Engineering and Capital Projects Program
Septic Eligibility Determination Guidelines
(Updated July 1, 2022)

The following guidelines are based on the law, regulations and "Program Implementation Guidance" available on WIFA's website:

I. Allowable Uses:

Environment Article Section 9-1605.2(h)(2)(i)1 clearly specified the following allowable uses:

A. The costs attributable to upgrading an on-site sewage disposal system to the best available technology (BAT) for the removal of nitrogen. Note that this is for an existing system to upgrade from conventional system to BAT.

B. The cost difference between a conventional on-site sewage disposal system and a system that utilizes BAT. Note this is for a new system, and only the cost difference between conventional and BAT is eligible, not the whole system.

C. The cost of repairing or replacing a failing on-site sewage disposal system with BAT.

D. The cost of replacing multiple on-site sewage disposal systems located in the same community with a new community sewerage system that is owned by a local government and that meets enhanced nutrient removal (ENR) standards.

E. The cost of connecting a property using an on-site sewage disposal system to an existing municipal wastewater facility that is achieving enhanced nutrient removal (ENR) or biological nutrient removal (BNR) level treatment, including payment of the principal, but not interest, of debt issued by a local government for such connection costs.

Allowable Uses Summary:

Funding For an Existing System:

- Costs for the upgrade, repair, or replace on-site sewage disposal system with BAT (Sections A and C).
- Cost to replace multiple on-site sewage disposal systems in the same community with a new ENR WWTP owned by a local government (Section D).
- Cost to connect a property using an on-site sewage disposal system to an existing BNR or ENR WWTP (Section E).

Funding For a New System (New Home or Business):

- Only the cost difference between conventional system and BAT is eligible, not the whole system (Section B).

II. Income Based Grant Eligibility:

COMAR 26.03.13.04.D limited the grant eligibility as follows:

Category	% Eligible of Approved Cost
Homeowners with annual household income of $300,000 or less	100%
Homeowners with annual household income above $300,000	50%
Not for profit entities	100%
Small Businesses	75%
Other Businesses	50%

III. Cost Effectiveness Criteria:

Environment Article Section 9-1605.2(h)(2)(i)1, requires that projects under Sections D and E above be cost effective.

For Section D:

The total approved cost cannot exceed the sum of the costs authorized under item B (cost difference between a conventional on-site sewage disposal system and a system that utilizes BAT). We may assume the cost difference to be $23,500 per EDU ($25,000 the assumed cost of BAT - $1,500 the average cost of conventional septic).

For Section E:

The total approved cost cannot exceed the sum of the costs authorized under item C (the cost of BAT). We may assume that the cost of BAT is $25,000 per EDU.

If a project under Section D or E is determined to be not cost effective (>$23,500 per EDU for D or >$25,000 per EDU for E). MDE may offer funding up to these amounts instead of not funding the project. Applying the grant eligibility to these amounts, funding would be limited to the following:

Category	% Eligible	Funding Cap Per EDU (Section D)	Funding Cap Per EDU (Section E)
Homeowners with annual household income of $300,000 or less	100%	$23,500	$25,000
Homeowners with annual household income above $300,000	50%	$11,750	$12,500
Not for profit entities	100%	$23,500	$25,000
Small Businesses	75%	$17,625	$18,750
Other Businesses	50%	$11,750	$12,500

IV. Other Eligibility Requirements for Septic to Sewer Connection (Section E):

Septic to Sewer Connection and the October 1, 2008 Date:

To be funded, a septic system being connected must have existed as of October 1, 2008. During the design review process, the consultant engineer or the grant recipient needs to identify any septic system built after October 1, 2008 (ineligible). Depending on the project, ECPP can address the ineligible septic connections by one of the following methods:

1) Identify the ineligible septic connections as a separate category with 0% eligible, under the grant eligibility and cost effectiveness criteria. OR
2) Disallow the ineligible septic connections and estimate the "Approved Cost" based on the quantities in an itemized bid schedule.

Other Requirements:

The following requirements are checked by WIFA prior project selection. However, ECPP should be aware of these requirements, and point out any apparent discrepancy discovered during our routine reviews of the project.

1. Connection must be to a WWTP achieving BNR or ENR (based on the last three years data).
2. Connection is consistent with the County Water and Sewer Plan.
3. Connection located in the Priority Funded Area or has an exception.

Example 1:

A community of 200 EDUs will be connected to a BNR WWTP under Section E. 180 EDUs are homes with less than $300K annual income or not-for-profit businesses (100%), 10 EDUs are homes with more than $300K annual income or for-profit large businesses (50%), 5 EDUs are small businesses (75%) and 5 septic systems were built after October 1, 2008. We decided to identify these 5 systems as separate category with 0% eligible (Method 1). Cost of connection is $3,000,000.

Step 1: Eligibility Based on Income Calculation:

Category	Category % Eligible	Count (EDUs)	Proportion of Count (Count/Total)	Final % Eligible (Cat. % Eligible X Count Prop.)
Lower Income and Not for profit	100%	180	90%	90%
Higher Income and for profit	50%	10	5%	2.5%
Small Businesses	75%	5	2.5%	1.875%
Built after October 1, 2008	0%	5	2.5%	0

% Eligibility Based on Income: 94.375%

Amount Eligible Based On Income = % Eligible X Approved Cost
= 94.375% X $3,000,000
= $2,831,250

Step 2: Cost Effectiveness (Cap) Calculation:

Category	Category % Eligible	Count (EDUs)	Funding Cap Per EDU	Total Funding Cap (Count X Cap per EDU)
Lower Income and Not for profit	100%	180	$25,000	$4,500,000
Higher Income and for profit	50%	10	$12,500	$125,000
Small Businesses	75%	5	$18,750	$93,750
Built after October 1, 2008	0%	5	0	$0

Grant Cannot Exceed: $4,718,750

Grant Cap ($4,718,750) > the Amount Eligible in Step 1 ($2,831,250) - OK
Therefore, funding can be provided at the amount eligible in Step 1 ($2,831,250).

Example 2:

A community of 105 EDUs will be connected to a BNR WWTP under Section E. 90 EDUs are homes with less than $300K annual income or not-for-profit businesses (100%), 5 EDUs are homes with more than $300K annual income or for-profit large businesses (50%), 5 EDUs are small businesses (75%) and 5 septic systems were built after October 1, 2008 (ineligible). The cost of the ineligible septic connections was considered as part of estimating the "Approved Cost," which was determined to be $3,000,000 (using Method 2).

Step 1: Eligibility Based on Income Calculation Based on 100 Eligible EDUs:

Category	Category % Eligible	Count (EDUs)	Proportion of Count (Count/Total)	Final % Eligible (Cat. % Eligible X Count Prop.)
Lower Income and Not for profit	100%	90	90%	90%
Higher Income and for profit	50%	5	5%	2.5%
Small Businesses	75%	5	5%	3.75

% Eligibility Based on Income: 96.25%

Amount Eligible Based on Income = % Eligible X Approved Cost
= 96.25% X $3,000,000
= $2,887,500

Step 2: Cost Effectiveness (Cap) Calculation Based on 100 Eligible EDUs:

Category	Category % Eligible	Count (EDUs)	Funding Cap Per EDU	Total Funding Cap (Count X Cap per EDU)
Lower Income and Not for profit	100%	90	$25,000	$2,250,000
Higher Income and for profit	50%	5	$12,500	$62,500
Small Businesses	75%	5	$18,750	$93,759

Grant Cannot Exceed: $2,406,259

Grant Cap ($2,406,259) < the Amount Eligible in Step 1 ($2,887,500) – Project is not cost effective

Option 1: Do not fund the project
Option 2: Offer to fund the project at the grant cap of $2,406,259.