

Maryland Water Quality Financing Administration (MWQFA) began a 30-day public comment period on May 17, 2019 for

- The State's Draft Federal Fiscal Year 2019 Intended Use Plan and DRAFT Federal Fiscal Year 2019/State Fiscal Year 2021 Project Priority List for the Maryland Water Quality Revolving Loan Fund
- The State's Draft Federal Fiscal Year 2019 Intended Use Plan and Draft Federal Fiscal Year 2019/State Fiscal Year 2021 Project Priority List for the Maryland Drinking Water Revolving Loan Fund

A public hearing was held on June 17, 2019. The public record remained open through the close of business on June 21, 2019.

This document provides details regarding the public hearing, comments received during the comment period, and actions taken by MWQFA in response to those comments.

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The public hearing began at 10:01 AM, on June 17, 2019. Elaine Dietz, Chief of the Capital Planning and Financing Division for the MWQFA was the Hearing Officer.

**AGENCY PRESENTATION:**

Please refer to Attachment 1 for the hearing sign-in sheet for a list of all hearing attendees.

**PURPOSE:**

In accordance with the requirements of the Federal Clean Water Act and the Safe Drinking Water Act, the public hearing was held at the offices of the Maryland Department of the Environment (MDE) located at 1800 Washington Blvd, Baltimore, Maryland 21230.

The purpose of the hearing was to present documents and hear testimony concerning: (1) the State's Draft Federal Fiscal Year (FFY) 2019 Intended Use Plan (IUP) and Draft FFY 2019/State Fiscal Year (FY) 2021 Project Priority List (PPL) for the Maryland Water Quality Revolving Loan Fund (WQRLF), and (2) the State's Draft FFY 2019 IUP and Draft FFY 2019/State FY 2021 PPL for the Maryland Drinking Water Revolving Loan Fund (DWRLF).

**INFORMATION AVAILABLE:**

Documents available for viewing at the hearing included the Draft IUPs and PPLs for the Maryland WQRLF and the Maryland DWRLF. These documents were referred to during the public hearing.

## **PUBLIC NOTICE/ADVERTISEMENT:**

Notice of the public hearing was published on MDE's web page. In addition, an e-mail containing notification of the public hearing was sent to a contact list of over 1,000 individuals, including applicants who submitted an FFY 2019/State FY 2021 Financial Assistance Application and others requesting a copy.

## **DRAFT FFY 2019 WQRLF IUP**

The Draft FFY 2019 WQRLF IUP described how the annual Federal capitalization grant, matching State funds, and "recycled funds" (funds that return to the Revolving Loan Fund for new loans from loan repayments) will be used for the design and construction of water quality capital projects pursuant to Title Six of the Clean Water Act. A Federal grant of \$38.429 million has been allotted for the Maryland WQRLF, which must be matched by \$7.6858 million (20%) in State funds. Including other funds (such as loan repayments, investment earnings, and sale of revenue bonds) in the net amount of \$250,696,117, the total capital funding under the Draft FFY 2019 IUP was \$296,810,917.

## **DRAFT FFY 2019 DWRLF IUP**

The Draft FFY 2019 DWRLF IUP described how the annual Federal capitalization grant, matching State funds, and "recycled funds" (funds that return to the Revolving Loan Fund for new loans from loan repayments) will be used for the design and construction of drinking water capital projects to implement the requirements of the federal Safe Drinking Water Act. A Federal grant of \$20.158 million has been allotted for the Maryland Drinking Water Revolving Loan Fund, which must be matched by \$4.0316 million (20%) in State funds. Including other funds (such as loan repayments, investment earnings, and sale of revenue bonds) in the net amount of \$96,370,451 and less \$5,442,660 for three set-aside programs, the total capital funding under the Draft FFY 2019 IUP was \$115,117,391.

## **DRAFT STATE FY 2021 PPLS**

The two Draft PPLs were developed using applications received from potential borrowers through the solicitation efforts undertaken in December 2018 through January 2019 for both the WQRLF and the DWRLF. Projects were rated and ranked based on public health and water quality benefits, consistent with two approved Project Priority Systems. With the exception of nonpoint source projects, projects for which loan funds are ultimately provided must be consistent with Smart Growth, local land use plans, and County Water and Sewerage plans; additionally, drinking water systems must have the financial, managerial, and technical capacity to maintain Safe Drinking Water Act compliance.

## **ITEMS READ INTO THE HEARING RECORD**

During the hearing, the Department acknowledged the following comments received and/or changes to be made to the Draft FFY 2019 and State FY 2021 Water Quality and Drinking Water PPLs and Draft IUP as of the date of the hearing (listed in order of project rank):

## **Water Quality Projects**

Based on a comment from EPA Region III, the IUP comment for Allegany County's Braddock and Jennings Run Sewage Conveyance Improvements (rank #4/50 points) will be revised for clarity to say, "Fully fund WQSRF on FFY18 IUP; potential FY21 State grant in addition to prior State grant."

Based on a comment from EPA Region III, the IUP comment for Walston Mobile Home Park LLC's Walston Mobile Home Park (rank #28/43 points) will be revised to delete the phrase, "not eligible for WQSRF."

WQFA identified that the total project cost for Prince George's County's Urban Stormwater Retrofit Program Public-Private Partnership Phase 3 (rank #29/43 points) should be corrected to \$35 million on the PPL.

WQFA identified that the SRF amount for Baltimore City's Leachate Storage Tank at Quarantine Road Landfill (rank #40/28 points) should be corrected to \$675,000 on the IUP in accordance with its policy to fund the City's projects at 90% of construction and administrative costs.

Based on a comment from EPA Region III, the PPL description for Town of Lonaconing's Lonaconing Midland-Gilmoure Dam Repair (rank #45/23 points) will be revised to add the phrase, "downstream water quality threatened without needed repairs."

W. Scott Flanigan, P.E. (Director of Public Works, Cecil County) requested that the scoring of the CECO Phase 2 – Lagoon Decommissioning (rank #62/13 points) be reviewed. The county is seeking \$2M in state funding in the form of a grant and/or loan/loan forgiveness to decommission CECO WWTP lagoons which present a "significant and unacceptable level of risk" to public health and safety. In his comments, Mr. Flanigan suggests that it may be possible to lower the cost to remediate the lagoons if MDE is prepared to approve a variance to the current policy by allowing the sludge to be stabilized in-situ and left in-place, but states that county will not undertake the project if funding is not provided.

*MDE Response: WQFA has reviewed the application and believes the score to be accurate; therefore, the project will remain below the fundable line. The Department will review the suggestion re in-situ stabilization and reply separately on that matter, once a decision is reached.*

## **Drinking Water Projects**

There were no comments received or changes identified as of the hearing date to be read into the hearing record.

## **TESTIMONY RECEIVED DURING THE PUBLIC HEARING**

On behalf of the Town of Federalsburg, Mr. Bob Rauch (Rauch, Inc.) requested that the Department combine the application for the Town of Federalsburg Water Meters and SCADA Upgrades (rank #31/40 points) with that of the Town of Federalsburg Old Denton Road Water Main (rank #15/60 points) because completing both projects will improve system compliance.

*MDE Response: The Department will not combine these applications because they are not co-dependent projects; each has its own benefits and cost-efficiency. The Town is welcome to resubmit the Water Meters and SCADA project during the next solicitation.*

On behalf of the Town of Hebron, Mr. Rauch requested that the Department combine the application for the Town of Hebron Water Tower and New Well (rank #21/45 points) with that of the Town of Hebron Water Meters and Backflow Prevention (rank #36/35 points) because completing both projects will better meet water usage demands.

*MDE Response: The Department will not combine these applications because they are not co-dependent projects, each with its own benefits and cost-efficiency. The Town is welcome to resubmit the Water Meters and Backflow Prevention project during the next solicitation.*

On behalf of the Town of Queenstown, Mr. Rauch requested that the Department review the scoring of the Town of Queenstown MD WWTP I&I Remediation (rank #67/13 points). Mr. Rauch stated that the excessive I&I in the system is damaging the membrane filters at the Queenstown WWTP, which were recently installed as part of the State-funded ENR upgrade.

*MDE Response: The score of this project accurately reflects the information provided in the application; additionally, there is no place in the existing scoring system to award points for the situation described, unless the Town were to come under a consent order for not meeting permit limits.*

Ms. Nancy Hastings (Woolford, MD resident) read the following statement regarding Dorchester County Sanitary District's McKeil Point BIP #1 Onsite Sewage System Removal (rank #31/38 points):

Good morning! My name is Nancy Hastings and I live on the eastern shore, on McKeil Point in Woolford.

The bermed infiltration pond—or BIP #1—serving 2 lots and 12 homes, one of which is mine—has failed. I am here as a concerned citizen to talk about the application from the Dorchester Sanitary District to install a new sewer line down our road that would connect to the existing sewer line on Route 16. The pond would then be abandoned. Many of us on McKeil Point are original owners. We bought lots in the 1990s, developed our properties and built our homes. It's peaceful and quiet, yet Baltimore and DC are

only two hours away. We all feel very fortunate to live here. More importantly, we care deeply about the environment and the health of the Bay.

McKeil Point is a narrow neck of land that juts out into the Little Choptank River, which empties into the Chesapeake Bay two miles away. Houses on both sides of the street are on the water: Fishing Creek to the east and Madison Bay to the west. BIP #1 is only a couple hundred feet from the water's edge. The pond is full to the top of the berm. The Sanitary District tried to alleviate the situation by cutting back the trees in hopes that more sunlight would cause water to evaporate, but it didn't work. The pond is still at the very top, and water seeps over the berm after heavy rains. As I said earlier, the pond has failed.

I realize that the beneficial population for this project, about 35, is small and that the cost of the project, estimated to be over \$837,000, is large. But ... overflowing into the Chesapeake Bay area is not an option. Nor is losing a way to dispose of our sewage.

I am not sure what it means to be ranked #31, but it seems encouraging, and I really hope it means the project will receive funding. We appreciate MDE's concern and support. We appreciate their attending the meeting in Madison to discuss the situation. We appreciate the 50% base loan and 50% loan forgiveness. We will still need an additional \$240,000 in grants, and K.D. Applegarth, one of the two employees in the Dorchester Sanitary District office, is working hard to identify other funding sources. We certainly appreciate her help. We are also working closely with members of the Dorchester Sanitary Commission and our state representatives.

With everyone's support, the new sewer line will be built. There is no alternative!

Thank you.

The public hearing concluded at 10:31 AM.

### **CHANGES MADE SUBSEQUENT TO THE HEARING**

The base loan and principal forgiveness amounts for Talbot County Sanitary District's Region II Sewer System – Extension of Sewer (Resolution 250) (rank #1, 63 points) were corrected to \$10,240,000 and \$1,500,000, respectively.

The base loan amount for Washington Suburban Sanitary Commission's Sanitary Sewer Reconstruction – Piscataway Sewer Basin PGC Round 4 (rank #15/48 points) was adjusted upward to account for an error regarding potential FY21 State grant.

Baltimore County was found to be a disadvantaged community on the basis of "rate shock," and is thus eligible for principal forgiveness under MWQFA's subsidy policy. \$1.5 million principal forgiveness was added for their share of the SC-927 Electrical Distribution System Reliability Improvement, Security, and Power Generation at Back River (rank #20/48 points) and the base loan amount reduced by \$1.5 million.

The base loan and total WQRLF amounts for Dorchester County Sanitary District's McKeil Point BIP #1 Onsite Sewage System Removal (rank #31/38 points) were corrected to \$298,575 and \$597,150, respectively.

**ATTACHMENTS:**

- Hearing Sign-In Sheet
- Letter from W. Scott Flanigan, P.E. (Director of Public Works, Cecil County) regarding CECO Phase 2 – Lagoon Decommissioning (rank #62/13 points)

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Copies of all records pertaining to this public process are available at the offices of MDE, 1800 Washington Blvd., Baltimore, Maryland 21230. Inquiries may be made to Elaine Dietz at (410) 537-3908 or [elaine.dietz@maryland.gov](mailto:elaine.dietz@maryland.gov).