



Bay Restoration Fund Advisory Committee

Gregory B. Murray, Chairman

Annual Status Report January 2012

Report to:

Governor Martin O'Malley

The President of the Senate

The Speaker of the House

The Senate Education, Health, and Environmental Affairs Committee

The Senate Budget and Taxation Committee

The House Environmental Matters Committee

The House Appropriations Committee

Bay Restoration Fund Advisory Committee Members

Committee Members	Affiliation
Gregory B. Murray	Washington County
Robert M. Summers, Ph.D.	Maryland Department of the Environment
Delegate Barbara Frush	Maryland House of Delegates
James L. Hearn	Washington Suburban Sanitary Commission
Jenn Aiosa	Chesapeake Bay Foundation
Beverly Stinson, PhD	AECOM
William P. Ball, Ph.D.	Johns Hopkins University
Don William Bradley	Town of Hurlock
Jennifer Raulin	Maryland Department of Natural Resources
Wayne Green	Office of Comptroller of Maryland
John Leocha	Maryland Department of Planning
Allyson Black	Maryland Chamber of Commerce
Hilary Bell	Maryland Department of Budget & Management
Norman Astle	Maryland Department of Agriculture
Jennifer Vevan-Dangel	1000 Friends of Maryland

PURPOSE OF THIS REPORT

Section 1605.2 of Chapter 9 of the Environment Article requires that beginning January 2006, and every year thereafter, the Bay Restoration Fund (BRF) Advisory Committee must provide an update to the Governor and the General Assembly on the implementation of the BRF program, and report on its findings and recommendations.

EXECUTIVE SUMMARY

The Bay Restoration Fund Advisory Committee is pleased to present to Governor Martin O'Malley and the Maryland Legislature, its seventh annual Legislative Update Report. Great strides have been made in implementing this historic Bay Restoration Fund, but many challenges remain as we continue with the multi-year task of upgrading the State's wastewater treatment plants and onsite sewage disposal systems and the planting of cover crops to reduce nitrogen and phosphorus pollution in Chesapeake Bay.

Accomplishments

- As of August 30, 2011, the Comptroller of Maryland has deposited approximately \$352 million in the Maryland Department of the Environment (MDE) Wastewater Treatment Plant fund, \$42 million in the Maryland Department of Environment Septic Systems Upgrade fund, and \$37 million in the Maryland Department of Agriculture (MDA) Cover Crop Program fund.
- Enhanced Nutrient Removal (ENR) upgrades of the State's major sewage treatment plants are currently underway. Upgrades to 22 major facilities have been completed and are in operation. Upgrades to 18 other facilities are under construction, 13 are in design, and 10 are in planning. MDE is continuing to work to bring the remaining four major systems into the program by urging the facilities to proceed with the ENR upgrade and/or by adding nutrient loading limits and compliance schedules in the discharge permits.
- The Maryland Department of Agriculture dedicates its portion of BRF funds for the implementation of the statewide Cover Crop Program. In FY2011, farmers planted 400,331 acres attaining an estimated nitrogen reduction of 2.4 million pounds and representing, 123% of Maryland's Chesapeake Bay Program 2-year Milestone goal to be achieved by 2011. In FY2012 Maryland farmers applied to plant 570,000 acres of cover crops. Although acreage planted typically is less than that enrolled, farmers are projected to exceed the milestone goal of 355,000 acres planted in FY2012. MDA's portion of funds projected from BRF annually for cover crops support approximately 120,000 acres in the program. Additional funding was made available from the 2010 Chesapeake Bay Trust Fund in FY2011 to support increased level of participation. Cover crops are planted in the fall to tie up nitrogen remaining from the previous crop. They are recognized as the State's single most cost effective best management practice (BMP) available to control nitrogen movement to groundwater and subsequently the Bay. Cover crops also prevent soil erosion and improve soil quality.

- MDE was successful in implementing a programmatic change for the upgrades of Onsite Sewage Disposal System (OSDS), by which the Bay Restoration Fund Septic Best Available Technology (BAT) upgrade program is being implemented locally at the county level. MDE is no longer taking direct applications from homeowners. All the counties have subscribed to the new program through their County local health departments or third-party partners.
- MDE and Maryland Department of Planning (MDP) are continuing their efforts to implement the requirements of House Bill 893, which was passed in the 2006 session and requires MDE and MDP, in consultation with local governments to report on the impact that an ENR upgraded wastewater treatment plant has on growth in the jurisdiction it serves. As part of this report, MDE and MDP evaluated the impact during 2009 as required by the legislation.

Challenges

- The current estimate of the cost of completing the upgrades of the 67 major plants in Maryland is approximately \$1.384 billion. Under the current Bay Restoration Fund (BRF or Fund) fee schedule of \$2.50 per month per equivalent dwelling unit (EDU), the ENR program is generating \$55 million per year. MDE estimates that at the current fee level and with maximum 15-year term bonding, the fund can provide \$999 million in ENR grants, resulting in a projected funding shortfall of \$385 million. Given the current schedule of wastewater treatment plant upgrades, the BRF has sufficient revenue and bonding capacity to meet anticipated cash flow needs through FY 2012. In order to allow timely ENR grant awards and fully fund the planned construction within the timeline (FY 2017) outlined in the State's Watershed Implementation Plan, the recommended fee increase would have to be effective in FY 2013, on or before October 1, 2012.
- The Committee reevaluated all the options and is providing its recommendations to close the funding gap as part of this report.
- The United States Environmental Protection Agency (EPA), in coordination with the Bay watershed jurisdictions of Maryland, Virginia, Pennsylvania, Delaware, West Virginia, New York, and the District of Columbia (DC), developed and, on December 29, 2010, established the Total Maximum Daily Loading (TMDL) and a nutrient and sediment pollution diet for the Chesapeake Bay, consistent with Clean Water Act requirements. Maryland is developing its Phase II Watershed Implementation Plan (WIP), which is very likely to require some minor facilities to be upgraded with an Enhanced Nutrient Removal technology. None of the minor facilities (with a capacity of less than 0.5 million gallons per day) were targeted for funding and upgrade under the Bay Restoration Fund. Requiring some of these facilities to upgrade will further increase the funding gap, if Bay Restoration Funds are used. Therefore, the Committee considered the need to upgrade some of these facilities in its recommendation to close the funding gap.

Conclusions

- With the development and implementation of the BayStat process, MDE has improved its benchmarks and tracking of implementation efforts to ensure that projects remain on schedule.
- The Committee has evaluated all the options and is providing its recommendations to close the funding gap as part of this report. In reviewing the pros and cons of the five options detailed in this report (similar to the last report), the Committee determined that the only option that can offset most of the shortfall, and complete the ENR upgrades on schedule is to increase the BRF fee from \$2.50 to \$5 per month per EDU. Depending on the currently projected construction scheduling of the ENR upgrades, a \$90 million funding shortfall may remain even with the 100% fee increase because based on State debt affordability, the BRF may not be allocated additional bonding capacity. MDE will continue to work with DBM to address this shortfall within the State debt capacity. In the meantime, the committee will be discussing additional measures to address any potentially remaining shortfall. Since the remaining shortfall would be more dependent on the timing of the project construction schedules which may change the timing of cash flow needs, it may be mitigated with other options such as short-term local financing which can be reimbursed as BRF funds become available.
- Furthermore, the Committee recommends the same fee increase be applicable to septic users, which would double the revenue to allow for more OSDS upgrades and Cover Crops activities, thereby bringing Maryland closer to meeting its obligations under the Bay-wide Total Maximum Daily Loading (TMDL).

Programs and Administrative Functions

Comptroller's Office:

The role of the Comptroller of Maryland (CoM) is to act as the collection agent for the Bay Restoration Fund (BRF) and make distributions to the Maryland Department of the Environment (MDE) and the Maryland Department of Agriculture (MDA) as required.

In the third year of administering the BRF, the CoM began the compliance phase of the fee administration. The law specifies that the BRF shall be administered under the same provisions allocable to administering the sales and use tax. Granted that authority, the CoM began the audit process for both filers and non-filers of BRF quarterly reports.

For non-filers, CoM has begun contacting the billing authorities and users who have failed to file or pay the BRF and is obtaining sufficient documentation to make an assessment and begin collection activity. Federal government billing authorities and users have, to date, refused to participate in the BRF process. MDE secured an agreement with several defense organizations having wastewater treatment plants to upgrade their systems over a defined period of time and they were then exempted from the BRF by MDE. A copy of the agreement was provided by MDE to CoM, and those BRF accounts were subsequently placed on inactive status. The CoM has begun to audit billing authorities who are not collecting the BRF from federal agencies and will make assessments as appropriate against those billing authorities for those uncollected fees.

Additionally, the CoM is working with MDE to obtain historical flow data from billing authorities and users, which will be compared to returns filed by billing authorities and users to ensure accurate BRF returns have been filed and paid.

Maryland Department of the Environment:

Three units within the Maryland Department of the Environment (MDE) are involved in the implementation of the Bay Restoration Fund.

I. Maryland Water Quality Financing Administration:

The Maryland Water Quality Financing Administration (MWQFA) was established under Title 9, Subtitle 16 of the Maryland Code. MWQFA has primary responsibility for the capital budget development and financial management and fund accounting of the Water Quality Revolving Loan Fund, the Drinking Water Revolving Loan Fund and the Bay Restoration Fund. Specifically for the Bay Restoration Fund, the MWQFA is responsible for the issuance of revenue bonds, payment disbursements, and the overall financial accounting, including audited financial statements.

II. Engineering and Capital Projects Program:

The Engineering and Capital Projects Program (ECP) manages the engineering and project management of federal capital funds consisting of special federal appropriation grants and state revolving loan funds for water quality and drinking water projects. The Program also manages projects funded by State grant programs, including Bay Restoration Fund, Special Water Quality/Health, Small Creeks and Estuaries Restoration, Stormwater, Biological Nutrient Removal, and Water Supply Financial Assistance. There may be as many as 250 active capital projects

ranging in levels of complexity at any given time. Individual projects range in value from \$10,000 to \$150 million. A single project may involve as many as eight different funding sources and multiple construction and engineering contracts over a period of three to ten years. ECPP is responsible for assuring compliance with the requirements for each funding source while achieving the maximum benefit of funds to the recipient and timely completion of the individual projects. ECPP consists of two divisions: (1) the Bay Restoration Project Management Division; and (2) the Water and Wastewater Project Management Division.

III. Wastewater Permits Program:

The Wastewater Permits Program (WWPP) issues permits for surface and groundwater discharges from municipal and industrial sources and oversees onsite sewage disposal and well construction programs delegated to local approving authorities. Large municipal and all industrial discharges to the groundwater are regulated through individual groundwater discharge permits. All surface water discharges are regulated through combined state and federal permits under the National Pollutant Discharge Elimination System (NPDES). These permits are issued for sewage treatment plants, some water treatment plants and industrial facilities that discharge to State surface waters. These permits are designed to protect the quality of the body of water receiving the discharge.

Anyone who discharges wastewater to surface waters needs a surface water discharge permit. Applicants include industrial facilities, municipalities, counties, federal facilities, schools, and commercial water and wastewater treatment plants, as well as treatment systems for private residences that discharge to surface waters.

WWPP will ensure that the enhanced nutrient removal goals and/or limits are included in the discharge permit of facilities upgraded under the BRF. To accommodate the implementation of the Onsite Sewage Disposal System (OSDS) portion of the Bay Restoration Fund, the WWPP Deputy Program Manager has been designated as the lead for the onsite sewage disposal system upgrade program.

Maryland Department of Agriculture:

The Maryland Department of Agriculture (MDA) delivers soil conservation and water quality programs to agricultural landowners and operators using a number of mechanisms to promote and support the implementation of best management practices (BMPs). Programs include information, outreach, technical assistance, financial assistance and regulatory requirements under the 1998 Water Quality Improvement Act. Soil Conservation Districts are the local delivery system for many of these programs.

The Chesapeake Bay Restoration Fund provides a dedicated fund source to support the Cover Crop Program. In prior years, funding fluctuated and program guidelines were modified accordingly to try to get the best return on public investment. Results from a 2005 survey of 3000 farm operators, who had previously participated in MDA Water Quality Incentive programs, indicated that changing Cover Crop Program guidelines and funding uncertainty discouraged participation.

Surveys were also conducted in 2006, 2009, and 2010 and used to make program adjustments, with a goal to maximizing program participation and water quality benefits. The program also includes having one application for both the traditional cover crop program and commodity cover crop program rather than separate program applications. This increases flexibility for enrollment and

management at the farm level. In SFY 2011 and 2012 eligibility requirements consistent with findings from a scientific panel under the auspices of BayStat were continued. The incentive structure was adjusted to maximize nutrient reductions. In addition to incentives for early planting, farmers could receive increased payments for planting cover crops after corn or vegetables, planting cover crops on fields where manure was used as a nutrient source, planting rye, using certain tillage methods or planting in priority watersheds. In FY2012 base payment amounts were increased for traditional cover crops to offset increased costs for fuel and seed. With incentives payments ranged from \$25 per acre to \$100 per acre.

Funding available for FY2011 is approximately \$17.5 million, with \$5.6 million from BRF, and \$11.9 million from Chesapeake Bay 2010 Trust Fund. MDA had a record enrollment for FY2011 of over 570,000 acres or 160% of the 2011 Chesapeake Bay Milestone goal for cover crops. MDA enhanced its regular outreach program with news releases, print ads, direct mail, posters, 25' outdoor banners at feed mill and equipment dealer facilities, cover crop field signs, seed testing bags, bumper stickers and educational displays targeted toward farmers. Additionally inclement weather impacts to crop productivity influenced farmer decisions to enroll additional acres since projected harvest would be early allowing additional time for cover crop planting.

MDA administers the Cover Crop Program through the Maryland Agricultural Water Quality Cost Share Program or MACS. MACS program provides financial assistance to farm operators to help them implement approximately 30 BMPs. Cover crops are one of the most cost effective methods for tying up excess nitrogen from the soil following the fall harvest of crops. They minimize nitrogen loss caused by leaching into nearby streams and aquifers, prevent soil erosion and improve soil quality.

Maryland Department of Planning:

The Maryland Department of Planning (MDP) is a statutory member of Bay Restoration Fund Advisory Committee (BRFAC). The Department's general mandate is to advise State agencies, local governments, the General Assembly, and others on planning matters. More specifically, the Department is focused on implementation of Smart Growth policies and programs at all levels of government. Generally, the BRF program supports State Planning and Smart Growth policies to the degree that WWTP capacity is allocated to serve existing and new development in locally certified and State recognized Priority Funding Areas (PFAs).

Specific functions that MDP carries out that relate directly or indirectly to the BRF programs are summarized below. HB 893 enacted by the 2007 legislative session, added an additional BRF reporting responsibility which is discussed in another section.

1. State Clearinghouse Review

All State and federal financial assistance applications, including those for BRF funds are required to be submitted for review through the State Clearinghouse which is part of MDP. The Clearinghouse solicits comments on these applications from all relevant State agencies and local jurisdictions. The applicant and funding agency are subsequently notified of any comments received. This review ensures that the interests of all reviewing parties are considered before a project is sent forward for final federal or State approval.

2. Review and Comment on County Water and Sewerage Plans and Amendments

MDP is directed by law to advise MDE regarding the consistency of County Water and Sewerage Plans and amendments with “local master plan and other appropriate matters” (Environment Article § 9-507 (b)(2)). This includes review for consistency with State Smart Growth policy. MDP carries out this review and provides advisory comments to MDE for consideration before MDE makes an approval decision on Water and Sewerage Plans or amendments.

The law also requires that County Water and Sewerage Plans and amendments be consistent with the local master or comprehensive plans. Therefore, if a plan or amendment is not consistent with a comprehensive plan, it is subject to disapproval by MDE. Since facility construction, discharge, and other permits must also be consistent with the County Water and Sewerage Plans, the legal chain, from comprehensive plans to Water and Sewerage Plans to permits, helps to assure that all BRF projects are consistent with local comprehensive plans before funding is approved and construction can begin.

3. Priority Funding Areas (PFA)

One specific feature of State Smart Growth policy is the designation of Priority Funding Areas (PFAs). These areas are delineated by local governments in accordance with statutory criteria that focus on concentrating high density growth in and near existing communities. If the local PFA boundaries do not meet the legal requirements in the law, MDP would overlay a “comment area” delineation to so indicate. The PFA statute lists the specific State financial assistance programs that are required to focus their funding on projects inside the PFA, with certain specified exceptions. BRF funds and projects are not listed as a PFA covered program. The rationale for this was that BRF funds will only pay to upgrade existing treatment capacity and will not pay for any capacity expansions.

The BRF was enacted after PFA law and is not included in the list of State financial programs subject to it. As indicated in Table 1 on page 25, the number and percent of connections outside PFAs during any one year from 2007 to 2009 varied considerably, from lows of 1 connection and less than 1%, to highs of 514 connections and 19.4%. The numbers of connections and percentages are very consistent from year to year for each upgraded ENR WWTP.

HB 893, which is discussed further in another section, analyzes the current growth impacts of BRF activities within the service areas of the ENR upgraded wastewater treatment plants completed prior to January 1, 2010.

4. Local Comprehensive Plan Review and Comment

Local Comprehensive Plans must be prepared by every county and municipality in Maryland, pursuant to Article 66B of the Annotated Code. MDP provides comments on all draft local Comprehensive Plans and amendments. Through the Clearinghouse review process, other State agencies are also provided the opportunity to comment before they can be adopted by local governing bodies. However, since these plans are not subject to State approval, comments provided are advisory only. Depending on the wishes of the jurisdiction, MDP works closely with, and provides technical assistance to, local governments in the processes leading to adoption of local comprehensive plans. MDP advises them on planning issues and methods supporting State Planning and Smart Growth policies and practices.

Monthly BayStat Review of the BRF:

All BRF-funded ENR upgrades are closely monitored through planning, design, construction, and implementation by MDE, and are overseen monthly by the Governor through BayStat, a monthly meeting of cabinet-level state officials where updated Bay-related data are reviewed and discussed. MDE submits a monthly report to BayStat showing the status of each ENR upgrade; a recent BayStat ENR monthly report is available via this link:

http://www.mde.maryland.gov/water/cbwrf/pop_up/enr_status_map.asp

These monthly reports show expected completion dates for each step of the process at each location, and highlight delays and other key changes in status. BayStat meetings devote particular attention to those upgrades due to become effective during the current two-year Bay milestone period.

Bay Restoration Fund Status

The Bay Restoration Fund (BRF) fees collected from wastewater treatment plant users are identified as “Wastewater” fees and those collected from users on individual onsite septic systems as “Septic” fees. These fees are collected by the State Comptroller’s Office and deposited as follows:

- Wastewater fees (net of local administrative expenses) are deposited into MDE’s “Wastewater Fund.”
- Sixty percent (60%) of the Septic fees (net of local administrative expenses) are deposited into MDE’s “Septic Fund.”
- Forty percent (40%) of the Septic fees (net of local administrative expenses) are deposited into Maryland Department of Agriculture’s (MDA) “Septic Fund.”

The status of the cash deposits from the State Comptroller’s Office to MDE and MDA for each of the sub-funds identified above, as of August 30, 2011, is as follows:

Wastewater Fund (MDE 100% for ENR, Sewer Infrastructure and O&M grants)

<u>Sources:</u>		<u>Uses:</u>	
Cash Deposits	\$351,745,994*	Capital Grant Awards	\$540,900,315**
Cash Interest Earnings	\$ 22,997,739	Admin. Expense Allowance	\$ 5,276,190
Bond Proceeds	\$ <u>51,750,350</u>	Bond DS Payments	<u>\$ 13,980,801</u>
Total	\$426,494,083	Total	\$560,157,306

** As part of the Budget Reconciliation and Financing Acts, \$155 million & \$45 million (total \$200 million) of BRF fee revenue was transferred to the general fund in June 2010 and June 2011 respectively. Another \$90 million will be transferred in June 2012. The total of \$290 million transferred is being replenished as State General Obligation bonds - \$125 million in June 2010, \$146.825 million in June 2011 and \$18.175 million in June 2012 (subject to FY 2013 budget approval)*

*** Funds are awarded after construction bids have opened (expect for planning/design) and payment disbursements are made as expenses are incurred; additional revenue bonds issuance is projected as \$50M, \$170M, \$160M, \$100M in FY 2012 through FY 2015 respectively.*

<u>APPLICANT/ENR WWTP</u>	<u>GRANT AWARD</u>
Allegany Co/ Celanese ENR	2,333,382.00
Anne Arundel Co/ Annapolis WRF ENR	13,700,000.00
Anne Arundel Co/ Broadneck WRF	7,851,000.00
Anne Arundel Co/ BroadWater ENR	650,000.00
Anne Arundel Co/ Cox Creek WRF ENR Up	16,500,000.00

Anne Arundel Co/ MD City Facility ENR	500,000.00
Anne Arundel Co/ Patuxent WRF ENR	500,000.00
Baltimore City/Back River WWTP ENR	5,000,000.00
Baltimore City/Patapsco ENR	83,707,000.00
Bowie ENR	8,867,000.00
City of Brunswick/WWTP ENR	8,263,000.00
Cambridge ENR	8,944,000.00
Chestertown ENR	1,490,854.14
Crisfield WWTP ENR	4,230,766.00
Cumberland WWTP ENR	26,779,000.00
Delmar WWTP ENR	2,544,000.00
Denton WWTP ENR	4,609,000.00
Easton WWTP ENR	8,660,000.00
Elkton ENR	7,403,154.00
Emmitsburg WWTP ENR	50,000.00
Emmitsburg WWTP ENR II	435,000.00
Federalburg ENR	3,360,000.00
Fred. Co./ Ballenger Creek McKinney WWTP	31,000,000.00
City of Hagerstown/WWTP ENR II	10,857,000.00
Harford Co./ Joppatown ENR	888,000.00
Harford Co./ Sod Run ENR	4,283,000.00
Havre de Grace WWTP ENR	10,474,820.00

Howard County/Little Patuxent ENR	35,494,000.00
Hurlock WWTP ENR	941,147.75
Indian Head ENR	5,822,098.00
La Plata ENR Upgrade	9,378,000.00
Leonardtown WWTP ENR	510,000.00
MD Env Serv/Freedom District WWTP ENR	100,000.00
MD Env Serv/Correctional Instit. WWTP ENR	48,000.00
Mt Airy WWTP/ENR	3,354,144.00
Perryville ENR	3,888,168.00
Pocomoke WWTP ENR	3,224,000.00
Poolesville WWTP ENR	223,132.00
Queen Annes/ Kent Island ENR	6,380,645.09
Salisbury WWTP ENR	3,000,000.00
Snow Hill/BNR ENR	3,416,000.00
St. Mary's Co./Marlay Taylor Water Reclam.	1,600,000.00
Talbot Co/St Michaels ENR	1,978,698.78
Taneytown/WWTP ENR Up Planning & Des	310,000.00
Thurmont WWTP ENR	6,889,000.00
Washington Co./Winebrenner	100,000.00
Westminister WWTP ENR	20,000.00
WSSC/Blue Plains WWTP ENR	106,000,000.00
WSSC/Damascus WWTP ENR	5,235,000.00
WSSC/Parkway WWTP ENR	16,053,000.00

WSSC/Piscataway WWTP ENR 6,324,000.00

WSSC/Western Branch WWTP ENR 1,000,000.00

ENR SUBTOTAL

520,739,009.76

SEWER PROJECTS

Allegheny Co/ Braddock Run Interceptor 500,000.00

Balto City Gwynns Run Sewer 1,575,000.00

Balto. City Greenmount Br Sewer Interc. 2,300,000.00

Balto. City Greenmount Br Sewer Interc. II 1,000,000.00

Cumberland / CSO Elimination-Evitts Creek 1,539,000.00

Denton - Lockerman St. Lift Station 100,000.00

Emmitsburg/South Seton Ave Sewer Line 600,000.00

Federalsburg/Maple Ave Sewer 600,000.00

Frostburg Combined Sewer Overflow Phase IV 1,000,000.00

Frostburg CSO – Phase V 800,000.00

Frostburg CSO – Phase VI Elimination 1,100,000.00

City of Fruitland Infiltration & Inflow Sewer 800,000.00

Hagerstown/ Collection System Rehab 800,000.00

Havre DeGrace/ I&I Sewer Reduction 166,500.00

Mountain Lake Park - Sewer Rehab III 750,000.00

Port Deposit Inflow & Infiltration Reduction 178,199.00

Secretary/Gordon Street Lift Station 150,000.00

Secretary Infiltration/Inflow Reduction	172,068.00
St. Mary's METCOM/Evergreen Park Sewer	203,714.00
St. Mary's METCOM/Piney Pt. Sewer Repair	465,559.00
Talbot/St Michaels Sewer & Upgrade	1,000,000.00
Talbot/St Michaels Reg.II Sewer & Upgrade	450,000.00
City of Taney Town/Balt St Water Main	200,000.00
Thurmont / Sewer Line Rehab	947,000.00
Washington Co. Halfway Inflow/Infiltration Reduction	200,000.00
Westernport CSO	936,000.00
Westernport CSO/ Elim Philos Ave Area	1,032,519.00
Town of Williamsport/Inflow & Infiltration Red.	383,226.00

SEWER SUBTOTAL

19,948,785.00

O&M PROJECTS

Allegany Co./ Celanese	36,000.00
Brunswick, City of	8,400.00
Chestertown, Town of	9,450.00
Easton, Easton Utilities	72,000.00
Hurlock, Town of	29,700.00
Queen Anne's Co. / Kent Island	54,000.00
Talbot Co. / Region II	2,970.00

O&M PROJECT SUBTOTAL

212,520.00

TOTAL (ENR, SEWER and O&M)

540,900,314.76

Septic Fund (MDE 60% for On-Site Disposal System upgrades except 22.4% in FY 2010)

<u>Sources:</u>		<u>Uses:</u>	
Cash Deposits	\$42,298,679	Capital Grant Awards	\$50,279,675**
Cash Interest Earnings	<u>\$ 2,345,510</u>	Admin. Expense Allowance	<u>\$ 3,383,894</u>
Total	\$44,644,189	Total	\$53,663,569

*** Funds are awarded to Counties/Partners at the beginning of each FY. Payment disbursements are made as BATs are installed and expenses are incurred.*

<u>APPLICANT</u>	<u>GRANT AWARD</u>
Allegany Co. (FY11)	22,860.00
Allegany Co. (FY12)	50,000.00
Anne Arundel Co Health Dept.	2,448,863.52
Anne Arundel Co. (FY11)	1,761,848.00
Anne Arundel Co. (FY12)	1,901,000.00
Baltimore Co. (FY11)	249,000.00
Baltimore Co. (FY12)	250,000.00
Calvert Co Dept of Planning/Zoning	932,401.18
Calvert Co. Planning & Zoning #2	1,373,797.66
Calvert Co. (FY11)	842,500.00
Calvert Co.(Prince George's Co.) (FY11)	95,000.00
Calvert Co. (FY12)	866,000.00
Canaan Valley Institute (Frederick Co.)	631,907.05
Canaan Valley Inst.(Fred. Co.) (FY11)	200,000.00
Canaan Valley Inst.(Fred. Co.) (FY12)	100,000.00
Canaan Valley Inst. (Howard Co.) (FY11)	94,500.00
Canaan Valley Inst. (Howard Co.) (FY12)	100,000.00
Canaan Valley Inst.(Montgomery Co.) (FY11)	157,000.00

Canaan Valley Inst.(Montgomery Co.) (<i>FY12</i>)	105,000.00
Canaan Valley Institute/Washington #2	738,384.55
Canaan Valley Inst. (Wash.Co.) (<i>FY11</i>)	134,500.00
Canaan Valley Inst. (Wash.Co.) (<i>FY12</i>)	144,000.00
Caroline Co Health Dept.	144,000.00
Caroline Co Health Dept.#2	274,071.60
Caroline Co. (<i>FY11</i>)	247,000.00
Caroline Co. (<i>FY12</i>)	230,000.00
Carroll Co. (<i>FY11</i>)	128,500.00
Carroll Co. (<i>FY12</i>)	100,000.00
Cecil Co. Health Dept.	591,165.46
Cecil Co. (<i>FY11</i>)	496,500.00
Cecil Co. (<i>FY12</i>)	487,000.00
Charles Co Health Dept.	601,817.08
Charles Co Health Dept. II	631,837.37
Charles Co. (<i>FY11</i>)	246,000.00
Charles Co. (<i>FY12</i>)	200,000.00
Dorchester Co. Health Dept.	409,000.00
Dorchester Co. (<i>FY11</i>)	767,500.00
Dorchester Co. (<i>FY12</i>)	687,000.00
Garrett Co. (<i>FY11</i>)	100,000.00
Garrett Co. (<i>FY12</i>)	100,000.00
Harford Co. Health Dept.	547,480.46
Harford Co. (<i>FY11</i>)	133,500.00
Harford Co. (<i>FY12</i>)	100,000.00

Kent Co Dept. of Water/WW	597,000.00
Kent Co. (FY11)	470,000.00
Kent Co. (FY12)	273,000.00
MD DNR - Queen Anne's Co.	0.00
Queen Anne's Co. (FY11)	833,602.50
Queen Anne's Co. (FY12)	851,000.00
St.Mary's Co. (FY11)	707,337.00
St.Mary's Co. (FY12)	907,000.00
Talbot Co Dept. of Natural Resources	1,168,000.00
Talbot Co. (FY11)	563,500.00
Talbot Co. (FY12)	557,000.00
Wicomico Co Health Dept.	770,601.29
Wicomico Co Health Dept.#2	1,395,362.84
Wicomico Co. (FY11)	310,658.50
Wicomico Co. (FY12)	355,000.00
Worcester Co Dept. of Environ. Programs	1,124,912.13
Worcester Co.-(Somerset Co. FY11)	358,000.00
Worcester Co.-(Somerset Co. FY12)	339,000.00
Worcester Co. (FY11)	311,500.00
Worcester Co. (FY12)	241,000.00

County Septic SubTotal (ITD)	32,554,408.19
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DIRECT SEPTIC GRANTS:

Ind Septic Grants: Inception thru FY'11	17,725,266.58
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Individual Septic Total (ITD)	17,725,266.58
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TOTAL SEPTIC

50,279,674.77

Septic Fund (MDA 40% for Cover Crops)

Sources:

Cash Deposits* \$36,923,269

Uses:

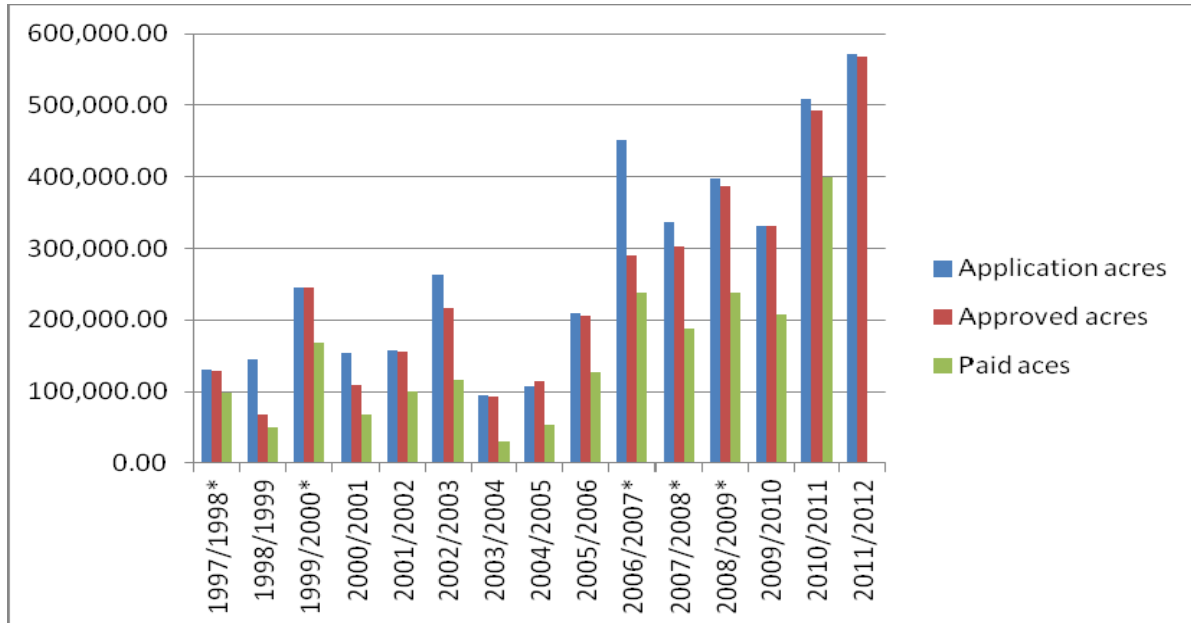
Grant Awards \$31,746,702

Admin. Expense \$ 1,026,230

Total \$32,772,932

*Cumulative revenue and expenditures as of 6/30/2011

Historically there is attrition between acres approved for funding and actual payments for cover crops planted under the Maryland Agricultural Water Quality Cost Share Program. The main cause of reduced acreage is one of time and labor availability in the fall planting of cover crops after harvest. Related causes are delays caused by weather and other uncontrolled factors. The chart below illustrates the “typical” program attrition profile.



Potential Funding Gap and Recommended Action:

At the time of 2004 legislation, there were no Wastewater Treatment Plant (WWTP) specific engineering studies completed and MDE estimated the ENR cost for the 66 WWTP (later increased to 67 as Hampstead WWTP was added) based on the Department's experience with the Biological Nutrient Removal (BNR) upgrades. In 2004, MDE testified that the ENR upgrades would cost between \$740 million and 1 billion. Based on the Engineering News-Record Construction (inflation) Index, the \$740 million to \$1.00 billion in 2004 would be equivalent to \$1.0 to \$1.4 billion at mid-construction in 2013. Specifically, the following factors attributed to the cost (currently at \$1.384 billion) to be closer to the upper interval of MDE's original estimates:

- **Inflationary and Economic Impacts:** Based on the Engineering News-Record Construction Index, the \$740 million in 2004 are equivalent to \$1 billion today. In addition, the program was initiated during sharp increase in costs of construction during the "housing bubble," and high uncertainties in the bidding environment. In some cases, bids came more than 50% higher than the final design estimates, which are usually within 10% of the bids.
- **Restrictive Site Conditions:** Shortly after the estimates for the 2004 legislative session were developed by MDE, an EPA funded study, titled Refinement of Nitrogen Removal from Municipal Wastewater Treatment Plants, was completed in December 2004. The study provided very preliminary evaluation for a sample of 20 plants and advised that some plants such as Cox Creek had no space for additional tankage to achieve ENR level of treatment. After the completion of the more detailed feasibility studies for each specific plant, Patapsco, Ballenger Creek, and Cox Creek were found to have this challenging restriction. Very expensive technologies were needed and are being constructed at these plants in order to address their restrictive site conditions. The cumulative increased in cost for these three plants is over \$320 million.
- **Cost Containment Versus Compliance:** While MDE engineers work diligently with local governments and their engineers to contain and reduce the project cost, sufficient attention has to be given to the integrity of the design to ensure its ability to meet the project's objectives for nutrient reduction goals and permit compliance. This has been a difficult balance to achieve and in some cases more compliance assurances were provided at a higher cost.

In addition to the above factors, at the time of the initial legislation, the fiscal note was based on MDE intention to issue 20-year term bonds. After the passage of the legislation, the State Treasurer's Office, in consultation with bond counsel concluded that the Bay Restoration Fee should be treated the same way as State General Obligation Debt for purposes of determining the "maximum" bond term. Under the Maryland constitution, the General Obligation debt term cannot exceed 15-years. Based on this, the MDE was not able to issue bonds longer than 15 years and this limitation resulted in ~\$100 million reduction in bond revenues available for ENR upgrades.

MDE's current estimate for ENR upgrade of the 67 majors is \$1.384 billion. This does not include non-ENR costs that the WWTP owners pay using local funds. The \$1.384 billion also does not include the cost for ENR upgrade of currently "minor" WWTPs (flow < 0.50 MGD) that may undertake ENR in the future to comply with Chesapeake Bay wide Total Maximum Daily Loading

(TMDL) or any other compliance issue attributable to local water quality needs. It is estimated, the ENR cost for minor WWTP upgrades would be \$170 million (Attachment 2).

Under the current Bay Restoration Fund (BRF or Fund) fee schedule of \$2.50 per month per EDU, the ENR program is generating \$55 million per year. MDE is estimating that at the current fee level and with maximum 15-year term bonding, the fund can provide \$999 million in ENR grants, resulting in a projected funding shortfall of \$385 million.

In the most recent Bay Restoration Fund Advisory Committee (BRFAC) annual report (January 2010), the committee identified five options to eliminate the funding shortfall. The financial impact of these options is summarized below:

a. Increase the Bay fee, which is currently \$2.50 per month per Equivalent Dwelling Unit (EDU), or \$30/yr per EDU. This option requires legislative approval.

Based on the current ENR cost estimated at \$1.384 billion, a fee increase of at least 100% or additional \$30/yr per EDU will be needed. When combined with other measures, this option can fully fund the ENR cost with 100% grants. Due to the State debt ceiling limitations, it is likely that MDE will not be able to fully leverage the increased fee in the next few years. If no additional revenue bonds are permitted (above the \$530 million already authorized), even with a 100% increase in fee, a shortfall of up to \$90M (\$20M in FY 2015 and \$70M in FY 2016) remains and may need to be addressed using other measures.

The table below shows the funding capacity and shortfall with 100% fee increase and no additional revenue bond leveraging prior to FY 2017:

Option	A	B
Fee Increase (%)	0%	100%
Fee Increase/Yr (\$)	0	30
New Fee/Yr (\$)	30	60
Sources of Funding		
WQFA Bonds (\$M)	530	530
Cash etc. (\$M)	469	764
Total ENR Funding (\$M)	999	1,294
Shortfall/Surplus (\$M) if no added bonding capacity is allowed	-385	-90

b. Reduce the ENR grant, which currently is at 100% of eligible costs. This option does not require legislative approval as the law states that funding can be provided for up to 100% of eligible costs.

Excluding the ENR grants already awarded or committed for projects thru FY 2012 (\$884 million), the ENR cost of future construction (FY 2013 and beyond) is estimated to be \$500 million. Under the current fee, with \$114 million of future (FY 2013+) funding available to finance \$500 million of needs, will require the grant reduction to say 23% (rather than 100%) for all future ENR construction projects, starting in FY 2013.

Under this option, the projects that have yet to undertake ENR will have to pay for 77% of the capital cost using local funds. This creates an inequity as most projects have already initiated or completed the construction with 100% in ENR grants, while others in the future will not.

c. Reprioritize the upgrade of the 67 ENR projects while delaying or not undertaking the upgrade of certain WWTPs. This option does not require legislative approval as prioritization can be completed in accordance with the existing law. However, the requirements under the Bay Total Maximum Daily Loading (TMDL) need to be considered.

The projected funding shortfall is ~\$385 million. The future projects that would have to be delayed to offset the large shortfall would have to be the high cost projects such as:

<u>WWTP</u>	<u>Est. ENR Cost</u>	<u>Nitrogen Reduction</u>
Back River	\$ 265 million	2,193,000 lbs/yr
Cox Creek	\$ 110 million	183,000 lbs/yr

The Back River alone accounts for 17% of the total nitrogen reduction goal of 7.65 million lbs/yr targeted from point sources under the Chesapeake Bay Tributary Strategy Implementation Plan (August 2007). Delaying these projects is not a viable option to meet the Bay TMDL.

d. Seek Bay Restoration Fund statutory changes that allow the BRF revenues to make debt service payment on bonds issued by local governments (for ENR eligible costs) that have a term of up to 30 years. MDE should seek legislative approval to make this option available even if MDE and local governments later decide not to exercise the option.

Under this option some of the local governments would issue local 30-year bond debt with BRF as source of revenue for payment of debt service. This option was proposed under HB 70 (2010 session) and later withdrawn. This option could have increased the funding capacity by ~\$90 million to partially offset the projected \$385 million funding shortfall. Under this option, the fee would have been used to pay local ENR debt over a 30-year period rather than over 15-years, and the fund would have reduced future funding capacity. Clearly, this option alone would have not generated sufficient funds to meet the anticipated shortfall, but could have been used in conjunction with the fee increase. However, this option did not receive sufficient legislative support at the time. This option could be revisited in the future.

e. Seek Bay Restoration Fund statutory changes to discontinue the annual operation and maintenance (O&M) grants, which can use up to \$5 million of the fund annually.

This option would increase one-time funding capacity by ~\$50 million every 15 years, to partially offset the projected \$385 million funding shortfall, and will be objectionable to WWTP owners. The legislative intent of the O&M grant was to provide a small subsidy to upgraded WWTP operators, recognizing that once an ENR upgrade was complete, the WWTP operating costs would increase.

Recommendation

In reviewing the pros and cons of the five options above, the only option that can, with other measures, fully offset the shortfall, and complete the ENR upgrades on schedule is to increase the BRF fee from \$2.50 to \$5 per month per EDU.

Depending on the currently projected construction scheduling of the ENR upgrades, a \$90 million funding shortfall may remain even with the 100% fee increase because based on State debt affordability, the BRF may not be allocated additional bonding capacity. MDE will continue to work with DBM to address this shortfall within the State debt capacity. In the meantime, the committee will be discussing additional measures to address any potentially remaining shortfall. Since the remaining shortfall would be more dependent on the timing of the project construction schedules which may change the timing of cash flow needs, it may be mitigated with other options such as short-term local financing which can be reimbursed as BRF funds become available.

Furthermore, the Committee recommends the same fee increase be applicable to septic users, which would double the revenue to allow for more OSDS upgrades and Cover Crops activities, thereby bringing Maryland closer to meeting its obligations under the Bay-wide Total Maximum Daily Loading (TMDL).

The BRF provides dedicated funding for 120,000 acres of cover crops in the MDA Winter Cover Crop Program. Maryland's Chesapeake Bay Program 2-year Milestone goal for FY 2012 includes 355,000 acres to be planted to cover crops, which will require \$18M of dedicated funding. Current BRF funding is approximately \$5.6M annually.

While the Chesapeake Bay 2010 Trust Fund has provided funding support for the Cover Crop Program in recent years, additional CBRF funding will provide greater assurance to achieve future milestones under Maryland's Chesapeake Bay Program and/or the Bay TMDL through a dedicated fund source.

Similarly, there is a huge demand on the OSDS side. The Bay TMDL Watershed Implementation Plan (the Plan) calls for requiring the retrofit of all septic systems in the Critical Area with the Best Available Technology (BAT) for nitrogen removal. This represents additional 27,552 BAT upgrades at a total estimated cost of \$358 million. If these upgrades are initiated in 2012, as the Plan states, and completed by the year 2017 milestone (within 5 years), and if they are to be fully funded by BRF (Septic Fund), it would require an average of \$72 million per year. The fund currently provides only \$8.5 million per year. While the fee increase alone will not achieve this goal, it may greatly assist in the implementation of a phased-in upgrade program.

Wastewater Treatment Plant Upgrades With Enhanced Nutrient Removal (ENR)

Status of Upgrades:

The Maryland Department of the Environment (MDE) is implementing a strategy known as Enhanced Nutrient Removal (ENR) and is providing financial assistance to upgrade wastewater treatment facilities in order to achieve ENR. The ENR Strategy and the Bay Restoration Fund set forth annual average nutrient goals of WWTP effluent quality of Total Nitrogen (TN) at 3 mg/l as “N” and Total Phosphorus (TP) at 0.3 mg/l as “P”, where feasible, for all significant wastewater treatment plants with a design capacity of 0.5 million gallons per day (MGD) or greater. Other wastewater treatment plants may be selected by the Department for upgrade on a case-by-case basis, based on the cost effectiveness of the upgrade, environmental benefits and other factors. Specifically, Maryland’s 67 major sewage treatment facilities are targeted for the initial upgrades.

ENR upgrades are underway at many plants, and to date, 22 major facilities and one minor have been completed and are successfully in operation. 18 other facilities are under construction, 13 are in the design stage, and 10 are in the planning stage. MDE is continuing to work to bring the remaining four major systems into the program by urging the facilities to proceed with the ENR upgrade and/or by including nutrient loading limits and a compliance schedule in the discharge permits.

As an estimate of the total benefit of the completed projects, the following load reductions were determined based on the difference between what would be the facility’s load without the upgrade versus the load with the upgrade at the ultimate design capacity. These load reductions would allow the upgraded facilities to maintain their Tributary Strategy loading caps of nitrogen and phosphorus even after reaching their design capacity with the 20-year projected growth.

The following are the facilities that have completed the upgrade and are in operation:

No.	Facility	Design Flow In Million Gallons Per Day (MGD)	Date Completed	Nitrogen Load Reduction At Design Flow (Lbs/year)	Phosphorus Load Reduction At Design Flow (Lbs/year)
1	Hurlock	1.650	May 2006	70,000	8,500
2	Celanese	2.000	Nov. 2006	85,000	10,300
3	Easton	4.000	June 2007	49,000	20,700
4	Kent Narrows	3.000	Aug. 2007	128,000	15,500
5	APG-Aberdeen (Federal) ¹	2.800	Mar. 2006	119,000	14,500
6	Swan Point (Expanded Minor) ¹	0.600	May 2007	25,000	3,100
8	Mattawoman ¹	20.000	Nov 2007	244,000	103,600
7	Chestertown	0.900	June 2008	64,000	7,800
9	Brunswick	1.400	Sept. 2008	60,000	7,200
10	St. Michaels	0.660	Oct. 2008	28,000	3,400
11	Indian Head	0.500	Jan. 2009	21,000	2,600
12	Elkton	3.050	Dec 2009	130,000	15,800
13	Havre De Grace	2.275	May 2010	28,000	11,800
14	Poolesville	0.750	Jul 2010	9,000	3,900

15	Federalsburg	0.750	Aug 2010	32,000	3,900
16	Crisfield	1.00	Aug 2010	43,000	5,200
17	Boonsboro (Expanded Minor) ¹	0.530	Oct 2010	22,000	2,700
18	George's Creek	0.600	Nov 2010	25,000	3,100
19	Mount Airy	1.200	Nov 2010	15,000	6,200
20	Perryville	1.650	Dec 2010	70,000	8,500
21	Hagerstown	8.000	Dec 2010	97,000	41,400
22	Cumberland	15.000	Feb 2011	183,000	77,700
23	Bowie	3.300	Feb 2011	40,000	17,100

¹ No BRF funding was provided

Chesapeake Bay TMDL Implications:

In early November, 2009, the US Environmental Protection Agency (EPA) officially transmitted the Watershed Implementation Plan (WIP) guidance and working target loads to the Bay States and Washington DC. Current model estimates are that the States' Bay water quality standards can be met at basin-wide loading levels of 200 million pounds of nitrogen per year and 15 million pounds of phosphorus per year. Maryland's current target loads are 41.04 million pounds of nitrogen per year and 3.04 million pounds of phosphorus per year by 2025

Maryland submitted its draft Phase I of the Plan on September 1, 2010 in accordance with the directions and guidance of EPA. The Plan identified 75 strategy options to reduce nitrogen, phosphorus, and sediments from wastewater, urban run-off, septic, agriculture and air pollution sectors. Maryland estimates that these strategies will provide a total reduction of 9.48 million pounds of nitrogen, which is approximately 31% more than is needed to meet Maryland's 70% reduction goal by 2017. The other Bay States and Washington DC also submitted their draft Phase I Plans to EPA.

On December 29, 2010, EPA issued its Final Chesapeake Bay TMDL presenting a pollution "diet" to restore and protect the Bay and accepted Maryland's Final Phase I WIP. During 2011 Maryland has been working with local teams to develop a Phase II WIP for the Chesapeake Bay. The Phase II WIP is part of a 3-phased planning process to achieve nutrient and sediment clean-up goals for the Chesapeake Bay. The Phase II WIP will refine the Phase I plan to include more local details about where and how nutrient and sediment loads will be reduced to clean up the Bay.

Maryland's strategy in developing segmentshed waste load allocations (WLA) is to assume that point source cap will achieve the WLAs through the ENR upgrades. To ensure the success of Maryland's TMDL strategy and to allow for attaining 70% load reductions by 2017, ENR upgrades for major facilities need to be completed before that year. In addition, as WLAs are further developed, some minor facilities within certain segmentshed may be required to upgrade to ENR.

Update on Fees from Federal Facilities

On July 19, 2006, the State of Maryland and the Department of Defense (DoD) signed a Memorandum of Understanding (MOU) to resolve a dispute regarding the applicability of the Bay Restoration Fee to DoD. The State's legal position is that the federal government is not exempt from paying the Bay Restoration Fund (BRF) fee; however, the DoD asserts that the BRF fee is a tax and that the State may not tax the federal government. On July 19, 2006, with the advice of

counsel, the State chose to settle the matter with DoD rather than to litigate. In the MOU, neither party concedes any legal position with respect to the BRF fee. The MDE has agreed to accept DoD’s proposal to undertake nutrient removal upgrades at certain DoD-owned wastewater treatment plants at its own expense (estimated cost \$22.5 million) in lieu of paying the BRF fee. No other Federal agency is exempt from paying the BRF fee under this MOU.

Three DoD facilities, Aberdeen Proving Ground – Aberdeen, Fort Meade, and Naval Station – Indian Head, have been upgraded to achieve ENR level of treatment. It should be noted that the upgrade at Aberdeen Proving Ground – Aberdeen facility was intended to achieve seasonal ENR. At the current flow of approximately 0.8 MGD (less than 30% of the design capacity of 2.8 MGD), the facility has been able to achieve ENR level of treatment on annual averaged basis. The City of Aberdeen (the current owner) is evaluating the plant’s performance to identify any additional improvements would be needed to be able to continue to achieve ENR on annual basis at the design capacity.

MDE will continue to work with DoD to upgrade the other facilities as specified in the MOU. The goal was to complete the targeted DoD facilities and be in compliance with ENR effluent limits by 2012. Specifically, the following are the targeted DoD facilities with their projected construction completion and compliance dates:

DoD Facility	Current Status	Anticipated Construction Completion
Fort Detrick	Construction Permit was issued	December 2013
Aberdeen Proving Ground – Edgewood	Evaluating options	December 2016

Annual Operation and Maintenance Grants for the Upgraded Facilities:

Starting in fiscal year 2010 (FY 2010), the BRF legislation allows up to 10 percent of the annual fee generated from users of wastewater treatment facilities to be earmarked to provide grants for a portion of the operation and maintenance costs of the enhanced nutrient removal technology. To ensure that each upgraded facility receives a reasonable and fair amount of grant, MDE, in consultation with the Advisory Committee, is allocating the annual operation and maintenance grant at a rate of up to \$18,000 per million gallons per day of design capacity of the facility not to exceed \$216,000 per facility.

A total of \$212,520 were authorized and expended in FY 2010. MDE requested authorization for \$1,000,000 in FY 2011 and FY 2012 for the annual operation and maintenance grant. However, no additional grant funds were authorized to MDE for this purpose under FY 2011 and FY 2012 budgets. MDE intends to continue with this program and is requesting \$1,500,000 under FY 2013 budget.

House Bill 893 Implementation

House Bill 893, enacted on April 24, 2007, requires that: “Beginning January 1, 2009, and every year thereafter, the Department (MDE) and the Department of Planning shall jointly report on the impact that a wastewater treatment facility that was upgraded to enhanced nutrient removal during the calendar year before the previous calendar year with funds from the Bay Restoration Fund had on growth within the municipality or county in which the wastewater treatment facility is located.”

As required by this legislation, MDP and MDE have advised the Bay Restoration Fund Advisory Committee regarding the best available information and the analysis of that data to address this mandate.

Available Capacity

This report addresses the following Bay Restoration Fund financed facilities that were upgraded to ENR with Bay Restoration Fund and were completed prior to January 1, 2011. The chart below illustrates that some of the plants increased capacity at the time of the ENR upgrade, and compares the actual 2010 flow with the original design capacity.

Facility	Design Capacity (MGD)		Actual 2010 Flow	
	Original	Approved At Upgrade	(MGD)	% of Original Design Capacity
Celanese, Allegany County	2.000	2.000	1.427	71%
Town of Easton, Talbot County	2.350	4.000	2.650	113%
Town of Hurlock, Dorchester County	2.000	1.650	1.219	61%
Kent Island (KNSG), Queen Anne's County	2.000	3.000	1.823	91%
City of Brunswick, Frederick County	0.700	1.400	0.446	64%
Town of Chestertown, Ken County	0.900	0.900	0.832	92%
Talbot Region II, Talbot County	0.500	0.660	0.376	75%
Town of Indian Head, Charles County	0.500	0.500	0.365	73%
Town of Elkton, Cecil County	2.700	3.050	1.933	72%
City of Havre De Grace, Harford County	1.890	3.300	1.293	68%
Town of Poolesville, Montgomery County	0.750	0.750	0.621	83%
Town of Federalsburg, Caroline County	0.750	0.750	0.303	40%
City of Crisfield, Somerset County	1.000	1.000	0.538	54%
Town of Mount Airy, Carroll County	1.200	1.200	0.714	60%
George’s Creek, Allegany County	0.600	0.600	0.582	97%
Hagerstown, Washington County	8.000	8.000	6.950	87%

Except for the Town of Easton, all of the above facilities continue to be below the original design capacity before the upgrade. MDP analysis below will further evaluate the Town of Easton’s service area and the ENR impact on the town’s growth. MDP analysis also identifies whether or not the growth is within the State designated Priority Funding Area (PFA). Since BRF is not

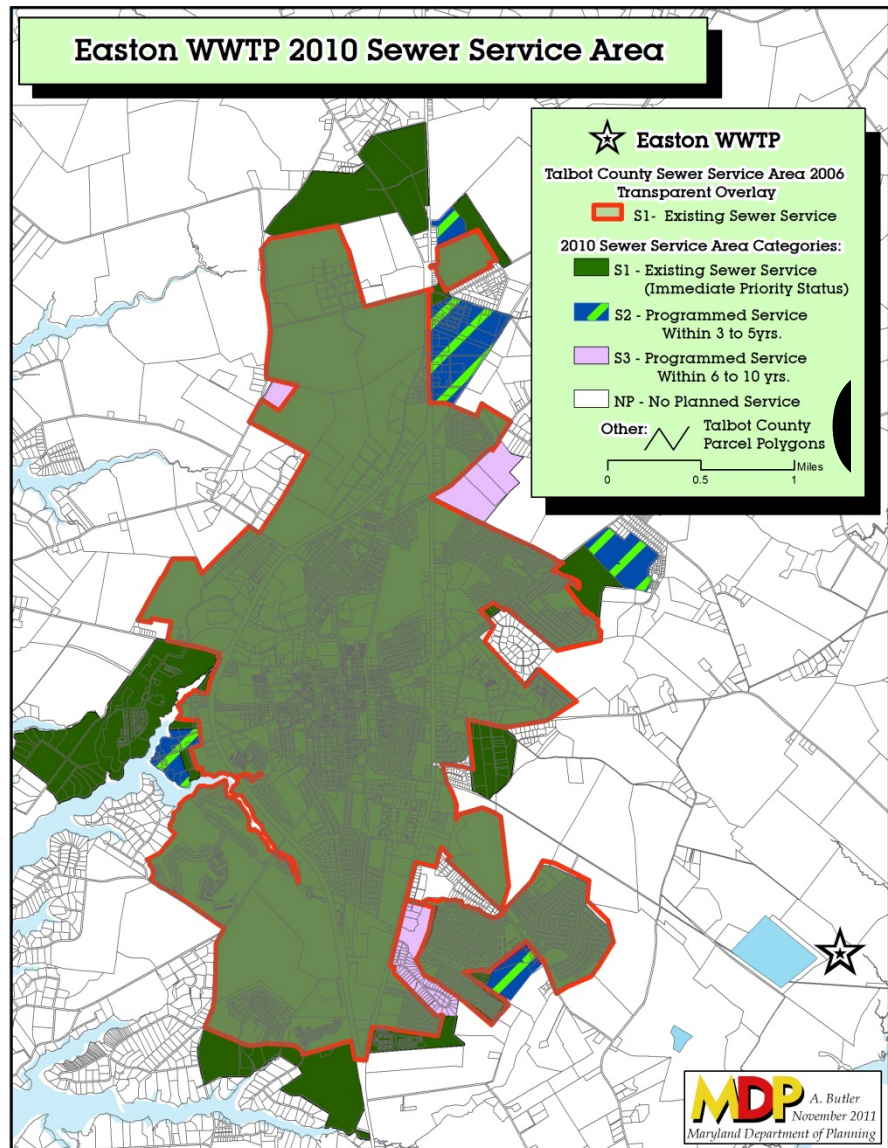
subject to PFA requirements, the committee will be discussing whether or not it is necessary to include this information in future reports.

2012 BRF Analysis Findings

MDP’s BRF Analysis is intended to provide information about potential effects of ENR upgrades on growth (HB893). This analysis considers the broad ranging circumstances that affect each major WWTP and its sewershed, before and after receiving ENR Technology. In this annual report we highlight ENR upgrades that have spanned a reporting period of at least five years to best portray potentially significant findings.

Easton

The landscape of the Easton WWTP Sewer Service Area has changed since 2006, which is the year prior to the start of its ENR Operation. In 2006 the Existing Service Area (or S1) had approximately 6,000 acres. As of 2010, the Existing Service Area increased to over 7,000 acres (See Figure 1). During the period from 2006 to 2010, approximately 650 newly improved parcels (or connections) occurred within S1 (See Maps 1 & 2). The changes to the Existing Service Area are the result of a series of approved annexations. All of the new connections are located within future growth areas identified in the Municipal Growth Element of the of Town of Easton 2010 Comprehensive Plan.

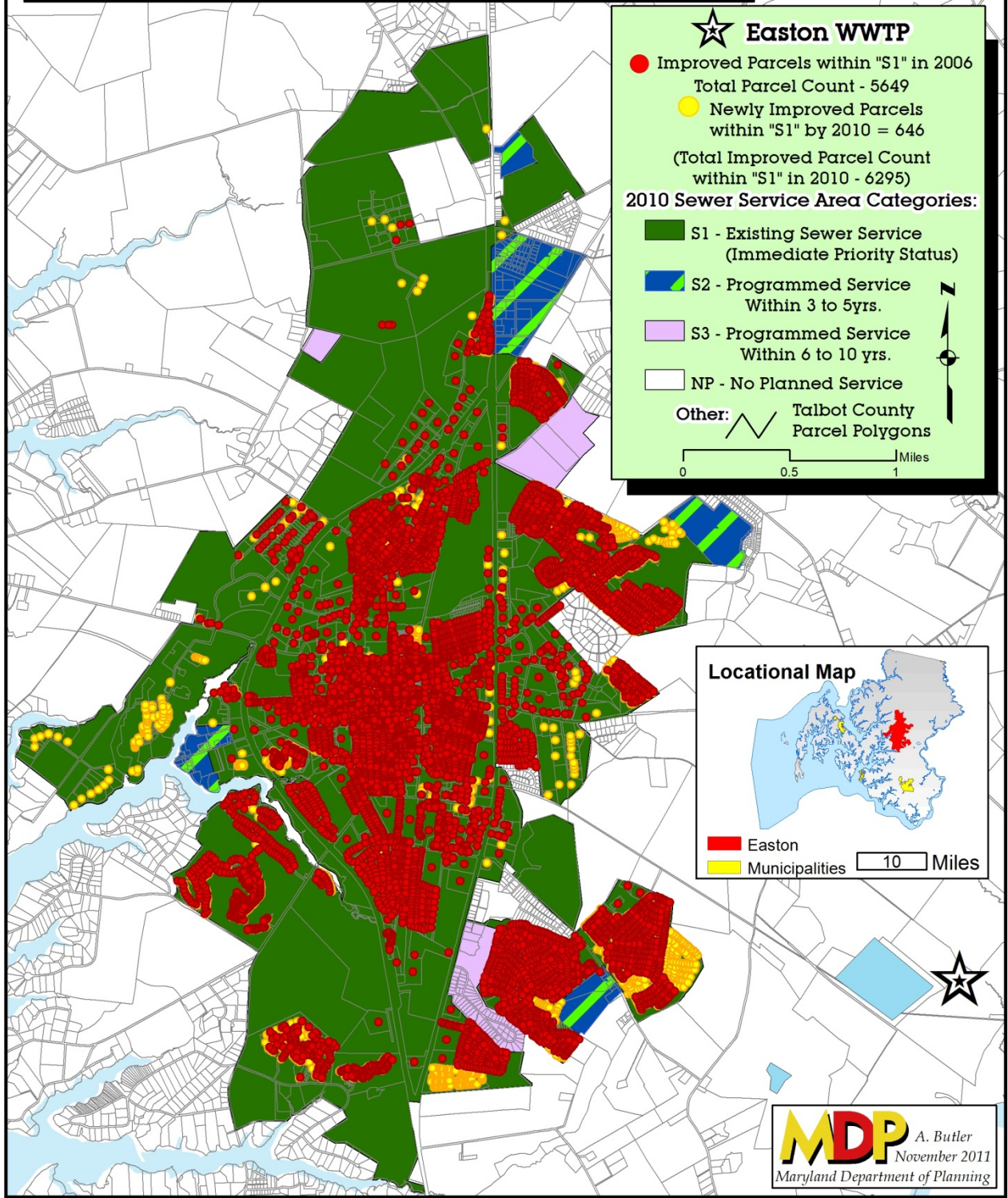


Map 1 - Easton Sewer Service Area – Existing Service 2006 & 2010

Easton WWTP Sewer Service Areas 2006	ACRES	% of Total Sewershed	Easton WWTP Sewer Service Areas 2010	ACRES	% of Total Sewershed
S1	5,981	89%	S1	7,091	93%
S2	418	6%	S2	354	5%
S3	289	4%	S3	212	3%
Total	6,688	100%	Total	7,658	100%

Figure 1 - Easton Sewer Service Acreage Summary

Easton WWTP 2010 Sewer Service Area



Map 2 - Easton 2010 Sewer Service Area

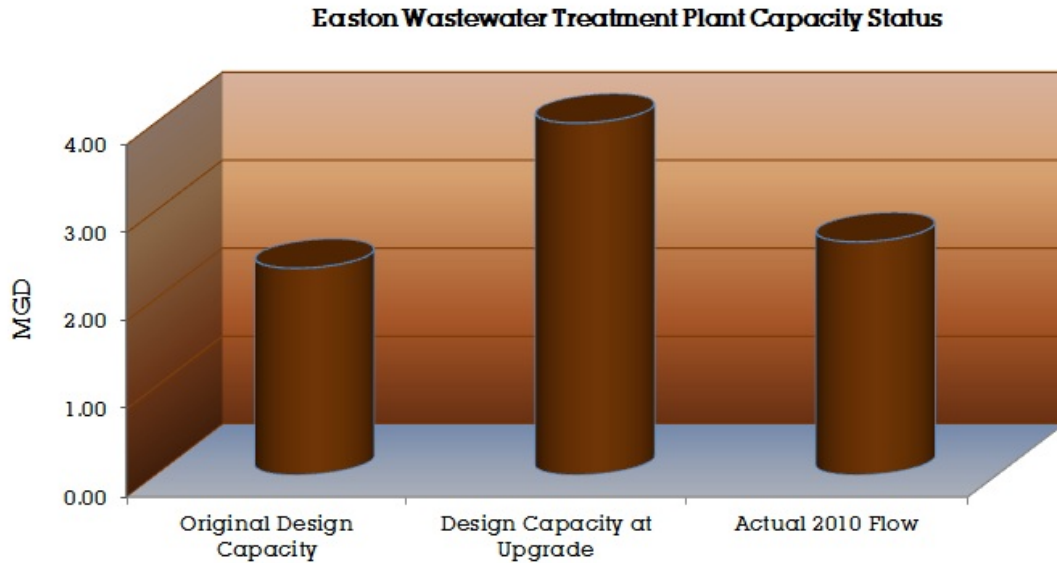


Figure 2 – Easton WWTP Capacity Status

The Easton WWTP was expanded from 2.35 MGD to 4.00 MGD with ENR Technology in 2007. As of 2010, the Plant’s actual flow already exceeded its original design capacity (See Figure 2). We will monitor not only the rate of growth but the Plant’s capability to service the needs of future growth.

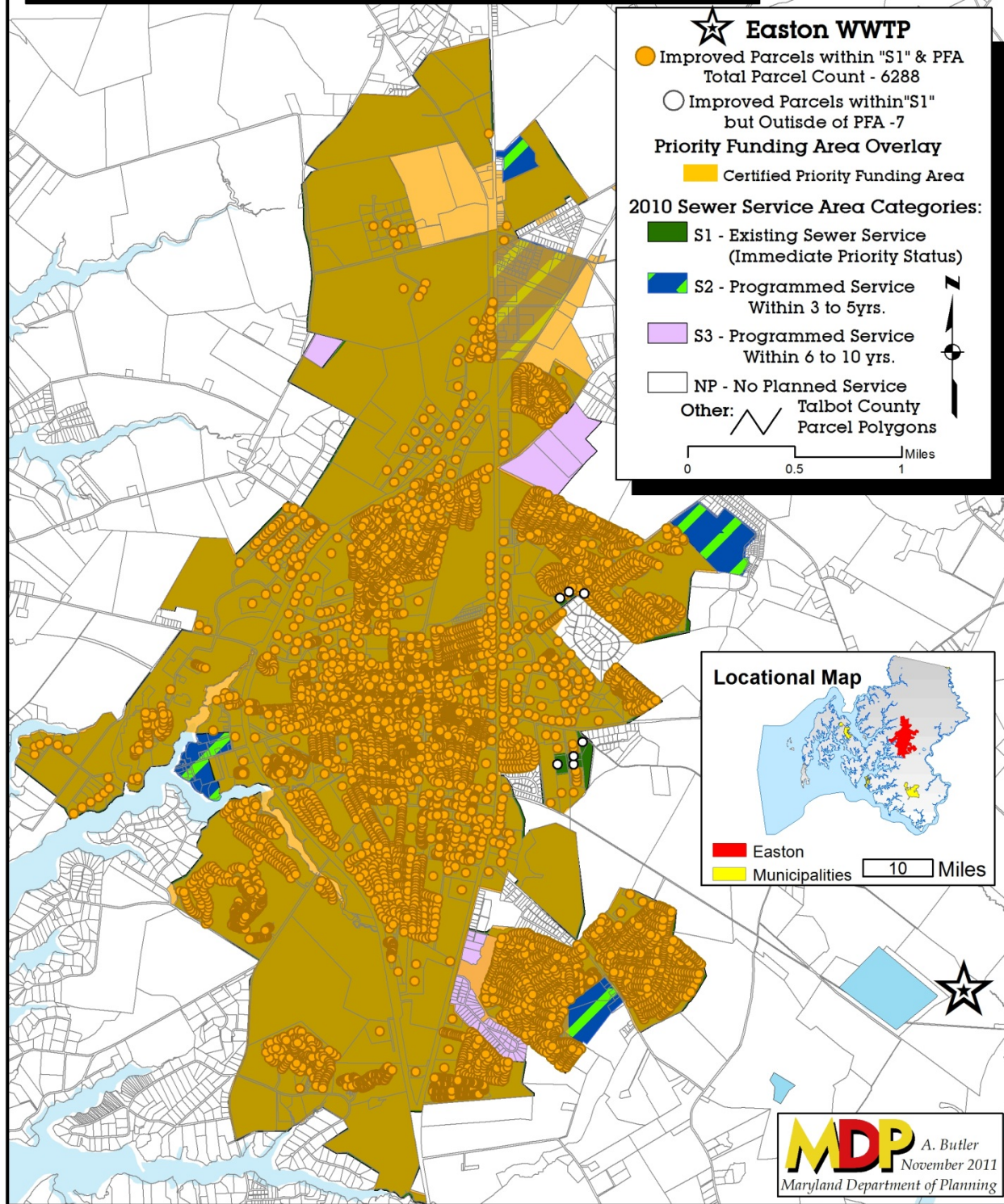
In terms of population, Easton is a fast growing area in Talbot County. From 1970 to 2000, the Town of Easton grew in population by 55.3%. The US Census Bureau reports that in 2000 Easton’s population was 11,708, and as of 2010 it was 15,945, representing an additional increase of 36%.

Map 3 presents the total of improved parcels that are currently located within the Existing Service Area (or “S1”) and the Priority Funding Area certified by Town of Easton and Talbot County. There is a small pocket of 7 parcels that are located outside of the certified PFA (located in the “PFA Comment Area” which denotes areas certified by the local governments but do not meet the PFA criteria at this time according to MDP).

Easton Sewershed 2010 PFA Parcel Status	Parcel Count
Parcels located in PFA	7041
Improved Parcels located in PFA	6359
Improved Parcels located within "S1" & PFA	6288
Improved Residential Parcels located within "S1" & PFA	5349

Figure 2 - Easton Priority Funding Area Improved Parcel Status

Easton WWTP 2010 Sewer Service Area & Priority Funding Area



Map 3 - Easton 2010 Sewer Service Area and Priority Funding Area

Kent Island (KNSG)

Significant changes have occurred in the Kent Narrows/ Stevensville/Grasonville (KNSG) Sewer Service Area since 2006, the year prior to the start of its ENR Operation. In 2006, the overall Sewer Service Area (approx. 8,500 ac.) consisted of approximately 7,000 acres of Existing Service or (S-1) or 82% of the entire service area. In 2006, the total number of improved parcels (or connections) within S1 was just over 6,400.

By 2010, the sewershed had decreased to roughly 7,800 acres with S1 now accounting for roughly 5,800 acres and comprising approximately 74% of the overall service area. The difference in acreage is attributed to the County extracting specific parcels from its sewershed and MDP updating its sewer service data layer by extracting major roads (i.e. US 50/301). (See Figure 4a & b)

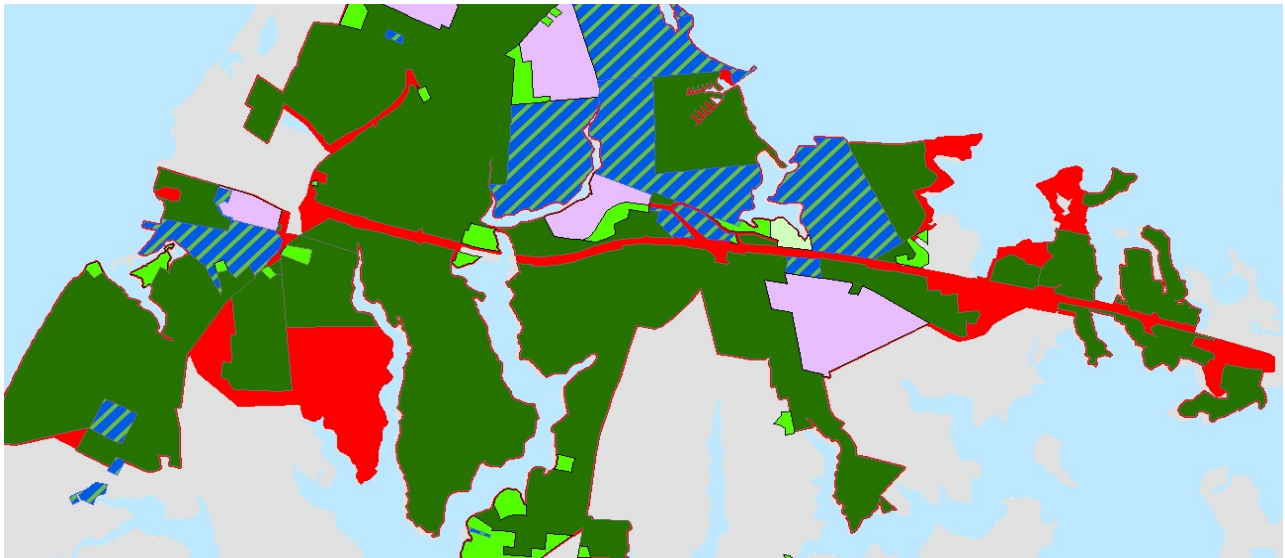
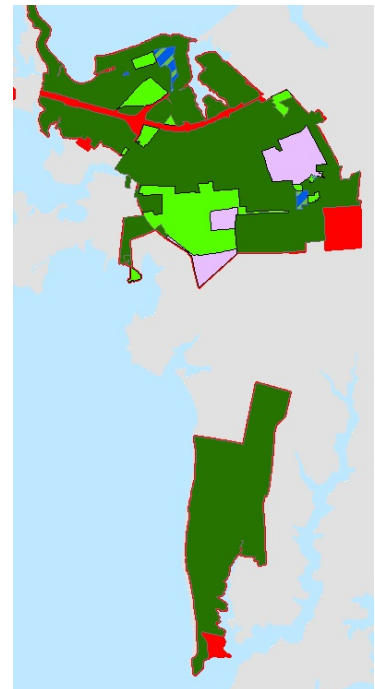


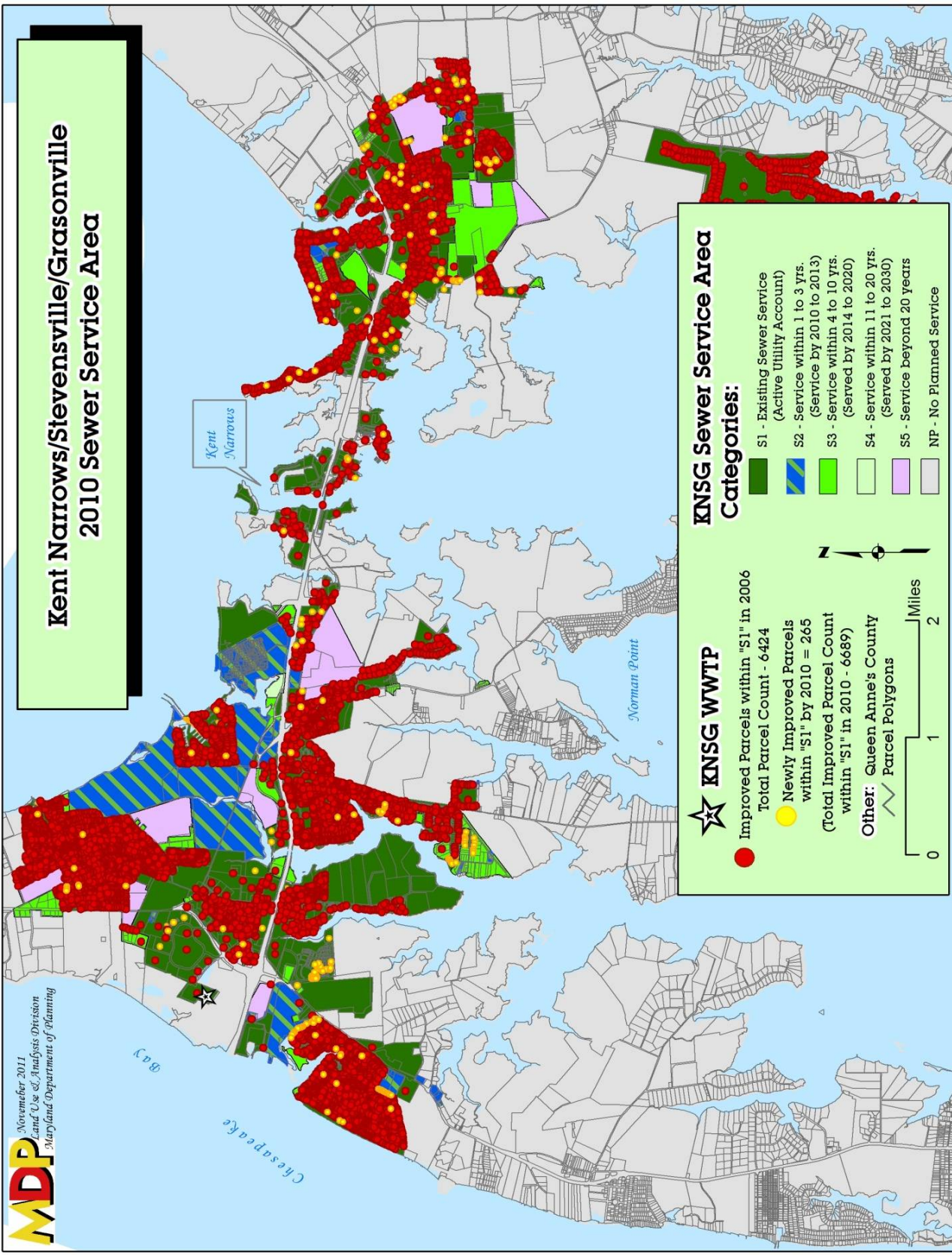
Figure 4a & b – Acreage Difference between 2006 (shown in Red) and 2011 Sewershed

In 2010 the number of newly improved parcels located in “S1” rose to approximately 6,700, a modest increase of 4.5 % (See Map 4). The largest portion of these new connections are located in Bay City (34 single lots), Oyster Cove Basin (30 condominiums), Chesapeake BBP (27 condominiums), Ellendale (16 condominiums and 14 single lots) and Grasonville (18 single lots); the balance is spread throughout the KNSG Sewer Service Area.

Most of the newly improved parcels fall within Growth Areas that have either been discussed or mapped in the Queen Anne’s County 2006 Comprehensive Water and Sewerage Plan or the 2010 Queen Anne’s County Comprehensive Plan.



**Kent Narrows/Stevensville/Grasonville
 2010 Sewer Service Area**



**KNSG Sewer Service Area
 Categories:**

- S1 - Existing Sewer Service (Active Utility Account)
- S2 - Service within 1 to 3 yrs. (Service by 2010 to 2013)
- S3 - Service within 4 to 10 yrs. (Served by 2014 to 2020)
- S4 - Service within 11 to 20 yrs. (Served by 2021 to 2030)
- S5 - Service beyond 20 years
- NP - No Planned Service

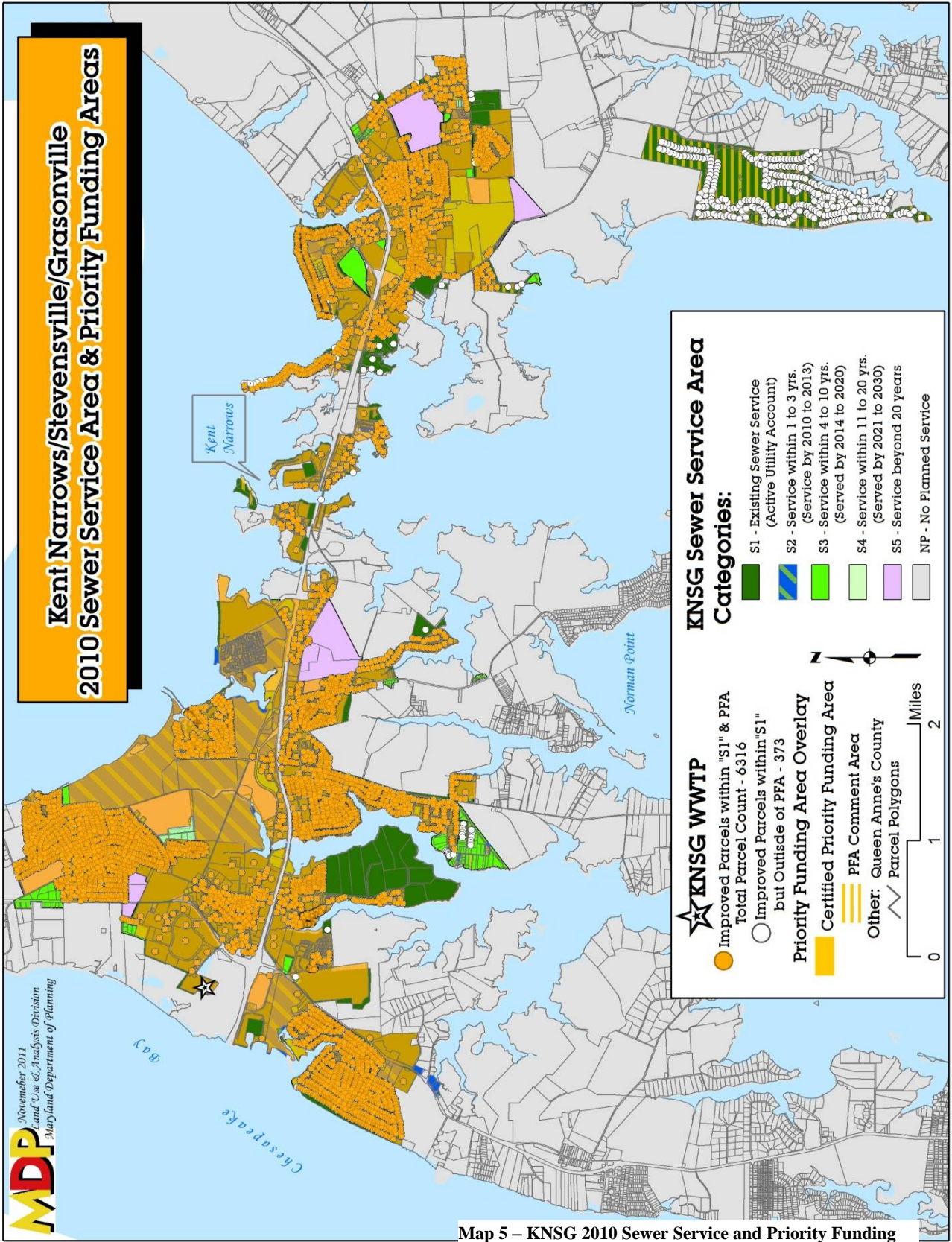
KNSG WWTTP

- Improved Parcels within "S1" in 2006
 Total Parcel Count - 6424
- Newly Improved Parcels within "S1" by 2010 = 265
 (Total Improved Parcel Count within "S1" in 2010 - 6689)
- Other: Queen Anne's County
 Parcel Polygons



Map 4 – KNSG 2010 Sewer Service Area

Figure 4a & b – Acreage Difference between 2006 (shown in Red) and 2011 Sewershed



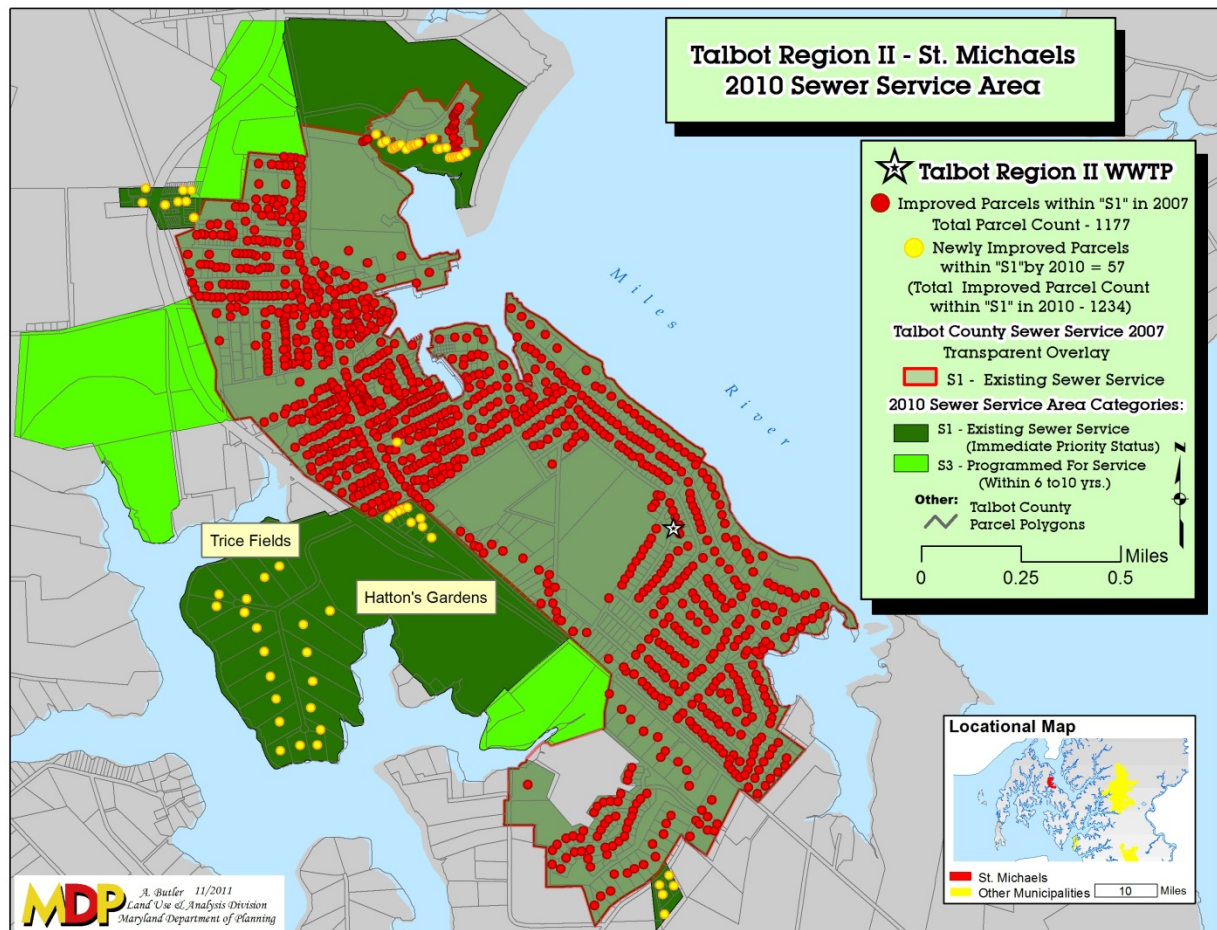
Map 5 – KNSG 2010 Sewer Service and Priority Funding

One of Queen Anne’s County’s strategies for Sustainable Growth Management (which is noted in 2010 Queen Anne’s County Comprehensive Plan) is to direct growth to the existing population centers located in towns, villages, crossroads, planning areas (growth areas) and/or Priority Funding Areas. Map 5 illustrates the development occurring inside of the Priority Funding Area, with perhaps the exception of Prospect Bay and a few other areas. Currently, approximately 400 improved parcels are located in the Existing Service Area but fall outside of the PFA, accounting for 6 % of the total parcels served. MDP will continue to monitor this situation in the KNSG Sewershed.

Talbot Region II

The Talbot Region II WWTP is owned by Talbot County and serves the Town of St. Michaels, as well as Rio Vista, Royal Oak, Newcomb, Bellevue, Tunis Mills, Unionville, and Copperville. The Region II Sewershed (or Sewer Service Area) has grown since 2007, the year prior to the start of its ENR Operation. Specifically, in 2007 the Existing Service Area or S1 was roughly 1,790 acres and serviced approximately 1,730 improved parcels. In 2010, S1 had increased to roughly 2,070 acres serving nearly 1800 improved parcels (including 1,500 improved residential parcels). The 280 acres added to the Existing Service Area are the result of an approved annexation which occurred in St. Michaels. The annexation and sewer service activity in St. Michaels is highlighted in Map 6.

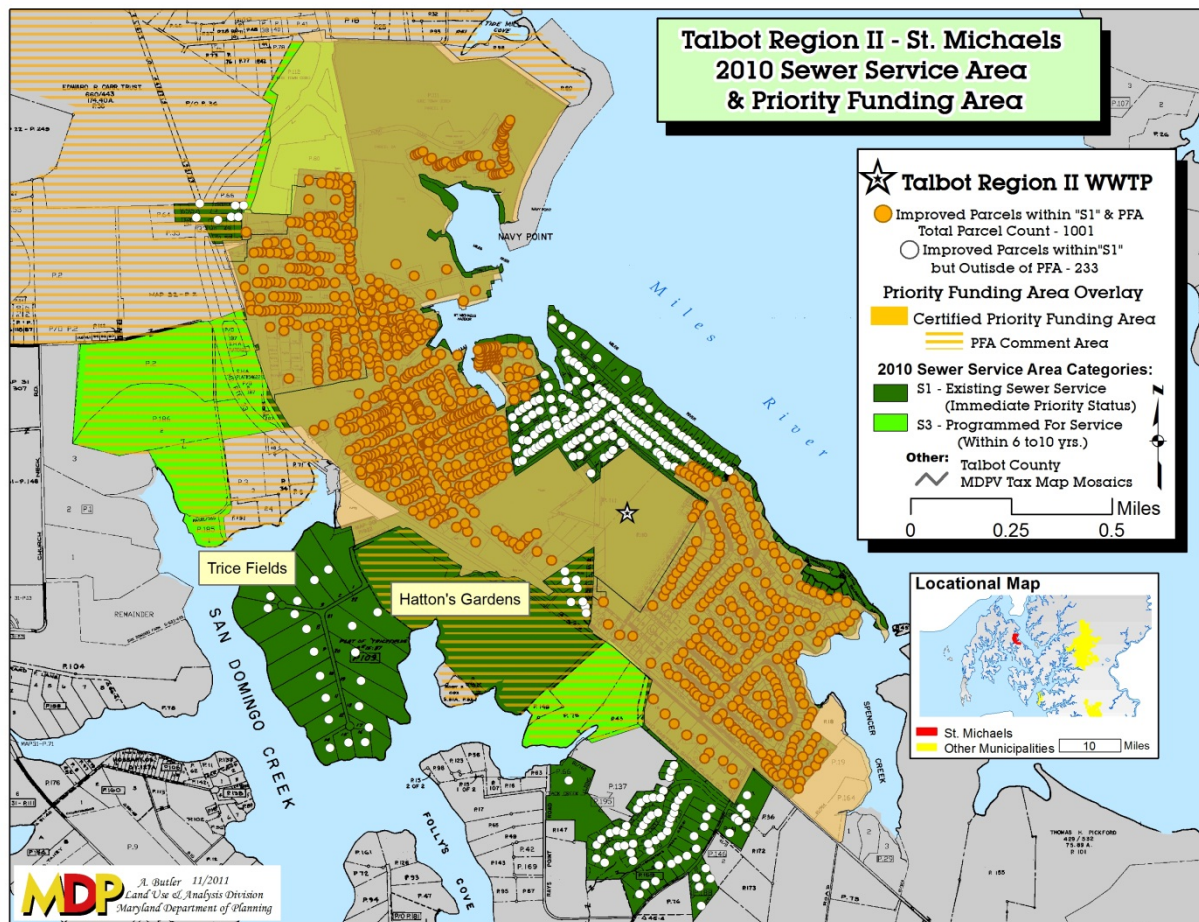
The Talbot County 2002 Comprehensive Water and Sewer Plan cites an amendment for an



Map 6 – Talbot Region II – St. Michaels 2010 Sewer Service

annexation for the Hatton’s Gardens Property (located west of Md. Route 33) approved in 2005 and an expansion which includes the Perry Cabin Development and the Chester Park Subdivision (located in northern St. Michaels). The Plan also references a 2008 request to MDE that the Trice Fields Subdivision be included into the State approved Water and Sewer Plan.

The Trice Fields Subdivision is located outside of the Priority Funding Area certified by Talbot County. The Hatton Gardens Property falls within a “PFA Comment Area”, which denotes areas certified by the local governments but do not meet the PFA criteria at this time according to MDP. Map 7 reveals that in St. Michaels over 230 improved parcels exist within “S1” but fall outside of PFA.



Map 6 - Talbot Region II – St. Michaels 2010 Sewer Service Area

Conclusion

There is little to indicate that the ENR upgrades are encouraging extension of services to and consumption of WWTP capacity by development outside of PFAs. The 2012 BRF Analysis is extensive and ongoing and further findings will be added to next year’s annual report.

Onsite Sewage Disposal System (OSDS) Upgrade Program

OSDS Identification and Billing

There are an estimated 420,000 OSDSs in Maryland that needed to be identified by local jurisdictions and billed. Working with the Advisory Committee, Maryland Department of Planning and the State Department of Assessment and Taxation, all jurisdictions have identified, and are now billing, septic system users.

Recent Program Implementation Changes

Effective July 1, 2010, the Bay Restoration Fund Septic Best Available Technology (BAT) upgrade program is being implemented locally at the county level and MDE is no longer taking direct applications from homeowners.

The Bay Restoration (Septic) Fund statute (Annotated Code of Maryland under 9-1605.2) requires that funding priority for BAT installations be “first given to failing septic systems and holding tanks in the Chesapeake and Atlantic Coastal Bays Critical Areas and then to failing septic systems that the Department (MDE) determines are a threat to public health or water quality ...” In addition, Senate Bill 554 approved in the 2009 legislative session, requires new and replacement septic systems serving property in the Critical Areas to include the best available technology for removing nitrogen (BAT) and House Bill 62 approved in the 2010 legislative session, requires MDE to assist homeowners with failing OSDS in critical areas from moneys in the Bay Restoration (Septic) Fund for 100% of the BAT cost during calendar years 2010, 2011 and 2012.

Consistent with the above, starting in FY 2011, MDE is requiring all new grant recipients to prioritize application for financial assistance based on the following:

1. Failing OSDS or holding tanks in the Critical Areas
2. Failing OSDS or holding tanks not in the Critical Areas
3. Non-failing OSDS in the Critical Areas including new BAT installation
4. Non-failing OSDS outside the Critical Areas

Income Based Grant Funding: To ensure an equitable distribution of the limited BRF grant funding for the upgrade of OSDS with BAT, starting in FY 2011, MDE will require grant recipients to limit financial assistance to homeowners (except those with failing systems in the critical area, who are eligible for 100% funding) based on the following Income Based Criteria. The Program guidance is available on the web site at:

<http://www.mde.state.md.us/programs/Water/QualityFinancing/Documents/Program%20Guidance%20FY%202012-%20Appendix%20B-Final%20June%202011.pdf>

MDE Approved BAT for Nitrogen Removal: MDE currently has 14 approved BAT for nitrogen removal of which 4 have been field verified in Maryland and summarized below. This information is available on MDE website at:

http://www.mde.state.md.us/programs/Water/BayRestorationFund/OnsiteDisposalSystems/Pages/Water/cbwrf/osds/brf_bat.aspx

Four field verified BAT technologies in Maryland – Advantex, Hoot BNR, Norweco and Septitech.

The following technologies have successfully completed the field verification:

Model	Contact Information	Certifications	MDE Field Performance Analysis for Total Nitrogen	Cost of Purchase, Installation and 5 Years Operation & Maintenance	Operation and Maintenance Cost per year*	Electricity cost and Usage**
Hoot BNR	<p>Manufacturer Hoot Aerobic Systems, Inc. www.hootsystems.com</p> <p>Local Distributor Nancy Mayer Phone: (410) 796-1434 Email: mayerbro@connext.net</p>	Other 3 rd Party	Percent Removal 52% And Effluent Concentration 29 mg/l	\$11,954	\$250 to \$325	\$100/year or 2.1 kWh/day
Advan Tex®-AX	<p>Manufacturer Orenco Systems®, Inc. www.orenco.com/</p> <p>Local Distributor Robert Johnson Phone: 1-877-214-92837 Email: bjohnson@septicssystem.net</p>	Other 3 rd Party	Percent Removal 69% And Effluent Concentration 19 mg/l	\$12,300	\$175	\$23/year or 0.475 kWh/day
Singulair TNT	<p>Manufacturer Norweco, Inc. www.norweco.com</p> <p>Local Distributors Eastern Shore - John Short Phone: (443) 786-0594 Email: btowers62@gmail.com</p> <p>Southern Region - Jeff Earnshaw Phone: (301) 274-3772 Email: superiortank@olg.com</p> <p>Western Region - C.R. Semler (301) 824-2780 crsemmler@crsemmler.com</p> <p>Back River Pre-Cast LLC 12200 Owings Mills Blvd, #B Reisterstown, MD 21136 410-833-3394 Contact: Tony Geckle, Matt Geckle</p>	Other 3 rd Party And NSF 245	Percent Removal 50% And Effluent Concentration 35 mg/l	\$11,079	\$180 to \$300	\$273/year or 5.75 kWh/day
SeptiTech®	<p>Manufacturer SeptiTech, Inc. www.septitech.com</p> <p>Local Distributors Chris Wireman Phone: (443)-463-0637 Western MD, Scott Everhart Phone: (304) 676-3823</p>	ETV And NSF 245	Percent Removal 59% And Effluent Concentration 24 mg/l	\$13,056	\$180 to \$300	\$242/year or 5.1 kWh/day

* Does not include cost of pumping septage.

** Based on a rate of \$0.13 per kWh and unit size for 3 to 4 bedrooms.

Cover Crop Activities (Maryland Department of Agriculture)

Recent Program Streamlining and Targeting to Achieve Maximum Nutrient Reduction:

In FY2011, MDA continued to implement and refine a targeting strategy to maximize nutrient reduction effectiveness of cover crops. Current year's program includes incentives to:

1. plant cover crops as early as possible in the fall
2. plant after crops that need higher fertilizer rates, such as corn and vegetables
3. use cover crops on fields that were fertilized using manure
4. use planting methods that maximize seed to soil contact to assure germination and early growth
5. use small grains such as rye to maximize nutrient uptake
6. Target watersheds with greatest nutrient loading potential
7. Extend killdown further in the spring to gain more nutrient uptake benefits

MDA has applied these criteria the last three fiscal years by structuring the incentive payments to reward farmers who adhered to one or more of these priorities.

In 2010, the Maryland Department of Agriculture conducted a survey which resulted in questionnaires being sent to 5,600 agricultural operators across the State. The survey builds on those conducted in 2005, 2006, and 2009. The purpose was to assess the Cover Crop Program and identify improvements that would result in additional acreage enrolled in the program.

Findings from the survey indicate the largest impediment to planting cover crops is the time available following harvest for the farmer to accomplish planting within established deadlines. Although farmers who had not participated in the program over the last four years were surveyed, 72% were aware of the Cover Crop Program. 33-37% indicated that they had either planted cover crops or commodity small grains on their own in the last 10 years. Suggestions for increasing participation such as using custom applicators to plant cover crops in the fall or increasing payment rates met with divided response, approximately half favoring the change and half being opposed. No additional program changes were made as a result of the survey.

MDA also convened a meeting of agencies involved in delivery of the Cover Crop Program. Although most who attended were Soil Conservation District personnel, University of Maryland researchers and some cooperating agencies were also in attendance. Participants emphasized building in program flexibility when possible, especially as concerned traditional and commodity cover crop options.

Recommendations incorporated into the 2011 Cover Crop Program included offering a partial payment in the fall and removing the acreage cap to eliminate enrollment barriers. To increase flexibility MDA offered a blended cover crop program, allowing farmers to enroll both traditional and commodity (harvestable) acres under the same contract and allowing them to designate acres to be harvested in the spring rather than at sign-up.

Status of Implementation of BRF for Cover Crop Activities:

The Maryland Department of Agriculture portion of BRF funds is \$36,923,269 as of June 30, 2011. In FY 2011, an additional \$11.9 million from the 2010 Chesapeake Bay Trust Fund was also utilized to fund the Cover Crops Program.

Maryland Department of the Environment
 Maryland Water Quality Financing Administration

September 2011

Blay Restoration Fund
 WWTWP Upgrade Cashflow Projection (does not include Seppias)

Fiscal Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Totals
Revenues															
Net WWTWP Revenue Transfer from COWP	\$ 7,022,887	\$ 57,688,674	\$ 67,468,912	\$ 65,068,045	\$ 93,465,991	\$ 64,817,972	\$ 95,366,000	\$ 56,479,000	\$ 57,944,000	\$ 57,944,000	\$ 67,614,000	\$ 68,190,000	\$ 68,775,000	\$ 69,963,000	\$ 744,162,161
Net Bond Sale Proceeds WQFA (1)	\$ -	\$ -	\$ -	\$ 51,623,877	\$ -	\$ -	\$ -	\$ 49,650,000	\$ 168,300,000	\$ 158,400,000	\$ 95,000,000	\$ -	\$ -	\$ -	\$ 526,623,877
Net Bond Sale Proceeds LOCAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State GO Bonds to BRF Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State GO Bonds - SWAP (Aval June 1, prior FY)	\$ 38,738	\$ 961,410	\$ 3,954,467	\$ 6,822,118	\$ 5,846,007	\$ 4,165,346	\$ 2,200,000	\$ 3,000,000	\$ 4,000,000	\$ 4,000,000	\$ 3,000,000	\$ 2,000,000	\$ 1,000,000	\$ 1,000,000	\$ 41,193,116
Est. Interest/Investment Earnings (@3%)	\$ 7,091,405	\$ 88,648,094	\$ 81,293,273	\$ 112,714,040	\$ 89,204,028	\$ 163,995,318	\$ 204,391,000	\$ 128,555,000	\$ 228,773,000	\$ 219,444,000	\$ 169,814,000	\$ 65,190,000	\$ 59,772,000	\$ 60,360,000	\$ 1,332,179,154
Total Revenue for EHR/Sewer Upgrades	\$ -	\$ 30,000,000	\$ 43,000,000	\$ 29,000,000	\$ 15,000,000	\$ 185,000,000	\$ 90,000,000	\$ 484,000,000	\$ 68,075,000	\$ 31,540,000	\$ 19,780,000	\$ 27,374,000	\$ 10,445,000	\$ 2,168,000	\$ 999,025,000
Expenditures															
ENR WWTWP Grant - AWARDS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ENR WWTWP Grant - CASH PAYMENTS (4 yrs 20%, 32%, 30%, 20%)	\$ -	\$ 6,000,000	\$ 17,800,000	\$ 27,700,000	\$ 30,800,000	\$ 68,800,000	\$ 86,800,000	\$ 195,000,000	\$ 228,675,000	\$ 181,970,000	\$ 129,892,800	\$ 27,374,000	\$ 10,445,000	\$ 2,168,000	\$ 999,025,000
State Bond SWAP - Cash Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer Infrastructure Grants	\$ -	\$ 2,675,000	\$ 3,200,000	\$ 2,490,000	\$ 2,453,961	\$ 6,000,000	\$ 2,182,519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000,000
ENR CAV Grants to WWTWP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Reserve (only if applicable)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service - WQFA Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service - LOCAL Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Admin. Expenses Allocation (up to 1.5%)	\$ 105,340	\$ 865,300	\$ 851,997	\$ 826,021	\$ 800,840	\$ 822,270	\$ 830,450	\$ 858,800	\$ 847,165	\$ 856,660	\$ 884,210	\$ 872,950	\$ 881,560	\$ 890,400	\$ 11,162,432
Total Expenditure for EHR/Sewer Upgrades	\$ 105,340	\$ 9,540,300	\$ 21,651,997	\$ 31,105,021	\$ 38,578,021	\$ 226,433,490	\$ 133,179,009	\$ 290,462,800	\$ 238,119,995	\$ 222,357,860	\$ 177,020,110	\$ 85,961,250	\$ 68,731,280	\$ 61,612,400	\$ 1,308,990,362
Fund Balances															
Beginning Balance	\$ -	\$ 6,955,095	\$ 63,693,849	\$ 65,822,141	\$ 177,430,160	\$ 198,065,167	\$ 155,807,995	\$ 221,919,967	\$ 67,982,167	\$ 58,821,202	\$ 65,797,842	\$ 96,301,732	\$ 12,810,462	\$ 3,851,202	\$ -
Ending Balance - Cash Basis	\$ 6,955,095	\$ 55,638,949	\$ 65,822,141	\$ 177,430,160	\$ 198,065,167	\$ 155,807,995	\$ 221,819,997	\$ 67,982,167	\$ 58,821,202	\$ 55,707,642	\$ 36,301,732	\$ 12,810,462	\$ 3,851,202	\$ 3,168,000	\$ -
Bond Issuance															
LOCAL Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
WQFA Bonds Sold (2) (Data is below)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cum. Debt Service Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(1) Net of Bond Issuance Costs, estimated at 1.0% of bond issued, plus any premium	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(2) Assumes 15-year term at WA Avg. 5.80% interest rate with level debt service for future bond issues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authorized	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Projected Deficit (\$M)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ -110	\$ -258	\$ -47	\$ 0	\$ 0	\$ 0	\$ -385
SURPLUS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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Minor Facilities Cost Estimates

COST ESTIMATES FOR BNR/ENR AT MINOR FACILITIES

Major-Minor Facilities = These are facilities of 0.112 or more million gallons per day (MGD) in design capacity. The load from these facilities exceed 6,100 N lb/year, which is the expected load discharged from the smallest major facility (0.5 mgd) upgraded with ENR (4 mg/l). A 0.112 facility can discharge close to 6,200 Lbs of N per year

BASIN	COUNTY	Facility Name	FLOW2006	Design Flow (flow in permits)(mgd)	Flow as % of Capacity	Owner	Total Est. Cost (\$M)	Est BRF Share (\$M)	Est BNR Share (\$M)	Owner's Share (\$M)
PATUXENT	ANNE ARUNDEL	PINEY ORCHARD WWTP	0.45926	1.200	38%	Private	16.15	4.37	0.00	11.77
UPPER POTOMAC	WASHINGTON	BOONSBORO WWTP	0.43569	0.530	82%	Public		Completed		
UPPER WESTERN	CARROLL	MANCHESTER WWTP	0.34135	0.580	58%	Public	12.58	3.30	2.22	6.96
PATUXENT	PRINCE GEORGES	MARLBORO MEADOWS WWTP	0.27210	0.49	55%	Public		Connected to Western Branch ENR Facility		
LOWER EASTERN	SOMERSET	EASTERN CORRECTIONAL INSTITUT	0.44907	0.480	92%	Public	12.48	3.27	2.30	6.91
UPPER EASTERN	KENT	ROCK HALL WWTP	0.23056	0.480	48%	Public	12.48	3.27	2.30	6.91
UPPER POTOMAC	ALLEGANY	PINTO UTILITIES	0.27333	0.450	61%	Public	12.32	3.22	2.28	6.83
Group 1							66.00	17.42	9.20	39.37

BASIN	COUNTY	Facility Name	FLOW2006	Design Flow (flow in permits)(mgd)	Flow as % of Capacity	Owner	Total Est. Cost (\$M)	Est BRF Share (\$M)	Est BNR Share (\$M)	Owner's Share (\$M)
UPPER POTOMAC	WASHINGTON	HANCOCK WASTEWATER LAGOON	0.32116	0.300	88%	Public	11.97	3.11	2.21	6.64
UPPER POTOMAC	WASHINGTON	SMITHSBURG WWTP	0.29106	0.333	87%	Public	11.73	3.04	2.17	6.51
UPPER POTOMAC	FREDERICK	JEFFERSON WWTP	0.17812	0.3	59%	Public	11.56	2.99	2.14	6.43
UPPER POTOMAC	FREDERICK	MYERSVILLE WWTP	0.18710	0.300	62%	Public	11.56	2.99	2.14	6.43
Group 2							46.81	12.13	8.67	26.00

BASIN	COUNTY	Facility Name	FLOW2006	Design Flow (flow in permits)(mgd)	Flow as % of Capacity	Owner	Total Est. Cost (\$M)	Est BRF Share (\$M)	Est BNR Share (\$M)	Owner's Share (\$M)
CHOPTANK	DORCHESTER	TWIN CITIES WWTP	0.15993	0.281	57%	Public	11.46	2.96	2.12	6.37
CHOPTANK	CAROLINE	GREENSBORO WWTP	0.12623	0.280	45%	Public	11.46	2.96	2.12	6.37
UPPER WESTERN	CECIL	RIISING SUN WWTP	0.30122	0.275	110%	Public	11.43	2.95	2.12	6.36
UPPER EASTERN	NEBI	TOLCHESTER WWTP	0.10680	0.260	40%	Public	11.38	2.94	2.11	6.33
UPPER EASTERN	CECIL	CHERRY HILL WWTP	0.09278	0.250	37%	Public	11.30	2.91	2.10	6.29
UPPER EASTERN	KENT	WORTON - BUTLERTOWN WWTP	0.06690	0.250	27%	Public		Completed		
UPPER POTOMAC	FREDERICK	MIDDLETOWN EAST WWTP	0.25903	0.250	104%	Public	11.30	2.91	2.10	6.29
UPPER POTOMAC	FREDERICK	MIDDLETOWN WWTP	0.21251	0.250	85%	Public	11.30	2.91	2.10	6.29
UPPER POTOMAC	FREDERICK	WOODSBORO WWTP	0.09022	0.250	36%	Public	11.30	2.91	2.10	6.29
UPPER POTOMAC	FREDERICK	NEW MARKET WWTP	0.07550	0.240	31%	Public	11.25	2.90	2.08	6.27
UPPER POTOMAC	FREDERICK	POINT OF ROCKS WWTP	0.09325	0.230	41%	Public	11.20	2.88	2.06	6.24
UPPER EASTERN	SEY	BETTERTON WWTP	0.02740	0.200	14%	Public	11.05	2.84	2.05	6.16
UPPER POTOMAC	WASHINGTON	CLEAR SPRING WWTP	0.08407	0.200	42%	Public	11.05	2.84	2.05	6.16
UPPER POTOMAC	FREDERICK	FOUNTAINDALE WWTP	0.13388	0.200	67%	Public	11.05	2.84	2.05	6.16
UPPER POTOMAC	WASHINGTON	FUNKSTOWN WWTP	0.10280	0.200	51%	Public	11.05	2.84	2.05	6.16
UPPER POTOMAC	FREDERICK	MONROVIA WWTP	0.08397	0.200	42%	Public	11.05	2.84	2.05	6.16
CHOPTANK	CAROLINE	RIDGEFLY WWTP	0.23713	0.200	118%	Public	11.05	2.84	2.05	6.16
CHOPTANK	TALBOT	TRAPPE WWTP	0.08242	0.200	41%	Public	11.05	2.84	2.05	6.16
UPPER POTOMAC	CARROLL	UNION BRIDGE WWTP	0.13153	0.200	66%	Public	11.05	2.84	2.05	6.16
MIDDLE POTOMAC	PRINCE GEORGES	USDA WEST-SIDE WWTP	0.06434	0.200	32%	Federal	11.05	2.84	0.00	8.21
LOWER EASTERN	DORCHESTER	VIENNA WWTP	0.13276	0.190	69%	Public	11.05	2.84	2.05	6.16
LOWER EASTERN	WYOMING	WILLARDS WWTP	0.06641	0.180	37%	Public	11.05	2.84	2.05	6.16
Group 3							234.91	60.45	41.58	132.90

BASIN	COUNTY	Facility Name	FLOW2008	Design Flow (flow in permits)(mgd)	Flow as % of Capacity	Owner	Total Est. Cost (\$M)	Est BRF Share (\$M)	Est BNR Share (\$M)	Owner's Share (\$M)
UPPER POTOMAC	WASHINGTON	ANTIETAM WWTP	0.10726	0.163	66%	Public	10.86	2.78	2.02	6.06
UPPER POTOMAC	FREDERICK	MOUNT SAINT MARY'S UNIVERSIT	0.10431	0.160	65%	Private	10.84	2.78	0.00	8.07
CHOPTANK	TALBOT	OXFORD WWTP	0.11057	0.150	74%	Public	10.79	2.76	2.01	6.02
UPPER WESTERN	CECIL	PORT DEPOSIT WWTP	0.09429	0.150	63%	Public	10.79	2.76	2.01	6.02
CHOPTANK	TALBOT	TALBOT COUNTY REGION V WWTP	0.08195	0.1500	55%	Public	10.79	2.76	2.01	6.02
LOWER EASTERN	WICOMICO	SHARPTOWN WWTP	0.08118	0.150	54%	Public	10.79	2.76	2.01	6.02
UPPER POTOMAC	ALLEGANY	RAWLINGS WWTP	0.06831	0.143	48%	Private	10.78	2.75	0.00	8.01
PATAPSCO/BACK	ANNE ARUNDEL	HOLIDAY MOBILE ESTATES WWTP	0.08930	0.125	71%	Private	10.67	2.72	0.00	7.94
UPPER POTOMAC	CARROLL	NEW WINDSOR WWTP	0.06338	0.115	55%	Public	10.61	2.71	1.98	5.93
LOWER EASTERN	WICOMICO	PITTSVILLE WWTP	0.09492	0.115	83%	Public	10.61	2.71	1.98	5.93
CHOPTANK	CAROLINE	PRESTON WWTP	0.04636	0.115	40%	Public	10.61	2.71	1.98	5.93
Group 4							118.14	30.19	15.98	71.97
Total for Major-Minor Facilities							465.86	120.19	75.41	270.25

Within ~80% Range of Major-Minor

BASIN	COUNTY	Facility Name	FLOW2008	Design Flow (flow in permits)(mgd)	Flow as % of Capacity	Owner	Total Est. Cost (\$M)	Est BRF Share (\$M)	Est BNR Share (\$M)	Owner's Share (\$M)
UPPER EASTERN	QUEEN ANNES	MILLINGTON WWTP	0.05633	0.105	54%	Public	10.56	2.69	1.97	5.90
LOWER EASTERN	WICOMICO	HEBRON WWTP	0.06277	0.101	62%	Public	10.54	2.68	1.96	5.89
PATUXENT	ANNE ARUNDEL	LYONS CREEK MOBILE HOME ESTA	0.09916	0.100	99%	Private	10.54	2.68	0.00	7.85
UPPER POTOMAC	FREDERICK	MILL BOTTOM WWTP	0.06164	0.100	62%	Public	10.54	2.68	1.96	5.89
MIDDLE POTOMAC	MONTGOMERY	NIH ANIMAL CENTER	0.04956	0.100	50%	Federal	10.54	2.68	0.00	7.85
UPPER POTOMAC	FREDERICK	PLEASANT BRANCH WWTP	0.04740	0.100	47%	Public	10.54	2.68	1.96	5.89
PATUXENT	ANNE ARUNDEL	MARYLAND MANOR WWTP	0.04323	0.094	46%	Private	10.51	2.67	0.00	7.83
LOWER POTOMAC	ST MARYS	POINT LOOKOUT STATE PARK WW	0.02947	0.090	33%	State	10.49	2.67	1.95	5.86
UPPER WESTERN	BALTIMORE	RICHYM MANOR WWTP	0.04475	0.090	50%	Public	10.49	2.67	1.95	5.86
UPPER EASTERN	CECIL	CHESAPEAKE CITY SOUTH WWTP	0.06986	0.088	79%	Public	10.48	2.66	1.95	5.86
UPPER EASTERN	QUEEN ANNES	QUEENSTOWN WWTP	0.11709	0.085	138%	Public	10.46	2.66	1.95	5.85
PATUXENT	ANNE ARUNDEL	BOONES MOBILE ESTATES WWTP	0.08450	0.08	106%	Private	10.44	2.65	0.00	7.78
UPPER EASTERN	QUEEN ANNES	CHURCH HILL WWTP	0.06044	0.080	76%	Public	10.44	2.65	1.95	5.84
UPPER POTOMAC	ALLEGANY	ROCKY GAP STATE PARK WTP	0.02975	0.080	37%	State	10.44	2.65	1.95	5.84
							145.98	37.40	19.56	90.92

Possibly Due for Expansion and Upgrade:

BASIN	COUNTY	Facility Name	FLOW2008	Design Flow (flow in permits)(mgd)	Flow as % of Capacity	Owner	Total Est. Cost (\$M)	Est BRF Share (\$M)	Est BNR Share (\$M)	Owner's Share (\$M)
UPPER POTOMAC	ALLEGANY	ELINSTONE WWTP	0.05634	0.045	125%	Public	10.25	2.60	1.91	5.74
UPPER EASTERN	CECIL	CECILTON WWTP	0.04813	0.050	96%	Public	10.28	2.61	1.92	5.76
UPPER EASTERN	QUEEN ANNES	SUDLERSVILLE WWTP	0.06683	0.075	89%	Public	10.41	2.62	1.94	5.82
UPPER EASTERN	KENT	GALENA WWTP	0.04967	0.060	83%	Public	10.33	2.61	1.93	5.78
							41.28	10.47	7.73	23.11
Total							654.13	168.01	102.68	383.38