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# **MDE FINANCIAL ASSISTANCE FOR CHASEPEAKE BAY WATERSHED IMPLEMENTATION PLAN CAPITAL PROJECTS**

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## MDE Key Water Quality Financing Programs

Program	Budget/yr: FY 2018+	Funding Type
Bay Restoration Fund* (Septic & Wastewater Funds)	\$ 75 million	State Grants
Water Quality Revolving Loan Fund**	\$150 million	Below Market Interest Rate Loans & Partial Loan Forgiveness for Disadvantaged Communities  Debt Service Payment Guarantee on Local Debt

\* Starting FY 2018, in addition to funding Enhanced Nutrient Removal at Wastewater Treatment Plants, the expanded uses include grants for upgrading of Aging Sewerage Infrastructure, Septic to Sewer Connections, and Stormwater Best Management Practices undertaken by local governments (e.g., MS4 Permit Compliance).

\*\* The Fund is authorized to add financing capacity by selling revenue bonds, if needed.



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## **Bay Restoration (Septic) Fund**

Current Fee Rate: \$60 per year per household for most Marylanders.

Effective 7/1/12 (FY 2013), the BRF fee was doubled for most users, where the septic system is located in the Chesapeake or Atlantic Coastal Bays, to \$60/year per household. Fee rate was \$30/year from FY 2005 – 2012.

The fee remained at the lower \$30/year per household for users where the septic system is not located in the Chesapeake or Atlantic Coastal Bay (no fee increase).

BRF (Septic) fee revenue: ~\$28 million/yr (60% to MDE for Septic Systems; 40% to MDA for Cover Crops).

Fee reverts back to \$30/year rate for all households, starting July 1, 2030.



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## **Bay Restoration (Septic) Fund (\$15M/yr MDE Grants)**

### **Key Eligible Uses**

(a). The cost to upgrade an existing septic system with the best available technology (BAT) for the removal of nitrogen. Grant not exceed the cost of the BAT system (~\$13K/unit).

(b). The cost\* to connect septic systems to an existing WWTP at BNR or ENR treatment. Grant not exceed the sum of the cost of BAT septic systems (~\$20K/unit). If septic system is located outside PFA, smart growth exception approval is required, which must be justified on public health/water quality issues.

*\* If financed, the principal portion can be repaid from the BRF annual grant award.*



## **BRF (Septic) Fund – Septic to Sewer Connection Eligibility**

- Is the proposed sewer connection to a BNR or ENR Wastewater Treatment Plant?
- Is the Environmental Impact of the OSDS documented by the local government?
- Is the sewer connection more cost-effective than the cost of repairing or replacing the OSDS with BAT?, or the Individual replacement of the OSDS not feasible?
- Is the proposed sewer connection consistent with the County Comprehensive Plan and Water/Sewer Plan?
- Did the OSDS/Septic system being connected to the WWTP exist as of 10/1/2008?
- Is the OSDS/Septic system being connected to the WWTP located in the County Priority Funding Area?



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## **BRF (Septic) Fund – Septic to Sewer Connection Eligibility**

... continued

**In addition. for an OSDS system located outside the County Priority Funding Area:**

- a. The OSDS proposed for sewer connections must be specifically identified in the County W/S plan as an area of “public health concern” or the County environmental health director must “certify” this as an area of public health concern with the intent to incorporate this in the W/S plan at a later date.
- b. MDE will require additional information (such as public health issues; potential future in-fill development; mitigation measures proposed to limit growth; net nitrogen reduction after accounting for maximum future in-fill development) to determine if a PFA exception is warranted and provide an opportunity for public comments.

If a PFA exception is approved by the “smart growth coordinating committee”, the sewer connection project can be funded with BRF Septic grant funds. Special grant conditions regarding denied access to sewer main, limits on maximum new in-fill development etc. will apply.



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## **Bay Restoration (Wastewater) Fund**

Current Fee Rate: \$5.00 per month per household for most Marylanders.

Effective 7/1/12 (FY 2013), the BRF fee was doubled for most users, where the WWTP discharges into the Chesapeake or Atlantic Coastal Bays, to \$5.00/month per household or equivalent dwelling unit (EDU). Fee rate was \$2.50/month/EDU from FY 2005 – 2012. Households pay a flat fee; businesses pay based on water consumption converted to EDU.

The fee remained at the lower \$2.50/month per household/EDU for users where the WWTP does not discharge to the Chesapeake or Atlantic Coastal Bay (no fee increase).

BRF (WWTP) fee revenue: ~\$110 million/yr.

Fee reverts back to \$2.50/month rate for all households, starting July 1, 2030.



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## **Bay Restoration (Wastewater) Fund (\$60M/yr)**

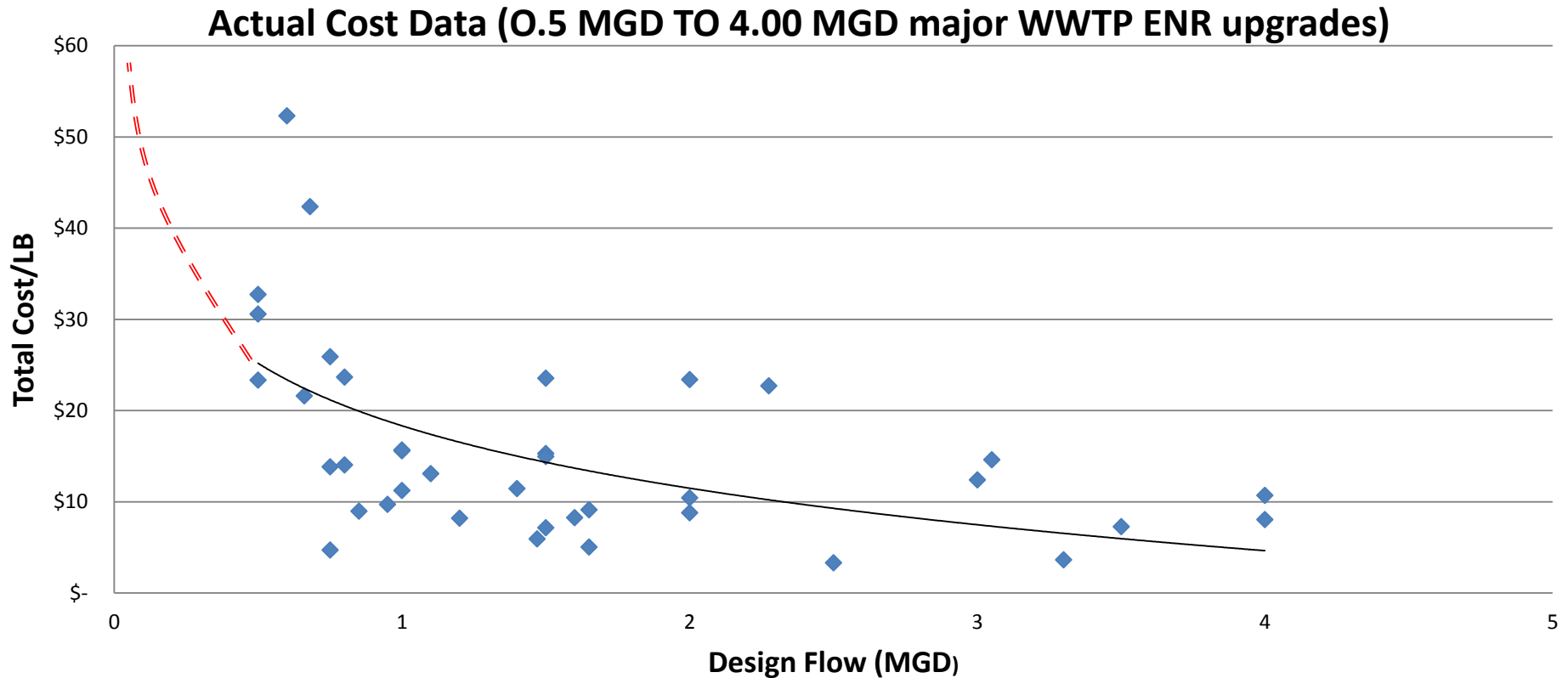
### **Key Eligible Uses (FY 2018+)**

- Cost-effective ENR upgrades at minor wastewater treatment facilities. (up to 100% grant for ENR components).  
Major 67 WWTPs (>500,000 gpd flow) have been fully funded.
- Combined sewer overflow abatement, rehabilitation of existing sewers, and upgrading conveyance systems, including pumping stations (up to 87.5% grant).
- Additional nitrogen reduction from onsite sewage disposal systems including sewer extension to BNR/ENR level wastewater treatment plants (up to \$20K/home – cost of a BAT septic system).
- Stormwater projects (e.g., MS4 permit BMPs) undertaken by local governments who have implemented a system of charges (up to 50% grant).





## Annualized (20-yr life cycle) Cost/lb Nitrogen Removal at WWTPs





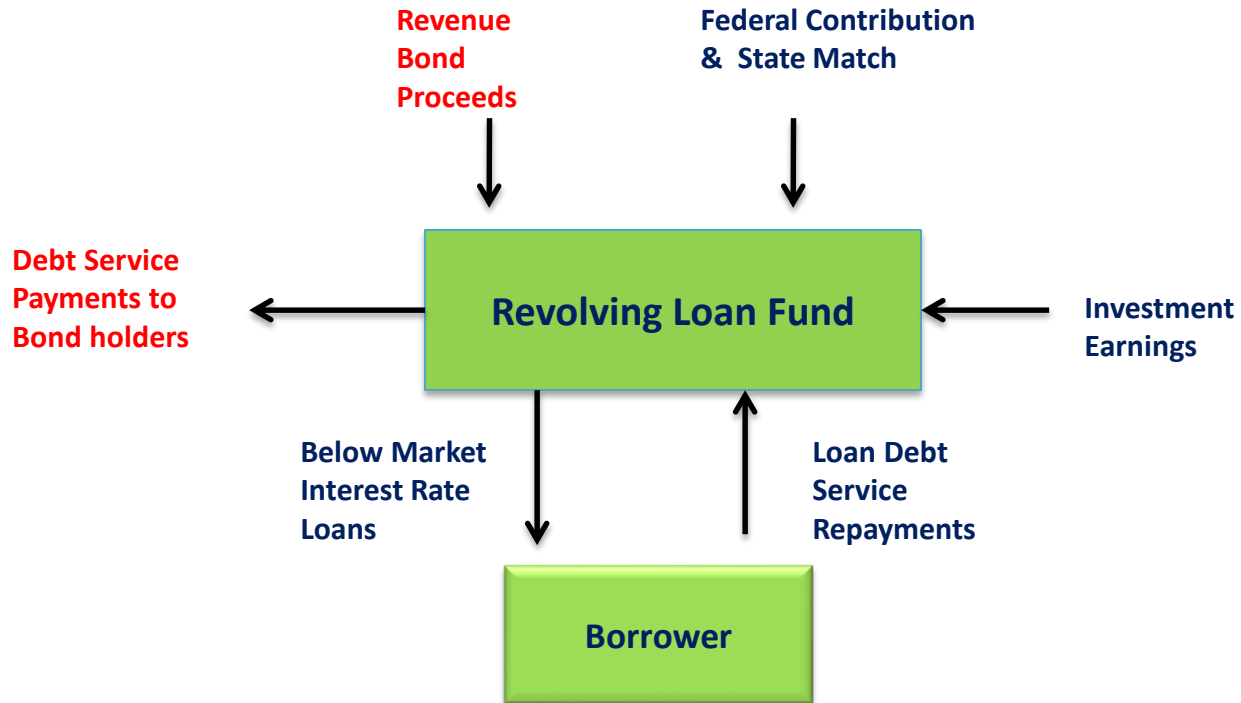
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# Water Quality - Priority Rating System

Projects are rated for:	Current System	Proposed for FY19+ budget (Public Hearing 10/14/16)
Water Quality/Public Health Benefit	35 points	40 points
Water Quality/Public Health Compliance	30 points	10 points
Cost Efficiency	10 points	40 points
Sustainability Benefits	<u>25 points</u>	<u>10 points</u>
<b>Maximum Total Score:</b>	<b>100 points</b>	<b>100 points</b>

**MDE accept applications for financial assistance annually in January for projects that must get to construction within the following 18 months.**

# Maryland Water Quality Revolving Loan Fund





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## Maryland Water Quality Revolving Loan Fund

Primarily provides below market interest rate loans to finance all types of water quality capital projects (e.g., WWTP upgrades/expansions, sewer rehab., septic to sewer connections, Stormwater BMPs etc.)

Loans up to 100% of project cost. Annual Budget = \$150 million  
*(Funding capacity can be increased by issuing revenue bonds, if needed)*

Interest Rate (September 2016): Standard Rate = 1.20% fixed  
Disadvantaged = 0.60% fixed

Term: Up to 30 years (based on useful life of the asset)

Loan Fee: 5% of total Principal & Interest repayment, collected annually as part of debt service (adds ~0.35% to true interest rate on a 30-year term loan)



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## Disadvantaged Community

Community meets any one of the following:

- Project sewer rate/yr is  $> 1\%$  of community median household income (MHI);
- Project located in & benefits a MDE approved Environmental Benefit District;
- Project located in & benefits community with MHI less than 70% of State MHI;
- Project located in & benefits a community in a County (incl. Baltimore City) with a high unemployment rate (upper 25<sup>th</sup> percentile/top 6 Counties);
- Project located in & benefits a community in a County (incl. Baltimore City) where the U.S. Census data shows a declining population.

*MHI: Median Household Income*



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## Maryland Department of the Environment

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