

BAY RESTORATION FUND ADVISORY COMMITTEE

Maryland Department of the Environment
Aqua/Aeris Conference Rooms (MDE Lobby Area)
1800 Washington Boulevard
Baltimore, Maryland 21230
June 9, 2016

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.

Review of Meeting Minutes

- Previous meeting minutes from the March 10, 2016 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 or questions on the minutes. Hearing none, they will stand as presented.

Discussion

I. Update on Major WWTPs ENR Implementation

- Mr. Saffouri referenced the Wastewater Treatment Plants ENR Upgrade Status handout. To date there are 47 facilities in operation, 16 under construction, 3 in design, and 1 in planning, for a total of 67 facilities. Mr. Saffouri stated that there are few changes from the previous meeting. Emmitsburg, Annapolis, Seneca, Broadwater, Blue Plains and Ballenger Creek are in ENR operation.
- Six other facilities have progressed to above 90% construction completion and they are next in line to be completed.
- Conococheague, Westminster and Hampstead are the three facilities that are still in design phase. Bids were opened for Conococheague and it may be under construction before the next meeting.

- Princess Anne, Somerset County, is the only plant still in planning. The plant is being evaluated to determine whether it is able to achieve ENR level of treatment with only minor operational modifications.

II. Update on Minor WWTPs ENR Upgrades

- Mr. Saffouri provided the update also on minor facilities. Rising Sun has initiated the ENR operation, Galena started construction, and Oxford and Betterton are completing the design and may start construction very soon, possibly before the end of the year.

III. Update on Cover Crops

- Ms. Marose provided the update on the cover crop activities. She explained the handout on Maryland Agricultural Cost Share Program, which showed FY 2014, 2015, and 2016 total acreage planted categorized by the type of cover crops. Also provided, the FY 2015 expenditures toward the cover crop program. The program received \$13,275,098 from Chesapeake Bay Trust Fund and \$11,000,443 from Bay Restoration Fund for a total of \$24,275,542 in FY 2015.
- Ms Marose also stated that we had a record year with the sign up of 501,237 acres. However, depending on the weather conditions, acreage sign up may not remain at this level next year.

IV. Update on Onsite Sewage Disposal System (OSDS)

- Mr. Khuman provided the update on OSDS. Yesterday, June 8, 2016, we receive the Maryland Board of Public Works approval to provide up to \$14,000,000 in BRF-Septic grants to the counties for FY 2017. The purpose of this action is to allow for the continuation of the program to be able to start FY 2017 activities immediately after closing FY 2016 between June 20th and July 1st.
- By September 2016, we will determine which counties did not use all their FY 2016 awarded funds and closed the year some balances. At that time, we will seek the Board's approval to award the unused balances to the counties that have more demand. Usually, the second Board approval for this cycle of grants is received sometimes in January. Fortunately, most counties have figured a way to zero out their grants by the end of the fiscal year, so we expect the second Board action to be smaller than the previous years. Ultimately, the best news is that we are installing between 1,200 and 1,500 BATs per year.
- Mr. Khuman also provided a handout showing total BAT installations to date for each county, and categorized by funded and not funded, and within and outside the critical areas.
- Mr. Boussein noted that Prince George's County appears to be making some progress in BAT installations. Mr. Khuman reminded him that most of their installations are privately funded, and they are still not taking full advantage of BRF funding.

V. Update on BRF Fee Collection and Budget

- Mr. Khuman presented the Comptroller's report for May 31, 2016. The report consisted of fee collections from each county and Baltimore City since the program's inception to date, and the resulting distribution to MDE and MDA.
- Mr. Khuman provided more detailed information on the fund distribution. The January installment under Line 1, Wastewater Fund, is \$41.4 million, which is approximately \$13.5 million higher than last year's installment. This may result in higher revenue this year than our average (\$110 million). Septic Fund (Line 2) is also higher than usual as it is already close to \$26.7 million in total before the last installment.
- Mr. Khuman informed the committee that MDE is planning to issue more bonds for \$100 million in January or February 2017 to improve the program cash flow as we fund the remaining major facilities. \$180 million in bonds were issued last year.
- Upon the issuance of the last series of bonds next year, we expect to have a debt service of approximately \$40 million a year. In addition, \$10 million in O&M grants will be awarded annually to the upgraded plants that are meeting ENR. Out of the \$110 million annual revenue, this would leave approximately \$60 million available for capital projects. Minor plants are expected to use \$10 million. The remaining \$50 million can be used toward the recently extended use: sewer rehab, septic and nonpoint source projects.

VI. Grant Applications Received for BRF Extended Use:

- Mr. Khuman continued the discussion about the BRF extended use. WWTP ENR upgrades at the major and minor plants continue to have the priority to receive the funds. In FY 2017, funds not used by the WWTP upgrade (approximately \$80 million) are being allocated to sewer rehabilitation projects. In FY 2018, funds can be extended further to septic and stormwater projects.
- Mr. Boussein asked why we have this much money this year (\$80 instead of \$50 million) available for extended use. Mr. Khuman explained that this is dependent on when the debt services are due. The first payments toward the previously issued \$180 million bonds will not be due until next year. Also, the last bond series will not be issued until next year and payments will start to be due later. Ultimately, when all needed bonds are issued and their debt services are due, \$60 million will be available for capital projects (\$10 million for WWTP upgrades and \$50 million for use projects).
- Mr. Khuman added that even though septic and stormwater will become eligible in FY 2018, based on the current MDE priority system, sewer rehabilitation projects have taken all the extended use money in FY 2018 budget after accounting for WWTP upgrades. Currently, no

funds will be allocated to septic or stormwater in FY 2018. The trend is expected to continue in future years unless the priority system is changed.

- Mr. Bouxsein suggested that giving less points to consent orders and more weight to efficiency in the priority system such as cost per pound may move more money toward septic and stormwater. Mr. Khuman agreed.
- Mr. Ball stated that in addition to pounds, public health should also be given some weight. Also, he suggested that it appears as if we have a reward system for applicants with consent orders as they are benefiting with 30 points in the priority system.
- Mr. Khuman agreed to work on revising the system to balance out all these priorities.

VII. Next Meeting:

Mr. Murray reminded the committee of the next meeting, which has already been set on September 8, 2016.

Materials Distributed at the Meeting

- Meeting Agenda
- Previous Meeting Minutes
- Wastewater Treatment Plants ENR Upgrade Status
- Program-to-Date BRF Fee Collection Report (Comptroller Report)
- BAT Installations as of 06/01/2016
- MDA – Maryland Agricultural Cost Share Program (MACS)

Attendance

Advisory Committee Members or Designees Attending:

Greg Murray, Washington County
Walid Saffouri, MDE
Jag Khuman, MDE
J.L. Hearn, WSSC
Peter Bouxsein, Chesapeake Bay Foundation
John Leocha, Maryland Dept. of Planning
Betty Marose, Maryland Dept. of Agriculture
Susan Gore, Department of Budget and Management
Chris Murphy, Anne Arundel County DPW
Cheryl Lewis, Town of Oxford, MML
Gabe Cohee, Maryland Dept. of Natural Resources
Bill Ball, JHU

Others in Attendance:

Kelly Duffy, RK&K
Julie Pippel, Washington County
Katie Yoder, Washington County
Mary Vitale, Hazen and Sawyer

Maryland Department of the Environment (MDE) Attendees:

Rajiv Chawla
Joe Bratchie
Cheryl Reilly
Teresa Wong
Dan Laird
Sunita Boyle
Michael Miles
Matt Breitenother
Samantha Yates
Heather Hepburn
Heather Barthel