

BAY RESTORATION FUND ADVISORY COMMITTEE

Maryland Department of the Environment

Aqua and Terra Conference Rooms

1800 Washington Blvd.

Baltimore, Maryland 21230

January 17, 2013

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 October 4, 2012 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.
- It was noted that the date at the top of the meeting minutes is incorrect. It will be corrected to October 4, 2012.
- There were no other comments on the meeting minutes. Unless any other comments that were e-mailed from members are received, 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 26 facilities in operation, 22 under construction, 11 in design, 6 in planning, and 2 in pre-planning, for a total of 67 facilities.
- Mr. Saffouri called attention to the percentage complete for each plant that is under construction and noted they are moving forward. Five projects should be completed before this summer.

- One facility, Emmitsburg just started construction. Cox Creek has two phases; Phase 1 is about to be completed, and Phase 2, the main project, just started.
- The following facilities are ready to schedule an event, if needed:

Emmitsburg – Ready for Groundbreaking

Thurmont – Ready for Dedication

Piscataway – Ready for Dedication

- Mr. Boussein asked which two facilities are in pre-planning. They are Centerville and Hampstead. They are also the only two facilities remaining that have not signed the ENR agreement with MDE. The Hampstead ENR upgrade is on hold until the discharge permit is issued and it can be determined what needs to be done. The Centerville plant has a land application and surface discharge and may not need to upgrade because they are meeting their annual loading cap. It is possible the Centerville plant may not need to be upgraded to meet ENR.
- Mr. Bradley asked the status of the Salisbury plant. Salisbury is moving forward, it is still in planning, but should start the design very soon. They have one contract related to the ENR that is in bid. Salisbury has signed the consent agreement to achieve compliance by 2018.

II. Bay Restoration Funding Challenges

- Mr. Khuman introduced Jim George to present the topic, Bay Restoration Funding Challenges. Mr. George gave a Power Point presentation which will be put on the Committee website.
- Mr. George explained the key components of the Watershed Implementation Plan (WIP) and the funding challenges it presents; retrofitting previously developed land, urban land or suburban land, and septic systems. The presentation explained the background and development of the WIP; the costs, including a rough initial cost estimate; and addressed the funding challenges.
- Mr. Murray, on behalf of the Committee, stated it was a good presentation and thanked Mr. George.

III. Major-Minors Possible Funding Strategy

- Mr. Khuman stated that the BRF fee has doubled and with the bids coming in under the estimated project costs, there should be sufficient monies to make awards for the 67 major facilities by 2016, and then completing the construction of those facilities by 2017 or 2018. This presents the opportunity to discuss the possible upgrade of some minor facilities (at least five were in the WIP). A decision needs to be made whether to allocate money for planning and/or design on certain facilities now, so that in 2016/2017 they are ready to go to construction.

- Mr. Saffouri referenced the Minor WWTP Upgrade Priority handout and the options presented. Option I is based strictly on the pound loading and the delivery factor. The result is a list of five facilities, with the top being Greensboro in Caroline County. Mr. Raulin asked for an explanation of the delivery factor. An example is if you are depending on location, if it takes wastewater longer to flow to the Bay, its delivery factor is going to be smaller. It is the same model and factors used in BayStat reporting and EPA reporting. It is noted that under Option I, most likely the Eastern Shore facilities would have the highest priority, because they are closest to the Bay.
- Option II is based solely on the design capacity flow. Delivery factor and location factor are not considered. A larger facility will have a larger load discharge. Option II is the way that MDE currently evaluates the facilities. They are the plants that were targeted, and that is why the criteria has been 0.5 MGD for the cutoff, based on flow not location.
- Option III is based on the smart growth objective which was discussed in the Septic Task Force Committee in 2012. The Septic Task Force asked The Maryland Department of Planning to provide a list of the top ten sewage treatment plants that they would expand or upgrade because they may be reaching their design capacities and they have growth potential. The handout lists the top five of the ten facilities that were listed. For ENR, Option II has been implemented based on flow irrespective of location because that was part of the strategy. This option does not have to continue for Minor/Majors.
- Option IV is based on the jurisdiction applying for funding showing that they are going to achieve some load reduction, including reduction from septic tank connections, rather than setting the criteria and telling the municipalities they need to upgrade. The plants listed under Option IV though small, would connect to communities currently on septic systems, resulting in a reduction from the septic connection and the treatment plant. This would be almost equivalent to the major/minors. These municipalities are proceeding with the upgrades, whether they get subsidy from the BRF or not. They are asking if they can get money from the Bay Restoration Fund. If overall the project were to be considered BRF eligible, they will get reimbursed at the computed eligibility percentage.
- Mr. Bradley inquired if there were a way to rank the plants to know ultimately which gives the biggest bang for the buck. Ranking can be accomplished by computing the cost per pound of nutrient reduction and its relative effectiveness.
- Ms. Bell asked if the BRF Committee decides how the Major/Minors get prioritized as a recommendation to MDE and does it get changed in the statute, or is it just an administrative process. Mr. Khuman stated it is all an administrative process, and the funds requested for the selected facilities are included into the capitol budget request.
- Mr. Murray asked with all the initiatives in place right now, will the loading gap be closed. The WIP says that if the 67 were done plus another five, that will meet the wastewater sector's quota. What may be the answer is that we may want to do more minors, or more major/minors, in lieu of septics BATs, etc. In some cases, these may be the plants that actually give us a lot more pounds.

- Mr. Boussein asked if there were a target date to prioritize the ENR upgrade of the minor facilities and make a recommendation. The three plants under Option IV are the plants currently proceeding with their design. Mr. Khuman asked if the opportunity should be seized to fund the plants voluntarily implementing BNR or ENR. The decision to fund these three facilities needs to be made quickly, for others there is time to decide on the options to prioritize funding.
- From a monetary standpoint providing grant funds to the three Option IV plants appears to be the best option. These minor facilities that accept BRF funding will be required to design the plant to three milligrams per liter TN, and they may decide it is not in their best interest and opt out.
- At the next meeting, MDE will prepare a ranking of the minor facilities based on the current flow, the expected nutrient pound reduction if the facility were upgraded to ENR, the cost per pound of nutrient removed, and other factors.

IV. BRF Fee Collection and Budget

- Mr. Khuman presented the fee distribution data from the fee program's inception through the end of December 2012. The total fund distribution to date is as follows: approximately \$438.4 million to MDE Line 1 (Wastewater Fund), \$59.8 million to MDE Line 2 (Septic Fund), and \$48.6 million to MDA Line 2 (Cover Crop Fund).
- Mr. Khuman stated that on Line 1 (Wastewater) in October the first installment collected due the new rate is shown, \$30.5 million. It is a little less than projected, but may be due to the method the counties' used to phase in the fees, some have prorated it, and others used either the old or new rate for the entire quarter. MDE will have a better estimation of the expected revenue when the next deposit is received. MDE is still projecting that the wastewater revenue will be in the \$100 million range in fiscal year 2013. It is expected to be slightly less than double last year's revenue because of exemptions. Also, the fee did not double for every jurisdiction in Maryland. Portions of Garrett County, all of Ocean City, and a small portion of Cecil County stayed at the fee rate of \$2.50 because they do not flow into the Chesapeake Bay or the Atlantic Bay Watershed.
- Similarly, on Line 2 (septics) the first installment in October is shown, \$9.2 million. The septic fee for most counties is now on the property tax bills, and some are doing direct billing of \$60 as a separate bill. The funding target for septics is expected to double to \$27 million.
- Mr. Boussein inquired about the progress of the BRF fee exemptions for low income households. Mr. Khuman stated that the local jurisdictions are required to have an exemption plan where low-income households are exempt from paying the BRF fee. MDE has only done a minimal survey inquiring how the plan is coming, and that MDE is required to approve them. Not all jurisdictions have made arrangements to handle hardship cases. Reminders were sent to the jurisdictions that did not have a plan approved by MDE stating they are required by law to have an exemption program, and that it is a requirement that the plan be approved by MDE. We are getting good responses and think all jurisdictions will establish an exemption program.

V. Onsite Sewage Disposal Systems (OSDS) Update

- Mr. Khuman provided the update on the Onsite Sewage Disposal Systems. The grants are being implemented. MDE awarded close to \$15 million to the local health departments and their partners. All jurisdictions received some money, and MDE is starting to see some bills come in, but the program has been slow. One indication is that last year we provided grants of about \$10 million and got back \$1.6 million as unused money. That money was added to the new money and awarded again this year.
- MDE met with the County health directors earlier today and stated that they need to aggressively pursue getting the Best Available Technologies (BATs) on the ground to eliminate/reduce the amount of unused money. There are four priorities; failing systems in critical areas, failing systems outside critical areas, any other upgrades and new construction in critical areas, and other upgrades and new construction outside the critical area. As a result, for the first time, some counties are now starting to authorize the BAT grant for new septic systems, because the statute allows it, and they do not have enough applicants in the higher priority areas.
- Ms. Raulin asked if any counties that returned money expressed issues concerning contractors having sufficient manpower to install the BAT systems. Mr. Khuman replied that the manufacturers do not lack manpower, but there may be some staffing issues at the local health department, where there is only so much they can handle in terms of outreach/marketing in the critical areas. It varies by county, but they all say that this year is better than last year.
- In addition, the counties have been discussing and exploring with their Departments of Public Works connecting areas with failing septic systems to the ENR WWTPs. MDE has provided guidance to the counties regarding how they could still meet the current statute, though the statute is restrictive. The counties are very concerned over this issue. The statute should either be fixed in such a way it allows areas with failing septic systems outside the PFA to connect to the ENR plant or by some other means to find ways to fund these under BRF. Under the State Revolving Loan Fund, the statute states MDE can go to a committee to seek an exemption on public health grounds. Such an exemption is not included for BRF funding. MDE thinks that this is an agenda for both MDE and MDP, and that Mr. Jay Sakai is the lead for MDE.

VI. Update on Cover Crop Activities

- Mr. Astle provided an update on the cover crop activities. The number of acres planted last year was about 429,000. This year's sign-up in June and July totaled 607,400 acres. The approved acres, 604,000, were slightly less due to all operators being required to be in compliance with nutrient management plans. In regards to the planted acres, Mr. Astle stated he is not permitted to disclose those numbers at this time, but it has been a good year.

Next Meeting

The next meeting will take place April 2013 on a Thursday.

Materials Distributed at the Meeting

- Meeting Agenda
- Previous Meeting Minutes (October 4, 2012)
- Wastewater Treatment Plants ENR Upgrade Status (January 17, 2013)
- Minor WWTP Upgrade Priority.
- BRF Fee Distribution Report through December 31, 2012

Attendance

Advisory Committee Members or Designees Attending:

Greg Murray, Chairman, Washington County Government
Don Bradley, Maryland Municipal League
James L. Hearn, Washington Suburban Sanitary Commission
Norman Astle, Maryland Department of Agriculture
Angela Butler, Maryland Department of Planning
John Leocha, Maryland department of Planning
Hilary Bell, Department of Budget and Management
Jennifer Raulin, Department of Natural Resources

Others in Attendance:

Julie Pippel, Washington County
Peter Bouxsein, Chesapeake Bay Foundation

Maryland Dept. of the Environment (MDE) Attendees:

Jag Khuman	Michael Kanowitz	Marya Levelev
Walid Saffouri	Heather Barthel	Dinorah Dalmasy
Rajiv Chawla	Elaine Dietz	David Costello
Sunita Boyle	Cheryl Reilly	Jim George
Tom Thornton		