

**BAY RESTORATION (SEPTIC) FUND
PROGRAM IMPLEMENTATION GUIDANCE
FOR ON-SITE SEWAGE DISPOSAL SYSTEM (OSDS) UPGRADES USING BEST
AVAILABLE TECHNOLOGY (BAT) FOR NITROGEN REMOVAL**

A. Prioritization

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 will require all new grant recipients to prioritize application for financial assistance based on the following:

1. Failing OSDS or holding tanks in the Critical Areas¹
2. Failing OSDS or holding tanks not in the Critical Areas²
3. Non-failing OSDS in the Critical Areas including new BAT installation
4. Non-failing OSDS outside the Critical Areas

1. Critical Area Counties: To ensure sufficient grant funds are available to comply with HB 62 (2010 session), between July 1, 2010 and December 31, 2010, the grant funds shall only be used for BAT installations on failing OSDS or holding tanks in critical areas.

2. Non-Critical Area Counties: Between July 1, 2010 and December 31, 2010, the grant funds shall only be used for BAT installations on failing OSDS or holding tanks.

B. 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 based on the following Income Based Criteria:

% Septic BAT Grant Subsidy*	Federal 2009 Marginal	Taxable Income							
		Single		Married Filing Jointly		Married Filing Separately		Head of Household	
		over	up to	Over	Up to	over	up to	over	up to
100%	10%	0	8,350	0	16,700	0	8,350	0	11,950
100%	15%	8,350	33,950	16,700	67,900	8,350	33,950	11,950	45,500
75%	25%	33,950	82,250	67,900	137,050	33,950	68,525	45,500	117,450
50%	28%	82,250	171,550	137,050	208,850	68,525	104,425	117,450	190,200
25%	33%	171,550	372,950	208,850	372,950	104,425	186,475	190,200	372,950
25%	35%	372,950		372,950		186,475		372,950	

The above information is subject to change annually based on the Federal tax code.

* 1. Homeowner Occupied Primary Dwelling: Use 2009 Federal Income Tax Return as source document (This income based criteria does not apply to any existing failing septic system in critical areas (residential or business); they are eligible for 100% BAT grant funding.)

2. All Other Applicants (Business, Non-Residential, Rental etc.) not in critical areas: Limit grant to 25% of BAT cost.

C. Eligible Cost for Bay Restoration (Septic) Fund Grant Funding

Based on the above priority system, the Bay Restoration Fund statute allows grant funding for:

- a. The cost attributable to upgrading an OSDS to BAT for nitrogen removal (*Note, most funding requests will fall under this category*); or
- b. The cost differential between a conventional OSDS and one that utilizes BAT for Nitrogen Removal; or
- c. The cost for repairing and replacing a failing OSDS with one that utilizes BAT for Nitrogen Removal (*Note, this option is available only to low-income owners, provided funds are available after addressing all BAT applications. For low-income eligibility criteria, visit MDE web site at: http://www.mde.state.md.us/Water/CBWRF/osds/li_criteria.asp*); or
- d. The cost, up to the sum of the costs authorized under "b" of each individual system, of replacing multiple OSDS located in the same community with a new community system that is owned by a local government and that meets Enhanced Nutrient Removal Standards.

Grant eligibility includes capital cost of BAT plus the cost of 5-years of operations and maintenance performed by a certified service provider at a minimum of once per year or the minimum frequency recommended by the manufacturer.

Prior MDE approval is needed for any requests under category "b", "c" or "d".

D. MDE Approved BAT for Nitrogen Removal

MDE currently has 14 approved BAT for nitrogen removal and information is available on MDE website at: http://www.mde.state.md.us/Water/CBWRF/osds/brf_bat.asp

To provide a simplified procurement process MDE undertook an Invitation for Bids from the four field verified BAT technologies – Advantex, Hoot BNR, Norweco and Septitech. For Bay Restoration Fund BAT procurement purposes, MDE has selected the two lowest fixed unit price BAT by region for FY 2011, as follows:

Vendor	BAT System	Region	Unit Price/BAT	Contact	Phone
Back River Pre-Cast, LLC	Norweco Singular 960 TNT 500-600 GPD	Central	\$10,918	Matthew Geckle	410-833-3394
Mayer Bros., Inc	Hoot 600 BNR	Central	\$12,307	Nancy J. Mayer	410-796-1434
Towers Concrete Products	Norweco Singular 960 TNT 500-600 GPD	Eastern	\$10,618	John Short	443-786-0594
Mayer Bros., Inc	Hoot 600 BNR	Eastern	\$12,507	Nancy J. Mayer	410-796-1434
Superior Tank Inc.	Norweco Singular 960 TNT 500-600 GPD	Southern	\$10,618	Jeffrey W. Earnshaw	301-274-3772
Mayer Bros., Inc	Hoot 600 BNR	Southern	\$12,407	Nancy J. Mayer	410-796-1434
C R Semler, Inc.	Norweco Singular 960 TNT 500-600 GPD	Western	\$12,162	Charles R. Semler	301-824-2780
RCR Septic Services, LLC	SeptiTech M440D, M550D, M750D	Western	\$12,800	Chris Wireman	443-463-0637

Prices for future fiscal years will be adjusted based on prior 12-month CPI published by the US-DOL, Bureau of Labor Statistics and MD sales tax changes. The unit price/BAT above includes total installed price including 5 years of O&M. The price does not include the cost of permits.

E. Grant Recipient BAT Selection, Procurement and Price

To allow flexibility the grant recipient may use the following procurement options:

1. Use either one of the two MDE procured fixed unit price BAT systems - The maximum grant eligible cost will be the fixed BAT unit price (above). No further local procurement action is needed.
2. Use another BAT system - The BAT may be any of the MDE approved BAT technologies and may be selected by considering other factors such as nitrogen removal efficiency, electrical cost, operations and maintenance cost. The maximum BRF grant eligible cost must be based on the "low bid" using local procurement process for that selected BAT. In some cases this will involve small purchase procurement using three price quotes/bids on the selected BAT.
3. Use one of four field verified BAT that is not one of the two MDE procured fixed unit price - The maximum BRF grant eligible cost is the "higher price" of the two MDE procured fixed unit price BAT systems, and any price difference being the homeowner's cost. This option may not require formal local procurement and is an alternative to option 2 above.

F. Land Recordation & Future Operation & Maintenance

The grant recipient must ensure that the BAT installation is recorded in the County land records and the homeowner/business has agreed to operate and maintain the system.