

UA01
Department of the Environment – Capital

Capital Budget Summary

Grant and Loan Programs
(\$ in Millions)

	<i>FY 2012 Approp.</i>	<i>FY 2013 Approp.</i>	<i>FY 2014 Request</i>	<i>Percent Change</i>	<i>DLS Recommd.</i>
MD Water Quality Revolving Loan Fund	\$141.000	\$198.000	\$130.000	-34.3%	\$130.000
MD Drinking Water Revolving Loan Fund	13.500	42.000	22.000	-47.6%	22.000
Bay Restoration Fund – Wastewater Projects	326.825	112.875	88.000	-22.0%	88.000
Septic System Upgrade Program	8.500	15.000	15.000	0.0%	15.000
Biological Nutrient Removal Program	30.900	24.760	29.200	17.9%	29.200
Supplemental Assistance Program	5.000	7.000	5.925	-15.4%	5.925
Water Supply Financial Assistance Program	2.500	2.500	3.450	38.0%	3.450
Hazardous Substance Clean-up Program	0.000	0.000	0.300	n/a	0.300
Total	\$528.225	\$402.135	\$293.875	-26.9%	\$293.875

Note: The fiscal 2012 and 2013 appropriations for Bay Restoration Fund – Wastewater Projects include \$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 2012 appropriation for Bay Restoration Fund – Wastewater Projects includes \$180.0 million in revenue bond authorizations.

Summary of Issues

Use of Asset Management and Full-cost Accounting Could Be Increased: Each year the Maryland Department of the Environment’s (MDE) solicitation of interest yields requests on the order of \$800.0 million for water and wastewater infrastructure. Yet, for fiscal 2014, only \$293.9 million is programmed in MDE’s budget. MDE awards points to jurisdictions that have asset management and full-cost accounting capacity, but there are a number of jurisdictions that do not have multi-year capital improvement programs, which would appear to be a prerequisite for the implementation of asset management and full-cost accounting. Both the State and now the federal government have the means to encourage the adoption of activities such as asset management and full-cost accounting. **The Department of Legislative Services (DLS) recommends that MDE comment on the possibility of using the U.S. Environmental Protection Agency’s Integrated Municipal Stormwater and Wastewater Planning Approach Framework, perhaps through a collaboration with the Maryland Department of Planning’s Planning Services program or the University of Maryland Environmental Finance Center, to increase local government capacity for dealing with drinking water and water quality challenges and to reduce the amount of water and wastewater infrastructure funding needed from the State.**

Shore Health System Regional Medical Center Project Funding Questioned: The Shore Health System Regional Medical Center project in Talbot County is budgeted to receive \$550,000 in Supplemental Assistance Program funding and \$450,000 in Water Supply Financial Assistance Program funding in fiscal 2014. Overall, the improvements planned for in this project have more of the quality of an economic development assistance project than a public health related infrastructure improvement project typically supported with Supplemental Assistance Program and Water Supply Financial Assistance Program funds. **DLS recommends that MDE comment on why the funding for the Shore Health System Regional Medical Center project is justified given that the economic development quality of the project is not in keeping with the public health related infrastructure improvement quality of the Supplemental Assistance Program and the Water Supply Financial Assistance Program.**

Revolving Loan Fund Estimated Need Suggests Revenue Bond Issuance Possibility: MDE’s funding solicitation in January 2012 for fiscal 2014 funding reflects \$682.0 million in Water Quality Revolving Loan Fund (WQRLF) and \$111.1 million in Drinking Water Revolving Loan Fund need. Given this demonstrated need and the decreasing debt service payments for revenue bonds issued before fiscal 2008 for the WQRLF, there appears to be an opportunity to address the heightened need for water quality and drinking water projects by issuing revenue bonds. **DLS recommends that MDE comment on whether conditions are optimal for issuing revenue bonds given that there is both the demonstrated need for water quality and drinking water projects and there is the availability of sufficient revenues to cover debt service payments.**

Salisbury Wastewater Treatment Plant Requires Corrective Action: The Salisbury wastewater treatment plant (WWTP) upgrade to enhanced nutrient removal (ENR) technology failed. To remedy the situation, Salisbury and MDE have signed a corrective action agreement. As part of the agreement, MDE will provide \$11.7 million in ENR funding and \$13.1 million in biological nutrient removal upgrade funding toward the total \$58.8 million cost, although it appears that originally, MDE

only provided \$3.0 million of the ENR upgrade cost. **DLS recommends that MDE comment on whether other projects are subject to the same problem as the Salisbury WWTP ENR upgrade and why the State’s share of ENR upgrade funding has increased to \$11.7 million.**

Summary of Recommended PAYGO Actions

1. Water Quality Revolving Loan Fund

Concur with the Governor’s allowance for the Water Quality Revolving Loan Fund special fund appropriation of \$88,960,000 and federal fund appropriation of \$34,200,000.

2. Hazardous Substance Cleanup Program

Concur with the Governor’s allowance for the Hazardous Substance Clean-Up Program general fund appropriation of \$300,000.

3. Drinking Water Revolving Loan Fund

Concur with the Governor’s allowance for the Drinking Water Revolving Loan Fund special fund appropriation of \$8,770,000 and federal fund appropriation of \$10,398,000.

4. Bay Restoration Fund – Wastewater Projects

Concur with the Governor’s allowance for the Bay Restoration Fund – Wastewater special fund appropriation of \$88,000,000.

5. Bay Restoration Fund – Septic System

Concur with the Governor’s allowance for the Bay Restoration Fund – Septic Systems special fund appropriation of \$15,000,000.

Summary of Recommended Bond Actions

1. Water Quality Revolving Loan Program

Approve the \$6,840,000 general obligation bond authorization for the Maryland Water Quality Revolving Loan Fund.

2. Drinking Water Revolving Loan Fund

Approve the \$2,832,000 general obligation bond authorization for the Maryland Drinking Water Revolving Loan Fund.

3. Biological Nutrient Removal Program

Approve the \$29,200,000 general obligation bond authorization for the Biological Nutrient Removal Program.

4. Supplemental Assistance Program

Approve the \$5,925,000 general obligation bond authorization for the Supplemental Assistance Program.

5. Water Supply Financial Assistance Program

Approve the \$3,450,000 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, and the Hazardous Substance Cleanup Program. 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. For fiscal 2012 and 2013, up to 30% of the federal amount may 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. Starting in fiscal 2014, the restriction on federal funding is that 10%, or \$3.42 million, must be used for Green Reserve projects and no more than \$2.85 million can be used for grants/loan forgiveness. WQRLF projects are prioritized based on a U.S. 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 1, 2013, the program has executed \$1.72 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. For fiscal 2012 and 2013, 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. Starting in fiscal 2014, the only restriction on funding is that no more than \$4.2 million of the federal funding may be used for grants or loan forgiveness. 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 1, 2013, the program has executed approximately \$233 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. Chapter 150 of 2012 generally doubled the BRF fee beginning July 1, 2012, in order to address a significant funding shortfall that would have made it very difficult to complete the upgrades to the 67 major publicly owned WWTPs by calendar 2017, as required by the Watershed Implementation Plan (WIP). Chapter 150 also made several other changes such as establishing additional uses for the fund beginning in fiscal 2018. As a result, the State will be better positioned to complete the WWTP upgrades by calendar 2017. 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 milligrams per liter (mg/L) nitrogen and 0.3 mg/L phosphorus. Revenue from this fund also supports upgrades to septic systems. A portion of the funding (\$2 million) in the fiscal 2014 allowance) is budgeted in the MDE operating budget for operations and maintenance of WWTPs upgraded to ENR status. 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 WIP.
- **Bay Restoration Fund – Septic System Projects** – The BRF includes a separate program to fund replacement of failing septic systems. This program is funded as part of the BRF legislation by a fee on users of septic systems and sewage holding tanks, of which 60% of the revenue is allocated to MDE for the septic system upgrade program and 40% to the Maryland Department of Agriculture for the Cover Crop Program. While Chapter 280 of 2009 (Chesapeake Bay Nitrogen Reduction Act of 2009) already required best available technology for new and replacement systems in the Chesapeake Bay Critical Area or the Atlantic Coastal Bays Critical Area, new regulations finalized in September 2012 expand septic system upgrade requirements to include best available technology for all septic systems

servicing new construction in the Chesapeake and Atlantic Coastal Bays watersheds and in the watershed of any nitrogen impaired water body. 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; 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 Area; (2) failing septic systems or holding tanks not in the Critical Area; (3) nonfailing septic systems in the Critical Area including new best available technology installation; and (4) nonfailing septic systems outside of the Critical Area. 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 WIP 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 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

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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.

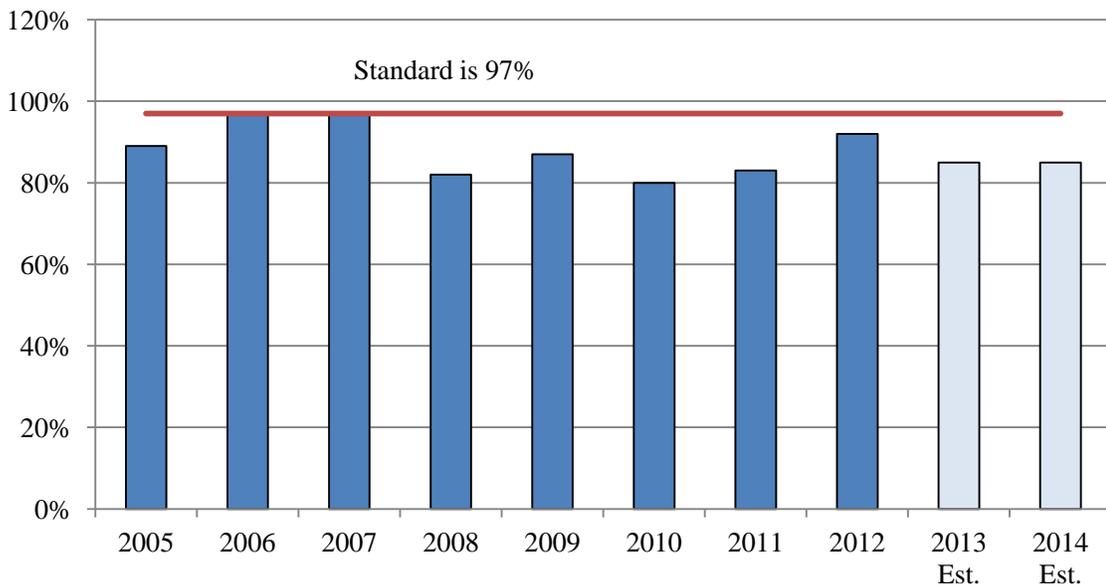
- **Hazardous Substance Cleanup Program** – The Hazardous Substance Cleanup program provides funds for cleaning up uncontrolled sites listed on the federal National Priorities List (Superfund) and other uncontrolled waste sites within the State that do not qualify for federal funding through the Superfund 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.

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 2005-2014



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 2008-2014

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 2013, of the 67 major WWTPs, 88% are operating at the BNR level (slightly above the 87% as of January 2012), and 39% are operating at the ENR level (up from 34% as of January 2012).

Exhibit 2 Status of BNR and ENR Construction Through January 2013

	<u>BNR</u>	<u>ENR</u>
Pre-planning	1	2
Planning	2	6
Design	1	11
Construction	4	22
Under Operation	59	26
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

Bay Restoration Fund – Septic System Projects

The septic system data provided in **Exhibit 3** reflects the large numbers of septic systems to be upgraded by the program. The greatest number of the State's septic systems in the Critical Area is in Anne Arundel County, while the greatest number of septic systems actually upgraded is in Somerset County. Between January and December 2012, 591 septic systems in total have been upgraded with BRF funding, which includes 447 in the Critical Area.

**Exhibit 3
Septic System Data
December 2012**

<u>County</u>	<u>Systems</u>	<u>Systems in Critical Area</u>	<u>Systems Not in Critical Area</u>	<u>BRF Upgraded Septic Systems</u>	<u>Critical Area BRF Upgraded Septic Systems</u>
Allegany	4,052	0	4,052	6	n/a
Anne Arundel	45,744	12,911	32,833	456	421
Baltimore City	0	0	0	0	n/a
Baltimore County	38,913	2,130	36,783	124	36
Calvert	26,296	4,832	21,464	315	277
Caroline	7,215	1,135	6,080	78	59
Carroll	31,881	0	31,881	51	n/a
Cecil	20,300	3,503	16,797	89	80
Charles	26,758	1,132	25,626	101	63
Dorchester	6,646	3,321	3,325	230	218
Frederick	26,853	0	26,853	68	n/a
Garrett	8,737	0	8,737	17	n/a
Harford	29,071	182	28,889	125	27
Howard	21,772	0	21,772	46	n/a
Kent	3,880	1,914	1,966	139	96
Montgomery	22,659	0	22,659	98	n/a
Prince George's	13,522	209	13,313	9	0
Queen Anne's	9,449	4,525	4,924	302	273
Somerset	4,418	2,529	1,889	623	287
St. Mary's	23,298	5,994	17,304	210	180
Talbot	6,758	4,045	2,713	186	181
Washington	19,344	0	19,344	105	n/a
Wicomico	21,902	1,589	20,313	243	84
Worcester	6,360	1,520	4,840	141	78
Total	425,828	51,471	374,357	3,762	2,360

BRF: Bay Restoration Fund

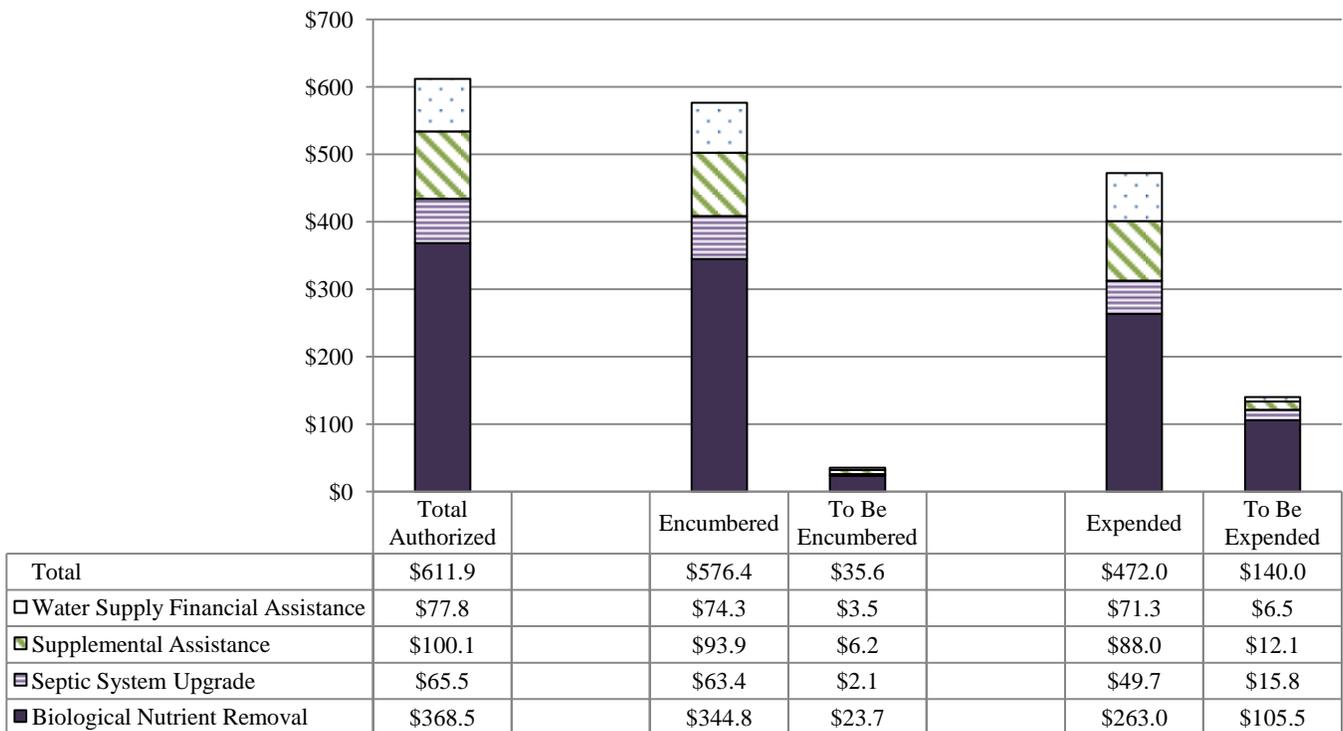
Note: The information on the total number of septic systems is based on 2009 Maryland Department of Planning data, while the number of systems in the Critical Area is based on 2004 Maryland Department of Planning data. Certain counties have no septic systems in the Critical Area. In the column "Critical 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 4 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 BNR Program, which has \$368.5 million authorized. Of this amount, \$23.7 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 2013. The \$105.5 million that remains to be expended typically reflects the delays in reimbursement requests from local governments that are responsible for project procurement and implementation.

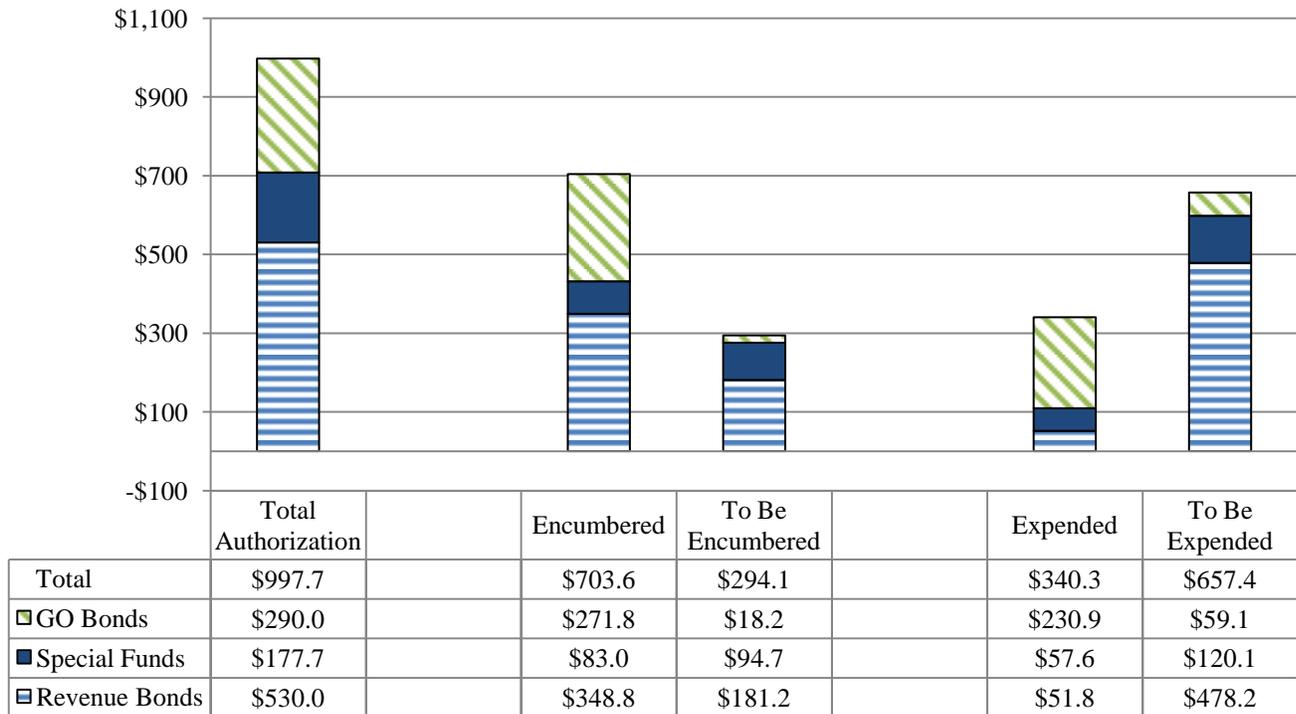
Exhibit 4
Water Supply Financial Assistance, Biological Nutrient Removal,
Supplemental Assistance, and Septic System Upgrade Programs
Encumbrances and Expenditures
Program Inception through January 2013
(\$ in Millions)



Source: Maryland Department of the Environment

Exhibit 5 reflects the encumbrances and expenditures for the BRF – Wastewater Projects. The overall authorization is \$997.7 million, of which \$294.1 million remains to be encumbered, and \$657.4 million still remains to be expended. However, the majority of the amounts both to be encumbered and expended reflect 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, 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 5
Bay Restoration Fund – Wastewater Projects
Encumbrances and Expenditures
Program Inception through January 2013
(\$ in Millions)



GO: general obligation

Source: Maryland Department of the Environment

Capital Improvement Program

Grant and Loan Capital Improvement Program (\$ in Millions)

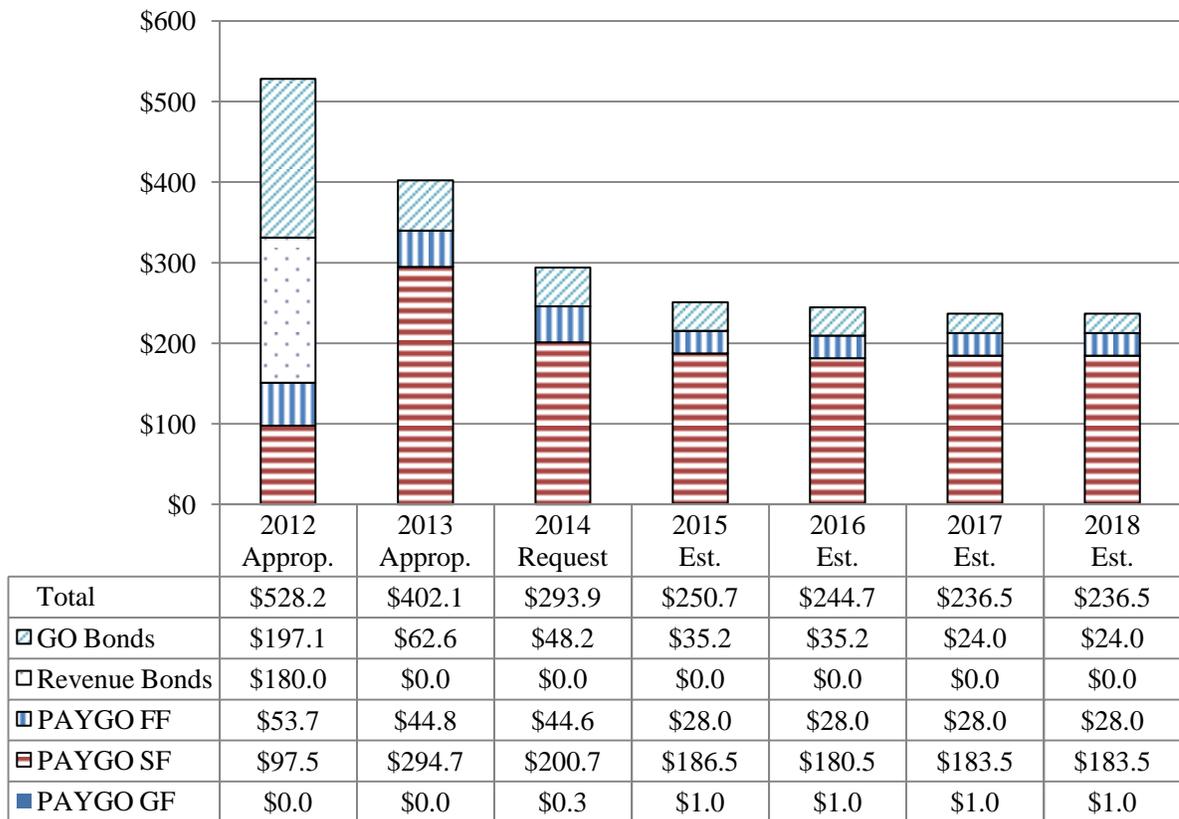
<i>Program</i>	<i>2012 Approp.</i>	<i>2013 Approp.</i>	<i>2014 Request</i>	<i>2015 Estimate</i>	<i>2016 Estimate</i>	<i>2017 Estimate</i>	<i>2018 Estimate</i>
Maryland Water Quality Revolving Loan Fund	\$141.000	\$198.000	\$130.000	\$110.000	\$120.000	\$130.000	\$130.000
Maryland Drinking Water Revolving Loan Fund	13.500	42.000	22.000	22.000	22.000	25.000	25.000
Bay Restoration Fund – Wastewater Projects	326.825	112.875	88.000	74.000	58.000	48.000	48.000
Septic System Upgrade Program	8.500	15.000	15.000	15.000	15.000	15.000	15.000
Biological Nutrient Removal Program	30.900	24.760	29.200	21.200	21.200	10.000	10.000
Supplemental Assistance Program	5.000	7.000	5.925	5.000	5.000	5.000	5.000
Water Supply Financial Assistance Program	2.500	2.500	3.450	2.500	2.500	2.500	2.500
Hazardous Substance Clean-up Program	0.000	0.000	0.300	1.000	1.000	1.000	1.000
Total	\$528.225	\$402.135	\$293.875	\$250.700	\$244.700	\$236.500	\$236.500

<i>Description</i>	<i>2012 Approp.</i>	<i>2013 Approp.</i>	<i>2014 Request</i>	<i>2015 Estimate</i>	<i>2016 Estimate</i>	<i>2017 Estimate</i>	<i>2018 Estimate</i>
PAYGO GF	\$0.000	\$0.000	\$0.300	\$1.000	\$1.000	\$1.000	\$1.000
PAYGO SF	97.518	294.707	200.730	186.500	180.500	183.500	183.500
PAYGO FF	53.656	44.846	44.598	28.000	28.000	28.000	28.000
Revenue Bonds	180.000	0.000	0.000	0.000	0.000	0.000	0.000
GO Bonds	197.051	62.582	48.247	35.200	35.200	24.000	24.000
Total	\$528.225	\$402.135	\$293.875	\$250.700	\$244.700	\$236.500	\$236.500

Budget Overview

In the Governor’s budget, MDE’s fiscal 2014 capital program as introduced includes \$0.3 million in general funds, \$200.7 million in special funds, \$44.6 million in federal funds, and \$48.2 million in general obligation (GO) bonds for a total of \$293.9 million. The overall change between fiscal 2013 and 2014 is a \$108.2 million decrease, as shown in **Exhibit 6**.

Exhibit 6
MDE Capital Programs Funding
Fiscal 2012-2018
(\$ in Millions)



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

Source: Governor’s Capital Budget, Fiscal 2014; Department of Budget and Management Capital Budget Worksheets

However, the change between fiscal 2013 and 2014 is distorted by the replacement of prior year BRF monies transferred to the general fund in 2013.

Fund Balance Replacement

To date, \$290.0 million of BRF – Wastewater Projects funding has been transferred to the general fund and replaced through a phased plan. The final replacement funding of \$18.2 million – attributable to fiscal 2012 revenues – was programmed in fiscal 2013, as shown in **Exhibit 7**.

Exhibit 7
Governor’s Proposed Transfer and Replacement Schedule
Bay Restoration Fund – Wastewater Projects Funding
Fiscal 2010-2013
(\$ in Millions)

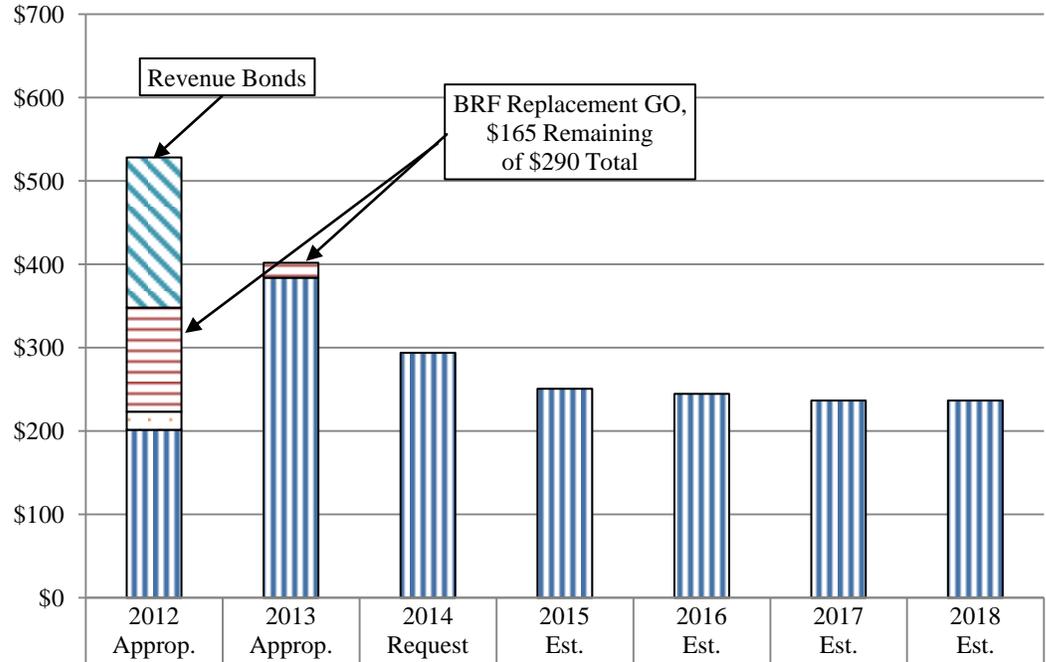
<u>Action</u>	<u>Timeframe</u>	<u>Prior Special Fund Balance</u>	<u>Fiscal 2011 Special Funds</u>	<u>Fiscal 2012 Special Funds</u>	<u>Total</u>
Transfer	Fiscal 2010	\$155.0	\$0.0	\$0.0	\$155.0
	Fiscal 2011	0.0	45.0	0.0	45.0
	Fiscal 2012	50.0	0.0	40.0	90.0
	Total	\$205.0	\$45.0	\$40.0	\$290.0
Replacement	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 8 reflects the various types of funding in the MDE capital program for fiscal 2012 to 2018. The variety of funding types comes from the BRF – Wastewater Projects authorizations, which include revenue bonds in fiscal 2012, BRF prior year replacement GO bond authorizations in fiscal 2012 and 2013, new BRF funding to replace funding transferred in that year for fiscal 2012, and the remaining new funding from all sources.

Exhibit 8
MDE Capital Programs Funding by Budget Action
Fiscal 2012-2018
(\$ in Millions)



	2012 Approp.	2013 Approp.	2014 Request	2015 Est.	2016 Est.	2017 Est.	2018 Est.
Total	\$528.2	\$402.1	\$293.9	\$250.7	\$244.7	\$236.5	\$236.5
☐ Revenue Bonds	\$180.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
☐ BRF Prior Year Fund Balance Replacement GO	\$125.0	\$18.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
☐ New BRF Replacement GO	\$21.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
■ New GF, SF, FF, GO Funding	\$201.4	\$384.0	\$293.9	\$250.7	\$244.7	\$236.5	\$236.5

BRF: Bay Restoration Fund
 FF: federal funds
 GF: general funds

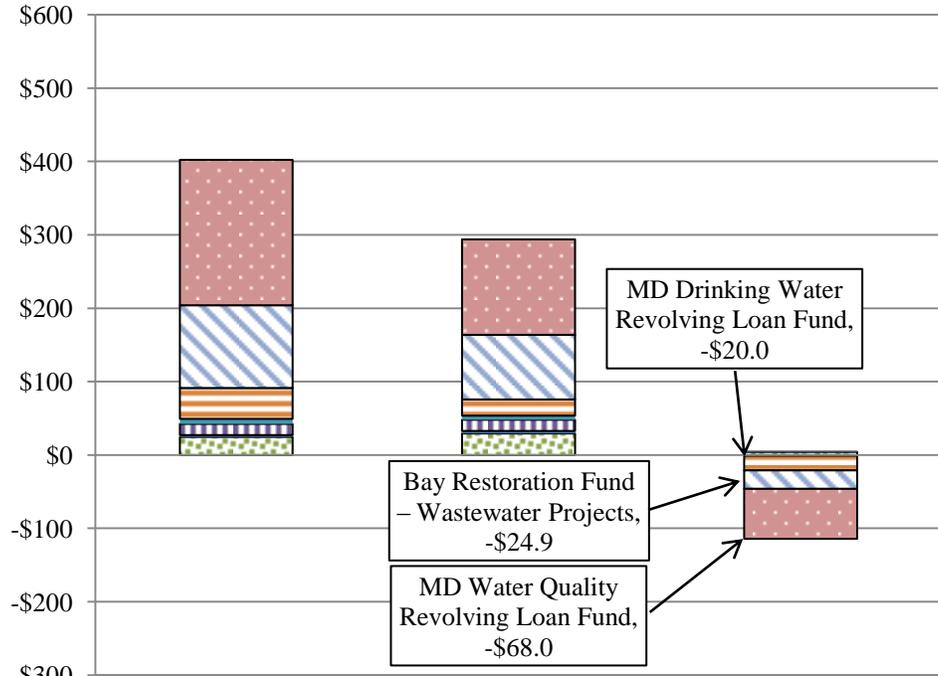
GO: general obligation
 MDE: Maryland Department of the Environment
 SF: special funds

Source: Department of Legislative Services

Program Highlights

The changes in new funding between fiscal 2013 and 2014 are reflected in **Exhibit 9**. The new funding excludes prior year replacement of BRF monies transferred to the general fund. Therefore, the GO bond authorization of \$18.2 million in fiscal 2013 for replacement of BRF revenues transferred to the general fund in fiscal 2012 is not reflected since this is not new funding available for projects.

Exhibit 9
MDE Capital New Funding Changes
Fiscal 2013-2014
(\$ in Millions)



	2013 Approp.	2014 Request	Difference
Total	\$402.1	\$293.9	-\$108.3
■ MD Water Quality Revolving Loan Fund	\$198.0	\$130.0	-\$68.0
□ Bay Restoration Fund – Wastewater Projects	\$112.9	\$88.0	-\$24.9
▣ MD Drinking Water Revolving Loan Fund	\$42.0	\$22.0	-\$20.0
■ Supplemental Assistance Program	\$7.0	\$5.9	-\$1.1
▣ Septic System Upgrade Program	\$15.0	\$15.0	\$0.0
■ Hazardous Substance Clean-up Program	\$0.0	\$0.3	\$0.3
■ Water Supply Financial Assistance Program	\$2.5	\$3.5	\$1.0
▣ Biological Nutrient Removal Program	\$24.8	\$29.2	\$4.4

MDE: Maryland Department of the Environment

Note: The exhibit does not include 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:

- **Maryland Water Quality Revolving Loan Fund** – MDE’s fiscal 2014 allowance reflects a \$68.0 million decrease, mostly in special fund appropriation, relative to fiscal 2013. This appears to be due mostly to an overestimate of fiscal 2013 activity. MDE has brought down the WQRLF balance through encumbrances of \$237.4 million in fiscal 2012, which has reduced the balance to an estimated \$31.8 million at the end of fiscal 2013. The fiscal 2014 allowance includes \$89.0 million in special funds, \$34.2 million in federal funds, and \$6.8 million in GO bonds used for the 20% match to the federal funds. 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. MDE indicates that fiscal 2015 federal funding is likely to remain similar to fiscal 2014, but that future federal levels are uncertain, especially for the WQRLF. MDE indicates that project activity has been slow so far in fiscal 2013 but is expected to increase in the second half of the year.
- **Bay Restoration Fund – Wastewater Projects** – New funding decreases by \$24.9 million between fiscal 2013 and 2014 for BRF – Wastewater Projects, which reflects project readiness and thus the award schedule. The fiscal 2013 legislative appropriation was reduced by \$11.0 million by budget amendment based on a revised estimate of revenues from the doubling of the BRF fee on wastewater treatment plant users. MDE projects that the fee increase coupled with authorized revenue bonds and the current construction schedule will allow for the upgrade of 67 major WWTPs by calendar 2017 and obviate the need for \$77.0 million in GO bond authorization that was programmed in the 2012 CIP. The hardship exemption included in the fee increase is estimated to reduce revenues by approximately 10%, or \$11.1 million, in fiscal 2013, which is then built into the base for future year revenue expectations. Starting in fiscal 2018, the fee increase legislation establishes additional authorized uses, including the funding of ENR upgrades for the major-minor WWTPs – facilities with a design capacity of less than 500,000 gallons per day. The fiscal 2014 allowance includes \$88.0 million in special funds, which partially reflects the revenue doubling as part of Chapter 150 of 2012. The funding for the Salisbury WWTP in the fiscal 2014 allowance reflects a Consent Agreement with Salisbury for a corrective action plan to remedy a failed upgrade to ENR technology. The estimated total cost for the corrective action is \$58.8 million, of which the State share is \$11.7 million.
- **Maryland Drinking Water Revolving Loan Fund** – Similar to the WQRLF, new funding for the DWRLF decreases substantially between fiscal 2013 and 2014. This \$20.0 million decrease also appears to reflect an overestimate of fiscal 2013 activity. The fiscal 2014 allowance includes \$8.8 million in special funds, \$10.4 million in federal funds, and \$2.8 million in GO bond authorization used as matching funding. 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. MDE indicates that for fiscal 2015 federal funding is likely to remain similar to fiscal 2014, but that future federal levels are uncertain. MDE indicates that \$3.8 million in fiscal 2014 federal “non-project set aside” funding will be used in the operating budget mainly for salaries and operating expenses in the drinking water program.

- **Supplemental Assistance Program** – The Supplemental Assistance Program funding for fiscal 2014 of \$5.9 million in GO bonds reflects a decrease of \$1.1 million relative to fiscal 2013, but this is distorted by a one-time addition of \$2.0 million in fiscal 2013 to allow New Windsor to pay a portion of the loan issued by MDE for the recently completed wastewater treatment plant. When this is factored out, the authorization of \$5.9 million in GO bonds reflects a \$0.9 million increase relative to fiscal 2013 and the amount programmed in the 2012 *Capital Improvement Program* (CIP). MDE indicates that \$550,000 of this increase is for the Shore Health System Regional Medical Center in Talbot County (Talbot County Sewer System – Infrastructure Improvements), and the remainder is to provide full funding for the remaining high priority projects included in the allowance. MDE indicates that the following jurisdictions are currently under consent decrees for sanitary sewer overflows and combined sewer overflows: Allegany County, Cumberland, Frostburg, La Vale, Westernport, Baltimore City, Salisbury, and Cambridge.
- **Septic System Upgrade Program** – There is no change in the \$15.0 million special fund appropriation for the Septic System Upgrade Program. The fiscal 2013 legislative appropriation was \$17.0 million but was reduced by budget amendment based on a revised estimate of revenues from the doubling of the BRF fee on septic system and sewage holding tank users. MDE instituted income-based criteria in order to prioritize funding and comply with the Chapter 382 of 2010 (Environment – Payment of Cost Differential – Nitrogen Removal Technology) requirement that for calendar 2010 through 2012, 100% of the cost to upgrade a failing septic system in the Critical Area to best available technology be funded.
- **Hazardous Substance Clean-up Program** – The fiscal 2014 allowance includes \$0.3 million in general funds for the Hazardous Substance Clean-up Program, which is the first time that funding has been appropriated since fiscal 2011. MDE indicates that it originally intended to use the proposed funding to conduct site assessments in order to find sites that have the potential to have human health impacts. However, a groundwater contamination problem has been discovered in Salisbury. In addition, chlorinated solvent and chromium contamination has been discovered at the former Fairchild Republic Company site in Hagerstown. Funding will be needed to address these sites. These sites could also potentially need future funding as well. In terms of other ways to fund the program, MDE indicates that a tax increment financing approach – capturing the value of site improvements through taxation – would not necessarily work because most of the orphan sites addressed by the program have no potential for redevelopment but are instead remediated in order to protect public health and the environment.
- **Water Supply Financial Assistance Program** – The Water Supply Financial Assistance Program funding of \$3.5 million in GO bonds increases by \$1.0 million relative to the fiscal 2013 funding level and the 2012 CIP programmed amount for fiscal 2014. MDE indicates that funding will be used to fund new priority projects, including a new waterline to the proposed Shore Health System Regional Medical Center in Talbot County (\$0.5 million).

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- **Biological Nutrient Removal** – The BNR Program increases \$4.4 million relative to fiscal 2014. The fiscal 2014 funding consists of \$29.2 million in GO bonds, which is \$1.3 million less than the amount projected in the 2012 CIP for fiscal 2014. Funding is programmed through fiscal 2016 to complete the upgrade of the 67 major WWTPs to BNR technology. Future year funding of \$10.0 million per year is intended to upgrade the major-minors.

Issues

1. Use of Asset Management and Full-cost Accounting Could Be Increased

In January of each year, MDE solicits interest for funding from the WQRLF and the DWRLF. The solicitation of interest is available to local governments and private drinking water providers. MDE’s funding solicitation in January 2012 for fiscal 2014 funding is reflected in **Exhibit 10**. 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 \$1.2 billion exceeds the \$293.9 million in the fiscal 2014 allowance.

Exhibit 10
MDE Capital Program Funding Solicitation for Revolving Loan Funds
Fiscal 2014
(\$ in Millions)

<u>Program</u>	<u>Applications</u>	<u>Total Project Cost</u>	<u>Funding Requested from MDE</u>	<u>State Percentage</u>
Clean Water	127	\$1,037.3	\$682.0	65.7%
Drinking Water	54	164.0	111.1	67.7%
Total	181	\$1,201.3	\$793.1	66.0%

MDE: Maryland Department of the Environment

Note: Of the total cost, 26.5% (\$43.4 million) was for small water systems and, separately, 16.5% (\$27.1 million) was for disadvantaged communities. These categories are not mutually exclusive, as small communities may also be disadvantaged.

Source: Maryland Department of the Environment

Maryland Jurisdiction Capacity

Given the substantial need reflected in the exhibit relative to available funding, one question to be asked is how the need is going to be funded. A part of the solution may lie in full-cost accounting and asset management. In these approaches, plans are made to and fees are set at the level needed to address long-term infrastructure improvement needs. At the most sophisticated level of use, full-cost accounting and asset management may be harmonized through what is called integrated asset management. Integrated asset management is comprised of the synchronizing of cost accounting, geographic information systems, and computerized maintenance management systems. To the extent that these approaches are used and both maintenance projects are planned for and funded by an appropriate fee structure, local jurisdictions could lower their costs and reduce their reliance on State funding.

However, it is not clear that a majority of Maryland’s jurisdictions have the capacity to implement integrated asset management or something similar to it. For instance, there are 24 counties and 156 municipalities, for a total of 180 jurisdictions. While 133 (73.9%) of these jurisdictions have a comprehensive plan and exercise planning authority, only 41 (22.8%) jurisdictions have a multi-year capital improvement program, although the percentage of jurisdictions with a multi-year capital improvement program improves slightly to (30.8%) when only the jurisdictions that have planning authority are counted. A capital improvement program is an important part of being able to project future water quality and drinking water infrastructure needs and thus would appear to be necessary to implement full-cost counting and asset management, let alone an integrated asset management system.

State Encouragement of Full-cost Accounting and Asset Management

MDE indicates that full-cost accounting and asset management are not statutory requirements but are used by some local governments based on their size and capacity. In addition, MDE notes that its Integrated Project Priority System for water quality capital projects includes additional points as part of the Section V – Sustainability Benefit Score, which is a maximum of 25 points. MDE awards three additional points each for the following: (1) a project whose owner has an asset management and/or environmental management system; and (2) a project whose owner has a full-cost pricing sewer user charge or a dedicated fee system for non-sewerage projects.

In terms of other State resources for full-cost accounting and asset management, there are both the Maryland Department of Planning’s Planning Services program and the University of Maryland Environmental Finance Center. One of Planning Services’ roles is to ensure adherence to the principles of comprehensive planning, development management, land use, and capital budgeting for water and sewer planning for each county and Baltimore City. The University of Maryland Environmental Science Center notes that the core of its work is informing and improving the capacity of local decisionmakers to analyze environmental problems, developing innovative and effective methods of financing environmental efforts, and educating communities about the role of finance and economic development in the protection of the environment.

Federal Encouragement

On the federal level, in June 2012, the EPA launched the Integrated Municipal Stormwater and Wastewater Planning Approach Framework. This framework is intended as a voluntary approach to help municipalities achieve human health and water quality objectives by identifying efficiencies in wastewater and stormwater program implementation, including how best to make capital investments. Two of the framework’s guiding principles for developing an integrated plan are as follows:

- maximize the effectiveness of funds through analysis of alternatives and the selection and sequencing of actions needed to address human health and water quality related challenges and non-compliance; and
- ensure that a financial strategy is in place, including appropriate fee structures.

The Department of Legislative Services recommends that MDE comment on the possibility of using the U.S. EPA’s Integrated Municipal Stormwater and Wastewater Planning Approach Framework, perhaps through a collaboration with the Maryland Department of Planning’s Planning Services program or the University of Maryland Environmental Finance Center, to increase local government capacity for dealing with drinking water and water quality challenges and to reduce the amount of water and wastewater infrastructure funding needed from the State.

2. Shore Health System Regional Medical Center Project Funding Questioned

The Shore Health System Regional Medical Center project in Talbot County is budgeted to receive \$550,000 in Supplemental Assistance Program (sewer system improvements) funding and \$450,000 in Water Supply Financial Assistance Program (water system improvements) funding in fiscal 2014. This funding is being considered because Talbot County entered into an agreement with the University of Maryland Medical System to extend the water and sewer main transmission lines to the proposed new Shore Health System Regional Medical Center as part of larger negotiations to retain the facility in Talbot County. The total cost and the State’s portion of the cost are reflected in **Exhibit 11**. As can be seen, the State’s portion is 47% of the water system improvements’ total cost and 9% of the sewer system improvements’ total cost.

Exhibit 11 Shore Health System Regional Medical Center Improvements Funding

<u>Fund Source</u>	<u>Water System Improvements</u>	<u>Sewer System Improvements</u>	<u>Total</u>
State			
Construction	\$450,000	\$550,000	\$1,000,000
<i>Subtotal</i>	<i>\$450,000</i>	<i>\$550,000</i>	<i>\$1,000,000</i>
Other			
Talbot County: Design	\$275,000	\$550,000	\$825,000
Talbot County: Construction	225,000	1,918,500	2,143,500
EDA: Construction		1,600,000	1,600,000
CDBG: Construction (tentative)		1,000,000	1,000,000
UMMS/SHS: Construction		521,500	521,500
<i>Subtotal</i>	<i>\$500,000</i>	<i>\$5,590,000</i>	<i>\$6,090,000</i>
Total	\$950,000	\$6,140,000	\$7,090,000

EDA: U.S. Economic Development Administration

CDBG: U.S. Department of Housing and Community Development – Community Development Block Grant Program

UMMS/SHS: University of Maryland Medical System/Shore Health System

Source: Department of Budget and Management

Overall, the improvements planned for in this project have more of the quality of an economic development assistance project than a public health related infrastructure improvement project typically supported with Supplemental Assistance Program and Water Supply Financial Assistance Program funds. Furthermore, there is substantial unmet need from disadvantaged communities for assistance with compliance related to sanitary sewer overflow and combined sewage overflows from these programs, which could have been funded with this allocation.

DLS recommends that MDE comment on why the funding for the Shore Health System Regional Medical Center project is justified given that the economic development quality of the project is not in keeping with the public health related infrastructure improvement quality of the Supplemental Assistance Program and the Water Supply Financial Assistance Program.

3. Revolving Loan Fund Estimated Need Suggests Revenue Bond Issuance Possibility

MDE's funding solicitation in January 2012 for fiscal 2014 funding reflects \$682.0 million in WQRLF and \$111.1 million in DWRLF need. Given this demonstrated need and the decreasing of debt service payments for revenue bonds issued before fiscal 2008 for the WQRLF, there appears to be an opportunity to address the heightened need for water quality and drinking water projects by issuing revenue bonds. **DLS recommends that MDE comment on whether conditions are optimal for issuing revenue bonds given that there is both the demonstrated need for water quality and drinking water projects and there is the availability of sufficient revenues to cover debt service payments.**

4. Salisbury Wastewater Treatment Plant Requires Corrective Action

The Salisbury WWTP upgrade to ENR technology failed. To remedy the situation, Salisbury and MDE have signed a corrective action agreement. As part of the agreement, MDE will provide \$11.7 million in ENR funding and \$13.1 million in BNR upgrade funding toward the total \$58.8 million cost, although it appears that originally MDE only provided \$3.0 million of the ENR upgrade cost. **DLS recommends that MDE comment on whether other projects are subject to the same problem as the Salisbury WWTP ENR upgrade and why the State's share of ENR upgrade funding has increased to \$11.7 million.**

PAYGO Recommended Actions

1. Concur with the Governor's allowance for the Water Quality Revolving Loan Fund special fund appropriation of \$88,960,000 and federal fund appropriation of \$34,200,000.
2. Concur with the Governor's allowance for the Hazardous Substance Clean-Up Program general fund appropriation of \$300,000.
3. Concur with the Governor's allowance for the Drinking Water Revolving Loan Fund special fund appropriation of \$8,770,000 and federal fund appropriation of \$10,398,000.
4. Concur with the Governor's allowance for the Bay Restoration Fund – Wastewater special fund appropriation of \$88,000,000.
5. Concur with the Governor's allowance for the Bay Restoration Fund – Septic Systems special fund appropriation of \$15,000,000.

GO Bond Recommended Actions

1. Approve the \$6,840,000 general obligation bond authorization for the Maryland Water Quality Revolving Loan Fund. This funding represents the 20% match to the \$34,200,000 in federal funds.

2. Approve the \$2,832,000 general obligation bond authorization for the Maryland Drinking Water Revolving Loan Fund. This funding represents the 20% match to the \$10,398,000 in federal funds.

3. Approve the \$29,200,000 general obligation bond authorization for the Biological Nutrient Removal Program. This funding provides for projects to remove nutrients at publicly owned sewage treatment works.

4. Approve the \$5,925,000 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.

5. Approve the \$3,450,000 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.

***Water Quality Revolving Loan Fund
Fiscal 2014 Proposed Projects***

<u>Subdivision</u>	<u>Project Title</u>	<u>Estimated Cost</u>	<u>FY 2014 Amount</u>	<u>Total State Share (%)</u>
Allegany	Braddock Run Sanitary District Rehabilitation	\$1,000,000	\$125,000	12.5%
Allegany	Cumberland Sanitary Sewer Rehabilitation Project – Bedford Road	1,000,000	1,000,000	100.0%
Baltimore City	Back River Wastewater Treatment Plant Improvements	482,000,000	47,520,000	9.9%
Baltimore City	Baltimore City Sanitary Sewer Improvements – High Level Sewershed	26,900,000	20,700,000	77.0%
Baltimore City	Baltimore City Sanitary Sewer Improvements – Patapsco Sewershed	27,326,000	13,875,000	50.8%
Baltimore	Back River Wastewater Treatment Plant Improvements	482,000,000	37,602,000	7.8%
Washington	Winebrenner Wastewater Treatment Plant – Miscellaneous Improvements	15,210,000	9,178,000	60.3%
Total		\$1,035,436,000	\$130,000,000	

***Drinking Water Revolving Loan Fund
Fiscal 2014 Proposed Projects***

<u>Subdivision</u>	<u>Project Title</u>	<u>Estimated Cost</u>	<u>Prior Auth.</u>	<u>FY 2014 Amount</u>	<u>Total State Share (%)</u>
Allegany	Rawlings Water System Connection Project	\$5,200,000		\$188,000	3.6%
Allegany	Westernport Water Distribution System Replacement	2,000,000		1,696,000	84.8%
Anne Arundel	Annapolis Water Treatment Plant Replacement	49,624,000	\$5,145,750	17,224,000	45.1%
Calvert	St. Leonard Water System Improvements	1,790,000		1,790,000	100.0%
Caroline	Federalsburg Water System Improvements – Holland Drive	166,000		151,000	91.0%
Wicomico	Sharptown Water Treatment Facility Upgrade	1,275,400		951,000	74.6%
Total		\$60,055,400	\$5,145,750	\$22,000,000	

***Bay Restoration Fund – Wastewater
Fiscal 2014 Proposed Projects***

<u>Subdivision</u>	<u>Project Title</u>	<u>Estimated Cost</u>	<u>Prior Auth.</u>	<u>FY 2014 Amount</u>	<u>Future Request</u>	<u>Total State Share (%)</u>
Baltimore City	Back River Wastewater Treatment Plant – Enhanced Nutrient Removal	\$482,000,000	\$15,000,000	\$76,300,000	182,700,000	56.8%
Wicomico	Salisbury Wastewater Treatment Plant – Enhanced Nutrient Removal	58,800,000		11,700,000		19.9%
Total		\$540,800,000	\$15,000,000	\$88,000,000	\$182,700,000	

***Biological Nutrient Removal Programs
Fiscal 2014 Proposed Projects***

<u>Subdivision</u>	<u>Project Title</u>	<u>Estimated Cost</u>	<u>Prior Auth.</u>	<u>FY 2014 Amount</u>	<u>Future Request</u>	<u>Total State Share (%)</u>
Baltimore City	Back River Wastewater Treatment Plant – Biological Nutrient Removal	\$482,000,000	\$24,831,481	\$16,100,000	26,922,519	14.1%
Wicomico	Salisbury Wastewater Treatment Plant – Biological Nutrient Removal	58,800,000		13,100,000		22.3%
Total		\$540,800,000	\$24,831,481	\$29,200,000	\$26,922,519	

***Supplemental Assistance Program
Fiscal 2014 Proposed Projects***

<u>Subdivision</u>	<u>Project Title</u>	<u>Estimated Cost</u>	<u>FY 2014 Amount</u>	<u>Total State Share (%)</u>
Allegany	Braddock Run Sanitary District Rehabilitation	\$1,000,000	\$875,000	87.5%
Baltimore City	Baltimore City Sanitary Sewer Improvements – Patapsco Sewershed	27,326,000	1,500,000	5.5%
Caroline	North Caroline County – New Wastewater Treatment Plant	14,676,000	1,500,000	10.2%
Caroline	North County Regional Wastewater Collection and Treatment System Improvements – Town of Goldsboro	8,617,000	1,500,000	17.4%
Talbot	Talbot County Sewer System – Infrastructure Improvements	550,000	550,000	100.0%
Total		\$52,169,000	\$5,925,000	

***Water Supply Financial Assistance Programs
Fiscal 2014 Proposed Projects***

<u>Subdivision</u>	<u>Project Title</u>	<u>Estimated Cost</u>	<u>Prior Auth.</u>	<u>FY 2014 Amount</u>	<u>Total State Share (%)</u>
Allegany	Rawlings Water System Connection Project	\$5,200,000		\$1,312,000	25.2%
Allegany	Westernport Water Distribution System Replacement	2,000,000		304,000	15.2%
Calvert	Prince Frederick Water System – New Well and Water Storage Tank	3,000,000	\$400,000	350,000	25.0%
Charles	Strawberry Hills Water Line Extension Project	756,000		189,000	25.0%
Talbot	Talbot County Water System – Infrastructure Improvements	450,000		450,000	100.0%
Washington	Sharpsburg Water Treatment Plant Improvements	1,462,765		366,000	25.0%
Washington	Williamsport Water Tank Improvement Project	320,000		160,000	50.0%
Wicomico	Sharpstown Water Treatment Facility Upgrade	1,275,400		319,000	25.0%
Total		\$14,464,165	\$400,000	\$3,450,000	