

BAY RESTORATION FUND ADVISORY COMMITTEE

Maryland Department of the Environment

Aqua and Aeris Conference Rooms

1800 Washington Blvd.

Baltimore, Maryland 21230

April 24, 2014

1:00 p.m. to 4:00 p.m.

Meeting Minutes

Welcome/Introduction

- The meeting was chaired by Mr. Greg Murray, Chairman for the Bay Restoration Fund Advisory Committee and Administrator for Washington County.
- Mr. Murray welcomed the committee members and other attendees.

Review of Minutes

- Previous meeting minutes from the February 6, 2014 meeting were handed out to the committee members for their review and comment. An electronic copy of the meeting minutes was also e-mailed to the committee members prior to the meeting.
- There were no comments on the meeting minutes. The comment period will be kept open for a couple of days. After that time, the approved minutes and handouts from the meeting will be posted on MDE's website.

Discussion

I. Update on ENR Implementation and Upcoming Events

- Mr. Saffouri referenced the Wastewater Treatment Plants ENR Upgrade Status handout and noted the facility status comparison between the previous meeting and the meeting today. To date, there are 34 facilities in operation, 20 under construction, 9 in design, and 4 in planning, for a total of 67 facilities. One facility, Cambridge, moved to operation from construction. The only treatment plant, Hampstead that was previously in pre-planning has now initiated planning.
- Mr. Saffouri called attention to the percentage complete for each plant that is under construction and noted that three plants, Snow Hill, Broadwater, and Aberdeen are still at 99% because they are still working on the punch list items before they are closed out. The remaining plants have all increased their percentage slightly.

- The following facilities are ready to schedule an event, if needed: Committee members will be informed via e-mail, if an event is scheduled.

Back River – Ready for Groundbreaking

Northeast River – Ready for Groundbreaking

Joppatown – Ready for Dedication

Cambridge – Ready for Dedication

Snow Hill - a dedication ceremony is scheduled for June. The ceremony information will be forwarded to the Committee members.

- Mr. Leocha inquired if the Committee should have a progress report for Minor treatment plants since they are going to be funded. Mr. Saffouri stated that another sheet can be created listing the five to ten active minor plants.
- MDE met with the Town of Rock Hall on April 23, 2014. Rock Hall is located in Kent County, directly adjacent to the Chesapeake Bay. The Town was introduced to the Bay Restoration Fund and what it is about, and was informed that the Rock Hall Wastewater Treatment Plant is at the top of every priority list for funding. The Town stated it is not interested at this time.

II. BRF O&M Grant Authorization

- Mr. Saffouri referenced the BRF O&M Grants Guidelines and the O&M Annual Grant Allocation for FY 2015 handouts. The Grant Allocation handout is a list of the facilities that are currently in ENR operation and may be receiving some O&M grant funding. The first 22 facilities (with the last four columns blank) are facilities that need to show that they are meeting the total nitrogen (TN) and total phosphorus (TP) requirements in order to get funding. Next on the list are three (3) facilities that are considered at optimization. Sometimes it takes six to twelve months to optimize the plant operation. Therefore, the plants are allowed one year to optimize their process before they are expected to achieve ENR level of treatment. The last five (5) facilities are getting partial payments because they just started the operation last year and will get the O&M grant for the months they were in ENR operation.
- The guidelines give the formula for the O&M grant funding. The formula is \$30,000 per MGD, not to exceed \$300,000 per plant. Plants with a design capacity less than one (1) MGD will receive a fixed amount of \$30,000.

III. Update on Cover Crops

- Mr. Astle provided an update on the cover crop activities. There is little to report. At this time, the spring certifications are being approved. Due to the late winter and spring, the program is slightly behind schedule, but for the most part it should be on track.

- The Maryland Department of Agriculture (MDA) is developing a web-based SQL Program to take the data from the agriculture districts and transfer it to MDA. The program will initially be operating in three counties. Then after one year it will be extended to all the counties.

IV. Update on Onsite Sewage Disposal System (OSDS)

- Mr. Khuman presented an update on the FY 2015 BRF septic fund award to the counties. MDE is getting ready to award the monies to the counties. Each year in April MDE receives applications from the counties. Funding requests then go through the clearinghouse process, followed by the Board of Public Works (BPW) grant awards the funds in June. Currently, June 18th is the scheduled date to go before the BPW.
- Mr. Prager provided an update on the database development. The program has been re-staffed with two (2) new people and one (1) person returning. The staff is currently working on checking the existing database for accuracy, getting it updated, and getting it ready for transition into the new database. The purpose of the database is to track the installation of the Best Available Technology (BAT) units and track the required operation and maintenance (O&M) of the systems to ensure their compliance. At present there are about 5,500 systems. The required yearly O&M visits by the service providers are submitted to MDE and manually updated into the existing database. The new database will be an automated web-based system, and the data can be entered directly by the service provider. The new database will be able to automatically print out reports for those BAT systems that are not getting maintained, and MDE will then follow-up with the owner or manufacturer (if the system is over five (5) years old) for any enforcement action. MDE's target is to place the new database in operation in September 2014 at least as startup and testing.
- The database may also be used to report the progress of septic system upgrades to MDEStat, BayStat, and the Watershed Implementation Plans.
- Mr. Boussein asked if MDE has a handle on all the septic systems that have reached the five-year milestone and whether they are being properly maintained. Mr. Prager responded that MDE has the information, but has not acted on it very effectively, which is one of the goals of the new database.
- Mr. Boussein inquired if by the next meeting, the Committee could get some data on the status of the septic systems regarding the five year maintenance. Mr. Prager answered that MDE should have the data by September, when the database is targeted to go operational.
- Mr. Prager presented an update on HB 12, Bay Restoration Fund- Authorized Uses. This bill allows up to 10% of the funds in the Septic account to be distributed to local jurisdictions to cover costs associated with the implementation of the regulations for septic systems that use BAT. That would come to about \$1.5 million per year, of the approximately \$15 million per year in the account. This \$1.5 million will be available for distribution to the counties for sighting the systems, selecting the systems, and other administrative activities. In addition, some counties will utilize the funds to assume some of the enforcement activities, and MDE will be able to assist

them by using the new database. The monies are available starting in FY 2015, and MDE has set a timeline to draft a draft agreement or MOU, which will describe tasks and funding per task that a county could receive if it performs that task. MDE's goal is to have this program in place in the next three months and award the monies by January 2015.

V. Update on BRF Fee Collection and Budget

- Mr. Khuman presented the fee collection and distribution data from the program's inception through the end of March 2014 given on the last two pages of the handout from the Comptroller's Office. The total fund distribution to date is as follows: approximately \$572.4 million to MDE Line 1 (Wastewater Fund), \$80 million to MDE Line 2 (Septic Fund), and \$62 million to MDA Line 2 (Cover Crop Fund).
- Comparing FY 2014 (current year) with FY 2013 in Line 1, revenues in FY 2014 may be higher than FY 2013. The first two quarters' actual revenues in FY 2014 are totaled to about \$62.6, which may lead to total revenue of \$107 million at the end FY 2014 if the trend continues into the remaining two quarters. This would be approximately \$5 million more than the revenue in FY 2013, which was \$102 million. Part of this increase is due to the start-up costs in FY 2013 that would go away after the first year. Also, the number of people seeking hardship exemptions is lower than was estimated leading to an overall increase in the fund.
- As for Line 2, FY 2013 total was \$26.6 million, and this year we can expect about the same amount. This is because the septic fees for most counties are collected with the property tax and that does not vary much from year to year.
- MDE is about to sell the second bond series for the Bay Restoration Fund. The sale is competitive and will be next Tuesday, April 29th. The preliminary official amount is \$100 million. MDE is looking at a true interest rate of about 3%. It is expected that there will probably be one more sale within the next two years, and that will be the extent of the bond revenues for the 67 major wastewater treatment plants. After that, there will be sufficient cash available for the upgrade of the minor plants, septics, and stormwater projects. MDE is projecting that approximately \$60 million per year will be available through the year 2030.

VI. 2014 Legislative Summary (Bills of Interest)

- Mr. Khuman provided a summary of the bills of interest from the 2014 Legislative session.
 1. HB 11- Environment- Bay Restoration Fund-Authorized Uses (Passed): The bill will become effective June 1, 2014. The bill does several things. First it did a technical correction to allow the owner of a vacant home within the PFA to connect to a sewer line with their own money. The second thing is if a capital project to connect a community septic system to a sewer system/wastewater treatment system cost more money than the county has from the Bay Restoration Fund, the county could pay for the system over time. Third, the bill allows for the use of BRF grant funds, if there is an overriding public health concern, to connect a septic system outside the PFA to a wastewater treatment plant.

These projects are required to obtain an exception from the Smart Growth and Neighborhood Revitalization Coordinating Committee (aka, Smart Growth Coordinating Committee). The request for an exception must include data on four elements and provide a public notice to include an opportunity for a public hearing. The four elements are: (1) what are the public health issues of the community, (2) what are the mitigation measures (such as denied access), (3) what will be the maximum infill of new growth as a result of the project, and (4) what is the net nitrogen reduction with both existing homes and infill development are taken in consideration. These elements must be part of the public notice. The law requires that MDE write regulations to comply with the public notice and public hearing requirement, and stating that the notice must include the four required elements. The law also states that starting December 2015, and every year thereafter, MDE will provide a report to the legislature that shows the amount of money that went to sewer systems outside the PFA, sewer within the PFA, and for BAT upgrades. Other things included are that the law states that the sewer line can be connected to a BNR or ENR wastewater plant, and not just to an ENR plant. Also, MDE shall insure that a county has sufficient monies to do BATs and not use their entire grant toward sewer connections.

2. HB 12- Environment- Bay Restoration Fund- Authorized Uses (Passed): Discussed under Section IV above.
 3. HB 97-Environment-Chicken Tax (Did not pass):
 4. Ms. Donoho stated that none of the stormwater bills passed.
- Mr. Leocha presented information on a public meeting to be held at the Kent Island High School on May 1st. As part of his presentation, he furnished a handout developed by Queen Anne's County that provides nitrogen and phosphorus load data. The handout includes some of the data required by HB 11 to be included in a public notice. The County's intent is to grandfather themselves from any further public notices and public hearings for projects funded through the BRF septic funds that are outside the PFA. This project has not been presented to the Smart Growth Committee because the Bill is not law until June 1st. The bottom line is that HB 11 will be tested first by the South Kent Island project, which is controversial, but can also set a precedent.

Next Meeting

- The next meeting will be scheduled on the first available Thursday in September.

Materials Distributed at the Meeting

- Meeting Agenda
- Previous Meeting Minutes (February 6, 2014)
- Wastewater Treatment Plants ENR Upgrade Status (April 24, 2014)
- BRF O&M Grants Guidelines

- O&M Annual Grant Allocation, FY 2015 BPW
- Program-to-Date BRF Fee Collection Report (through March 31, 2014)
- BRF Fee Collection Reports (through March 31, 2014)
- BRF Fee Distribution Report (through March 31, 2014)

Attendance

Advisory Committee Members or Designees Attending:

Greg Murray, Washington County, Chairman
 James L. Hearn, Washington Suburban Sanitary Commission
 Norman Astle, Maryland Department of Agriculture
 John Leocha, Maryland Department of Planning
 Angela Butler, Maryland Department of Planning
 Fiona Burns, Department of Budget and Management
 Peter Bouxsein, Chesapeake Bay Foundation
 Walid Saffouri, Maryland Department of the Environment
 Candace Donoho, Maryland Municipal League
 Gabe Cohee, Department of Natural Resources

Others in Attendance:

Julie Pippel, Washington County
 Mary Vitale, Hazen and Sawyer
 Andrew Gray, Maryland Department of Legislative Services

Maryland Dept. of the Environment (MDE) Attendees:

Jag Khuman	Michael Kanowitz	Heather Barthel
Jay Prager	Barry Glotfelty	Sunita Boyle
Marya Levelev	Greg Busch	Josh Flatley
Joseph Bieberich	Brian Cooper	