UA01
Department of the Environment – Capital

Capital Budget Summary

Grant and Loan Programs
($ in Millions)

	FY 2011 Approp.	*FY 2012 Approp.*	*FY 2013 Allowance*	*Percent Change*	*DLS Recommd.*
MD Water Quality Revolving Loan Fund	$110.000	$141.000	$198.000	**40.4%**	$198.000
MD Drinking Water Revolving Loan Fund	16.500	13.500	42.000	**211.1%**	42.000
Bay Restoration Fund – Wastewater Projects	275.000	326.825	123.875	**-62.1%**	123.875
Septic System Upgrade Program	9.000	8.500	17.000	**100.0%**	17.000
Biological Nutrient Removal Program	33.300	30.900	26.760	**-13.4%**	26.760
Supplemental Assistance Program	5.000	5.000	5.000	**0.0%**	5.000
Water Supply Financial Assistance Program	3.500	2.500	2.500	**0.0%**	2.500
Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund	2.100	0.000	0.000	**0.0%**	0.000
Total	**$454.400**	**$528.225**	**$415.135**	**-21.4%**	**$415.135**

Note: The fiscal 2011, 2012, and 2013 appropriations for Bay Restoration Fund – Wastewater Projects include $80.0 million, $125.0 million, and $18.2 million in prior year general obligation bond replacement funding, respectively. The funding replaces special funds transferred to the general fund. The fiscal 2011 and 2012 appropriations for Bay Restoration Fund – Wastewater Projects include $150.0 million and $180.0 million, respectively, in revenue bond authorizations.

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Summary of Issues

Bay Restoration Fund Fee Increase Introduced to Address Shortfall: The Bay Restoration Fund for wastewater treatment plant upgrades has a shortfall of approximately $382.6 million, which jeopardizes the State's ability to meet the pollution limits identified in the Total Maximum Daily Load for the Chesapeake Bay. Legislation has been introduced in the 2012 session to double the bay restoration fee and make it consumption-based for all water users that can be billed. However, the fee increase will be insufficient to address the shortfall, necessitating $76.9 million in general obligation (GO) bond authorizations over fiscal 2014-2017. If the fee increase is not successful, the Maryland Department of the Environment (MDE) will have to adapt its revenue bond issuance and award schedules. **The Department of Legislative Services recommends that MDE comment on a detailed contingency plan for failure of the fee increase including GO bond or other revenue needs and a proposed project award schedule.**

Summary of Updates

Hazardous Substance Cleanup Program Funding Changes: The Hazardous Substance Cleanup Program last received funding in fiscal 2010. It is projected to receive funding in fiscal 2014. Currently, MDE indicates that it is conducting investigations at five sites and actual cleanups at two sites. The Dwyer Site, previously a State Superfund site funded by the Hazardous Substance Cleanup Program, is now listed on the National Priorities List and thus is eligible for federal funding. Maryland's share is a 10% match, which MDE believes has already been met due to the work previously conducted at the site. Therefore, the remainder of the Dwyer Site cleanup will be paid for with federal funding.

Summary of Recommended PAYGO Actions

1. Concur with the Governor's allowance for the Water Quality Revolving Loan Fund special fund appropriation of $156,571,000 and the federal fund appropriation of $34,286,000.

2. Concur with the Governor's allowance for the Drinking Water Revolving Loan Fund special fund appropriation of $28,436,000 and the federal fund appropriation of $10,560,000.

3. Add budget bill language advising that a budget amendment should be submitted for the Bay Restoration Fund – Wastewater special fund appropriation to reflect the final outcome of any legislation that alters the Bay Restoration Fund fee.

4. Add budget bill language advising that a budget amendment should be submitted for the Bay Restoration Fund – Septic Systems special fund appropriation to reflect the final outcome of any legislation that alters the Bay Restoration Fund fee.

Summary of Recommended Bond Actions

1. Approve the $18,175,000 general obligation bond authorization for the Enhanced Nutrient Removal program.

2. Approve the $7,143,000 general obligation bond authorization for the Maryland Water Quality Revolving Loan Fund.

3. Approve the $3,004,000 general obligation bond authorization for the Maryland Drinking Water Revolving Loan Fund.

4. Approve the $26,760,000 general obligation bond authorization for the Biological Nutrient Removal Program.

5. Approve the $5,000,000 general obligation bond authorization for the Supplemental Assistance Program.

6. Approve the $2,500,000 general obligation bond authorization for the Water Supply Financial Assistance Program.

Program Description

The Maryland Department of the Environment's (MDE) capital program is comprised of the Water Quality Revolving Loan Fund (WQRLF), the Drinking Water Revolving Loan Fund (DWRLF), the Bay Restoration Fund (BRF) – Wastewater Projects, BRF – Septic System Projects, the Biological Nutrient Removal (BNR) Program, the Supplemental Assistance Program, the Water Supply Financial Assistance Program, the Hazardous Substance Cleanup Program, and the Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund. The programs address MDE's goals of ensuring safe and adequate drinking water, improving and protecting Maryland's water quality, and reducing Maryland citizens' exposure to hazards. Descriptions of the nine programs follow.

- **Water Quality Revolving Loan Fund** – The 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 (WWTP); failing septic systems; and nonpoint source projects, such as urban stormwater control projects. The federal act requires a 20% State match. Starting in fiscal 2012, 30% of the federal amount must be allocated for loan forgiveness/grants, and 20% must be allocated to "Green Reserve" projects provided sufficient applications are received. Green Reserve project categories include water efficiency, energy efficiency, green infrastructure, and environmentally innovative projects. Examples include efficient landscaping or irrigation equipment, producing clean power for treatment systems on site, water harvesting and reuse projects, and wetland restoration. WQRLF projects are prioritized based on an Environmental Protection Agency (EPA) approved Integrated Project Priority System. The priority system for WQRLF projects consists of a system for evaluating, rating, and ranking of both point source and nonpoint source water quality projects. The Integrated Project Priority System was revised by MDE and approved by EPA in 2010 to target financial assistance to projects that help meet Maryland's Phase I Watershed Implementation Plan to address the Chesapeake Bay Total Maximum Daily Load (TMDL). The Integrated Project Priority System focuses on compliance, documented public health concerns, relative effectiveness of projects to the Chesapeake Bay, sustainability criteria, and water quality restoration. In accordance with this system, the projects are rated and ranked by MDE's Water Quality Financing Administration and are listed in ascending ranking order on the Project Priority List. Through January 31, 2012, the program has executed $1.492 billion in loans, loan forgiveness, and grants including American Recovery and Reinvestment Act of 2009 (ARRA) funding.

- **Drinking Water Revolving Loan Fund** – The 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. Starting in fiscal 2012, 30% of

the federal amount must be allocated for loan forgiveness/grants, and 20% must be allocated to "Green Reserve" projects provided sufficient applications are received. Green Reserve project categories include water efficiency, energy efficiency, green infrastructure, and environmentally innovative projects. Examples include installation of water meters or automated meter reading systems, energy efficient retrofits and upgrades to pumps and treatment processes, green roofs and porous pavement at drinking water facilities, and projects that manage water in a more sustainable way. Similar to the WQRLF, DWRLF projects are prioritized based on an EPA-approved Drinking Water Project Priority System that focuses on many criteria, the most important being public health benefit. Through January 31, 2012, the program has executed approximately $198 million in loans, loan forgiveness, and grants including ARRA funding.

- **Bay Restoration Fund – Wastewater Projects** – The BRF (Chapter 428 of 2004) was created to address the significant decline in Chesapeake Bay water quality due to overenrichment of nutrients such as phosphorus and nitrogen. This dedicated fund, financed in large part by WWTP users, is used to upgrade Maryland's 67 major WWTPs with enhanced nutrient removal (ENR) technology. ENR takes water that has gone through the BNR process and further refines the effluent physically, biochemically, or chemically to an average level of 3 mg/L nitrogen and 0.3 mg/L phosphorus. Revenue from this fund also supports upgrades to septic systems. A portion of the funding is budgeted in the MDE operating budget for operations and maintenance of WWTPs upgraded to ENR status, although the $1.0 million appropriation in the fiscal 2012 allowance was eliminated. The ENR Program provides grants to local governments to institute ENR technology at the 67 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, in order to reach Maryland's commitment under the TMDL as implemented by the Watershed Implementation Plan.

- **Bay Restoration Fund – Septic System Projects** – The BRF includes a separate program to fund replacement of failing septic systems, with 60% of this revenue being allocated to MDE for the septic system upgrade program and 40% to the Maryland Department of Agriculture for the Cover Crop Program. MDE provides grants to upgrade failing systems and holding tanks with the best available technology for nitrogen removal. Overall, the program gives priority to projects that involve failing systems in environmentally sensitive areas that are ready to proceed. The program is administered by county governments or other parties, and contractors conducting the septic system upgrades are directly reimbursed for their work. Applications are prioritized as follows: (1) failing septic systems or holding tanks in the Critical Areas; (2) failing septic systems or holding tanks not in the Critical Areas; (3) nonfailing septic systems in the Critical Areas including new best available technology installation; and (4) nonfailing septic systems outside of the Critical Areas. Owners of failing septic systems in the Critical Area are eligible for 100% reimbursement of best available septic system upgrade technology cost as a grant. Homeowners with septic systems not in the Critical Area are eligible to be reimbursed from 25 to 100% of best available technology cost as a grant based on an income criterion. Businesses and nonresidential or rental property owners with septic systems not in the Critical Area are eligible for 25% reimbursement of best available technology cost as a grant.

- **Biological Nutrient Removal Program –** This program provides cost-share grant funds to local governments to retrofit or upgrade WWTPs to remove a greater portion of nutrients (nitrogen and phosphorus) from discharges. The goal of the program is to support the Watershed Implementation Plan implementation of the Chesapeake Bay TMDL point source nutrient reduction strategy. The State provides up to 50% of the total eligible project cost, with the ability to provide 100% of the project cost, as provided under Title 9, Sections 9-348 of the Environment Article. BNR biologically removes the total nitrogen to an average level of 8 milligrams per liter (mg/L) and the total phosphorus to an average level of 2 mg/L prior to discharging the water into the receiving waters. The next level of treatment is provided by an upgrade to ENR technology. All WWTPs upgraded to BNR by MDE will have the capacity to accommodate ENR upgrades in the future.

- **Supplemental Assistance Program –** The Supplemental Assistance Program provides grant assistance to local governments for planning, designing, and constructing WWTP improvements; for connection of older communities with failing septic systems; for correction of combined sewer overflows and sanitary sewer overflows; and for correction of excessive infiltration and inflow throughout the State. Funds are targeted principally to two types of projects: (1) maintaining compliance at existing WWTPs; and (2) eliminating failing septic systems in older communities. Funds are directed principally to projects where local governments need a subsidy to undertake the needed water quality or public health project. This program is often used in conjunction with other sources of federal and State financial assistance to achieve project affordability. This program funds up to 87.5% of eligible costs for sewer projects and up to 25.0% of the BNR project costs for small, lower-income jurisdictions. In addition, this program has taken on the needs of the Sewer Rehabilitation Program, which no longer is receiving BRF – Wastewater funding.

- **Water Supply Financial Assistance Program –** The General Assembly created the Water Supply Financial Assistance Program in 1982 to address the deteriorating condition of the State's water supply infrastructure and the lack of adequate financing available to local governments to upgrade water supply systems. This program provides grants to assist small communities in the acquisition, construction, equipping, rehabilitation, and improvement of publicly owned water supply facilities. The State may provide up to 87.5% of total eligible project costs (not to exceed $1.5 million per project), and a minimum 12.5% local match is required. In recent years, all assistance has been in the form of grants rather than loans. This program is often used in conjunction with other sources of federal and State financial assistance (such as the DWRLF) to achieve project affordability.

- **Hazardous Substance Cleanup Program** – The Hazardous Substance Cleanup program provides funds for cleaning up uncontrolled sites listed on the federal National Priorities List (Superfund) and other uncontrolled waste sites within the State that do not qualify for federal funding through the Superfund program. Remediation costs are shared by the federal (90%) and state (10%) governments for federal Superfund "orphan" sites. Orphan sites are those that lack a financially viable responsible party to pay for the cleanup. However, the State provides up to 100% of the costs for the projects not included on the National Priorities List and seeks

cost recovery when possible from responsible parties. At orphan sites, the State also provides 100% of the cost of the preliminary site assessment.

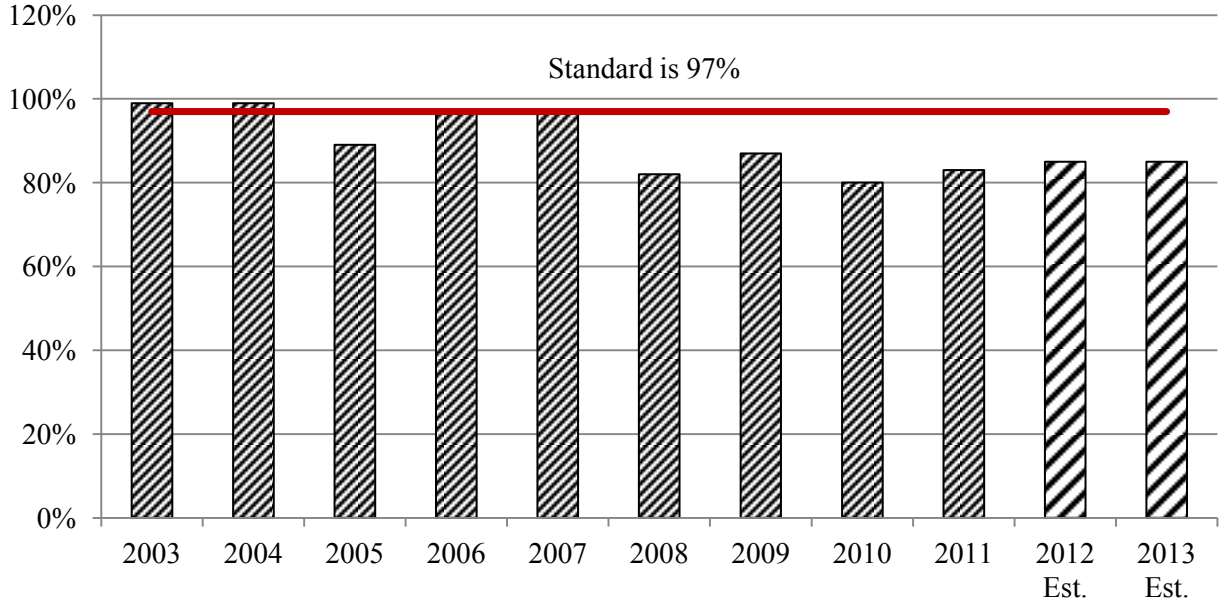
- **Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund** – The Nonpoint Source Fund receives funds from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund and is intended to support nonpoint source capital projects that previously were funded under the Small Creeks and Estuaries Restoration Program and the Maryland Stormwater Pollution Control Program. The Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund last received funding in fiscal 2011.

Program Performance Measures and Outputs

Drinking Water Revolving Loan Fund

Exhibit 1 shows that due to the changing nature of the underlying standards to which MDE applies a 97% significant compliance goal, it is difficult to see long-term trends in public water system compliance with rules. Instead, there appears to be a trend toward increasing compliance with a standard for a couple of years after the standard is created until a new standard is developed, and the process starts over. For instance, Maryland met the standard for complying with the 2002 rules in fiscal 2006, but then new rules were developed, and the compliance dropped to 82% in fiscal 2008. Five new federal regulations required new State rules in fiscal 2010. However, the overall trend is toward a cleaner public water system in Maryland.

Exhibit 1
Marylanders Served by Public Water Systems
In Significant Compliance
Fiscal 2003-2013



Note: Up to fiscal 2008, the basis for significant compliance with public water systems rules was 97% of the rules adopted in 2002. For fiscal 2008, the basis for significant compliance is 97% of the rules adopted since fiscal 2002. For fiscal 2009 and onward, significant compliance is measured as 97% of the rules adopted as of fiscal 2009. In fiscal 2010, State regulations were adopted to reflect five new federal regulations: arsenic, radionuclide, stage 2 disinfection byproduct, long-term 2 enhanced surface water treatment, and revised lead and copper.

Source: Governor's Budget Books, Fiscal 2006-2013

Bay Restoration Fund – Wastewater Projects

Exhibit 2 shows the status of efforts to install BNR and ENR technology at the 67 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 2012, of the 67 major WWTPs, 87% are operating at the BNR level (above the 85% as of January 2011), and 34% are operating at the ENR level (up from 28% as of January 2011).

Exhibit 2
Status of BNR and ENR Construction
Through January 2012

	BNR	ENR
Pre-planning	1	4
Planning	2	10
Design	2	10
Construction	4	20
Under Operation	58	23
Total	**67**	**67**

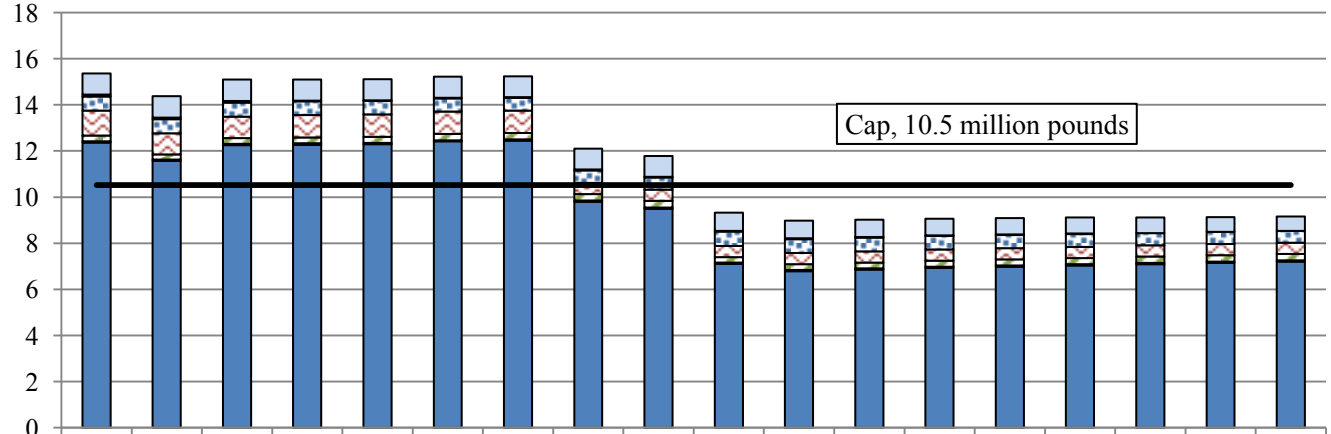
BNR: biological nutrient removal
ENR: enhanced nutrient removal

Note: The Bay Restoration Fund Advisory Committee added the Hampstead wastewater treatment plant increasing the major plants to 67.

Source: Maryland Department of the Environment

Exhibit 3 reflects the nitrogen loading reductions from WWTPs and other point sources as a result of the BNR and ENR upgrades and other point source nitrogen loading reductions. The majority of the nitrogen loading is from major municipal non-federal WWTPs. In and around the fiscal 2015-2017 time period, the Patapsco and Back River upgrades and then the Blue Plains upgrade are anticipated to reduce the overall loading sufficient to meet the point source loading cap of 10.5 million pounds. However, WWTPs will still be below their design flow levels at that point, and so as the population grows and the plants increase their flows, the point source loading is expected to increase but still stay within the loading cap.

Exhibit 3
Total Nitrogen Point Source Loads
Current Trend Growth Projection
Fiscal 2008-2025
(Millions of Pounds of Nitrogen)



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Dredged Material Containment Facility	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.6
Combined Sewer Overflow	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minor Industrial	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5
Major Industrial	1.1	0.9	0.9	1.0	1.0	1.0	1.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Minor Municipal	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Major Municipal Federal	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Major Municipal Non-federal	12.4	11.6	12.3	12.3	12.3	12.4	12.5	9.8	9.5	7.1	6.8	6.9	6.9	7.0	7.0	7.1	7.1	7.2
Total	15.4	14.4	15.1	15.1	15.1	15.2	15.2	12.1	11.8	9.3	9.0	9.0	9.1	9.1	9.1	9.1	9.1	9.2
Cap	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5

Source: Maryland Department of the Environment

Bay Restoration Fund – Septic System Projects

The septic system data provided in **Exhibit 4** reflects the large numbers of septic systems to be upgraded by the program. The majority of the State's septic systems in the Critical Area are in Anne Arundel County, while the greatest number of Critical Area septic systems actually upgraded is in Somerset County. Since February 2011, 601 systems in total have been upgraded with BRF funding, of which 526 were in the Critical Area.

Exhibit 4
Septic System Data
January 2012

County	Systems	Systems in Critical Area	Systems Not in Critical Area	BRF Upgraded Septic Systems	Critical Area BRF Upgraded Septic Systems
Allegany	4,052	0	4,052	4	n/a
Anne Arundel	45,744	12,911	32,833	346	316
Baltimore City	0	0	0	0	n/a
Baltimore County	38,913	2,130	36,783	106	28
Calvert	26,296	4,832	21,464	244	214
Caroline	7,215	1,135	6,080	62	47
Carroll	31,881	0	31,881	49	n/a
Cecil	20,300	3,503	16,797	63	54
Charles	26,758	1,132	25,626	97	59
Dorchester	6,646	3,321	3,325	206	195
Frederick	26,853	0	26,853	46	n/a
Garrett	8,737	0	8,737	11	n/a
Harford	29,071	182	28,889	116	27
Howard	21,772	0	21,772	42	n/a
Kent	3,880	1,914	1,966	113	80
Montgomery	22,659	0	22,659	89	n/a
Prince George's	13,522	209	13,313	9	0
Queen Anne's	9,449	4,525	4,924	226	205
Somerset	4,418	2,529	1,889	604	268
St. Mary's	23,298	5,994	17,304	159	136
Talbot	6,758	4,045	2,713	160	157
Washington	19,344	0	19,344	78	n/a
Wicomico	21,902	1,589	20,313	211	60
Worcester	6,360	1,520	4,840	130	67
Total	**425,828**	**51,471**	**374,357**	**3,171**	**1,913**

BRF: Bay Restoration Fund

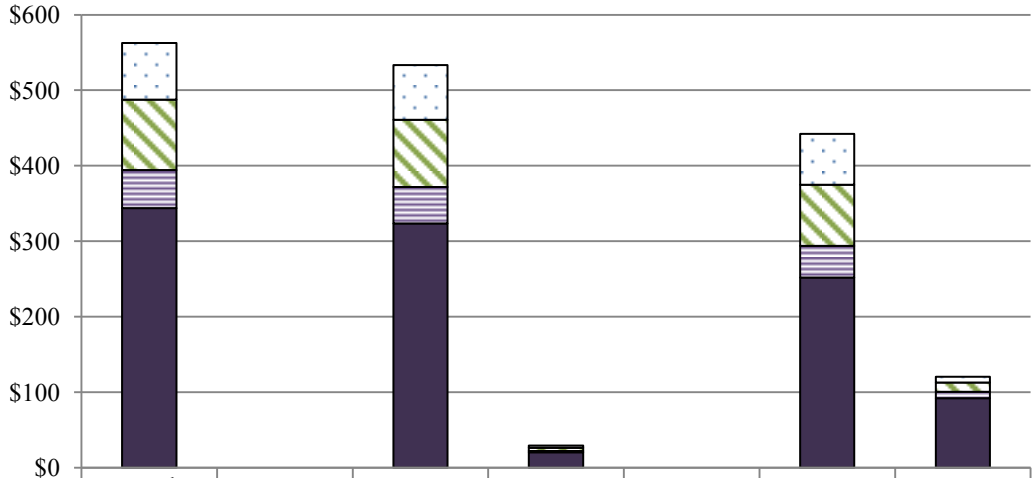
Note: The information on the total number of septic systems is based on 2009 Maryland Department of Planning data, while the number of systems in the critical area is based on 2004 Maryland Department of Planning data. Certain counties have no septic systems in the Critical Area. In the column "Critical Area BRF Upgraded Septic Systems," the information for these counties is designated as not applicable, or "n/a".

Source: Maryland Department of the Environment

Expenditures and Encumbrances

Exhibit 5 reflects the encumbrance and expenditure levels for Water Supply Financial Assistance, Supplemental Assistance, Septic System Upgrade, and Biological Nutrient Removal Programs. In general, the exhibit reflects expenditure levels being proportionate to the total authorization for the program. The largest authorization reflected is for the Biological Nutrient Removal Program, which has $343.8 million authorized. Of this amount, $20.5 million remains to be encumbered, although the department's project list for the current fiscal year reflects full utilization and encumbrance of these funds in fiscal 2012. The $91.9 million that remains to be expended reflects the delays in reimbursement requests from local governments that are responsible for project procurement and implementation.

Exhibit 5
Water Supply Financial Assistance, Biological Nutrient Removal, Supplemental Assistance, and Septic System Upgrade Programs Encumbrances and Expenditures
Program Inception through January 2012
($ in Millions)

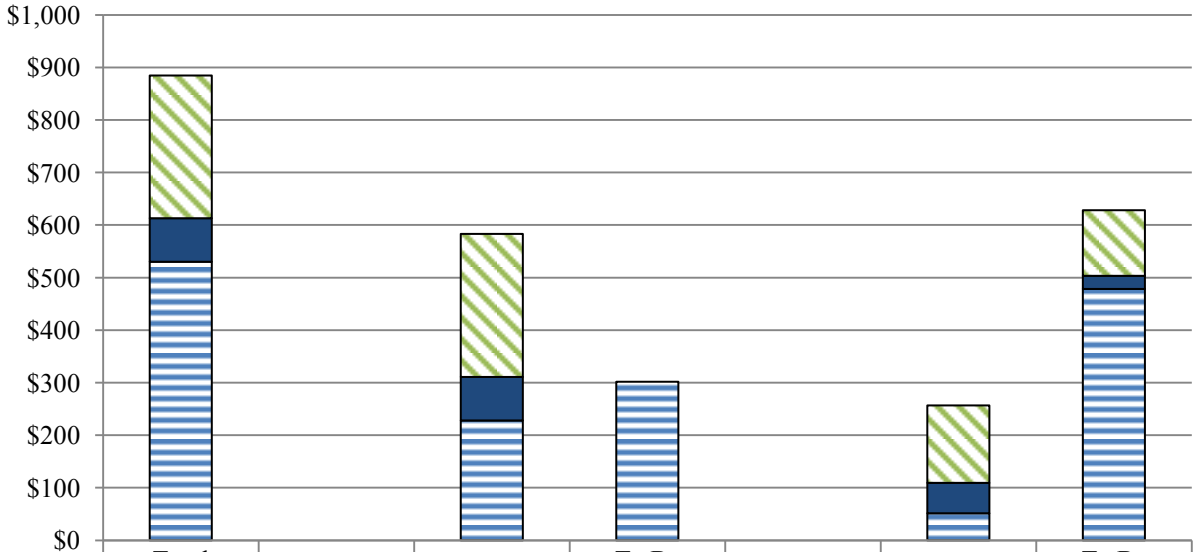


	Total Authorized		Encumbered	To Be Encumbered		Expended	To Be Expended
Total	$562.7		$533.3	$29.4		$442.0	$120.7
Water Supply Financial Assistance	$75.3		$72.6	$2.8		$67.4	$7.9
Supplemental Assistance	$93.1		$88.8	$4.3		$80.8	$12.3
Septic Septic Upgrade	$50.5		$48.7	$1.8		$41.9	$8.6
Biological Nutrient Removal	$343.8		$323.3	$20.5		$251.8	$91.9

Source: Maryland Department of the Environment

Exhibit 6 reflects the encumbrances and expenditures for Bay Restoration Fund – Wastewater Projects. The overall authorization is $884.8 million, of which $301.8 million remains to be encumbered, and $628.0 million still remains to be expended. However, the entirety of the amount to be encumbered and the majority of the amount to be expended reflects MDE's authorization of $530.0 million in revenue bonds. MDE's plan is to hold the revenue bond issuances until the very end of the financing period. Since the revenue bonds will require debt service payments once they are issued, that will reduce cash available for reimbursement payments. To date, only $50.0 million in revenue bonds has actually been issued based on cash flow needs for project reimbursements. This $50.0 million issuance generated $51.8 million in revenue, presumably due to a bond premium. Although only $50.0 million of the revenue bond authorization has been issued, MDE reflects the encumbrance or obligation of a portion of the remaining $480.0 million in authorization for projects in anticipation that the revenue bonds will be issued within the next couple of years.

Exhibit 6
Bay Restoration Fund – Wastewater Projects
Encumbrances and Expenditures
Program Inception through January 2012
($ in Millions)



	Total Authorization		Encumbered	To Be Encumbered		Expended	To Be Expended
Total	$884.8		$583.0	$301.8		$256.8	$628.0
GO Bonds	$271.8		$271.8	$0.0		$147.4	$124.4
Special Funds	$83.0		$83.0	$0.0		$57.6	$25.4
Revenue Bonds	$530.0		$228.2	$301.8		$51.8	$478.2

GO: general obligation

Source: Maryland Department of the Environment

Funding Solicitation

In January of each year, MDE solicits interest for funding from the Water Quality Revolving Loan Fund and the Drinking Water Revolving Loan Fund. The solicitation of interest is available to local governments and private drinking water providers. MDE's funding solicitation in January 2011 for fiscal 2013 funding is reflected in **Exhibit 7.** MDE's solicitation distinguishes between clean water and drinking water type projects with the majority of funding solicited for clean water projects. As reflected in the exhibit, the funding demand of $1.0 billion exceeds the $415.1 million in the fiscal 2013 allowance.

Exhibit 7
MDE Capital Program Funding Solicitation for Revolving Loan Funds
Fiscal 2013

Project Type	Applications	Total Project Cost	Funding Requested from MDE
Clean Water			
Advanced Treatment	28	$782,164,000	$605,931,000
Sewerage (inc. I/I & CSO)	87	285,297,000	204,928,000
Stormwater	26	37,587,000	22,573,000
Small Creeks and Estuaries	25	27,170,000	19,601,000
Subtotal	***166***	***$1,132,218,000***	***$853,033,000***
Drinking Water			
Source Water Development	11	$10,012,475	$8,585,990
Water Treatment Plant	10	84,645,455	78,553,455
Transmission/Distribution Mains	29	48,580,822	39,752,972
Water Storage	11	68,302,500	35,569,670
Other	7	9,324,814	9,194,438
Subtotal	***68***	***$220,866,066***	***$171,656,525***
Total	**234**	**$1,353,084,066**	**$1,024,689,525**

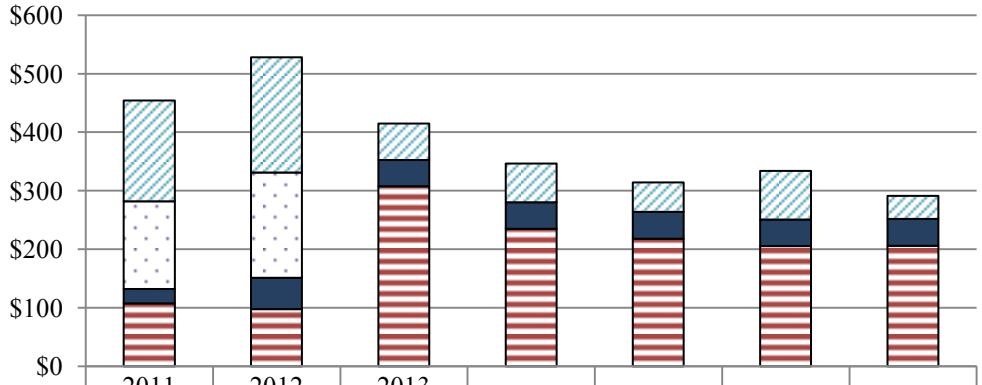
CSO: combined sewer overflow
I/I: infiltration or inflow
MDE: Maryland Department of the Environment

Source: Maryland Department of the Environment

Budget Overview

In the Governor's budget, MDE's fiscal 2013 capital program as introduced includes $307.7 million in special funds, $44.8 million in federal funds, and $62.6 million in general obligation (GO) bonds for a total of $415.1 million. The overall change between fiscal 2012 and 2013 is a $113.1 million decrease, as shown in **Exhibit 8**.

Exhibit 8
MDE Capital Programs Funding
Fiscal 2011-2017
($ in Millions)



	2011 Approp.	2012 Approp.	2013 Request	2014 Est.	2015 Est.	2016 Est.	2017 Est.
Total	$454.4	$528.2	$415.1	$346.6	$314.5	$334.2	$291.5
GO Bonds	$172.3	$197.1	$62.6	$66.1	$50.8	$83.3	$39.6
Revenue Bonds	$150.0	$180.0	$0.0	$0.0	$0.0	$0.0	$0.0
PAYGO FF	$24.7	$53.7	$44.8	$45.7	$45.7	$45.7	$45.7
PAYGO SF	$107.4	$97.5	$307.7	$233.8	$217.1	$204.3	$205.3
PAYGO GF	$0.0	$0.0	$0.0	$1.0	$1.0	$1.0	$1.0

FF: federal funds
GF: general funds
GO: general obligation
MDE: Maryland Department of the Environment
SF: special funds

Source: Governor's Capital Budget, Fiscal 2013; Department of Budget and Management Capital Budget Worksheets

However, there are several distortions in the change between fiscal 2012 and 2013: replacement of prior year BRF monies transferred to the general fund in both fiscal 2012 and 2013 and a revenue bond authorization in fiscal 2012.

Fund Balance Replacement

To date, $290.0 million of BRF – Wastewater Projects funding has been transferred to the general fund. In order to replace the funding, the Administration has developed a phased plan. The Governor replaces the final $18.2 million of outstanding funding – attributable to fiscal 2012 revenues – in fiscal 2013 with a GO bond authorization. The transfer and replacement schedule is shown in **Exhibit 9**.

Exhibit 9
Governor's Proposed Transfer and Replacement Schedule
Bay Restoration Fund – Wastewater Projects Funding
($ in Millions)

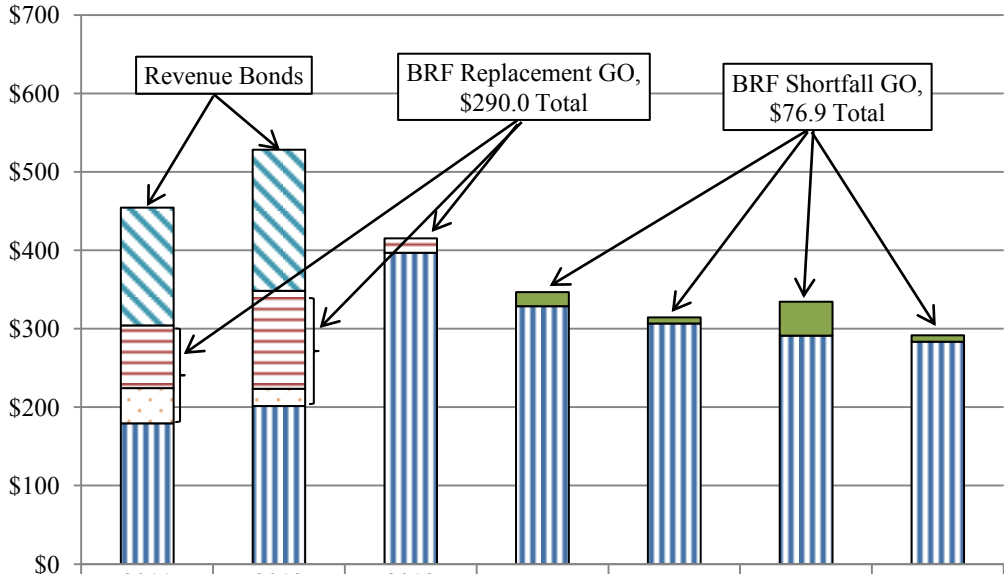
Action	Timeframe	Prior Special Fund Balance	Fiscal 2011 Special Funds	Fiscal 2012 Special Funds	Total
Transfer	Fiscal 2010	$155.0	$0.0	$0.0	$155.0
	Fiscal 2011	0.0	45.0	0.0	45.0
	Fiscal 2012	50.0	0.0	40.0	90.0
	Total	**$205.0**	**$45.0**	**$40.0**	**$290.0**
Replacement	Fiscal 2011	$80.0	$45.0	$0.0	$125.0
	Fiscal 2012	125.0	0.0	21.8	146.8
	Fiscal 2013	0.0	0.0	18.2	18.2
	Total	**$205.0**	**$45.0**	**$40.0**	**$290.0**

Note: The $125 million of fiscal 2012 replacement of prior special fund balance is comprised of $75 million transferred in fiscal 2010 and $50 million transferred in fiscal 2012.

Source: Department of Legislative Services

Exhibit 10 reflects the various types of funding in the MDE capital program for fiscal 2011 to 2017. The variety of funding types comes from the BRF – Wastewater Projects authorizations, which include revenue bonds in fiscal 2011 to 2012, BRF prior year replacement GO bond authorizations in fiscal 2011 to 2013, new BRF funding to replace funding transferred in that year for fiscal 2011 to 2012, and the remaining new funding from all sources. In addition, there is BRF – Wastewater Projects shortfall GO bond funding of $76.9 million reflected for fiscal 2014 to 2017, as noted in the 2012 *Capital Improvement Program* (CIP).

Exhibit 10
MDE Capital Programs Funding by Budget Action
Fiscal 2011-2017
($ in Millions)



	2011 Approp.	2012 Approp.	2013 Request	2014 Est.	2015 Est.	2016 Est.	2017 Est.
Total	$454.4	$528.2	$415.1	$346.6	$314.5	$334.2	$291.5
Revenue Bonds	$150.0	$180.0	$0.0	$0.0	$0.0	$0.0	$0.0
BRF Shortfall GO	$0.0	$0.0	$0.0	$18.0	$7.9	$43.0	$8.0
BRF Prior Year Fund Balance Replacement GO	$80.0	$125.0	$18.2	$0.0	$0.0	$0.0	$0.0
New BRF Replacement GO	$45.0	$21.8	$0.0	$0.0	$0.0	$0.0	$0.0
New GF, SF, FF, GO Funding	$179.4	$201.4	$397.0	$328.6	$306.6	$291.2	$283.5

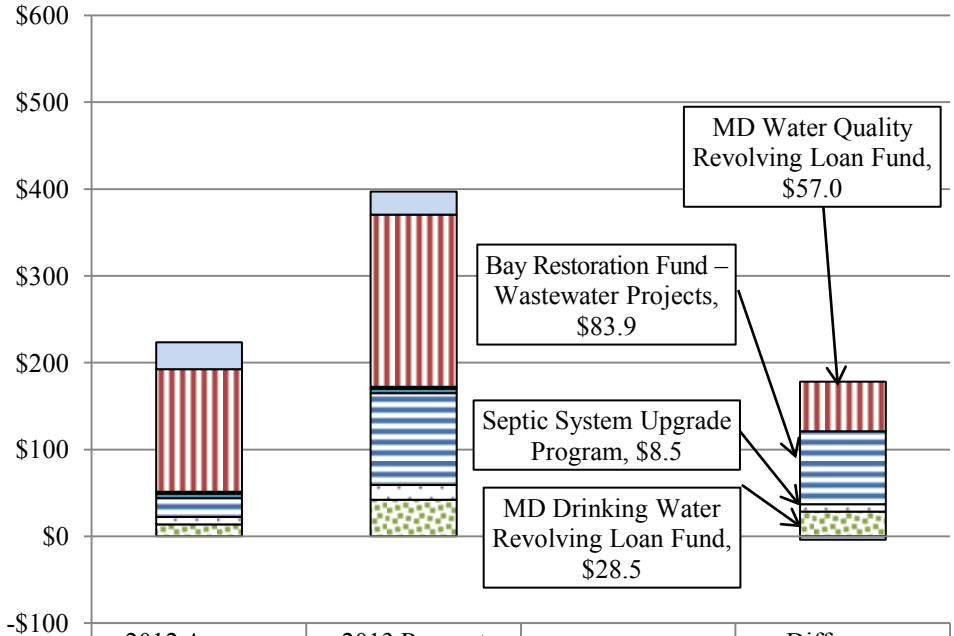
BRF: Bay Restoration Fund
FF: federal funds
GF: general funds
GO: general obligation
MDE: Maryland Department of the Environment
SF: special funds

Source: Department of Legislative Services

Program Highlights

The changes in new funding between fiscal 2012 and 2013 are reflected in **Exhibit 11**. The new funding excludes prior year replacement of BRF monies transferred to the general fund, as well as revenue bond authorizations. The GO bond authorization of $21.8 million in fiscal 2012 for replacement of BRF revenues transferred to the general fund is reflected since this is new funding available for projects.

Exhibit 11
MDE Capital New Funding Changes
Fiscal 2012-2013
($ in Millions)



	2012 Approp.	2013 Request		Difference
Total	$223.2	$397.0		$173.7
Biological Nutrient Removal Program	$30.9	$26.8		-$4.1
MD Water Quality Revolving Loan Fund	$141.0	$198.0		$57.0
Water Supply Financial Assistance Program	$2.5	$2.5		$0.0
Supplemental Assistance Program	$5.0	$5.0		$0.0
Bay Restoration Fund – Wastewater Projects	$21.8	$105.7		$83.9
Septic System Upgrade Program	$8.5	$17.0		$8.5
MD Drinking Water Revolving Loan Fund	$13.5	$42.0		$28.5

MDE: Maryland Department of the Environment

Note: The exhibit does not include revenue bonds or prior year replacement of Bay Restoration Fund revenues.

Source: Department of Legislative Services

The highlighted changes in new funding for fiscal 2013 are as follows:

- **Bay Restoration Fund – Wastewater Projects** – New funding increases by $83.9 million between fiscal 2012 and 2013 for BRF – Wastewater Projects. The primary difference is an assumption that the BRF fee will be doubled by legislation in the 2012 legislative session, which is discussed as an issue. The fiscal 2013 allowance includes $105.7 million in special funds to reflect revenue doubling from approximately $55.0 million to $111.0 million. In addition, there is $18.2 million in GO bond authorization to replace fiscal 2012 revenues transferred to the general fund. The fiscal 2013 allowance would be used to construct ENR upgrades at seven major WWTPs, including Cox Creek ($55.0 million), Frederick ($27.4 million), and Westminster ($16.9 million).

- **MD Water Quality Revolving Loan Fund** – Substantial balances for the WQRLF allow for a $57.0 million increase in funding between fiscal 2012 and 2013. MDE explains that federal ARRA funding available in fiscal 2010 reduced the demand for State funding, which in turn led to an increase in the balance. The fiscal 2013 allowance includes $156.6 million in special funds, $34.3 million in federal funds, and $7.1 million in GO bonds used for the 20% match to the federal fund. The outcome of federal deliberations on the capitalization grant will impact both the federal funding and the required State match for both revolving loan funds. The federal fiscal 2011 amount is $1.522 billion. The federal fiscal 2012 and 2013 estimated amounts of $1.466 billion and $1.175 billion, respectively, will mean less federal funding and a lower State match than is currently estimated in the 2012 CIP for State fiscal 2014 and 2015.

- **MD Drinking Water Revolving Loan Fund** – Similar to the WQRLF, new funding for the DWRLF increases substantially between fiscal 2012 and 2013. This $28.5 million increase also reflects the availability of fund balance due to federal ARRA funding reducing demand for State funding. The fiscal 2013 allowance includes $28.4 million in special funds, $10.6 million in federal funds, and $3.0 million in GO bond authorization used as matching funding. MDE notes that fund balances could be quickly reduced by the $51.4 million Annapolis water treatment plant upgrade. The outcome of federal deliberations on the capitalization grant will impact both the federal funding and the required State match for both revolving loan funds. The federal fiscal 2011 amount is $963.0 million. The federal fiscal 2012 and 2013 estimated amounts of $918.0 million and $850.0 million will mean less federal funding and, thus, a lower State match than is currently estimated in the 2012 CIP for State fiscal 2014 and 2015.

- **Septic System Upgrade Program** – The Septic System Upgrade Program's increase of $8.5 million in new funding also reflects the proposed doubling of the BRF fee on septic system and sewage holding tank users. It is estimated that the $17.0 million in total funding would allow for upgrades of approximately 1,400 systems at $12,000 per system.

American Recovery and Reinvestment Act of 2009 Funding

The ARRA provided approximately $95.7 million for the WQRLF and $26.8 million for the DWRLF, a total of $122.5 million in one-time federal funding in fiscal 2010, which included funding for program administration. MDE notes that through January 31, 2012, $7.0 million of the WQRLF funding and $1.1 million of the DWRLF funding remain to be spent.

Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund

As noted above, the Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund is budgeted within MDE. The Nonpoint Source Fund receives funds from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund and is intended to support nonpoint source capital projects that previously were funded under the Small Creeks and Estuaries Restoration Program and the Maryland Stormwater Pollution Control Program. No funding is included in fiscal 2013 for the Nonpoint Source Fund since MDE will no longer be administering Chesapeake and Atlantic Coastal Bays 2010 Trust Fund funds allocated to the Nonpoint Source Fund. However, MDE will still be involved in targeting funding and leveraging federal Section 319 nonpoint source management program funding in partnership with the Department of Natural Resources.

Of the $5.6 million MDE has received in the Nonpoint Source Fund, the last of which was an appropriation of $2.1 million in fiscal 2011, approximately $2.1 million remains to be encumbered. This funding is anticipated to be allocated to the following projects:

- **St. Mary's Parish** – There is $11,400 remaining to be encumbered for contract number 2. MDE recently received plans/specifications revisions.

- **Rockfish** – There is $386,303 remaining to be encumbered. MDE indicates that construction bids opened in January 2012 and that a procurement package is expected to be received by the end of February 2012.

- **Moore's Run** – There is $1,877,400 remaining to be encumbered. MDE indicates that Baltimore City's schedule is to advertise for construction bids in April 2012.

Issues

1. Bay Restoration Fund Fee Increase Introduced to Address Shortfall

Chapter 428 of 2004 established the BRF, which is administered by the WQFA within MDE. The main goal of the BRF is to provide grants to owners of WWTPs to reduce nutrient pollution to the Chesapeake Bay by upgrading the systems with ENR technology and to support septic system upgrades and the planting of cover crops. As a revenue source for the fund, Chapter 428 established a bay restoration fee on users of wastewater facilities, septic systems, and sewage holding tanks.

While the estimated capital costs of upgrading the major WWTPs with ENR technology were originally $750.0 million to $1.0 billion, engineering estimates now indicate total costs of about $1.38 billion. However, based on data provided by MDE, projected revenues available for grant awards (from the bay restoration fee and revenue bond proceeds) total only $1.002 billion. Thus, a deficit of about $382.6 million is expected for the program. Unless addressed in some way, the funding shortfall may jeopardize the State's ability to meet the pollution limits identified in the TMDL for the Chesapeake Bay. In order to comply with federal permits, any WWTP not upgraded with State funding will likely be required to upgrade using local funding. If Maryland's plan for meeting the TMDL – the Watershed Implementation Plan – fails to meet federal requirements, then the U.S. EPA may institute backstop measures that focus on (1) tightening controls on federally permitted point sources of pollution, such as WWTPs, large animal agricultural operations, and municipal stormwater systems; and/or (2) withholding, conditioning, or reallocating federal funds.

Why There Is A Deficit

The funding shortfall is due to various factors, which include the following.

- **15-year Bonds Limits** – MDE originally intended to issue 20-year bonds. However, a subsequent determination that revenue bonds secured by bay restoration fees constitute tax-supported debt, and are thus limited to a term of not more than 15 years pursuant to the Constitution of Maryland, increased annual debt service payments and consequently reduced the total amount of bonds that can be issued. The Capital Debt Affordability Committee (CDAC) considered whether bay bonds are State debt in 2004 and agreed that the bonds are State debt. The WQFA's bond counsel reviewed this issue and concurred with CDAC.

- **Increased Construction Costs** – According to MDE, WWTP construction costs on recently opened bids are significantly higher than the original preplanning estimates. Higher costs are attributed to several factors, including uncertainty inherent in the planning process, inflation, engineering limitations at certain WWTPs that required more costly technology, and MDE permit compliance considerations.

Options Considered by the Bay Restoration Fund Advisory Committee

The Bay Restoration Fund Advisory Committee (BRFAC), which was established by Chapter 428 of 2004, is charged with making recommendations regarding any increase in the bay restoration fee deemed necessary to meet the financing needs of the fund. BRFAC has explored a number of options for addressing the anticipated deficit in the Wastewater Account, including (1) increasing the bay restoration fee; (2) reducing grants to WWTPs that are below 100% of eligible costs; (3) reprioritizing or strategically delaying some ENR upgrades for certain WWTPs; (4) spreading out debt service payments over 30 years, utilizing the longer repayment period authorized for local government bonds; and (5) redirecting $5 million per year from operating grants to capital funding.

Exhibit 12 reflects MDE's current award schedule. If a fee increase is not approved and no other revenue source is identified, then MDE indicates it would likely have to postpone or cancel the Cox Creek upgrade in fiscal 2013; Back River and other projects in fiscal 2014; and additional projects in fiscal 2015. This is because MDE's fiscal policy is to encumber funding for projects at the Board of Public Works only if there is sufficient revenue to support the award reimbursement schedule. Postponement or cancellation of these projects would jeopardize Maryland's commitment to the Chesapeake Bay TMDL.

Exhibit 12
MDE's Projected Current Award Schedule
Fiscal 2013-2015
($ in Millions)

2013		2014		2015	
Project	**Award**	**Project**	**Award**	**Project**	**Award**
Cox Creek	$110.0	Back River	$250.0	Freedom District	$7.8
Frederick City	26.7	Conococheague	27.5	Princess Anne	4.0
Westminster	15.9	Northeast	9.0	Dorsey Run (State)	3.9
Emmitsburg	7.7	Salisbury	9.0	Hampstead	3.0
Winebrenner	6.9	Mayo (Large Communal)	3.0	Centreville	1.0
Leonardtown	6.4	MCI (State)	3.0		
Fruitland	3.1				
Total	**$176.7**	**Total**	**$301.5**	**Total**	**$19.7**

MCI: Maryland Correctional Institution
MDE: Maryland Department of the Environment

Source: Maryland Department of the Environment

Fee Increase Legislation Introduced

Environment – Bay Restoration Fund – Fees (Senate Bill 240 and House Bill 446) has been introduced in the 2012 legislative session. The Administration bills alter the bay restoration fee structure beginning July 1, 2012. The bills (1) increase the fee from $2.50 to $5.00 per month for those receiving an individual water or sewer bill from a billing authority with a water usage-based billing system; (2) increase the fee from $30.00 to $60.00 per year for each user of an on-site sewage disposal (septic) system or sewage holding tank that does not receive a water bill; and (3) replace the current flat fee of $2.50 per month for residential users receiving a usage-based water or sewer bill, with a new fee based on water usage, which is $0.90 per 1,000 gallons per month for the first 2,000 gallons, and $1.25 for each additional 1,000 gallons used per month. The bills repeal the existing fee structure for multi-unit residential users that do not receive an individual sewer bill and for nonresidential users; those users are instead subject to the same sliding scale described above for residential users.

Impact of Legislation

The Administration estimates a doubling of fee revenue while the Department of Legislative Services (DLS) estimates that there is a potential for a greater than doubling of revenue. Regardless, even with the proposed doubling of the fee, there remains an estimated shortfall of approximately $77.0 million. This remaining shortfall is addressed in the 2012 CIP, which programs $76.9 million of GO bond funding through fiscal 2017. To the extent that estimated project costs are different than the actual project costs, this remaining shortfall could be different than current projections. Furthermore, MDE has only issued $50.0 million of the $530.0 million of authorized revenue bonds for the program. To the extent that actual true interest costs are different than projections, the amount of special funds available to fund debt service (and by extension the amount that can be dedicated to project costs) could change somewhat from estimates.

MDE indicates that it will condition its next revenue bond issuance and the overall project schedule based on whether the BRF fee is increased. If the fee is increased, MDE will issue $130 million in fiscal 2013. If the fee is not increased, MDE indicates that it would issue $170 million in revenue bonds in fiscal 2013 and would need $190 million in GO authorizations in fiscal 2013, $130 million in fiscal 2015, and $70 million in fiscal 2016 for a total of $390 million. However, MDE has also indicated that projects will not be awarded funding if there is not a revenue stream supporting the future reimbursements to local governments. **DLS recommends that MDE comment on a detailed contingency plan for failure of the fee increase including GO bond or other revenue needs and a proposed project award schedule.**

Updates

1. Hazardous Substance Cleanup Program Funding Changes

The Hazardous Substance Cleanup Program last received funding in fiscal 2010. It is projected to receive funding in fiscal 2014. Currently, MDE indicates that it is conducting site investigations at five sites and actual cleanups at two sites. The Dwyer Site, previously a State Superfund site funded by the Hazardous Substance Cleanup Program, is now listed on the National Priorities List and thus is eligible for federal funding. Maryland's share is a 10% match, which MDE believes has already been met due to the work previously conducted at the site. Therefore, the remainder of the Dwyer Site cleanup will be paid for with federal funding.

PAYGO Recommended Actions

1. Concur with the Governor's allowance for the Water Quality Revolving Loan Fund special fund appropriation of $156,571,000 and the federal fund appropriation of $34,286,000.

2. Concur with the Governor's allowance for the Drinking Water Revolving Loan Fund special fund appropriation of $28,436,000 and the federal fund appropriation of $10,560,000.

3. Add the following language to the special fund appropriation:

   , provided that the Administration shall submit a budget amendment by July 1, 2012, that adjusts the special fund appropriation to reflect the final outcome of any legislation that alters the Bay Restoration Fund fee.

   Explanation: The Bay Restoration Fund – Wastewater appropriation is approximately doubled in the fiscal 2013 allowance in anticipation that legislation is enacted to increase the Bay Restoration Fund fee by 100%. This action advises that a budget amendment should be submitted to reflect the final outcome of any legislation that alters the Bay Restoration Fund fee.

4. Add the following language to the special fund appropriation:

   , provided that the Administration shall submit a budget amendment by July 1, 2012, that adjusts the special fund appropriation to reflect the final outcome of any legislation that alters the Bay Restoration Fund fee.

   Explanation: The Bay Restoration Fund – Septic Systems appropriation is approximately doubled in the fiscal 2013 allowance in anticipation that legislation is enacted to increase the Bay Restoration Fund fee by 100%. This action advises that a budget amendment should be submitted to reflect the final outcome of any legislation that alters the Bay Restoration Fund fee.

GO Bond Recommended Actions

1. Approve the $18,175,000 general obligation bond authorization for the Enhanced Nutrient Removal Program. This funding is the second and final installment of replacement funding for $40,000,000 in fiscal 2012 revenues transferred to the general fund.

2. Approve the $7,143,000 general obligation bond authorization for the Maryland Water Quality Revolving Loan Fund. This funding represents the 20% match to the $34,286,000 in federal funds.

3. Approve the $3,004,000 general obligation bond authorization for the Maryland Drinking Water Revolving Loan Fund. This funding represents the match to the $10,560,000 in federal funds.

4. Approve the $26,760,000 general obligation bond authorization for the Biological Nutrient Removal Program. This funding provides for projects to remove nutrients at publicly owned sewage treatment works.

5. Approve the $5,000,000 general obligation bond authorization for the Supplemental Assistance Program. This funding is used to provide assistance to grant and loan recipients to meet the local share of construction costs.

6. Approve the $2,500,000 general obligation bond authorization for the Water Supply Financial Assistance Program. This funding provides for assistance to State and local government entities to acquire, design, construct, rehabilitate, equip, and improve water supply facilities.

Grant and Loan Capital Improvement Program
($ in Millions)

Fund Source	*2011 Approp.*	*2012 Approp.*	*2013 Request*	*2014 Estimate*	*2015 Estimate*	*2016 Estimate*	*2017 Estimate*
PAYGO GF	$0.000	$0.000	$0.000	$1.000	$1.000	$1.000	$1.000
PAYGO SF	107.383	97.518	307.707	233.800	217.050	204.250	205.250
PAYGO FF	24.683	53.656	44.846	45.700	45.700	45.700	45.700
Revenue Bonds	150.000	180.000	0.000	0.000	0.000	0.000	0.000
GO Bonds	172.334	197.051	62.582	66.050	50.750	83.250	39.550
Total	**$454.400**	**$528.225**	**$415.135**	**$346.550**	**$314.500**	**$334.200**	**$291.500**

Program	*2011 Approp.*	*2012 Approp.*	*2013 Request*	*2014 Estimate*	*2015 Estimate*	*2016 Estimate*	*2017 Estimate*
MD Water Quality Revolving Loan Fund	$110.000	$141.000	$198.000	$160.000	$160.000	$160.000	$160.000
MD Drinking Water Revolving Loan Fund	16.500	13.500	42.000	25.000	25.000	25.000	25.000
Bay Restoration Fund – Wastewater Projects	275.000	326.825	123.875	105.550	78.700	101.000	67.000
Septic System Upgrade Program	9.000	8.500	17.000	17.000	17.000	17.000	17.000
Biological Nutrient Removal Program	33.300	30.900	26.760	30.500	25.300	22.700	14.000
Supplemental Assistance Program	5.000	5.000	5.000	5.000	5.000	5.000	5.000
Water Supply Financial Assistance Program	3.500	2.500	2.500	2.500	2.500	2.500	2.500
Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund	2.100	0.000	0.000	0.000	0.000	0.000	0.000
Hazardous Substance Clean-up Program	0.000	0.000	0.000	1.000	1.000	1.000	1.000
Total	**$454.400**	**$528.225**	**$415.135**	**$346.550**	**$314.500**	**$334.200**	**$291.500**

Water Quality Revolving Loan Fund Fiscal 2013 Proposed Projects

Subdivision	Project Title	Estimated Cost	Prior Auth.	2013 Amount	Total State Share (%)
Allegany	Evitts Creek Combined Sewer Overflow Project − Phase 4	$400,000	−	$50,000	12.0%
Allegany	Jennings Run Sanitary Sewer Rehabilitation Project – Phase II	1,000,000	−	125,000	12.5%
Anne Arundel	Sylvan Shore Wastewater Collection System Improvements	3,561,000	−	3,561,000	100.0%
Baltimore City	Baltimore City Sanitary Sewer Improvements − Greenmount, Hampden, and Bolton Hill	13,000,000	−	11,700,000	90.0%
Baltimore City	Baltimore City Sanitary Sewer Improvements − Maryland Avenue	13,000,000	−	5,802,000	44.6%
Baltimore City	Baltimore City Sanitary Sewer Improvements − Stoney Run	13,000,000	−	9,895,000	76.1%
Baltimore City	Baltimore City Sanitary Sewer Improvements − Western Run	13,000,000	−	9,220,000	70.9%
Baltimore	Baltimore County Sanitary Sewer Improvements − Maryland Avenue	13,000,000	−	6,553,000	50.4%
Baltimore	Baltimore County Sanitary Sewer Improvements − Stoney Run	13,000,000	−	339,000	2.6%
Baltimore	Baltimore County Sanitary Sewer Improvements − Western Run	13,000,000	−	2,786,000	21.4%
Baltimore	Enchanted Hills Pump Station Improvements	1,762,377	−	1,447,000	82.1%
Baltimore	Roland Run Stream Restoration Project	2,645,000	−	1,323,000	50.0%
Baltimore	Wye Road Pump Station Improvements	1,932,014	−	1,618,000	83.7%
Calvert	Chesapeake Beach Wastewater Treatment Plant − Miscellaneous Improvements	26,075,400	−	16,918,000	64.9%

Subdivision	Project Title	Estimated Cost	Prior Auth.	2013 Amount	Total State Share (%)
Calvert	Solomons Island Pump Station Improvements	1,278,800	−	1,231,000	96.3%
Carroll	Westminster Wastewater Treatment Plant − Miscellaneous Improvements	27,984,000	5,044,000	6,000,000	39.5%
Frederick	Frederick Wastewater Treatment Plant − Miscellaneous Improvements	62,429,725	−	8,059,000	12.9%
Frederick	Thurmont Wastewater System Improvements	2,060,014	−	1,545,000	75.0%
Frederick	Thurmont Wastewater Treatment Plant Improvements	6,134,000	−	6,134,000	100.0%
Harford	Aberdeen Wastewater Treatment Plant − Miscellaneous Improvements	26,989,660	10,307,660	1,700,000	44.5%
Howard	Little Patuxent Interceptor Improvements	2,715,000	−	2,715,000	100.0%
Kent	Betterton Wastewater Treatment Plant Improvements	4,495,722	−	1,299,000	28.9%
Prince George's	Greenbelt Lake Dredging and Dam Repair	1,328,000	−	1,328,000	100.0%
Prince George's	Western Branch Wastewater Treatment Plant Improvements	74,000,000	−	6,000,000	8.1%
Somerset	Ewell Wastewater Treatment Plant Replacement	4,810,423	−	3,310,000	68.8%
St. Mary's	Lexington Park Sewer System Improvements	3,281,000	−	3,281,000	100.0%
Talbot	Easton Sewer Rehabilitation Project − Phase II	2,974,000	−	2,974,000	100.0%
Washington	Conococheague Wastewater Treatment Plant − Expansion and Rehabilitation	36,038,200	−	6,000,000	16.6%
Washington	Hagerstown Sewer System Improvements	4,739,000	827,437	1,186,000	42.5%
Washington	Smithburg Wastewater Treatment Plant	16,193,630	−	6,085,000	37.6%

Subdivision	Project Title	Estimated Cost	Prior Auth.	2013 Amount	Total State Share (%)
Washington	Winebrenner Wastewater Treatment Plant − Miscellaneous Improvements	17,665,200	−	6,000,000	34.0%
Wicomico	Crown Sports Center Sewer Extension	120,000	−	15,000	12.5%
Worcester	Berlin Wastewater Treatment Plant Improvements	10,070,600	−	5,000,000	49.6%
Regional	Blue Plains Wastewater Treatment Plant Digestion Facilities	255,560,000	−	56,801,000	22.2%
Total		**$689,242,765**	**$16,179,097**	**$198,000,000**	

Drinking Water Revolving Loan Fund Fiscal 2013 Proposed Projects

Subdivision	Project Title	Estimated Cost	2013 Amount	Total State Share (%)
Allegany	Meders Lane Water Project	$300,000	$300,000	100.0%
Allegany	Westernport Water Distribution System Replacement	3,150,000	970,000	30.8%
Allegany	Westernport Water Meter Installation and Replacement Project	1,230,000	1,076,000	87.5%
Anne Arundel	Annapolis Water Treatment Plant Upgrade	51,384,000	16,699,000	32.5%
Calvert	Beaches Water Cooperative − New Water Meters	813,459	683,000	84.0%
Calvert	St. Leonard Town Center − Water System Improvements	1,790,400	1,335,000	74.6%
Carroll	Taneytown Water System − New Water Treatment Building	1,470,000	833,000	56.7%
Carroll	Taneytown Water System Improvements	846,000	720,000	85.1%
Cecil	Chesapeake City Water Meter Replacement	418,000	418,000	100.0%
Charles	Jenkins Lane Water System Improvements	776,000	776,000	100.0%
Frederick	Rosemont Water System Improvements	3,333,481	3,078,000	92.3%
Garrett	Grantsville Water Line Extension Project	260,000	260,000	100.0%
Garrett	Oakland Water System Improvements	300,000	300,000	100.0%
Harford	Havre de Grace Water Treatment Plant Improvements	3,701,000	3,330,000	90.0%
Prince George's	Potomac Vista Community Water System Improvements	1,521,000	1,521,000	100.0%
Somerset	Crisfield Water System − New Water Meters	242,000	242,000	100.0%
St. Mary's	St. Mary's Water System − New Water Meters	4,709,100	1,541,000	32.7%
Talbot	St. Michael's Water System Improvements	258,000	258,000	100.0%
Washington	R.C. Wilson Water Plant Improvements	9,260,000	7,660,000	82.7%
Total		**$85,762,440**	**$42,000,000**	

Bay Restoration Fund – Wastewater
Fiscal 2013 Proposed Projects

Subdivision	Project Title	Estimated Cost	Prior Auth.	2013 Amount	Future Request	Total State Share (%)
Anne Arundel	Cox Creek Wastewater Treatment Plant – ENR	$141,324,992	$16,500,000	$55,000,000	55,000,000	89.5%
Carroll	Westminster Wastewater Treatment Plant – ENR	27,984,000	20,000	16,920,000	–	60.5%
Frederick	Emmitsburg Wastewater Treatment Plant – ENR	23,860,000	50,000	8,103,000	–	34.2%
Frederick	Frederick Wastewater Treatment Plant – ENR	62,429,725	–	27,411,000	–	43.9%
St. Mary's	Leonardtown Wastewater Treatment Plant – ENR	16,920,720	510,000	6,441,000	–	41.1%
Washington	Winebrenner Wastewater Treatment Plant – ENR	17,665,200	100,000	6,900,000	–	39.6%
Wicomico	Fruitland Wastewater Treatment Plant – ENR	5,834,000	–	3,100,000	–	53.1%
Total		**$296,018,637**	**$17,180,000**	**$123,875,000**	**$55,000,000**	

ENR: enhanced nutrient removal

Biological Nutrient Removal Programs Fiscal 2013 Proposed Projects

Subdivision	Project Title	Estimated Cost	Prior Auth.	2013 Amount	Future Request	Total State Share (%)
Baltimore City	Back River Wastewater Treatment Plant – BNR	$462,000,000	$12,313,490	$14,385,000	$40,301,510	14.5%
Frederick	Emmitsburg Wastewater Treatment Plant – BNR	23,860,000	2,000,000	1,673,000	1,673,000	22.4%
Frederick	Frederick Wastewater Treatment Plant – BNR	62,429,725	700,000	1,000,000	1,826,000	5.6%
Washington	Winebrenner Wastewater Treatment Plant – BNR	17,665,200	500,000	1,600,000	–	11.9%
Wicomico	Salisbury Wastewater Treatment Plant – BNR	54,270,000	–	2,842,000	8,158,000	20.3%
Regional	Blue Plains Wastewater Treatment Plant – BNR	1,080,000,000	12,331,231	5,260,000	21,240,000	3.6%
Total		**$1,700,224,925**	**$27,844,721**	**$26,760,000**	**$73,198,510**	

BNR: biological nutrient removal

Supplemental Assistance Program Fiscal 2013 Proposed Projects

Subdivision	Project Title	Estimated Cost	Prior Auth.	2013 Amount	Total State Share (%)
Allegany	Evitts Creek Combined Sewer Overflow Project − Phase 4	$400,000	−	$350,000	87.5%
Allegany	Jennings Run Sanitary Sewer Rehabilitation Project − Phase II	1,000,000	−	875,000	87.5%
Allegany	Westernport Combined Sewer Overflow Project	2,000,000	−	500,000	25.0%
Baltimore City	Baltimore City Sanitary Sewer Improvements − Stoney Run	13,000,000	−	1,500,000	11.5%
Frederick	Emmitsburg Wastewater Treatment Plant − Biological Nutrient Removal	23,860,000	2,134,590	538,000	11.2%
Frederick	Thurmont Wastewater System Improvements	2,060,000	−	515,000	25.0%
Kent	Betterton Wastewater Treatment Plant Improvements	4,495,722	−	477,000	10.6%
Wicomico	Crown Sports Center Sewer Extension	120,000	−	105,000	87.5%
Worcester	Snow Hill Wastewater Treatment Plant − Biological Nutrient Removal	14,364,870	1,743,000	140,000	13.1%
Total		**$61,300,592**	**$3,877,590**	**$5,000,000**	

Water Supply Financial Assistance Programs Fiscal 2013 Proposed Projects

Subdivision	Project Title	Estimated Cost	2013 Amount	Total State Share (%)
Allegany	Westernport Water Distribution System Replacement	$3,150,000	$530,000	16.8%
Carroll	Taneytown Water System − New Water Treatment Building	1,470,000	368,000	25.0%
Dorchester	Secretary Water System Improvements	410,525	102,000	24.8%
Washington	R.C. Wilson Water Plant Improvements	9,260,000	1,500,000	16.2%
Total		**$14,290,525**	**$2,500,000**	