

U00A0103
Department of the Environment – PAYGO

Pay-As-You-Go Capital Budget Summary

(\$ in Millions)

| | <i>FY 2008 Approp.</i> | <i>FY 2009 Approp.</i> | <i>FY 2010 Allowance</i> | <i>Percent Change</i> | <i>DLS Recommd.</i> |
|---------------------------------------|----------------------------|----------------------------|------------------------------|---------------------------|-------------------------|
| Water Quality Revolving Loan Fund | \$110.000 | \$90.000 | \$106.000 | 17.8% | \$106.000 |
| Drinking Water Revolving Loan Fund | 19.745 | 32.079 | 13.000 | -59.5% | 13.000 |
| Hazardous Substance Clean-up | 0.850 | 1.000 | 0.000 | -100.0% | 0.000 |
| Bay Restoration Fund – Wastewater | 85.000 | 143.000 | 130.000 | -9.1% | 130.000 |
| Bay Restoration Fund – Septic Systems | 6.000 | 6.000 | 1.000 | -83.3% | 1.000 |
| Total | \$221.595 | \$272.079 | \$250.000 | -8.1% | \$250.000 |

| Fund Source | | | | | |
|-----------------------|------------------|------------------|------------------|--------------|------------------|
| General | \$7.330 | \$8.445 | \$0.000 | -100.0% | \$0.000 |
| Special | 79.526 | 111.920 | 141.591 | 26.5% | 141.591 |
| Federal | 34.739 | 33.714 | 22.875 | -32.1% | 22.875 |
| PAYGO Subtotal | \$121.595 | \$154.079 | \$164.466 | 6.7% | \$164.466 |
| Revenue Bonds | 100.000 | 118.000 | 80.000 | -32.2% | 80.000 |
| GO Bonds | 0.000 | 0.000 | 5.534 | 100.0% | 5.534 |
| Total | \$221.595 | \$272.079 | \$250.000 | -8.1% | \$250.000 |

Summary of Issues

Substantial Revolving Loan Fund Federal Stimulus Funding Expected: The American Recovery and Reinvestment Act of 2009 is anticipated to translate into a substantial amount of funding for water quality and drinking water improvements in Maryland. **The Department of Legislative Services (DLS) recommends that the Maryland Department of the Environment (MDE) comment on the future expectation for federal capitalization of the revolving loan funds after the American Recovery and Reinvestment Act of 2009 no longer provides additional funding.**

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The Maryland Department of the Environment (MDE) should also comment on the status of plans for meeting the stipulations of and disbursing revenue from the American Recovery and Reinvestment Act of 2009.

Movement in the Septic System Upgrade Program: The Bay Restoration Fund Septic Account has received \$29.4 million from the 60% allocation of the fee on septic system users. Of this amount, \$23.0 million has been appropriated. While encumbrances have increased for the program, only \$6.7 million has been expended, leaving \$16.3 million still to be expended. The reason for this limited expenditure appears to lie in how the program is designed. **DLS recommends that MDE comment on what it is doing to encourage counties to complete septic system upgrades and whether the county direct grant approach is the most effective way to reach potential septic system upgrade participants. DLS also recommends that a provision be included in the Budget Reconciliation and Financing Act of 2009 to transfer \$5.0 million of Bay Restoration Fund – Septic Account fund balance to the Cover Crop Program in order to backfill partially the reduction of \$10.0 million of reimbursable fund appropriation from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund.**

Bay Restoration Fund Decision Deadline Approaches: The Bay Restoration Fund was created in 2004 primarily to provide grants for Enhanced Nutrient Removal (ENR) pollution reduction upgrades at the State’s 66 major wastewater treatment plants. A funding gap is anticipated to develop in fiscal 2012 based on current revenue projections and project costs. **DLS recommends that MDE comment on what market conditions would favor a competitive versus a negotiated sale and the expected outcome of the requirement in House Bill 90 that the Bay Restoration Fund Advisory Committee make an annual recommendation on the appropriate fee assessment increase.**

Summary of Recommended Actions

1. Concur with Governor's allowance.

Overview

MDE's fiscal 2010 pay-as-you-go (PAYGO) allowance includes \$141.6 million in special funds, \$22.9 million in federal funds, \$80.0 million in revenue bonds, and \$5.5 million in general obligation (GO) bonds. The GO bonds replace an equivalent amount of general funds. The allowance represents a \$22.1 million, or 8.1%, decrease from fiscal 2009. This funding decrease is largely due to decreases of \$19.1 million in special funds for the Drinking Water Revolving Loan Fund and \$13.0 million for the Bay Restoration Fund Wastewater program. These decreases partially are offset by an increase of \$16.0 million for the Water Quality Revolving Loan Fund. The Drinking Water Revolving Loan Fund and Water Quality Revolving Loan Fund are funded with GO bonds as a match to the federal fund appropriation instead of the general funds used in prior years.

Due to substantial unencumbered fund balances, the fiscal 2010 allowance does not include any funding for the Hazardous Substance Clean-up Program and only \$1.0 million for the Bay Restoration Fund Septic Systems. The Hazardous Substance Clean-up Program unencumbered fund balance is attributable to project delays and completion of projects with funds remaining. Planned projects for fiscal 2010 will be completed with unencumbered funds. The Bay Restoration Fund Septic Systems program unencumbered fund balance is attributed to limited interest in septic system upgrades.

MDE has administrative expenses associated with the two loan funds and Bay Restoration Fund-supported programs. MDE includes salaries and fringe benefits, as well as non-salary expenses, in the direct expenses. Non-salary expenses include contractual services such as a financial advisor, a bond counsel, and an accountant/auditor, as well as office supplies and materials, travel, training, and professional memberships. Indirect expenses are charged at approximately 21.46% of salary and fringe benefits for federal funds and at approximately 13.16% of all special fund expenses. The State is required to provide a 20.0% match for federal funds under both revolving loan funds. No State match is required for direct federal administrative expenses under the Drinking Water Revolving Loan Fund.

Overview Issues

1. Substantial Revolving Loan Fund Federal Stimulus Funding Expected

The American Recovery and Reinvestment Act of 2009 is anticipated to provide a substantial amount of funding for water quality and drinking water infrastructure improvements in Maryland. The two primary federal funding sources for water policy are the Clean Water State Revolving Loan Fund and the Drinking Water State Revolving Loan Fund. A summary of the two revolving loan funds and American Recovery and Reinvestment Act of 2009 actions is shown in **Exhibit 1**. The State would benefit from approximately \$96.3 million in additional funding for wastewater treatment plant improvements and \$27.0 million for water treatment plant improvements. The federal stimulus funding is one-time and must be obligated to projects ready to start construction by February 16, 2010, or else the funding will be reallocated to other states. MDE’s application process for the federal stimulus funding ends February 28, 2009, with project lists ready in early March.

Exhibit 1
Water Quality and Drinking Water Funding
Fiscal 2009

| <u>Federal Fund</u> | <u>History/Purpose</u> | <u>State Connection</u> | <u>Additional Stimulus</u> | <u>Estimated State Share</u> |
|-------------------------------------|--|------------------------------------|---|--|
| Clean Water State Revolving Fund | Created by the amendments to legislation in 1977 that led to the Clean Water Act, which set water quality standards and funded construction of sewage treatment plants | Water Quality Revolving Loan Fund | \$4.0 billion (of which approximately 1.0%, or \$40.0 million, is for administration) | \$96.3 million (approximately 2.45% of \$3.96 billion) |
| Drinking Water State Revolving Fund | Created by the amendments to legislation in 1996 that led to the Safe Drinking Water Act, which finances infrastructure improvements for drinking water systems | Drinking Water Revolving Loan Fund | \$2.0 billion (of which approximately 1.0%, or \$20.0 million, is for administration) | \$27.0 million (approximately 1.38% of \$1.98 billion) |

Source: Department of Legislative Services

Requirements

A draft plan issued by the U.S. Environmental Protection Agency for the American Recovery and Reinvestment Act of 2009 includes the following funding requirements:

- Prevailing Wages – laborers and mechanics shall be paid wages at a level similar to the prevailing wages in the community as determined by the U.S. Secretary of Labor.
- Material Requirements – public building or work construction must be implemented with iron, steel, and manufactured goods produced in the United States unless a waiver is received.
- Reporting – key project characteristics and milestones must be reported no less than monthly by the State.
- Matching – matching requirements are waived.
- Transfers – the intent to transfer funding between the two funds must be stated in the State’s intended use plan.
- Environmentally Innovative Activities – given sufficient project applications, not less than 20% of funds must be used for green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities.
- Subsidization – the State must use at least 50% of the funds to provide additional assistance to eligible recipients by way of loan principal forgiveness, negative interest loans (total payments less than the principal of loan), and grants.
- Timing – the grant awards are anticipated to be issued within 60 days of the enactment of the American Recovery and Reinvestment Act of 2009 and then must be committed to eligible projects within 12 months of enactment.

MDE in turn has created its own list of stipulations for how the American Recovery and Reinvestment Act of 2009 funding may be used. These stipulations include the provision that the project is ready to proceed for design or construction within the 12-month period, is included in the county water and sewerage plan, and is consistent with the Priority Fund Area law and Priority Places.

Impact to State

The impact of the funding increase to the State is anticipated to be short-term in terms of project funding. It is anticipated that the federal funding will be made available over two to three years, starting in mid-April 2009, with the funding received in each fiscal year required to be spent within a 12-month period. The lack of a matching requirement means that the funding will flow through the State budget but not require any additional State commitment of resources. Overall, the

funding is anticipated to reduce project backlogs and provide for job retention and creation but is not expected to alleviate the State revenue shortfall.

DLS recommends that MDE comment on the future expectation for federal capitalization of the revolving loan funds after the American Recovery and Reinvestment Act of 2009 no longer provides additional funding. MDE should also comment on the status of plans for meeting the federal stipulations for disbursing revenue from the American Recovery and Reinvestment Act of 2009.

2. Movement in the Septic System Upgrade Program

The Bay Restoration Fund Septic Account has received \$29.4 million from the 60% allocation of the fee on septic system users through January 31, 2009. Of this amount, \$23.0 million has been appropriated. While encumbrances have increased for the program, only \$6.7 million has been expended, leaving \$16.3 million still to be expended. The reason for this limited expenditure appears to lie in how the program is designed.

The program has been designed to be flexible in order to meet changing needs. It is divided into the following components:

- MDE Direct Grants – the direct delivery of services component in which interest is solicited from individuals and businesses across the State that may not be located in a county that is providing grant awards; and
- County Grant Awards – the request for proposals component in which a request for proposals is issued by MDE to county public health departments for a two-year grant cycle whereby counties are reimbursed by MDE as projects are completed.

Interest Obstacle

The main obstacle to disbursement of funding appears to be a lack of interest from the public or perhaps the lack of active solicitation of interest in septic system upgrades. MDE intends to address the interest obstacle by creating a list of authorized septic system vendors and installers for the public to use and contracting for a social marketing study. MDE's ongoing efforts to increase interest include the following:

- Training – held four trainings for MDE field staff about the benefits of the Septic System Upgrade Program.
- State Demonstration Projects – identified State-owned facilities at University of Maryland Center and Jefferson Patterson Park for upgrades that were to be completed by December 30, 2008, and intends to work with the Department of Natural Resources on upgrading its greater than 100 septic systems.

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- Direct Mail, Radio Advertising, Media Contact – identified all Critical Area properties on septic systems and in the process of sending postcards to the properties, advertised on the radio, and worked with local newspapers.
- Targeting Large Systems – notified individual State discharge permit holders of funding availability.

MDE reports that septic system applications have increased from 50 per month to greater than 150 per month, perhaps as a result of the outreach efforts. However, all of MDE's outreach appears to be geared toward increasing interest in the MDE direct grants and does not appear to have a direct nexus with the \$14.5 million awarded to the counties for the county grant awards component of the program.

DLS recommends that MDE comment on what it is doing to encourage counties to complete septic system upgrades and whether the county direct grant approach is the most effective way to reach potential septic system upgrade participants. DLS also recommends that a provision be included in the Budget Reconciliation and Financing Act of 2009 to transfer \$5.0 million of Bay Restoration Fund – Septic Account fund balance to the Cover Crop Program in order to backfill partially the reduction of \$10.0 million of reimbursable fund appropriation from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund.

3. Bay Restoration Fund Decision Deadline Approaches

The Bay Restoration Fund was created in 2004 primarily to provide grants for ENR pollution reduction upgrades at the State's 66 major wastewater treatment plants. The fund is financed by a bay restoration fee on users of wastewater treatment facilities and septic systems and sewage holding tanks. A funding gap is anticipated in fiscal 2012 based on current revenue projections and project costs.

Revenue Bonds Issued

To expedite the ENR upgrades at the 66 major wastewater treatment plants, MDE issued \$50.0 million in bonds in June 2008, backed by revenue under this program. MDE intended to issue bonds in fiscal 2009 until it was realized that there is adequate funding to finance the projects in fiscal 2009. In total, the program plans to issue \$530.0 million in revenue bonds through fiscal 2012.

DLS has analyzed the first negotiated (similar to a sole source procurement) revenue bond issuance and has found that Bay Restoration Fund bonds are similar to the State's general obligation bonds. Therefore, DLS has recommended that the next Bay Restoration Fund revenue bond issuance be conducted as a competitive sale. MDE has responded that it will base the decision on market conditions and the recommendations of the financial advisor in consultation with the State Treasurer's Office.

Funding Gap Projected

Current estimates suggest that the funding provided from PAYGO special funds and revenue bonds will not be able to meet the goal of upgrading the 66 major wastewater treatment plants because the cost has increased from \$1.040 billion to \$1.113 billion. These revenue bonds, in addition to revenues expended from the fund as PAYGO special funds, would fund approximately \$868.0 million of the \$1.113 billion upgrade cost, a difference of \$245.0 million.

At this point, it is unclear how this funding gap will be resolved. A couple of suggestions have been provided by the Bay Restoration Fund Advisory Committee including increasing the bay restoration fee, reducing the ENR upgrade grant, reprioritizing projects, and using fees to make debt service payments on bonds issued by local governments ENR upgrade costs. Administration legislation (House Bill 90 – Department of the Environment – Bay Restoration Fund and Bay Restoration Fee) has been introduced in the 2009 session. One of the provisions of the legislation is to require the Bay Restoration Fund Advisory Committee to make an annual recommendation as to the appropriate restoration fee assessment increase to meet the financing needs of the Bay Restoration Fund.

DLS recommends that MDE comment on what market conditions would favor a competitive versus a negotiated sale, and the expected outcome of the requirement in House Bill 90 that the Bay Restoration Fund Advisory Committee make an annual recommendation on the appropriate fee assessment increase.

Water Quality Revolving Loan Fund (Statewide)

| | | |
|-----------------|---------------------|--------------------------------|
| PAYGO SF | \$86,208,000 | Recommendation: Approve |
| PAYGO FF | \$16,500,000 | |
| GO Bond | \$3,292,000 | |

Program Description: The Water Quality Revolving Loan Fund (WQRLF) was created to provide low-interest loans to counties and municipalities to finance water quality improvement projects. The fund was established by the federal government in the Clean Water Act of 1987 and by the State of Maryland in Sections 9-204 and 9-1604 of the Environment Article to replace the federal construction grants program that was phased out. Projects eligible for funding include wastewater treatment plants; failing septic systems; and non-point-source projects, such as urban stormwater control projects. The federal act requires a 20% state match. As of December 31, 2008, WQRLF had executed approximately \$1.3 billion in low-interest loans.

WQRLF projects are prioritized based on a U.S. Environmental Protection Agency-approved Integrated Project Priority System. In accordance with this system, projects meeting the minimum requirements are rated and ranked based on criteria including proposed project benefits and water quality improvement. The second priority ranking phase uses the requirements in Environment Article 9-345 and 9-348 and *Code of Maryland Regulations* 26.03.08 that outline specific criteria for considering, among other things, the severity of water quality problems, readiness to proceed, cost-effectiveness of nitrogen reduction, and expenditure rates. The resulting scores are used to prioritize projects.

Prior Authorization and Capital Improvement Program

Authorization Request

(\$ in Millions)

| <i>Fund Source</i> | <i>2008 Approp.</i> | <i>2009 Approp.</i> | <i>2010 Allowance</i> | <i>2011 Estimate</i> | <i>2012 Estimate</i> | <i>2013 Estimate</i> | <i>2014 Estimate</i> |
|--------------------|-------------------------|-------------------------|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| PAYGO GF | \$4.240 | \$5.180 | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$0.000 |
| PAYGO SF | 34.580 | 28.920 | 86.208 | 60.200 | 60.200 | 60.200 | 60.200 |
| PAYGO FF | 21.180 | 25.900 | 16.500 | 16.500 | 16.500 | 16.500 | 16.500 |
| GO Bonds | 0.000 | 0.000 | 3.292 | 3.300 | 3.300 | 3.300 | 3.300 |
| Revenue Bonds | 50.000 | 30.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Total | \$110.000 | \$90.000 | \$106.000 | \$80.000 | \$80.000 | \$80.000 | \$80.000 |

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WQRLF's fiscal 2010 allowance totals \$106.0 million and is comprised of \$86.2 million in special funds, \$16.5 million in federal funds, and \$3.3 million in revenue bonds. No general funds are included in the allowance; therefore, the \$3.3 million in general obligation (GO) bonds represents the required 20% State match for the federal funds. The 2009 *Capital Improvement Program* (CIP) assumes that GO bonds will be provided in future years to meet State matching requirements, which is a change from the assumption in the 2008 CIP that general funds would provide the State match. If the federal funding level changes in the future, the GO bond matching amount will require adjustment.

A total of 21 projects would be funded during fiscal 2010 in the following jurisdictions: Allegany (6), Anne Arundel (1), Baltimore City (1), Calvert (2), Caroline (1), Carroll (1), Charles (2), Harford (1), Howard (1), Montgomery (1), Prince George's (2), Washington (1), and Worcester (1). These projects would involve expanding wastewater treatment plants capacity, upgrading wastewater treatment plants, extending and rehabilitating public sewer systems, and correcting combined sewer overflow problems.

The Maryland Department of the Environment (MDE) initially projected the need to issue \$30.0 million in revenue bonds in May fiscal 2009 in order to meet high WQRLF demand. However, MDE notes that the federal stimulus funding from the American Recovery and Reinvestment Act of 2009 will obviate the need for this revenue bond issuance. However, the 2004 Clean Water Needs Survey indicates that there is a need of \$5.4 billion for point-source wastewater infrastructure projects and \$680.0 million for nonpoint-source projects. The data collection for the Clean Water needs Survey will end in June 2009; however, survey completion by the U.S. Environmental Protection Agency is not expected for another 12-18 months after June 2009. **The Department of Legislative Services recommends that MDE comment on how much of the need identified in the current Clean Water Needs Survey is for projects that are ready to proceed.**

Water Quality Revolving Loan Fund Data (Statewide)

Fund History

| | <i>FY 2008 Actual</i> | <i>FY 2009 Estimated</i> | <i>FY 2010 Estimated</i> |
|---|-----------------------|--------------------------|--------------------------|
| Beginning Balance | -\$1,577,644 | \$71,053,431 | \$84,029,357 |
| Revenue | | | |
| General Funds | \$4,240,000 | \$5,180,000 | \$0 |
| General Obligation Bonds | 0 | 0 | 3,292,000 |
| Federal Funds | 21,179,467 | 25,885,926 | 16,500,000 |
| Revenue Bonds – WQFA | 50,000,000 | 30,000,000 | 0 |
| Investment and Other Income | 10,884,298 | 11,500,000 | 12,000,000 |
| Loan Repayments and Interest | 66,540,855 | 70,000,000 | 74,000,000 |
| Total Revenue | \$152,844,620 | \$142,565,926 | \$105,792,000 |
| Total Available | \$151,266,976 | \$213,619,357 | \$189,821,357 |
| Encumbrances | | | |
| Net Loans (including closeout adjustments)* | \$65,042,402 | \$110,000,000 | \$106,000,000 |
| Revenue Bond Debt Service | 11,942,094 | 12,000,000 | 12,000,000 |
| Revenue Bond Debt Service Reserve | 0 | 4,200,000 | 6,600,000 |
| Operating Expenses | 3,229,049 | 3,390,000 | 3,560,000 |
| Total Encumbrances | \$80,213,545 | \$129,590,000 | \$128,160,000 |
| Ending Balance | \$71,053,431 | \$84,029,357 | \$61,661,357 |

*Loans made as of 12/31/08 = \$19.04 million (4 projects)

The fund data reflects a negative opening balance for the WQRLF, which is due to fiscal 2007 loan encumbrances being higher than the available fund balance. MDE notes that this situation did not result in a cash flow deficit because expenditures lag behind encumbrances.

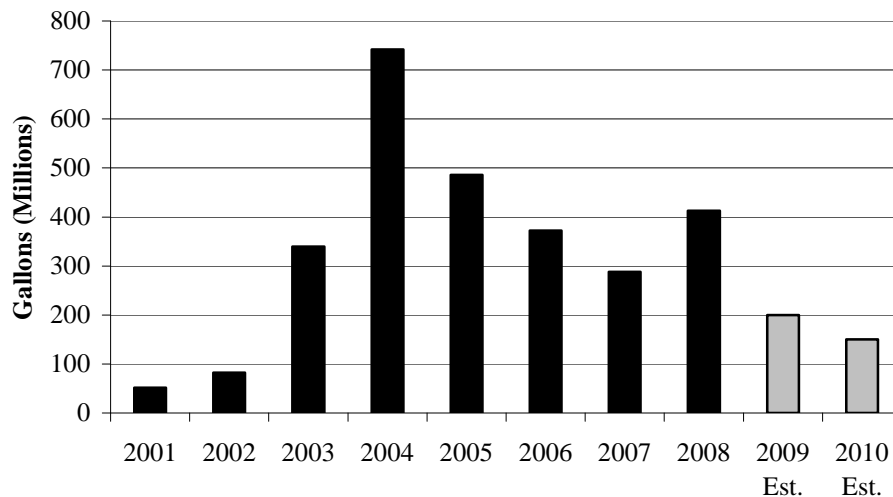
The fund data also reflects a significant decrease in actual loans in fiscal 2008 (\$65.0 million) relative to the fiscal 2008 appropriation of \$110.0 million. MDE notes that that is due to project

construction start delays, which meant that certain loans were not executed. In addition, the loans made in fiscal 2009 as of December 31, 2008, (\$19.04 million) are well below the loans made at the same time last year (\$35.5 million). MDE indicates that this partially may be explained by local governments putting projects on hold in the anticipation of receiving grants or lower interest rates due to the federal stimulus package funding.

Program Analysis and Performance

As illustrated in **Exhibit 2**, sewer overflows increased between fiscal 2007 and 2008 despite a downward trend since fiscal 2004. Information previously reported on sewer overflows compared data for fiscal 2002 and beyond with fiscal 2001, a particularly dry year. Beginning in fiscal 2006, MDE used a three-year average (2003 through 2005) of 521.8 million gallons. Using this new base comparison, MDE estimates that the overflow gallons were reduced 21% relative to the three-year average in fiscal 2008. Fiscal 2008 overflows increased due to storms that caused power failures to a Washington Suburban Sanitary Commission pumping station, which resulted in a series of overflows. Exhibit 1 shows that further reductions in sewer overflows are projected in the out-years. MDE has noted that funding levels for sewer rehabilitation and the amount of rainfall determine future sewer overflow reductions. **MDE should be prepared to brief the committees on the overall status of redundant energy systems at wastewater treatment plants and what role the aging collection system infrastructure for wastewater treatment plants will have on the ability to further reduce sewer overflows in the future.**

Exhibit 2
Sewage Overflow
Fiscal 2001-2010



Source: Governor’s Budget Books, Fiscal 2005-2010

Recommended Actions

1. Concur with Governor's allowance.

Fiscal 2010 Proposed Projects

| <u>Subdivision</u> | <u>Project Title</u> | <u>Estimated Cost</u> | <u>Prior Auth.</u> | <u>Amount</u> | <u>Future Request</u> | <u>Total State Share (%)</u> |
|---------------------------|--|------------------------------|---------------------------|----------------------|------------------------------|-------------------------------------|
| Allegany | Bedford Road and Jennings Run – Sewer Rehabilitation Project Study | \$1,310,000 | \$1,135,000 | \$175,000 | – | 100.0% |
| Allegany | Braddock Run Sewer Rehabilitation Project | 1,500,000 | – | 500,000 | – | 33.3% |
| Allegany | Cedar Street Sewer Rehabilitation Project | 750,000 | – | 700,000 | – | 93.3% |
| Allegany | Cumberland Combined Sewer Overflow | 47,000,000 | 300,000 | 1,500,000 | 500,000 | 4.9% |
| Allegany | Eckhart Sewer Rehabilitation Study | 525,000 | – | 500,000 | – | 95.2% |
| Allegany | Grahamtown Sanitary Sewer Rehabilitation Project | 1,000,000 | – | 500,000 | – | 50.0% |
| Anne Arundel | Cox Creek Wastewater Treatment Plant Upgrade | 155,011,000 | – | 8,250,000 | – | 5.3% |
| Baltimore City | Lower Stoney Run Interceptor – Sewer Rehabilitation Project | 40,440,441 | – | 8,084,000 | – | 20.0% |
| Calvert | Calvert Industrial Park – Wastewater Treatment Plant Upgrade | 1,180,000 | – | 733,000 | – | 62.1% |

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| <u>Subdivision</u> | <u>Project Title</u> | <u>Estimated Cost</u> | <u>Prior Auth.</u> | <u>Amount</u> | <u>Future Request</u> | <u>Total State Share (%)</u> |
|--------------------|--|-----------------------|--------------------|---------------|-----------------------|------------------------------|
| Calvert | Chesapeake Beach Wastewater Treatment Plant Upgrade | 19,291,243 | – | 8,809,000 | – | 45.7% |
| Caroline | Ridgely Wastewater Treatment Plant Upgrade | 1,700,000 | – | 1,500,000 | – | 88.2% |
| Carroll | New Windsor Wastewater Treatment Plant – BNR Upgrade | 3,500,000 | – | 1,000,000 | – | 28.6% |
| Charles | Benedict Central Sewer Collection and Treatment System | 7,193,000 | – | 3,597,000 | – | 50.0% |
| Charles | La Plata Wastewater Treatment Plant Upgrade | 30,245,000 | 1,451,000 | 13,630,000 | – | 49.9% |
| Harford | Aberdeen Wastewater Treatment Plant Upgrade | 22,980,000 | – | 7,750,000 | – | 33.7% |
| Howard | Little Patuxent Wastewater Treatment Plant Upgrade | 74,000,000 | – | 24,079,000 | – | 32.5% |
| Montgomery | Seneca Wastewater Treatment Plant Upgrade | 25,000,000 | – | 2,439,000 | – | 9.8% |
| Prince George's | Parkway Wastewater Treatment Plant Upgrade | 18,800,000 | – | 7,200,000 | – | 38.3% |

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| <u>Subdivision</u> | <u>Project Title</u> | <u>Estimated Cost</u> | <u>Prior Auth.</u> | <u>Amount</u> | <u>Future Request</u> | <u>Total State Share (%)</u> |
|--------------------|---|-----------------------|--------------------|----------------------|-----------------------|------------------------------|
| Prince George's | Western Branch Wastewater Treatment Plant Upgrades | 55,000,000 | – | 8,054,000 | – | 14.6% |
| Washington | Salem Avenue Collection System Rehabilitation Project | 1,050,000 | – | 1,000,000 | – | 95.2% |
| Worcester | Snow Hill Wastewater Treatment Plant – Nutrient Removal and Expansion | 15,000,000 | – | 6,000,000 | – | 40.0% |
| Total | | \$522,475,684 | \$2,886,000 | \$106,000,000 | \$500,000 | |

BNR: biological nutrient removal

Fiscal 2009 Proposed Projects

| <u>Subdivision</u> | <u>Project Title</u> | <u>Estimated Cost</u> | <u>Prior Auth.</u> | <u>Amount</u> | <u>Future Request</u> | <u>Total State Share (%)</u> |
|--------------------|---|-----------------------|--------------------|---------------|-----------------------|------------------------------|
| Allegany | Cumberland Enhanced Nutrient Removal | \$40,078,043 | – | \$11,257,000 | – | 28.1% |
| Allegany | Cumberland Combined Sewer Overflow | 47,000,000 | – | 300,000 | \$2,000,000 | 4.9% |
| Allegany | George’s Creek Wastewater Treatment Plant Improvements | 28,664,919 | – | 9,100,000 | – | 31.7% |
| Anne Arundel | Sylvan Shores – Public Sewer Service Extension | 3,118,092 | – | 2,346,000 | – | 75.2% |
| Baltimore City | Patapsco Wastewater Treatment Plant – Gravity Sludge Thickener Renovation | 6,300,000 | – | 1,920,000 | – | 30.5% |
| Baltimore | Hernwood Landfill – Leachate Collection System | 1,275,000 | – | 1,000,000 | – | 78.4% |
| Baltimore | Patapsco Wastewater Treatment Plant – Gravity Sludge Thickener Renovation | 6,300,000 | – | 4,080,000 | – | 64.8% |
| Cecil | Perryville Enhanced Nutrient Removal | 13,760,078 | – | 6,200,000 | – | 45.1% |
| Charles | La Plata Wastewater Treatment Plant Upgrade | 30,245,000 | – | 1,451,000 | 13,630,000 | 49.9% |
| Charles | Mt. Carmel Woods Wastewater Treatment Plant Upgrade | 5,272,000 | \$773,500 | 2,090,000 | – | 54.3% |
| Frederick | Ballenger Creek Plant Expansion – Enhanced Nutrient Removal | 151,600,000 | – | 49,621,000 | – | 32.7% |

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| <u>Subdivision</u> | <u>Project Title</u> | <u>Estimated Cost</u> | <u>Prior Auth.</u> | <u>Amount</u> | <u>Future Request</u> | <u>Total State Share (%)</u> |
|--------------------|---|-----------------------|--------------------|----------------------|-----------------------|------------------------------|
| Montgomery | Rockville Southlawn Lane – Sewer Extension Project | 1,500,000 | – | 1,146,000 | – | 76.4% |
| Prince George’s | Bowie Enhanced Nutrient Removal | 8,190,000 | – | 1,400,000 | – | 17.1% |
| Prince George’s | Western Branch Wastewater Treatment Plant Filter Upgrades | 5,400,000 | – | 4,000,000 | – | 74.1% |
| St. Mary’s | Oliver Drive – Public Sewer Service Extension | 137,000 | – | 137,000 | – | 100.0% |
| Talbot | Talbot County/ Martingham Utilities Cooperative Wastewater Treatment Plant Improvements | 3,063,000 | – | 1,750,000 | – | 57.1% |
| Washington | Conococheague Wastewater Treatment Plant ENR Expansion | 33,177,000 | – | 1,652,000 | – | 5.0% |
| Washington | Hagerstown Wastewater Treatment Plant – Disinfection Upgrade Phase 3B | 8,000,000 | – | 7,550,000 | – | 94.4% |
| Washington | Hagerstown Wastewater Treatment Plant – Headworks Improvement Phase 4 | 3,350,000 | – | 3,000,000 | – | 89.6% |
| Total | | \$396,430,132 | \$773,500 | \$110,000,000 | \$15,630,000 | |

ENR: enhanced nutrient removal

Drinking Water Revolving Loan Fund (Statewide)

| | | |
|-----------------|--------------------|--------------------------------|
| PAYGO SF | \$4,383,000 | Recommendation: Approve |
| PAYGO FF | \$6,375,000 | |
| GO Bond | \$2,242,000 | |

Program Description: The Drinking Water Revolving Loan Fund (DWRLF) was established in accordance with a federal capitalization grant approved by Congress in 1996 in anticipation of future federal capitalization grants. This program was authorized by the General Assembly in 1993 to provide loans to counties and municipalities to finance water supply improvements and upgrades. In accordance with the federal legislation, these funds may also be loaned to private parties. The federal act requires that a minimum of 20% of State matching funds for each year’s federal capitalization grant be deposited into the fund. As of December 31, 2008, DWRLF had executed approximately \$144.2 million in low-interest loans.

Similar to the Water Quality Revolving Loan Fund, DWRLF projects are prioritized based on an U.S. Environmental Protection Agency-approved Drinking Water Project Priority System that focuses on many criteria, the most important being public health benefit.

Drinking Water Revolving Loan Fund Prior Authorization and Capital Improvement Program

Authorization Request

(\$ in Millions)

| <i>Fund Source</i> | <i>2008 Approp.</i> | <i>2009 Approp.</i> | <i>2010 Allowance</i> | <i>2011 Estimate</i> | <i>2012 Estimate</i> | <i>2013 Estimate</i> | <i>2014 Estimate</i> |
|--------------------|-------------------------|-------------------------|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| PAYGO GF | \$2.240 | \$2.265 | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$0.000 |
| PAYGO SF | 3.946 | 4.000 | 4.383 | 4.000 | 4.000 | 4.000 | 4.000 |
| PAYGO FF | 13.559 | 7.814 | 6.375 | 7.850 | 7.850 | 7.850 | 7.850 |
| GO Bonds | 0.000 | 0.000 | 2.242 | 2.300 | 2.300 | 2.300 | 2.300 |
| Revenue Bonds | 0.000 | 18.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Total | \$19.745 | \$32.079 | \$13.000 | \$14.150 | \$14.150 | \$14.150 | \$14.150 |

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The fiscal 2010 DWRLF allowance totals \$13.0 million and is comprised of \$4.4 million in special funds, \$6.4 million in federal funds, and \$2.2 million in general obligation (GO) bonds. No general funds are included in the allowance; therefore, the \$2.2 million in GO bonds represents the required 20% State match for the federal funds. The 2009 *Capital Improvement Program* (CIP) assumes that GO bonds will be provided in future years to meet State matching requirements, which is a change from the assumption in the 2008 CIP that general funds would provide the State match. If the federal funding level changes in the future, the general obligation bond matching amount will require adjustment.

A total of 10 projects are scheduled to be funded during fiscal 2010, which would improve water services in 8 different jurisdictions as follows: Allegany (1), Calvert (2), Cecil (1), Frederick (1), Garrett (1), St. Mary's (2), Washington (1), and Wicomico (1). The GO fund allowance is based on \$829.0 million in anticipated federal funds to capitalize water supply revolving loan funds throughout the United States. Maryland's share of this national amount is estimated to be \$11.2 million, requiring a \$2.2 million State match. Up to 31% of the \$11.2 million federal appropriation may be used for nonproject set-asides. Nonproject set-asides are budgeted in the Maryland Department of the Environment's (MDE) operating budget, and estimates for its categories follow: 15% for Local Assistance/Other State Projects; 10% for Safe Drinking Water Program Support; 4% for DWRLF Administration; and 2% for Technical Assistance for Small Systems.

The 2003 Drinking Water Needs Survey is anticipated to be updated in early 2009. The 2003 survey indicated that Maryland has needs of \$3.96 billion. MDE received loan solicitation requests for \$101.3 million for fiscal 2010. **The Department of Legislative Services recommends that MDE comment on when the 2003 Drinking Water Needs Survey update will be completed and the expected revision to Maryland's needs.**

Drinking Water Revolving Loan Fund Data

Fund History

| | <i>FY 2008 Actual</i> | <i>FY 2009 Estimated</i> | <i>FY 2010 Estimated</i> |
|------------------------------|-----------------------|--------------------------|--------------------------|
| Beginning Balance | \$10,106,138 | \$4,047,546 | \$3,838,546 |
| Revenue | | | |
| General Funds | \$2,240,000 | \$2,265,000 | \$0 |
| General Obligation Bonds | 0 | 0 | 2,242,000 |
| Revenue Bonds | 0 | 18,000,000 | 0 |
| Federal Funds | 13,557,577 | 7,814,000 | 6,375,400 |
| Investment and Other Income | 1,193,213 | 1,200,000 | 1,200,000 |
| Loan Repayments and Interest | 4,724,231 | 5,000,000 | 5,300,000 |
| Total Revenue | \$21,715,021 | \$34,279,000 | \$15,117,400 |
| Total Available | \$31,821,159 | \$38,326,546 | \$18,955,946 |
| Encumbrances | | | |
| Loans* | \$27,193,470 | \$32,079,000 | \$13,000,000 |
| Operating Expenses | 580,143 | 609,000 | 639,000 |
| Debt Service Reserve | 0 | 1,800,000 | 1,800,000 |
| Total Encumbrances | \$27,773,613 | \$34,488,000 | \$15,439,000 |
| Ending Balance | \$4,047,546 | \$3,838,546 | \$3,516,946 |

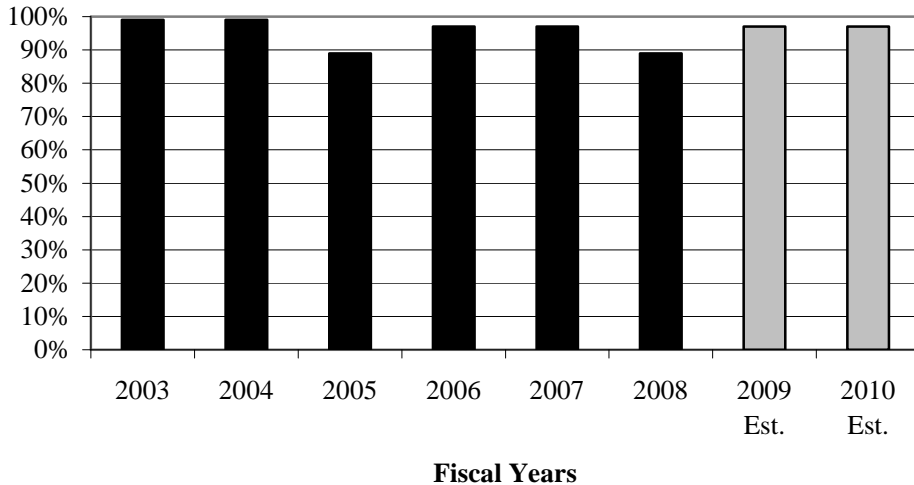
*Loans made as of 12/31/08 = \$3.57 million (2 projects).

The fund data reflects a significant increase in fiscal 2008 actual loans (\$27.2 million) relative to the fiscal 2008 appropriation of \$14.0 million. However, the loans made as of December 31, 2008, (\$3.6 million) are well below the loans made a year ago of \$23.7 million. MDE indicates that this partially may be explained by local governments putting projects on hold in the anticipation of receiving grants or lower interest rates due to the federal stimulus package funding. MDE has moved the fiscal 2009 revenue bond issuance to fiscal 2010 or later due to the anticipated availability of federal stimulus funding.

Program Analysis and Performance

As illustrated in **Exhibit 3**, the measure for the percent of Marylanders served by public water systems in significant compliance with State regulations adopted in 2002 decreased between fiscal 2007 and 2008 to 89%. The decrease is attributable to a federal change in the enforcement procedure whereby water systems are now penalized for a technical violation if they do not submit test results to MDE by a certain deadline. In the out-years, the percent of Marylanders is anticipated to return to the historical level of approximately 97%.

Exhibit 3
Marylanders Served by Public Water Systems in
Significant Compliance
Fiscal 2003-2010



Note: In fiscal 2008, the federal government adopted a more restrictive definition of compliance; however, health-based compliance remained 99.2%.

Source: Governor’s Budget Books, Fiscal 2006-2010

Recommended Actions

1. Concur with Governor's allowance.

Fiscal 2010 Proposed Projects

| <u>Subdivision</u> | <u>Project Title</u> | <u>Estimated Cost</u> | <u>Prior Auth.</u> | <u>Amount</u> | <u>Future Request</u> | <u>Total State Share (%)</u> |
|---------------------------|--|------------------------------|---------------------------|----------------------|------------------------------|-------------------------------------|
| Allegany | Ridgedale Reservoir Replacement | \$4,876,280 | 1,570,000 | \$1,500,000 | – | 63.0% |
| Calvert | Dares Beach/Chesapeake Heights – New Well | 652,500 | – | 500,000 | – | 76.6% |
| Calvert | East Prince Frederick – New Tower, Well, and Arsenic Treatment | 2,000,000 | – | 1,000,000 | – | 50.0% |
| Cecil | Whitaker Woods Water System | 2,040,000 | – | 1,350,000 | – | 66.2% |
| Frederick | Walkerville Backup Water Supply Connection | 2,408,500 | – | 500,000 | – | 20.8% |
| Garrett | Mountain Lake Park Water System Improvements | 968,250 | – | 756,000 | – | 78.1% |
| St. Mary’s | Hollywood Water System – New Well | 300,000 | – | 260,000 | – | 86.7% |
| St. Mary’s | Hollywood Well Arsenic Remediation | 571,000 | – | 516,000 | – | 90.4% |
| Washington | West End Reservoir Tank Phase II | 4,992,500 | – | 4,000,000 | – | 80.1% |
| Wicomico | Salisbury – New Elevated Water Tower | 3,300,000 | – | 2,618,000 | – | 79.3% |
| Total | | \$22,109,030 | \$1,570,000 | \$13,000,000 | | |

Fiscal 2009 Projects Status

| <u>Subdivision</u> | <u>Project Title</u> | <u>Estimated Cost</u> | <u>Prior Auth.</u> | <u>Amount</u> | <u>Future Request</u> | <u>Total State Share (%)</u> |
|---------------------------|--|------------------------------|---------------------------|----------------------|------------------------------|-------------------------------------|
| Allegany | Bowman’s Addition Water Project – Phase 2 | \$2,545,000 | – | \$1,542,000 | – | 60.6% |
| Allegany | Ridgedale Reservoir Replacement | 4,876,280 | – | 1,570,000 | 1,500,000 | 63.0% |
| Allegany | Westernport Water Treatment Plant Upgrade | 5,353,470 | – | 2,500,000 | – | 46.7% |
| Baltimore City | Montebello Plant 2 – Finish Water Reservoir Improvements | 36,000,000 | – | 4,401,231 | – | 12.2% |
| Carroll | Taneytown Baltimore Street Water Main Replacement | 3,200,000 | – | 3,200,000 | – | 100.0% |
| Cecil | North East Water System – Water Storage Tank Upgrade | 2,200,000 | – | 2,000,000 | – | 90.9% |
| Cecil | Perryville Water Filtration and Storage Tank | 14,500,000 | – | 9,753,769 | – | 67.3% |
| Queen Anne’s | Centreville – New Arsenic Treatment Plant, Distribution and Storage Improvements | 5,900,000 | – | 4,400,000 | – | 74.6% |
| St. Mary’s | St. Clement’s Shores Backup Well | 420,000 | – | 300,000 | – | 71.4% |
| Talbot | Oxford Arsenic Removal | 1,100,000 | – | 1,100,000 | – | 100.0% |
| Washington | Fahrney-Keedy Home and Village Water Treatment Plant Upgrade | 1,013,527 | – | 927,000 | – | 91.5% |
| Worcester | Newark Sanitary Service Area – New Water Storage Tank | 689,000 | – | 385,000 | – | 55.9% |
| Total | | \$77,797,277 | | \$32,079,000 | \$1,500,000 | |

Bay Restoration Fund – Wastewater Projects (Statewide)

| | | | |
|----------------------|---------------------|------------------------|----------------|
| PAYGO SF | \$50,000,000 | Recommendation: | Approve |
| Revenue Bonds | \$80,000,000 | | |

Program Description: The Bay Restoration Fund (Chapter 428 of 2004) was created to address the significant decline in Chesapeake Bay water quality due to over-enrichment of nutrients such as phosphorus and nitrogen. This dedicated fund, financed in large part by wastewater treatment plant (WWTP) users, will be used to upgrade Maryland’s 66 major WWTPs with enhanced nutrient removal (ENR) technology so they are capable of achieving wastewater effluent quality of 3 milligrams per liter (mg/L) total nitrogen and 0.3 mg/L total phosphorus. Revenue from this fund will also support upgrades to sewer infrastructure and septic systems.

The Bay Restoration Fund – Wastewater Projects program originally incorporated two programs: Enhanced Nutrient Removal and Sewer Rehabilitation. The Sewer Rehabilitation Program’s goal was to ensure a safe and adequate sewer infrastructure, as required by the Clean Water Act, and it received final funding in fiscal 2009. The funding allocated to the Sewer Rehabilitation Program is now budgeted in the Maryland Department of the Environment’s (MDE) operating budget for operations and maintenance of wastewater treatment plants upgraded to ENR status. In its place, \$500,000 is budgeted in the operating budget for operation and maintenance of WWTPs upgraded to ENR status.

The ENR program provides grants to local governments to institute ENR technology at the 66 largest WWTPs in Maryland. Overall, upgrading these WWTPs will reduce nitrogen loading to the Chesapeake Bay and its tributaries by an additional 7.5 million pounds per year, representing approximately one-third of the additional reduction needed for Maryland to reach its commitment under the *2000 Chesapeake Bay Agreement*.

Bay Restoration Fund – Wastewater Projects Prior Authorization and Capital Improvement Program

Authorization Request

(\$ in Millions)

| <i>Fund Source</i> | <i>2008 Approp.</i> | <i>2009 Approp.</i> | <i>2010 Allowance</i> | <i>2011 Estimate</i> | <i>2012 Estimate</i> | <i>2013 Estimate</i> | <i>2014 Estimate</i> |
|--------------------|-------------------------|-------------------------|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| PAYGO SF | \$35.000 | \$73.000 | \$50.000 | \$45.000 | \$27.000 | \$3.000 | \$3.000 |
| Revenue Bonds | 50.000 | 70.000 | 80.000 | 150.000 | 180.000 | 0.000 | 0.000 |
| Total | \$85.000 | \$143.000 | \$130.000 | \$195.000 | \$207.000 | \$3.000 | \$3.000 |

The fiscal 2010 ENR allowance of \$130.0 million (\$50.0 million in special funds and \$80.0 million in revenue bonds) would be used to construct ENR upgrades at 17 major WWTPs in 12 jurisdictions (Anne Arundel, Baltimore City, Calvert, Carroll, Charles, Dorchester, Frederick, Harford, Howard, Montgomery, Prince George’s, Worcester). The Sewer Rehabilitation Program, a component of the Bay Restoration Fund – Wastewater Projects program, was authorized for fiscal 2004 through 2009, and fiscal 2009 was the final authorization for the program.

MDE intended to issue \$70.0 million in revenue bonds in fiscal 2009. However, this issuance has been delayed to fiscal 2010 because there is adequate funding to finance the projects in fiscal 2009. For fiscal 2010, MDE’s current plan is to issue \$150.0 million in revenue bonds.

Bay Restoration Fund revenue is collected by the Comptroller and then transferred to the Water Quality Financing Administration (WQFA) accounts. As a result, for WQFA to transfer any funds to the trustee bank for Bay Restoration Fund revenue bond debt service, an appropriation is necessary. MDE has budgeted \$11.7 million for debt service payments in its fiscal 2010 allowance operating budget; although this amount may change due to the decision to delay the fiscal 2009 revenue bond issuance until fiscal 2010.

Bay Restoration Fund – Wastewater Projects Authorization and Expenditure Data

**Authorization Summary
(\$ in Millions)**

| <i>Fiscal Year</i> | <i>Authorization</i> | <i>Funds</i> | | <i>Balances</i> | |
|--------------------|----------------------|-------------------|-----------------|-------------------------|-----------------------|
| | | <i>Encumbered</i> | <i>Expended</i> | <i>To Be Encumbered</i> | <i>To Be Expended</i> |
| Prior Years | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$0.000 |
| 2005 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 2006 | 30.000 | 30.000 | 23.174 | 0.000 | 6.826 |
| 2007 | 70.000 | 42.777 | 10.365 | 27.223 | 59.635 |
| 2008 | 80.000 | 0.000 | 0.000 | 80.000 | 80.000 |
| 2009 | 138.000 | 0.000 | 0.000 | 138.000 | 138.000 |
| Total | \$318.000 | \$72.777 | \$33.539 | \$245.223 | \$284.461 |

The authorization summary reflects only \$33.5 million in expenditures and an unencumbered balance of \$245.2 million. MDE reports that certain projects have not opened bids for construction. However, in the next six months, four projects are expected to start construction: Cumberland, Delmar, Ballenger Creek, and Patapsco. The construction of these four projects will increase the encumbered amount by \$125.0 million. **The Department of Legislative Services recommends that MDE further comment on why project expenditures and encumbrances are not occurring.**

Bay Restoration Fund – Wastewater Projects Fund Data

Fund History

| | <i>FY 2008 Actual</i> | <i>FY 2009 Estimated</i> | <i>FY 2010 Estimated</i> |
|--|-----------------------|--------------------------|--------------------------|
| Beginning Balance | \$47,892,298 | \$128,356,084 | \$23,853,566 |
| Revenue | | | |
| General Funds | \$0 | \$0 | \$0 |
| General Obligation Bonds | 0 | 0 | 0 |
| Bay Restoration Fund Fee Revenue | 55,068,045 | 55,000,000 | 55,000,000 |
| Investment Income | 5,447,729 | 5,000,000 | 5,000,000 |
| Revenue Bond Proceeds | 52,072,209 | 70,000,000 | 80,000,000 |
| Total Revenue | \$112,587,983 | \$130,000,000 | \$140,000,000 |
| Total Available | \$160,480,281 | \$258,356,084 | \$163,853,566 |
| Encumbrances | | | |
| ENR Grant Awards ¹ | \$28,400,027 | \$216,872,825 | \$130,000,000 |
| Sewer Rehabilitation Grant Awards ² | 2,580,000 | 11,545,000 | 0 |
| Operating and Maintenance Awards | 0 | 0 | 500,000 |
| Operating Expenses | 695,837 | 730,000 | 766,000 |
| Debt Service Reserve/Issuance Cost | 448,333 | 700,000 | 800,000 |
| Debt Service Payment | 0 | 4,654,693 | 11,712,000 |
| Total Encumbrances | \$32,124,197 | \$234,502,518 | \$143,778,000 |
| Ending Balance | \$128,356,084 | \$23,853,566 | \$20,075,566 |

ENR: enhanced nutrient removal

¹ENR grant awards as of 12/31/08 = \$14.37 million (4 projects).

²Sewer Rehabilitation Grant Awards as of 12/31/08 = \$1.7 million (3 projects).

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The fund data reflects a significant decrease in actual grants in fiscal 2008 (\$28.4 million) relative to the fiscal 2008 appropriation of \$85.0 million. MDE notes that this is due to project construction start delays, which meant that certain loans were not executed. In addition, the grant awards made as of December 31, 2008, (\$14.4 million) are well below the loans made a year ago of \$23.0 million. MDE indicates that this partially may be explained by local governments putting projects on hold in the anticipation of receiving grants or lower interest rates due to the federal stimulus package funding.

Program Analysis and Performance

MDE has included nitrogen and phosphorous load reduction numbers that relate specifically to the nitrogen and phosphorus load reductions for the fiscal 2010 proposed projects. The proposed fiscal 2010 projects would reduce nitrogen loading by approximately 3.5 million pounds per year and phosphorus loading by approximately 1.1 million pounds per year.

Exhibit 4 describes the status of efforts to install biological nutrient removal (BNR) and ENR technology at the 66 major WWTPs. BNR technology allows WWTPs to achieve wastewater effluent quality of 8 mg/L total nitrogen and 3 mg/L total phosphorus. As of January 2009, of the 66 major WWTPs, 79% are operating at the BNR level (up from 69% as of January 2008), and 17% are operating at the ENR level (up from 9% as of January 2008).

Exhibit 4
Status of BNR and ENR Construction
Fiscal 2009

| | <u>BNR</u> | <u>ENR</u> |
|-----------------|-------------------|-------------------|
| Pre-planning | 0 | 7 |
| Planning | 6 | 22 |
| Design | 2 | 19 |
| Construction | 6 | 7 |
| Under Operation | 52 | 11 |
| Total | 66 | 66 |

BNR: biological nutrient removal
ENR: enhanced nutrient removal

Note: The Bay Restoration Fund Advisory Committee is proposing to add Hampstead wastewater treatment plant to the 66 major plants.

Source: Maryland Department of the Environment

Recommended Actions

1. Concur with Governor's allowance.

Fiscal 2010 Proposed Enhanced Nutrient Removal Projects

| <u>Subdivision</u> | <u>Project Title</u> | <u>Estimated Cost</u> | <u>Prior Auth.</u> | <u>Amount</u> | <u>Future Request</u> | <u>Total State Share (%)</u> |
|--------------------|---|-----------------------|--------------------|---------------|-----------------------|------------------------------|
| Anne Arundel | Cox Creek Wastewater Treatment Plant – Enhanced Nutrient Removal | \$155,011,000 | – | \$5,000,000 | 54,000,000 | 38.1% |
| Anne Arundel | Maryland City Wastewater Treatment Plant – Enhanced Nutrient Removal | \$2,148,000 | 260,000 | \$1,888,000 | – | 100.0% |
| Anne Arundel | Patuxent Wastewater Treatment Plant – Enhanced Nutrient Removal | \$5,183,000 | – | \$664,000 | 4,519,000 | 100.0% |
| Baltimore City | Patapsco Wastewater Treatment Plant – Enhanced Nutrient Removal | 346,833,000 | 122,060,701 | 29,492,000 | 45,028,299 | 56.7% |
| Calvert | Chesapeake Beach Wastewater Treatment Plant – Enhanced Nutrient Removal | 19,291,243 | 750,000 | 8,200,000 | – | 46.4% |
| Carroll | Freedom District Wastewater Treatment Plant – Enhanced Nutrient Removal | 7,000,000 | 600,000 | 6,400,000 | – | 100.0% |
| Charles | La Plata Wastewater Treatment Plant – Enhanced Nutrient Removal | 30,245,000 | 110,000 | 3,390,000 | – | 11.6% |

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| <u>Subdivision</u> | <u>Project Title</u> | <u>Estimated Cost</u> | <u>Prior Auth.</u> | <u>Amount</u> | <u>Future Request</u> | <u>Total State Share (%)</u> |
|--------------------|--|-----------------------|--------------------|---------------|-----------------------|------------------------------|
| Dorchester | Cambridge Wastewater Treatment Plant – Enhanced Nutrient Removal | 6,000,000 | 100,000 | 550,000 | 5,350,000 | 100.0% |
| Frederick | Thurmont Wastewater Treatment Plant – Enhanced Nutrient Removal | 5,885,300 | 893,000 | 4,310,000 | – | 88.4% |
| Harford | Aberdeen Wastewater Treatment Plant – Enhanced Nutrient Removal | 22,980,000 | \$700,000 | 6,300,000 | – | 30.5% |
| Howard | Little Patuxent Wastewater Treatment Plant – Enhanced Nutrient Removal | 74,000,000 | 5,530,000 | 22,470,000 | – | 37.8% |
| Montgomery | Damascus Wastewater Treatment Plant – Enhanced Nutrient Removal | 4,200,000 | 325,000 | 625,000 | – | 22.6% |
| Montgomery | Seneca Wastewater Treatment Plant – Enhanced Nutrient Removal | 25,000,000 | 700,000 | 7,089,000 | – | 31.2% |
| Prince George’s | Parkway Wastewater Treatment Plant – Enhanced Nutrient Removal | 18,800,000 | 500,000 | 7,750,000 | – | 43.9% |

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| <u>Subdivision</u> | <u>Project Title</u> | <u>Estimated Cost</u> | <u>Prior Auth.</u> | <u>Amount</u> | <u>Future Request</u> | <u>Total State Share (%)</u> |
|--------------------|---|-----------------------|----------------------|----------------------|-----------------------|------------------------------|
| Prince George's | Piscataway Wastewater Treatment Plant – Enhanced Nutrient Removal | 2,430,000 | 200,000 | 2,180,000 | – | 97.9% |
| Prince George's | Western Branch Wastewater Treatment Plant – Enhanced Nutrient Removal | 55,000,000 | 1,000,000 | 23,192,000 | – | 44.0% |
| Worcester | Pocomoke City Wastewater Treatment Plant – Enhanced Nutrient Removal | 4,900,000 | 200,000 | 500,000 | 4,200,000 | 100.0% |
| Total | | \$784,906,543 | \$133,928,701 | \$130,000,000 | \$113,097,299 | |

Fiscal 2009 Authorized Enhanced Nutrient Removal Project Status

| <u>Subdivision</u> | <u>Project Title</u> | <u>Estimated Cost</u> | <u>Prior Auth.</u> | <u>Amount</u> | <u>Future Request</u> | <u>Total State Share (%)</u> |
|--------------------|---|-----------------------|--------------------|---------------|-----------------------|------------------------------|
| Allegany | Cumberland Enhanced Nutrient Removal | \$40,078,043 | \$1,000,000 | \$26,769,400 | – | 69.3% |
| Allegany | George's Creek Enhanced Nutrient Removal | 28,664,919 | 10,430,000 | 158,000 | – | 36.9% |
| Anne Arundel | Maryland City Enhanced Nutrient Removal | 2,148,000 | – | 260,000 | 1,888,000 | 100.0% |
| Anne Arundel | Mayo Large Communal Enhanced Nutrient Removal | 39,760,000 | – | 300,000 | 2,700,000 | 7.5% |

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| <u>Subdivision</u> | <u>Project Title</u> | <u>Estimated Cost</u> | <u>Prior Auth.</u> | <u>Amount</u> | <u>Future Request</u> | <u>Total State Share (%)</u> |
|--------------------|---|-----------------------|--------------------|---------------|-----------------------|------------------------------|
| Baltimore City | Patapsco Wastewater Treatment Plant – Enhanced Nutrient Removal | 346,833,000 | 10,000,000 | 112,060,701 | 74,520,299 | 56.7% |
| Calvert | Chesapeake Beach Enhanced Nutrient Removal | 19,291,243 | – | 750,000 | 8,200,000 | 46.4% |
| Caroline | Denton Enhanced Nutrient Removal | 5,000,000 | – | 200,000 | 4,800,000 | 100.0% |
| Carroll | Freedom District Wastewater Treatment Plant – Enhanced Nutrient Removal | 7,000,000 | 100,000 | 500,000 | 6,400,000 | 100.0% |
| Carroll | Mount Airy Enhanced Nutrient Removal | 3,565,000 | 200,000 | 3,365,000 | – | 100.0% |
| Cecil | Perryville Enhanced Nutrient Removal | 13,760,078 | 200,000 | 3,800,000 | – | 29.1% |
| Frederick | Ballenger Creek Enhanced Nutrient Removal | 151,600,000 | – | 39,400,000 | – | 26.0% |
| Frederick | Thurmont Enhanced Nutrient Removal | 5,885,300 | 300,000 | 593,000 | 4,310,000 | 88.4% |
| Harford | Aberdeen Wastewater Treatment Plant – Enhanced Nutrient Removal | 22,980,000 | 200,000 | 500,000 | 6,300,000 | 30.5% |
| Harford | Sod Run Enhanced Nutrient Removal | 46,262,000 | 50,000 | 2,000,000 | 25,388,000 | 59.3% |
| Howard | Little Patuxent Wastewater Treatment Plant – Enhanced Nutrient Removal | 74,000,000 | 530,000 | 5,000,000 | 22,470,000 | 37.8% |

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| <u>Subdivision</u> | <u>Project Title</u> | <u>Estimated Cost</u> | <u>Prior Auth.</u> | <u>Amount</u> | <u>Future Request</u> | <u>Total State Share (%)</u> |
|--------------------|---|-----------------------|---------------------|----------------------|-----------------------|------------------------------|
| Montgomery | Seneca Wastewater Treatment Plant – Enhanced Nutrient Removal | 25,000,000 | – | 700,000 | 7,089,000 | 31.2% |
| Prince George’s | Bowie Enhanced Nutrient Removal | 8,190,000 | 600,000 | 6,190,000 | – | 82.9% |
| Prince George’s | Parkway Wastewater Treatment Plant – Enhanced Nutrient Removal | 18,800,000 | – | 500,000 | 7,750,000 | 43.9% |
| Prince George’s | Piscataway Wastewater Treatment Plant – Enhanced Nutrient Removal | 2,430,000 | – | 200,000 | 2,180,000 | 97.9% |
| St. Mary’s | Marlay Taylor Enhanced Nutrient Removal | 40,000,000 | 200,000 | 1,001,724 | 10,154,276 | 28.4% |
| Washington | Hagerstown Enhanced Nutrient Removal | 10,060,000 | 650,000 | 9,185,000 | – | 97.8% |
| Wicomico | Delmar Enhanced Nutrient Removal | 8,311,350 | 200,000 | 2,940,000 | – | 37.8% |
| Worcester | Snow Hill Enhanced Nutrient Removal | 15,000,000 | – | 500,000 | 2,412,000 | 19.4% |
| Total | | \$934,618,933 | \$24,660,000 | \$216,872,825 | \$186,561,575 | |

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The fiscal 2010 allowance of \$1.0 million in special funds represents a \$5.0 million reduction from the fiscal 2009 funding level. This reduction reflects the slow encumbrance and expenditure of funds in the program. The \$1.0 million allowance provides funding for approximately 80 septic system upgrades at approximately \$12,500 per septic system upgrade.

Exhibits 5 and 6 depict the fiscal 2007-2009 Septic System Upgrade Program grant amounts administered by counties and by MDE. Exhibit 5 shows the approximately \$15.7 million that the 14 jurisdictions requested as reimbursable grants from MDE, and Exhibit 6 shows the allocation of the approximately \$3.0 million in grants managed directly by MDE.

Exhibit 5
Bay Restoration Fund Septic Grant Awards Managed by Jurisdictions
Fiscal 2007-2009

| <u>County</u> | <u>Award</u> | <u>Installed</u> |
|------------------------------|---------------------|------------------|
| Anne Arundel | \$2,644,000 | 52 |
| Calvert | 2,515,000 | 51 |
| Caroline | 421,000 | 14 |
| Cecil | 650,000 | 0 |
| Charles | 604,000 | 37 |
| Dorchester | 409,000 | 0 |
| Frederick | 712,000 | 19 |
| Harford | 1,038,000 | 0 |
| Kent | 597,000 | 26 |
| Queen Anne's (Corsica River) | 287,000 | 0 |
| Talbot | 1,168,000 | 67 |
| Washington | 750,000 | 0 |
| Wicomico | 2,719,000 | 45 |
| Worcester | 1,142,000 | 8 |
| Total | \$15,656,000 | 319 |

Source: Maryland Department of the Environment

Exhibit 6
Bay Restoration Fund Septic Grant Awards Managed by MDE
Fiscal 2007-2009

| <u>MDE Direct Awards</u> | <u>Award</u> | <u>Installed</u> |
|--------------------------|--------------------|------------------|
| Baltimore | \$253,572 | 7 |
| Carroll | 146,064 | 2 |
| Dorchester | 244,079 | 18 |
| Garrett | 41,049 | 0 |
| Harford | 117,258 | 3 |
| Howard | 177,476 | 4 |
| Montgomery | 386,670 | 18 |
| Prince George's | 62,731 | 1 |
| Queen Anne's | 425,353 | 22 |
| Somerset | 1,294,902 | 45 |
| St. Mary's | 181,124 | 11 |
| Washington | 78,815 | 2 |
| Wicomico | 21,926 | 1 |
| Total | \$3,031,383 | 134 |

MDE: Maryland Department of the Environment

Source: Maryland Department of the Environment

**Bay Restoration Fund – Septic System Upgrade Program
Authorization and Expenditure Data**

**Authorization Summary
(\$ in Millions)***

| <i>Fiscal Year</i> | <i>Authorization</i> | <i>Funds</i> | | <i>Balances</i> | |
|--------------------|----------------------|-------------------|-----------------|-------------------------|-----------------------|
| | | <i>Encumbered</i> | <i>Expended</i> | <i>To Be Encumbered</i> | <i>To Be Expended</i> |
| Prior Years | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$0.000 |
| 2005 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 2006 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 2007 | 11.000 | 10.854 | 6.660 | 0.146 | 4.340 |
| 2008 | 6.000 | 6.000 | 0.000 | 0.000 | 6.000 |
| 2009 | 6.000 | 0.654 | 0.000 | 5.346 | 6.000 |
| Total | \$23.000 | \$17.508 | \$6.660 | \$5.492 | \$16.340 |

*Balance as of December 31, 2008.

The authorization summary for the Septic System Upgrade Program reflects a high level of encumbrance activity and a low level of expenditure. MDE’s county reimbursable grant awards account for this because the award encumbers funds, which the county is then responsible for requesting reimbursement from MDE after project completion. The large amount of unexpended funds may reflect either the counties not soliciting sufficient interest for septic system upgrades or a lag in the request for reimbursement from MDE by the counties. **The Department of Legislative Services recommends that MDE comment on why the program has been having difficulty expending funds.**

Bay Restoration Fund – Septic System Upgrade Program Fund Data

Fund History

| | <i>FY 2008 Actual</i> | <i>FY 2009 Estimated</i> | <i>FY 2010 Estimated</i> |
|----------------------------------|-----------------------|--------------------------|--------------------------|
| Beginning Balance | \$3,897,777 | \$12,023,510 | \$6,789,460 |
| Revenue | | | |
| General Funds | \$0 | \$0 | \$0 |
| General Obligation Bonds | 0 | 0 | 0 |
| Bay Restoration Fund Fee Revenue | 8,489,070 | 8,000,000 | 8,000,000 |
| Investment and Other Income | 772,945 | 800,000 | 800,000 |
| Total Revenue | \$9,262,015 | \$8,800,000 | \$8,800,000 |
| Total Available | \$13,159,792 | \$20,823,510 | \$15,589,460 |
| Encumbrances | | | |
| Septic Grant Awards* | \$552,241 | \$13,421,050 | \$1,000,000 |
| Operating Expenses | 584,041 | 613,000 | 600,000 |
| Total Encumbrances | \$1,136,282 | \$14,034,050 | \$1,600,000 |
| Ending Balance | \$12,023,510 | \$6,789,460 | \$13,989,460 |

*Grant awards as of 12/31/08 = \$7.93 million (7 counties and 104 individual septic projects).

The Bay Restoration Fund Septic System Upgrade Program fund data indicates that MDE anticipates encumbering \$13.4 million in fiscal 2009. This indicates that MDE will use \$7.4 million in carryover funding from prior years since the fiscal 2009 appropriation is \$6.0 million. Overall, the fund data reflects a more realistic revenue figure for the Bay Restoration Fund fee revenue from septic system users than was presented last year. As noted previously, grant awards do not necessarily translate to immediate expenditures because counties must seek reimbursement from the State for projects completed.

Program Analysis and Performance

MDE has several performance measures that track the impact of its efforts to reduce point-source nutrient loading problems in the Chesapeake Bay and its tidal tributaries. However, MDE does not have a measure that tracks the specific estimated reductions associated with this substantial capital budget program. Instead, MDE's performance measures simply track the number of septic grants financed. **DLS recommends again that MDE should include a measure in future performance plans that provides an estimate of the impact that this program has on the State's overall level of point-source nutrient pollution.**

Recommended Actions

1. Concur with Governor's allowance.

Fiscal 2009 Project Status Septic System Upgrade Program

| <u>Subdivision</u> | <u>Project Title</u> | <u>Estimated Cost</u> | <u>Prior Auth.</u> | <u>Amount</u> | <u>Future Request</u> | <u>Total State Share (%)</u> |
|--------------------|--|-----------------------|--------------------|---------------------|-----------------------|------------------------------|
| Calvert | Calvert County OSDS Upgrade Program | \$2,533,000 | \$933,000 | \$1,600,000 | | 100.0% |
| Caroline | Caroline County OSDS Program | 421,200 | 144,000 | 277,200 | | 100.0% |
| Cecil | Cecil County OSDS Upgrade Program | 650,500 | | 650,500 | | 100.0% |
| Dorchester | Dorchester County OSDS Upgrade Program | 408,650 | | 408,650 | | 100.0% |
| Harford | Harford County OSDS Upgrade Program | 1,050,160 | | 1,050,160 | | 100.0% |
| Washington | Washington County OSDS Upgrade Program | 750,300 | | 750,300 | | 100.0% |
| Wicomico | Wicomico County OSDS Upgrade Program | 2,724,578 | 770,628 | 1,953,950 | | 100.0% |
| Statewide | Individual OSDS Upgrade Projects greater than \$25,000 | 1,000,000 | | 1,000,000 | | 100.0% |
| Statewide | Individual OSDS Upgrade Projects less than \$25,000 | 4,000,000 | 2,000,000 | 2,000,000 | | 100.0% |
| Statewide | New Grants to Anne Arundel, Charles, & Talbot Counties | 8,146,290 | 4,416,000 | 3,730,290 | | 100.0% |
| Total | | \$21,684,678 | \$8,263,628 | \$13,421,050 | \$0 | |

66 Major Wastewater Treatment Plants BNR and ENR Status through December 31, 2008

| MAJOR WWTP | Total Estimated Cost (Including Local Cost) Since BRF | BNR Status | Estimated State BNR Share | | | | Estimated State ENR Share | | | | | Other/Local Cost |
|--------------------------------|---|--------------|------------------------------|--|------------------------------------|-------------|---------------------------|------------------------------|--|--|-------------|------------------|
| | | | BNR Eligible Design Capacity | Total State BNR (Subject to change by eligibility determination) | BNR Grant Encumbered thru 12/31/08 | Future Enc. | ENR Status | ENR Eligible Design Capacity | Total State ENR (Subject to change by eligibility determination) | BRF ENR Grant Encumbered thru 12/31/08 | Future Enc. | |
| Aberdeen | 22,980,000 | Operation | 4,000 | - | - | - | Design | 4,000 | 7,000,000 | 200,000 | 6,800,000 | 15,980,000 |
| Annapolis | 21,142,000 | Operation | 10,000 | - | - | - | Design | 13,000 | 10,710,000 | 200,000 | 10,510,000 | 10,432,000 |
| APG-Aberdeen* | 6,300,000 | Operation | 2,800 | - | - | - | Operation | 2,800 | - | - | - | 6,300,000 |
| Back River | 117,000,000 | Operation | 180,000 | - | - | - | Planning | 180,000 | 117,000,000 | 5,000,000 | 112,000,000 | - |
| Ballenger Creek | 151,600,000 | Operation | 6,000 | - | - | - | Design | 6,000 | 39,400,000 | - | 39,400,000 | 112,200,000 |
| Blue Plains (Maryland Portion) | 380,400,000 | Planning | 169,600 | 76,000,000 | 6,831,231 | 69,168,769 | Planning | 169,600 | 264,000,000 | 2,000,000 | 262,000,000 | 40,400,000 |
| Bowie | 8,190,000 | Operation | 3,300 | - | - | - | Design | 3,300 | 6,790,000 | 600,000 | 6,133,750 | 1,400,000 |
| Broadneck | 23,659,000 | Operation | 6,000 | - | - | - | Design | 6,000 | 6,400,000 | 200,000 | 6,200,000 | 17,259,000 |
| Broadwater | 11,064,000 | Operation | 2,000 | - | - | - | Planning | 2,000 | 5,100,000 | - | 5,100,000 | 5,964,000 |
| Brunswick | 14,100,400 | Operation | 0,700 | 2,750,000 | 2,750,000 | - | Operation | 1,400 | 8,570,000 | 8,263,000 | 307,000 | 2,780,400 |
| Cambridge | 6,000,000 | Operation | 8,100 | - | - | - | Planning | 8,100 | 6,000,000 | 100,000 | 5,900,000 | - |
| Celanese | 16,845,359 | Operation | 1,250 | 3,606,578 | 3,606,578 | - | Operation | 2,000 | 2,333,382 | 2,333,382 | - | 10,905,399 |
| Centreville | 2,912,000 | Operation | 0,375 | - | - | - | Pre-planning | 0,500 | 2,912,000 | - | 2,912,000 | - |
| Chesapeake Beach | 19,291,234 | Operation | 1,180 | - | - | - | Design | 1,500 | 8,950,000 | - | 8,950,000 | 10,291,234 |
| Chestertown | 9,598,416 | Operation | 0,900 | 3,045,273 | 3,045,273 | - | Operation | 1,500 | 2,000,000 | 2,000,000 | - | 4,553,143 |
| Conococheague | 33,177,000 | Operation | 4,100 | - | - | - | Planning | 4,100 | 7,830,000 | - | 7,830,000 | 25,215,750 |
| Cox Creek | 155,011,000 | Operation | 15,000 | - | - | - | Design | 15,000 | 59,000,000 | - | 59,000,000 | 96,011,000 |
| Crisfield | 10,270,523 | Construction | 1,000 | 2,026,100 | 2,026,100 | - | Construction | 1,000 | 4,231,000 | 4,231,000 | - | 4,013,423 |
| Cumberland | 40,078,043 | Operation | 15,000 | - | - | - | Design | 15,000 | 27,769,400 | 1,000,000 | 26,769,400 | 12,134,043 |
| Damascus | 4,200,000 | Operation | 1,500 | - | - | - | Design | 1,500 | 950,000 | 325,000 | 625,000 | 3,200,000 |
| Delmar | 8,311,350 | Design | 0,650 | 2,264,000 | 843,000 | 1,421,000 | Design | 0,850 | 3,140,000 | 200,000 | 2,940,000 | 2,907,350 |
| Denton | 5,000,000 | Operation | 0,800 | - | - | - | Planning | 0,800 | 5,000,000 | - | 5,000,000 | - |
| Dorsey Run (State) | 3,900,000 | Operation | 2,000 | - | - | - | Pre-planning | 2,000 | 3,900,000 | - | 3,900,000 | - |
| Easton | 38,113,191 | Operation | 2,350 | 8,930,000 | 8,930,000 | - | Operation | 4,000 | 8,660,000 | 8,660,000 | - | 20,523,191 |
| Elkton | 40,716,010 | Construction | 2,700 | 8,842,410 | 8,842,410 | - | Construction | 3,050 | 7,960,000 | 7,960,000 | - | 23,913,600 |
| Emmitsburg*** | 24,500,000 | Planning | 0,750 | 2,500,000 | - | 2,500,000 | Planning | 0,750 | 7,000,000 | 50,000 | 6,950,000 | 15,000,000 |
| Feddersburg | 9,487,713 | Construction | 0,750 | 2,360,000 | 2,360,000 | - | Construction | 0,750 | 3,360,000 | 3,360,000 | - | 3,767,713 |
| Frederick | 29,000,000 | Operation | 8,000 | - | - | - | Planning | 8,000 | 29,000,000 | - | 29,000,000 | - |
| Freedom District | 7,000,000 | Operation | 3,500 | - | - | - | Planning | 3,500 | 7,000,000 | 100,000 | 6,900,000 | - |
| Fruitland | 5,166,633 | Operation | 0,500 | - | - | - | Pre-planning | 0,800 | 3,100,000 | - | 3,100,000 | 2,066,633 |
| Georges Creek | 28,664,919 | Construction | 0,600 | 5,984,613 | 5,825,725 | 158,888 | Construction | 0,600 | 10,588,000 | 10,588,000 | - | 12,092,306 |
| Hagerstown | 10,060,000 | Operation | 8,000 | - | - | - | Construction | 8,000 | 9,835,000 | 10,857,000 | (1,022,000) | - |
| Havre De Grace | 48,506,243 | Construction | 1,890 | 5,658,207 | 4,500,000 | 1,158,207 | Construction | 2,275 | 11,289,000 | 11,289,000 | - | 31,559,036 |
| Hurlock | 7,007,578 | Operation | 2,000 | 2,507,171 | 2,507,171 | - | Operation | 1,650 | 941,148 | 941,148 | - | 3,559,259 |
| Indian Head | 14,270,948 | Operation | 0,500 | 2,841,451 | 2,841,451 | - | Operation | 0,500 | 6,484,000 | 6,484,000 | - | 4,595,497 |
| Joppatowne | 9,936,282 | Operation | 0,950 | - | - | - | Planning | 0,950 | 9,868,550 | - | 9,868,550 | - |
| Kent Island | 35,018,817 | Operation | 2,135 | 7,838,606 | 7,838,606 | - | Operation | 3,000 | 6,380,645 | 6,380,645 | - | 20,799,566 |
| La Plata | 30,245,000 | Operation | 1,000 | - | - | - | Planning | 1,500 | 3,500,000 | 110,000 | 3,390,000 | 26,745,000 |
| Leonardtown | 21,520,000 | Operation | 0,680 | - | - | - | Design | 0,680 | 3,200,000 | 510,000 | 2,690,000 | 18,320,000 |

| Total Estimated Cost (Including Local Cost) Since BRF | Estimated State BNR Share | | | | | Estimated State ENR Share | | | | | Other/Local Cost | |
|--|---------------------------|------------------------------|--|------------------------------------|-------------------|---------------------------|------------------------------|--|--|--------------------|----------------------|----------------------------|
| | BNR Status | BNR Eligible Design Capacity | Total State BNR (Subject to change by eligibility determination) | BNR Grant Encumbered thru 12/31/08 | Future Enc. | ENR Status | ENR Eligible Design Capacity | Total State ENR (Subject to change by eligibility determination) | BRF ENR Grant Encumbered thru 12/31/08 | Future Enc. | | BNR Grant for ENR Planning |
| Little Patuxent | 74,000,000 | Operation | 22,500 | - | - | - | Design | 25,000 | 28,000,000 | 530,000 | 27,470,000 | 46,000,000 |
| Marlay Taylor (Pine Hill Run) | 40,000,000 | Operation | 6,000 | - | - | - | Planning | 6,000 | 11,356,000 | 200,000 | 11,156,000 | 28,644,000 |
| Maryland City | 2,148,000 | Operation | 2,500 | - | - | - | Planning | 2,500 | 2,148,000 | - | 2,148,000 | - |
| Maryland Correctional Institute (State) | 29,451,000 | Operation | 1,230 | - | - | - | Pre-planning | 1,600 | 3,000,000 | - | 3,000,000 | 26,451,000 |
| Mattawoman | 15,300,000 | Operation | 15,000 | - | - | - | Pre-planning | 20,000 | 15,300,000 | - | 15,300,000 | - |
| Mayo Large Communal | 39,760,000 | Planning | 0.615 | 5,456,000 | - | 5,456,000 | Planning | 0.820 | 3,000,000 | - | 3,000,000 | 31,304,000 |
| Mount Airy | 3,565,000 | Operation | 1,200 | - | - | - | Design | 1,200 | 3,565,000 | 200,000 | 3,365,000 | - |
| Northeast River | 3,700,000 | Operation | 2,000 | - | - | - | Pre-planning | 2,000 | 3,700,000 | - | 3,700,000 | - |
| Parkway | 18,800,000 | Operation | 7,500 | - | - | - | Design | 7,500 | 8,250,000 | - | 8,250,000 | 10,500,000 |
| Patapsco | 346,833,000 | Design | 73,000 | 70,126,000 | 5,545,186 | 64,580,814 | Design | 73,000 | 196,581,000 | 10,000,000 | 186,581,000 | 80,126,000 |
| Patuxent | 5,183,000 | Operation | 7,500 | - | - | - | Planning | 7,500 | 5,183,000 | - | 5,183,000 | - |
| Perryville | 13,760,078 | Construction | 1,650 | 3,243,974 | 2,246,211 | 997,763 | Construction | 1,650 | 4,000,000 | 4,000,000 | - | 6,516,104 |
| Piscataway | 2,430,000 | Operation | 30,000 | - | - | - | Design | 30,000 | 2,380,000 | - | 2,380,000 | - |
| Pocomoke City | 4,900,000 | Operation | 1,400 | - | - | - | Planning | 1,470 | 4,900,000 | 200,000 | 4,700,000 | - |
| Poolesville | 3,100,000 | Operation | 0.625 | - | - | - | Planning | 0.750 | 3,100,000 | - | 3,100,000 | - |
| Princess Anne | 3,400,000 | Operation | 1.260 | - | - | - | Pre-planning | 1.260 | 3,400,000 | - | 3,400,000 | - |
| Salisbury | 78,429,652 | Operation | 6.800 | 22,817,185 | 22,817,185 | - | Operation | 8.500 | 3,000,000 | 3,000,000 | 3,000,000 | 52,612,467 |
| Seneca Creek | 25,000,000 | Operation | 5,000 | - | - | - | Design | 20,000 | 7,789,000 | - | 7,789,000 | 17,161,000 |
| Snow Hill | 15,000,000 | Planning | 0.500 | 4,588,000 | - | 4,588,000 | Planning | 0.500 | 2,912,000 | - | 2,912,000 | 7,500,000 |
| Sod Run*** | 46,262,000 | Planning | 20,000 | 5,606,954 | - | 5,606,954 | Planning | 20,000 | 27,438,000 | 50,000 | 27,388,000 | 13,085,596 |
| Swan Point** | 8,080,000 | Operation | 0.600 | - | - | - | Operation | 0.600 | - | - | - | 8,080,000 |
| Talbot County Region II (St. Michael's) | 13,036,277 | Operation | 0.500 | 2,747,247 | 2,747,247 | - | Operation | 0.660 | 2,000,000 | 2,000,000 | - | 8,289,030 |
| Taneytown | 3,300,000 | Operation | 1.100 | - | - | - | Planning | 1.100 | 3,300,000 | - | 3,300,000 | - |
| Thurmont | 5,885,300 | Operation | 1.000 | - | - | - | Design | 1.000 | 5,203,000 | 300,000 | 4,903,000 | 682,300 |
| Western Branch | 55,000,000 | Operation | 30,000 | - | - | - | Design | 30,000 | 24,192,000 | 1,000,000 | 23,192,000 | 30,758,000 |
| Westminster | 22,300,000 | Operation | 5,000 | - | - | - | Planning | 5,000 | 8,600,000 | 20,000 | 8,580,000 | 13,700,000 |
| Winebrenner Wwtp | 16,208,700 | Planning | 1,000 | 3,000,000 | 100,000 | 2,900,000 | Planning | 1,000 | 3,230,000 | 100,000 | 3,130,000 | 9,978,700 |
| Total | 2,325,075,666 | | | 254,739,769 | 96,203,374 | 158,536,395 | | | 1,112,679,125 | 115,542,175 | 1,000,080,700 | |
| BNR: biological nutrient removal | | | | | | | | | | | | |
| ENR: enhanced nutrient removal | | | | | | | | | | | | |
| **funded by the U.S. Army | | | | | | | | | | | | |
| **funded by a private developer | | | | | | | | | | | | |
| ***The BNR needed for this facility was not included in the <i>Capital Improvement Program</i> of \$116 million for fiscal 2011 and beyond because the facility is performing at better than BNR-level of treatment, and the upgrade may not be necessary. | | | | | | | | | | | | |