

## **July 1, 1999 Meeting Summary**

A list of those who attended the meeting is attached. The three enclosed handouts were provided at the meeting: United States Environmental Protection Agency (EPA) comments on Draft #17 rules (June 17, 1999), a Kelly Cave memorandum documenting a discussion with EPA staff (June 23, 1999) and Draft #18 rules (June 1999) that include revisions in response to EPA and citizen comments and input from workgroup members on watershed planning. Draft #18 also includes added provisions to address distance (discount factor), a requirement for sources that trade to be connected to the receiving waters and language to restrict the use of Clean Michigan Initiative Funds to generate credits. These changes were acceptable to the group.

The May 28, 1999 meeting summary was approved as final by the group.

The group discussed and agreed on the changes that were made to the watershed management planning rule (Rule 22). The group also agreed on the new watershed designation rule (Rule 21) with a minor revision to allow 'other types' of closed trading. The group recommended that the rules should be revised to allow credits generated in a nonattainment area to be used in an attainment area in the same watershed. All these changes have been made in Draft #19 (attached).

The group spent a lot of time discussing the baseline for urban stormwater runoff. The consensus of the group is that the baseline should be the level of reduction that has been achieved after the management practices specified under a permit has been implemented. The group discussed two ways that this could be achieved. One would be to simply calculate the level of reductions based on full implementation at the end of a permit term (5 years). This would allow municipalities to generate credits at the beginning of the permit term but would require full implementation of 'MEP' and reductions in excess of those specified in the permit. This approach is conservative.

A second approach would be to interpret the rules to require that measures have to be in place for a minimum of 3 years (reference Rule 10, General Baseline Requirements) before credits could be generated. This approach is less conservative in that credits could be generated by implementing reductions on a rolling basis. It is more conservative in that it would require reductions to actually be achieved in practice and would generate more information to better define 'MEP' and water quality requirements. The rule language was considered flexible enough to allow either approach. SWQD staff will discuss this issue with EPA in a meeting to be held in Chicago before the next workgroup meeting and report back to the group. Members of the workgroup took the issue under advisement and will provide further input at the next meeting.

The group discussed EPA comments of June 17, 1999. The group was pleased with the areas of EPA agreement. Members of the group were given a week to review and provide written comments to the chair. These will be conveyed to EPA at the upcoming meeting. There are three key issues that the workgroup see as important for a successful statewide trading program: the ability for trading to occur in impaired waters prior to a total maximum daily load, nonpoint source management practices under the Coastal Zone Act Reauthorization Amendments (CZARA) should not apply to trading; and, credits should be allowed to be used to define and achieve reductions greater than MEP. SWQD staff will clarify these issues at the upcoming meeting with EPA.

The next workgroup meeting was scheduled for August 30, 1999. It will begin at 9:30am and be held in the Michigan United Conservation Club conference room. The agenda and location map are enclosed.

