that the committee establish a workgroup to further study the possibility of COG participation in the proposed coalition.

After seconding this motion, Mr. Fellows asked whether the coalition would interact with environmental groups. In response, Mr. Fay said he believes the group would try to work with these parties and have common cause in seeking more federal money for Bay restoration. Mr. Fellows also asked whether Alcade & Fay had determined how much of the effort would be funded by local governments and how much by private interests. Mr. Fay said his firm has developed a potential dues structure in which individual local government might pay anywhere from \$2,500 to \$15,000 based on size. He envisions that local governments would pay 60 – 80 percent of the proposed \$500,000, but he could see the private sector paying as much as half.

Mr. Charles raised concerns about duplication of effort, asking if what Alcade & Fay is proposing to do is the same as COG already does for its members. In reply, Mr. Freudberg said that COG does do some of these things, including representing its members in Congress, but that Alcade & Fay probably has better access to Congress. He also noted that the geographic extent of the proposed coalition is far larger than the COG region.

Action item: The committee unanimously approved a motion for a committee workgroup to further explore the potential for COG participation in the coalition and report back to the full committee. The Chair established a subcommittee with the following membership: Vice Chair Andy Fellows, Penelope Gross, Shelley Aloji, Mark Charles and Jerry Maldonado. Chair Favola said she also would serve on this subcommittee.

4. DC Water Major Project Initiatives

Mr. Hawkins, the general manager of the District of Columbia Water and Sewer Authority, described how the authority's drinking water and wastewater infrastructure projects are driving service fee increases and the need for more innovative ways to meet water quality challenges.

He noted that DC Water – which distributes drinking water within the District and, through its Blue Plains facility, treats wastewater for residents of the District and neighboring jurisdictions in Maryland and Virginia – recently finalized its budget for FY 2012. The budget has about \$425 million in operations and maintenance costs and \$575 million in capital costs, part of a 10-year capital projects plan budgeted at \$3.8 billion.

According to Hawkins, there are four major components of the capital plan.

One is the required upgrade of Blue Plains' wastewater treatment process to achieve "enhanced nutrient removal" of nitrogen by 2015. This will cost about \$950 million. Mr. Hawkins noted that the costs have increased exponentially as regulators have required higher and higher levels of nutrient removal. To get from 15 milligrams/liter of nitrogen in its effluent down to about 5 milligrams/liter in the last 5 – 10 years, Blue Plains spent about \$100 million; whereas the ENR project, at a far higher cost, will reduce nitrogen levels to 4 milligrams/liter. This is one-tenth the progress at 10 times the cost, Mr. Hawkins noted.

A second major project is to build large underground tunnels to capture combined sewer overflows from that portion of the city's system in which stormwater mixes with sewage. The tunnels, which are required under a consent agreement with EPA, will cost about \$2.6 billion, according to Mr. Hawkins.

The third project noted by Mr. Hawkins is the construction of digesters at Blue Plains to process the solids removed by the wastewater treatment process. The new digesters will generate about 13 megawatts of electricity and will reduce the plant's carbon footprint. The cost of the project will be about \$500 million.

The fourth major project that Mr. Hawkins noted is intended to increase the rate at which the agency replaces deteriorating water and wastewater pipes in the District. The authority is currently replacing its pipes at a rate of one-third of one percent/year, which means it will take 300 years to fully replace all of its pipes, Mr. Hawkins noted. The industry average is one-half of one percent/year. DC Water would like to increase its funding to be able to achieve a replacement rate of one percent/year.

The capital projects are having and will continue to have a major impact on water and sewer rates for the District's ratepayers, Mr. Hawkins noted. These rates increased 7.5 percent last year; 18 percent this year; and a projected 11.5 percent next year. They are projected to increase every year through 2019. However, most people don't understand the critical nature of such infrastructure nor the factors driving increased costs, which makes it very difficult to obtain approval for rate increases.

These factors are driving DC Water to seek innovative ways of addressing water quality requirements, Mr. Hawkins said. He cited a plan to see how much stormflows can be reduced in the CSO portion of the city through promotion of LID-style infiltration and storage practices. The authority currently has a \$1 million pilot project to investigate this potential and is willing to devote as much as \$20 million too what Mr. Hawkins called a full-scale pilot over the next 2-3 years. Depending on its results, it might be possible for the authority to scale back the extent of the tunnel project and save money in doing so, according to Mr. Hawkins.

5. Bay TMDL/WIP Development Status

Ms. Spano noted that EPA recently extended the schedule for the development of Phase II watershed implementation plans (WIPs) under the Chesapeake Bay Total Maximum Daily Load (TMDL) by several months. The various Bay states and the District of Columbia have until Dec. 1, 2011, to submit draft Phase II WIPs to EPA and until March 30, 2012 to submit the final plans. The extensions, she said, were prompted by EPA delays in producing a revised model for estimating pollutant loads and setting allocation targets. Ms. Spano noted that the current schedule calls for EPA to produce revised numbers from its new version of the watershed model by July 15, which leaves just 4-1/2 months for state and local governments to draft plans. She said there is a lot of concern about there being too little time to develop adequate plans.

6. Response to Member Survey and Plans for Special Meeting

Chair Favola briefed members on the status of efforts, which stem from the March committee meeting, to engage EPA officials in dialogue on Bay restoration issues. Rather than simply write a letter expressing concerns, COG staff proposed, and she decided to seek, a meeting with Jeff Corbin, EPA's Special Adviser to the EPA Administrator for Chesapeake Bay and Anacostia River restoration. That meeting has now been scheduled for June 16 and she urged members to attend. This meeting will serve as a forum on local government issues with the Bay TMDL, according to Chair Favola. As local government leaders, she said, we need to do a better job of conveying where we are coming from.

Discussion: Ms. Gross noted that Mr. Corbin previously served in several state government posts in Virginia; he is, she said, approachable and reasonable.

In keeping with her plans for greater involvement in policy development by members of the committee, Chair Favola asked for volunteers to form a workgroup to assist COG staff in developing talking points for the meeting with Corbin

Action: The Chair established a subcommittee with the following membership to work with COG staff in developing talking points for the Bay forum with EPA officials: Vice Chair Andy Fellows, Vice Chair Hamid Karimi, Bruce Williams, Jerry Maldonado, and Mohsin Siddique. Chair Favola said she also would serve on this subcommittee.

7. FY 12 Regional Water Resources Work Program and Budget

Ms. Spano briefed members on plans for review and approval of the FY 12 budget for the Regional Water Fund, with which the committee is charged. She said the budget would be sent shortly to members of the Water resources Technical Committee for their review and comment. Following that process, the budget document and input from the WRTC would be sent via email to the full committee for action before the end of June.

Ms. Spano noted that the staff budget proposal would be based on no increase in member contributions from the Regional Water Fund compared to FY 11 levels. She also briefly described the areas of focus for the work plan, which are based on monitoring activities, a continued focus on the development of the Bay TMDL and emerging issues.

Discussion: Mr. Charles asked that COG staff devote greater resources to supporting its members' stormwater efforts, noting the challenges that sector faces in regard to the Bay TMDL and other permitting issues. Ms. Drzyzgula said that the City of Gaithersburg is looking for COG to provide technical support in the development of Phase II WIPs.

8. New Business

Ms. Spano noted that COG has been asked to participate in a webinar sponsored by the American Planning Association on May 25 that will focus on how the bay restoration effort affects land use policies. She said Mr. Fellows will represent COG as one of the panelists on the webinar.

9. Adjournment

The meeting was adjourned at approximately 12:05 p.m.