

INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN

FOURTH QUARTER AND ANNUAL MEETING

September 15, 2009

Lakeview Golf and Spa Resort
Morgantown, WV

Draft Minutes

CALL TO ORDER: Vice Chairman Reiger called the Fourth Quarter and Annual Business Meeting to order at 9:25AM at the Lakeview Golf and Spa Resort in Morgantown, WV . **Roll call** of attendees was conducted with the following Commissioners, guests, and staff present for some or the entire meeting:

Commissioners

Virginia

Scott Kudlas (Alt. Commissioner)

West Virginia

William Brannon (Alt. Commissioner)

District of Columbia

Hamid Karimi (Commissioner)

Pennsylvania

Roger Steele (Alt. Commissioner)

Lori Mohr (Alt. Commissioner)

United States

George Reiger (Commissioner)

Maryland

Robert Summers (Alt. Commissioner)

Staff

Robert Bolle (General Counsel)

Curtis Dalpra (Communications Manager)

Joseph Hoffman (Executive Director)

Carlton Haywood (Director, Program Operations)

Bo Park (Administrative Officer)

Olivia Devereux (Environmental Scientist)

Cherie Schultz (AD, Water Resources)

Sherry Zandieh (Administrative Assistant)

Guests

Robert Pace (COE, Baltimore)

Maria Franks (COE, Baltimore)

Michael Stratton (WV, DEP)

Chris Kimple (for Commissioner Moul, PA)

Tom Bonacquisti (Water Quality Program Manager,
Loudoun County Water Authority)

ADOPTION OF AGENDA: Vice Chairman Reiger asked for any modifications to the agenda. Hearing none, he asked for an adoption of the agenda. **Commissioner Karimi made a motion to adopt the agenda. Commissioner Summers seconded the motion, with all in favor.**

APPROVAL OF MINUTES: Vice Chairman Reiger asked for an adoption of the June 9, 2009 Meeting Minutes. **Commissioner Summers made a motion to adopt the Minutes. Commissioner Kudlas seconded the motion. All were in favor.**

GENERAL COUNSEL'S REPORT: Mr. Bolle, General Counsel, reported that the activities involved

routine legal matters, primarily contract reviews. There were no significant matters to report.

FINANCIAL REPORT: Mr. Hoffman gave the report on financials as of July 31. The revenue is on target with the federal check for \$650,000 received. The District of Columbia has made a \$39,000 payment which was the remaining balance on their contributions. The other states are billed quarterly and are on time. The expenditures are under budget. The federal contribution will be carried over to next fiscal year. The FY10 federal contribution is not likely. Funds from the “reserve account” were not needed nor used this fiscal year.

OLD BUSINESS

A. Program/Projects Update: Mr. Haywood distributed a handout summarizing the projects in the fiscal year. More detailed information is in Tab 7 of the meeting book.

B. 2009 River Ramble Review: Mr. Dalpra reported that the Ramble was a success with increased public visibility, advocacy, and stewardship in the watershed. Approximately 45 rambblers visited the Dickerson Mirant plant. As planning begins for another canoe trip we have a mini-Ramble in the plans for next summer. The Rivers & Trail Outfitters will be asked to take on most of the logistics of the activities associated with the river trip. The Commission staff will focus on the educational aspects of the trip.

C. Budget Implementation FY 2010: At this point in the meeting, a closed Executive Session was held to discuss budget and personnel matters. **Commissioner Steele made a motion to go into Executive Session. Commissioner Karimi seconded the motion. All were in favor.** During the session, the Commissioners discussed personnel matters related to compensation and the budget, approving the Executive Director’s proposal for a modest cost of living increase of 2% of salary on January 1, 2010 for most staff.

NEW BUSINESS

A. Election of Chairman and Vice-Chairman FY 2010: Commissioner Summers, representing the Nominating Committee, nominated Commissioners Reiger as the Chair and Kudlas as the Vice Chair. **With all in favor, the nominations were accepted.**

B. Selection of Auditor for FY 2009-2011: Mr. Hoffman reported that 11 firms were solicited for proposals. Three auditing firms responded with proposals and one declined. Upon review of the proposals by a group of staff, Polan, White, & Associates, the current auditor, was recommended as the auditor for the next two year term with one optional year. Commissioner Kudlas, representing the Audit Committee, commented that the Committee has accepted the staff recommendation. A letter from Commissioner Graeffe, Chair of the Audit Committee, was distributed, endorsing the staff recommendation as well. **Commissioner Kudlas made a motion to approve the auditing firm. Commissioner Steele seconded the motion. All were in favor.**

C. Sublease at 51 Monroe Street Office Space: The current sublease with Chesapeake Towers is due to expire in March 2010. The tenant is interested in renewing the sublease for another term of two to three years. The cost of this space is off-set by the rent charged to the sublease tenant. It will be ideal to continue the sublease. There were no stated objections. Staff will pursue this course of action as space is considered in excess of needs.

D. Corps of Engineers Design and Construction Authorities: Robert Pace, US Army Corps of Engineer (USACE), Baltimore District, gave a presentation on USACE authorities that enable cost-sharing opportunities with non-federal sponsors for projects located within the Chesapeake Bay Watershed. The presentation provided an overview of Section 510 of WRDA 1996, which provides design and construction authority for a broad range of applicable projects within the Chesapeake Bay Watershed, and Section 219 of WRDA of 1992, as amended by Section 5158, WRDA 2007, which authorizes design and construction of specific types of projects within the region. USACE is committed to supporting the States and Bay community and has unique implementation authorities. Strategic planning among federal and non-federal interests can improve the magnitude and speed of results in Chesapeake Bay. The ICPRB Commissioners are encouraged to consider potential cost-sharing opportunities to better align the available resources with state and federal priorities. Mary Dan is the USACE, Baltimore District point of contact for the Section 510 and Section 219 Programs ((410) 962-3377 / Mary.Dan@usace.army.mil).

Mr. Hoffman distributed a summary and draft of proposed legislation received from Senator Cardin's office. The Senator will introduce this legislation. Staff member Carlton Haywood is working on a draft response. This project will require an interstate trading program to reduce nitrogen and phosphate by year 2012.

E. Water Quality Trading Potential in Potomac: Staff member, Olivia Devereux, gave a presentation on nutrient trading, which is a market-based approach to water quality that reduces pollution in the most effective manner. A reduction is made where it is least expensive to reduce a pollutant. Water quality trading is a big business and is not a new idea. National markets already exist for SO₂ and carbon. Trading provides flexible, cost-effective compliance options with greater net environmental benefits. There are also many risks involved in trading. Agricultural operations may have difficulty meeting baseline criteria established by state guidelines. There is a current lack of demand for credits. Hotspots could develop in certain streams depending on the location of credit generator versus credit purchaser. "Leakage" in the system could result in a decrease in pollution in one area but an increase in another area. Furthermore, there are variations among Pennsylvania, Maryland, Virginia, and West Virginia's regulations regarding trading. Each of these and other technical issues must be addressed for water quality trading to be successful in improving water quality.

ICPRB proposes to establish a project where drinking water authorities participate as funders (or buyers) of sediment abatement projects on farmland. This would allow drinking water authorities to reduce efforts to remove sediment and farmers could put best management practices in place with predictable funding. The process of establishing this type of market will necessitate a collaborative process among soil conservation districts, farmers, and drinking water utilities. This project will serve as a model for other trading programs in the U.S. While the project focuses on sediment, it will provide a multitude of ecosystem service benefits.

ICPRB also proposes to initiate a collaborative process with the states to outline policy options, drivers, opportunities, characteristics of successful programs, and include specific recommendations for implementing a carbon market.

Progress on water quality trading to date includes: 1) developing a manure management model for nutrient trading for Maryland Department of Agriculture, 2) determining sites for pilot projects (Washington County, MD and Franklin County, PA), and 3) bringing together the states on developing a carbon trading protocol. Trading discussions will continue.

F. Proposed Meeting Dates FY 2010: The next meeting in December will be held at the Rockville office, Tuesday only.

G. ICPRB Holidays FY 2010: The staff holiday schedule was included in the meeting book for the Commissioners.

EXECUTIVE DIRECTOR'S REPORT

Mr. Hoffman thanked Commissioner Brannon for his service and meeting participation at Commission meetings. Commissioner Brannon will be retiring in October 2009. On staffing, two positions were filled and one position will be filled as vacated by Adam Griggs, who is now the Aquatic Ecologist. ICPRB is still trying to regain federal funding through the Office of Management and Budget (OMB).

No withdrawals were made out of the reserve accounts. The contracts are detailed in the Executive Director's Report. There is a paper discussing a commissioner conflict of interest in the Executive Director's report. This is due to direct involvement of project by a commissioner. An Executive Director Finding was issued that direct project involvement by a commissioner cannot be done as it would breach the code of conduct and standards inherent in the commissioner position. The information was given to the commissioners for further discussions and consideration of a code of conduct for commissioners similar to that of the Manual of Operations for employees.

The office installed a new phone system on September 4, 2009. This will cut staff time to maintain the equipment.

Commissioners may want to consider state travel restrictions becoming a hindrance to Commission meeting participation by the state agency Commissioners. Staff would welcome any suggestions to consider amendment of the By-Laws to allow Commissioner participation by conference calls on a limited basis, if needed.

Commissioner Summers suggested putting two items of discussions on the agenda for the December meeting, the conflict of interest and By-Laws amendment on the December agenda.

COMMISSIONER'S TIME: None.

ADJOURNMENT

Vice Chairman Reiger asked for a motion to adjourn the meeting. **Commissioner Karimi made a motion to adjourn the meeting. Commissioner Steele seconded the motion. All were in favor. The meeting adjourned at 1:31 pm.**

Respectfully Submitted,
Joseph K. Hoffman
Commission Secretary