

Maryland Water Quality Financing Administration (MWQFA) accepts applications for grant and loan funding in December thru January. All applications will be reviewed *but only those that meet “threshold criteria” at the time of application will be considered for funding.* **Take steps now to make sure your project can be considered for funding:**

If your project is a **treatment works**<sup>1</sup> or **drinking water** project...

- it must be consistent with the County’s Comprehensive Land Use Plan and included in, consistent with, or amended into the county’s Water & Sewerage Plan (as approved by Maryland Department of the Environment (MDE)) . Information and links to plans are available [here](#), but contact your local County’s Planning Office or the Maryland Department of Planning at (410) 767-5497 for the latest changes. If the project does not meet this requirement, a Plan amendment may be required. Contact your local County’s Planning Office to determine if the project needs to be included in the Water & Sewerage Plan.
- it, and the area served by the project, must be located within a Priority Funding Area (PFA), have been granted a PFA exception by Maryland’s Smart Growth Coordinating Committee (SGCC), be categorically excepted by virtue of the scope of the project and that it does not provide for growth<sup>2</sup>, or be categorically excluded<sup>3</sup>. Use the interactive PFA map available [here](#) to find the project location by hand (hold the left-click button down on the mouse and pan the map. Zoom in or out using the mouse (center scroll) wheel or click the + or – on the left side of the map or by address (enter the address and zip code in the search box at the top right side of map and press enter). If the project does not meet this requirement and needs a PFA Exception, contact the Water Resources Planning Division at [MDE.PFAException@maryland.gov](mailto:MDE.PFAException@maryland.gov). The [PFA Exception process](#) can take several months once all of the necessary information is submitted to MDE.

---

<sup>1</sup> Treatment works include projects that provide for advanced wastewater treatment (BNR or ENR), combined sewer overflow (CSO)/sanitary sewer overflow (SSO) correction, storm sewers involved in the separation of CSOs, aging sewer system rehabilitation or replacement, sewer extension to sewerage treatment facilities for septic system communities, non-hazardous landfill leachate conveyance and/or treatment, and sewerage system energy conservation, water conservation/efficiency/reuse.

<sup>2</sup>The following types of projects would be included in this grouping and would qualify for blanket “categorical” exceptions, as determined by MDE:

- a) Refinancing of previously built projects.
- b) Preparation of feasibility studies and engineering reports for facility upgrades without expansion.
- c) Minor rehabilitation of existing facilities without expansion.
- d) Functional replacement of equipment and/or structures without expansion.
- e) Rehabilitation and repair of existing sewers and water lines with no or minimal increase in pipe size.
- f) Upgrade of existing plants with no increase in capacity or change in service area.

<sup>3</sup> Projects funded solely by an MDE fund source not included in the PFA law (i.e., Bay Restoration Fund (BRF)), with the exception of BRF-funded projects to connect septic to BNR/ENR WWTP via sewer extension.

If your project is a **drinking water** project...

- and the system serves a population >10,000, a drinking water audit for the previous year is mandatory<sup>4</sup>. Guidance can be found [here](#). For more information, please contact Alex McNamee at [alex.mcnamee@maryland.gov](mailto:alex.mcnamee@maryland.gov).
- and the system serves a population > 10,000, a water conservation plan inclusive of all the required elements is mandatory<sup>4</sup>. Guidance can be found [here](#). For more information, please contact Alex McNamee at [alex.mcnamee@maryland.gov](mailto:alex.mcnamee@maryland.gov).
- and the system is a community water system<sup>5</sup> supplying over 20,000 gallons per day, a water supply capacity management plan is mandatory if the system is: 1) operating at 80 percent or more of its Water Appropriation Permit; 2) failing to meet the Special Conditions of its Water Appropriation Permit; 3) purchasing water and operating at 80 percent of its contractual limit for the purchased water; or 4) subject to a consent order with MDE or the U.S. Environmental Protection Agency/U.S. Department of Justice. Guidance can be found [here](#). For more information, please contact Alex McNamee at [alex.mcnamee@maryland.gov](mailto:alex.mcnamee@maryland.gov).

All potential borrowers of State Revolving Fund low-interest loan for **treatment works, non-treatment works**<sup>6</sup> or **drinking water** projects should review the financial condition of their enterprise fund (e.g., water/sewer fund, solid waste fund etc.), as well as their overall fiscal health. Consider:

- Last three years of audited financial statements;
- Outstanding General and/or Enterprise Fund debt commitments not included in the most recent audited financial report;
- Anticipated General and/or Enterprise Fund debt commitments to be entered into in the next 12 months;
- Any other factors that would significantly affect revenues, expenditures, financial condition and/or capacity/authority to incur debt; and
- Rate increases (most recent and planned).

The past and projected financial performance of the borrower is a key part of MWQFA's decision whether or not to approve a loan. The MWQFA will not make a loan if it would place an undue burden on the financial resources of the borrower and has a policy of requiring a debt service coverage of at least 1.20.

---

<sup>4</sup> Water systems that serve a population of 10,000 or fewer are encouraged, but not required, to prepare this document, as doing so may result in additional points.

<sup>5</sup> A community water system is one that serves at least 25 persons or 15 connections year-round.

<sup>6</sup> Non-treatment works are those that manage, reduce, treat, or recapture stormwater or subsurface drainage water (such as BMPs required by Municipal Separate Storm Sewer System (MS4) permit, Stormwater General Discharge Permit (e.g., 12SW, 14GP, etc), and non-hazardous solid waste landfill capping.