

BAY RESTORATION FUND ADVISORY COMMITTEE

Maryland Department of the Environment
Aqua/Aeris Conference Rooms (MDE Lobby Area)
1800 Washington Boulevard
Baltimore, Maryland 21230
December 16, 2015
1:00 p.m. to 4:00 p.m.

Meeting Minutes

Welcome/Introduction

- The meeting was opened by Mr. Greg Murray, Chairman of the Bay Restoration Fund Advisory Committee and Administrator for Washington County.
- Mr. Murray welcomed the committee members and other attendees and introduced Secretary Mr. Ben Grumbles.
- Mr. Grumbles indicated that he recognized the importance of the work being done by the Bay Restoration Fund Advisory Committee and thanked everyone for their service.

Review of Meeting Minutes

- Previous meeting minutes from the September 10, 2015 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.
- Mr. Murray asked if anyone had any comments, questions, constructive criticism. Hearing none, they'll stand as presented.

Discussion

I. Update on Major WWTPs ENR Implementation

- Mr. Saffouri referenced the Wastewater Treatment Plants ENR Upgrade Status handout. The only change we have is Mayo started construction. To date there are 41 facilities in operation, 21 under construction, 3 in design, and 2 in planning, for a total of 67 facilities.

- Mr. Saffouri indicated that we have a few projects stuck at 98% or 99% complete. The reason being, ENR is very complicated, a lot of testing of the equipment, filters, repairs to the facilities, and getting everything started. It's taking a little bit longer for some of the facilities.

II. Update on Minor WWTPs ENR Upgrades

- Mr. Saffouri indicated that we added three minor facilities to the list, all being in Garrett County: Trout Run, Deep Creek Lake, and Accident. He mentioned that the only change in the previous list of projects is that Greensboro just went into construction.
- Mr. Murray asked, how some of the major/minors that are on the list are using BRF money? Mr. Saffouri answered; we're treating them the same way as the majors. For the BNR portion of the project, they're getting BNR funding. For the ENR they are getting BRF money.
- Mr. Bouxsein asked do you have any guess as to how many more minors we're likely to see over the next two or three years? Mr. Khuman responded, realistically not more than about five a year.

III. BRF Annual Status Report

- Mr. Saffouri indicated he was concerned that due to the holidays not everyone had the chance to read and comment on the BRF Annual Report. He indicated that he would give everyone an additional week for comments before he submits the final report.

IV. Update on Cover Crops

- Mr. Astle provided the update on the cover crop activities. He indicated that the software that is being developed with Towson University to make the Cover Crop Program a little easier for the 23 soil conservation districts is not going to be implemented next year. It will be implemented the following year, 2017. There have been some delays in negotiating the contract with Towson. There should be a pilot available next year, but full implementation would not be until 2017.
- Mr. Astle indicated that as far as the fall certifications, where the farmers report their planted acres, we've gotten the majority of that information from the soil conservation districts. We are probably half way through the data entry. We will probably finish within the first couple weeks of January 2016 and be able to report to the Governor the total amount of planted acres then. He added that we continue with processing of the fall certifications and fall claims, and also dealing with compliance issues at the same time. In order for farmers to get paid under the program, they must be in compliance with the nutrient management program.

V. Update on Onsite Sewage Disposal System (OSDS)

- Mr. Khuman started off by indicating that we had about \$750,000 worth of reversions from last fiscal year from the counties that did not spend all of the money. The money has been re-awarded on January 6th Board to folks that are moving ahead faster and could use more money.
- Mr. Khuman added that about 1.5 million have been awarded to local governments under HB12, the administrative fee for implementing the septic regulations. At mid fiscal year, we will reimburse them for the whole year. He added that we have a three year contract with the local health departments at this point.
- Mr. Prager indicated that we have made a second installment for the capital projects to install the BAT units, and what we are finding now that more often than not, counties are actually turning away grant applicants and asking them to apply on the next funding cycle. The counties may prefer to go to 50% grants to reach out to more people than turning them away. Mr. Prager added that counties are starting to use small portions of the grant to pay for connections to public sewers connected to ENR plants. He further indicated that he has someone working on a spreadsheet that shows where the BRF funded systems are located, and how much is being spent in each location for extensions and connections.
- Mr. Prager mentioned that the state of Maryland has entered into an interstate agreement with Virginia, West Virginia, Pennsylvania, and Delaware for data sharing on BATs. He added this will make it easier for a new company to come into Maryland and do business, will also make it easier on regulators, increase competition and possibly drive the costs down. Currently there are four manufacturers with six units. We hope to have two more by spring. Mr. Khuman added that the way we select vendors is by converting the total cost to cost per pound. So, if a higher cost system has a higher efficiency, this will create more competition amongst the vendors to figure what price point to bid for. He further added that we saw the second time around the bids were very competitive. There was practically no inflation from three years ago. This spring we are going to be putting out a new bid for the next three years.
- Mr. Khuman asked Mr. Prager if he would like to discuss regulatory reform. Mr. Prager indicated that the Governor had committed to regulatory reform and held a series of listening sessions, or town hall meetings, to hear what the business community and others felt about the impact of regulations had on the economy and business. He added that one of the things that came up was whether the requirement for BATs to serve new construction outside the critical area was necessary or not. This was a regulation that went into effect January 2013.

- Secretary Grumbles added that he and Secretary Craig, of the Department of Planning, and the Governor's Office absolutely want to form some type of a task force to pursue this recommendation further and see what it might entail and what the pros and cons and cost and benefits are of it. The Secretary further added that he will want sometime very soon to convene a large but manageable number of people in a meeting to have an update on the status of the technologies and the follow through on inspections and maintenance to see what the lay of the land is and where the efficiencies and to really look at it. Secretary Grumbles asked how many BAT onsite disposal systems there are in the state right now. Mr. Prager answered there are 10,214 total BATs installed in the state, and of those, 7,619 were funded through the BRF. Mr. Khuman added that there are a total of approximately 420,000 septic systems throughout the state.

VI. Update on BRF Fee Collection and Budget

- Mr. Khuman presented the fee distribution data from the fee program's inception through the end of October 31, 2015 shown on the last two pages of the handout from the Comptroller's office. He mentioned that in October when the first installment came in, \$37 million from the wastewater fund. It's a little higher by about \$2.5 million than the same period last calendar year. On the septic side in 2014 we had \$28 million, and in 2015 we had \$29 million. We should be the same as last year, in the \$29 million range, for fiscal year 2016.
- Mr. Khuman indicated that MDE sold \$180 million in bonds on November 17th. It was a competitive bidding. We ended up with 14 year terms at around 2.59. The bonds are premium bonds. These people want a 4 or 5 percent coupon, and even though the true rate is, let's say 2.54, the difference is paid to us as a premium up front, which is close to \$17 million in premiums. So, even though we sold \$180 million of bonds, we're getting about \$196 million of cash.

VII. Proposed Amendment to the BRF Regulations

- Mr. Khuman indicated that the amendment being proposed is to make the regulations consistent with the two changes at the last legislative session. He further added that the packet is in Annapolis and that it should hit the Maryland Register on December 28th. He further added that there will be no surprises; it is as was seen by the committee, just refined for clarity.
- Mr. Khuman indicated that there is a big meeting coming up on nutrient trading at Chesapeake College in January 2016.

Next meeting and other administrative issues to be discussed with the committee

The next meeting will take place on Wednesday, March 10th.

Materials Distributed at the Meeting

- Meeting Agenda
- Previous Meeting Minutes (December 16, 2015)
- Wastewater Treatment Plants ENR Upgrade Status (December 16, 2015)
- Program-to-Date BRF Fee Collection Report (through October 31, 2015)
- BRF Year-to-Date Collection Report (through October 31, 2015)
- BRF Quarter-to-Date Collection Report (through October 31, 2015)
- BRF Fee Distribution Report (through October 31, 2015)
- BRF Final Draft Annual Status Report (January 2016, 11th Report)

Attendance

Advisory Committee Members or Designees Attending:

Ben Grumbles, Secretary, MDE
Greg Murray, Washington County, Chairman
Fiona Burns, Department of Budget and Management
J.L. Hearn, WSSC
Peter Bouxsein, Chesapeake Bay Foundation
Cheryl Lewis, MML
Kevin Barnada, Health Department
Gabe Cohee, Department of Natural Resources
Norm Astle, Maryland Department of Agriculture
Angela Butler, Maryland Department of Planning
John Leocha, Maryland Department of Planning
Chris Murphy, Anne Arundel County DPW
Walid Saffouri, MDE
Jag Khuman, MDE

Others in Attendance:

Julie Pippel, Washington County
Kevin Nash, RK&K
Andrew Gray, DCS

Maryland Department of the Environment (MDE) Attendees:

Janice Outen	Heather Hepburn
Jay Prager	Joe Bratchie
Sunita Boyle	Cheryl Reilly
Rajiv Chawla	Heather Barthel
Teresa Wong	Matt Breitenother