

The public hearing began at 10:06 AM, on June 17, 2016. Elaine Dietz, Chief of the Capital Planning and Financing Division for the Maryland Water Quality Financing Administration (MWQFA) was the Hearing Officer.

AGENCY PRESENTATION:

Please refer to Attachment 1 for the hearing sign-in sheet for a list of all hearing attendees.

PURPOSE:

In accordance with the requirements of the federal Clean Water Act and the Safe Drinking Water Act, this public hearing was held at the offices of the Maryland Department of the Environment (MDE) located at 1800 Washington Blvd, Baltimore, Maryland 21230.

The purpose of this hearing was to present documents and hear testimony concerning: (1) the State's DRAFT Federal Fiscal Year 2016 Intended Use Plan (IUP) and DRAFT Federal Fiscal Year 2016/State Fiscal Year 2018 Project Priority List (PPL) for the Maryland Water Quality Revolving Loan Fund (WQRLF) and (2) the State's DRAFT Federal Fiscal Year 2016 IUP and Draft Federal Fiscal Year 2016/State Fiscal Year 2018 PPL for the Maryland Drinking Water Revolving Loan Fund (DWRLF).

The public record remained open through the close of business on June 24, 2016.

INFORMATION AVAILABLE:

Documents available for viewing at the hearing included the draft IUPs and PPLs for the Maryland WQRLF and the Maryland DWRLF. These documents were referred to during the public hearing.

PUBLIC NOTICE/ADVERTISEMENT:

Notice of the public hearing was published on MDE's web page. In addition, an e-mail containing notification of the public hearing was sent to applicants who submitted a Federal Fiscal Year 2016/State Fiscal Year 2018 Financial Assistance Application and others requesting a copy.

FEDERAL FISCAL YEAR 2016 WQRLF IUP

The Draft WQRLF IUP describes how the annual federal capitalization grant, matching State funds, and "recycled funds" (funds that return to the Revolving Loan Fund for new loans from loan repayments) will be used for the design and construction of water quality capital projects pursuant to Title Six of the Clean Water Act. A federal grant of \$32.315 million for the State of Maryland is anticipated for the Maryland WQRLF, which must be matched by \$6.463 million (20%) in State funds. Including other funds (such as loan repayments, investment earnings, and sale of revenue bonds) in the net amount of \$191.222 million, the total capital funding under this IUP is estimated to be \$230 million.

FEDERAL FISCAL YEAR 2016 DWRLF IUP

The Draft DWRLF IUP describes how the annual Federal capitalization grant and matching State funds will be used for the design and construction of drinking water capital projects to implement the requirements of the federal Safe Drinking Water Act. A federal grant of \$14.108 million for the State of Maryland is anticipated for the DWRLF and set-asides. The federal funds must be matched with \$2.8216 million (20%) in State funds. Including other funds (such as loan repayments, investment earnings, and sale of revenue bonds) in the net amount of \$62.88 million, and excluding federal set-aside funds in the amount of \$3.81 million, the total capital funding under this IUP is estimated to be \$76 million.

STATE FISCAL YEAR 2018 PPLs

The two Draft PPLs were developed using applications received from potential borrowers through the solicitation efforts undertaken in December 2015 through January 2016 for both the WQRLF and the DWRLF. Projects were rated and ranked based on public health and water quality benefits, consistent with two approved Project Priority Systems. With the exception of nonpoint source projects, projects for which loan funds are ultimately provided must be consistent with Smart Growth, local land use plans, and County Water and Sewerage plans; additionally, drinking water systems must have the financial, managerial, and technical capacity to maintain Safe Drinking Water Act compliance.

ADDITIONAL APPLICATIONS/REQUESTS FOR FUNDING/COMMENTS

The Department acknowledged the following comments received and/or changes made to the Federal Fiscal Year 2016 and State Fiscal Year 2018 Clean Water and Drinking Water PPLs and Draft IUPs since the start of the public comment period:

Clean Water Projects

The IUP comment for the ER-4021 Environmental Restoration Project 6 (rank #36/63 points) was updated to include the phrase “Prior IUP funds cancelled.”

WQFA was notified that the Newark Spray Irrigation project (rank #49/50 points) is in an approved Water & Sewer (W&S) Plan or an approved W&S amendment; additionally, this project received a Priority Funding Area (PFA) exception on May 11, 2016. The PPL was updated accordingly and the comment “PFA issue” was deleted from the IUP.

The Honorable Richard W. Carlson (Town of Accident) requested that MDE reconsider the priority ranking for the Town of Accident Phase II Wastewater Treatment Plant Upgrade/Expansion project (rank #50/50 points), particularly because the system is under an MDE-issued consent order.

WQFA has been notified that the Town of Accident Phase II Wastewater Treatment Plant Upgrade/Expansion project (rank #50/50 points) received a PFA exception on May 11, 2016.

The PPL was updated accordingly and the comment “PFA issue” was deleted from the IUP. Loan funds are now programmed to this project.

Mr. Ben Meli (Baltimore City) requested that the ER-4126 Environmental Restoration Project 10 (rank # 54/48 points) and the ER-4018 Environmental Restoration Project 7 (rank #55/48 points) be considered for loan funding.

WQFA was notified that the Solomon’s Island WWTP ENR Upgrade/Expansion project (rank #59/45 points) is in an approved W&S Plan or an approved W&S amendment; additionally, this project received a PFA exception on June 8, 2016. The PPL was updated accordingly.

WQFA was notified that the College of Southern MD WWTP ENR Upgrade/Expansion project (rank #71/39 points) is not in an approved W&S Plan, nor an approved W&S amendment; additionally, this project requires concurrency review by the Smart Growth Coordinating Committee to address a PFA issue. The PPL was updated accordingly.

WQFA was notified that the following clean water projects are in an approved W&S Plan or an approved W&S amendment and are categorically excluded from PFA law, due to the nature of the funding source:

- Deep Creek Lake Wastewater Treatment Plant ENR Upgrade project (rank #72/37 points)
- Elk Neck State Park Wastewater Treatment Plant ENR Upgrade (rank #108/7 points)
- Elk Neck State Park Collection System Repair/Rehab (rank #110/0 points)

The PPL was updated accordingly.

Mr. Larry Petty (St. Mary’s Metropolitan Commission) requested that the Patuxent Park Sewer Replacement Phase 4 project (rank #94/30 points) be considered for loan funding.

Mr. Alan Quimby (Queen Anne’s County) requested that the Southern Kent Island (SKI) Sanitary Project Phase I, Subproject C (rank #101/25 points) be considered for loan funding.

WQFA was notified that the Conococheague WWTP ENR Upgrade/Expansion project (rank #109/0 points) is in an approved W&S Plan or an approved W&S amendment; additionally, the project and service area are located in a PFA. The PPL was updated accordingly.

Ms. Julie Pippel (Washington County) requested that the Conococheague WWTP ENR Upgrade/Expansion project (rank #109/0 points) be considered for loan funding.

Drinking Water Projects

WQFA was notified that the following drinking water projects received PFA exceptions on May 11, 2016:

- St. Leonard Elevated Storage Tank, Well and Waterline Extension (rank #12/85 points)

- Poplar Street Water Main Replacement (rank #19/75 points)
- Mason Road Water (rank #21/70 points)
- Wicomico Regional Airport Water Extension (rank #23/60 points)

The PPL was updated accordingly and the comment “PFA issue” was deleted from the IUP for each of these projects.

All comments received will be responded to in writing.

TESTIMONY

Mr. Larry Petty (St. Mary’s Metropolitan Commission) asked how many of the projects that were read into the record as being found to not have W&S and/or PFA issues will now be funded. Ms. Dietz explained that all but one of the projects in question are below the “fundable line.”

Mr. Petty asked if the total amount of the IUPs is larger than in previous years because of an increase in funding from U.S. EPA. Mr. Richard Pencek (MWQFA) replied that the additional funding toward the IUPs will come from MWQFA’s sale of revenue bonds, which seemed prudent given the increased number of applications for water quality projects. Mr. Petty asked if MWQFA expects the number of applications and RLF funding capacity to continue to increase. Mr. Pencek replied that the increased number of applications is likely due to the approved expanded use of the Bay Restoration Fund (BRF) [i.e., BRF is no longer limited to Enhanced Nutrient Removal (ENR) upgrade of major wastewater treatment plants (WWTPs) in Maryland; the BRF can now additionally fund upgrade of minor WWTP, combined/sanitary sewer overflow projects, stormwater projects, and projects related to septic systems], with applicants looking to the WQRLF for balance of project costs. The BRF will be billed to MD residents through 2030, so MWQFA expects interest to remain high. MWQFA may sell revenue bonds again in response to demand.

Mr. Rob Ketterman (City of Frostburg) thanked MDE for funding provided thus far, which enables the City to undertake approximately one project per year toward meeting the requirements of a MDE Consent Decree and Judgement to eliminate combined sewer overflows (CSOs). Mr. Ketterman noted that the FFY 2016 IUP indicates that neither WQRLF nor BRF is programmed to Frostburg’s CSO Elimination Phase IX-A Charles Street project (rank #30/72 points). Mr. Ketterman stressed that the City cannot keep the pace necessary to meet the Consent Decree’s compliance schedule without FFY16/State FY18 funding for this project, which is the next phase in the CSO elimination plan. Ms. Dietz acknowledged that available BRF funds were programmed to higher-ranking projects and explained that WQRLF was not programmed because the City indicated it was not interested in loan funding on the application. If the City wants to reconsider interest in loan funding, MWQFA needs to be notified by close of the public comment period on June 24, 2016. Mr. Ketterman stated that he would discuss the option of loan funds with the City and reply by the close of the comment period. Mr. Ketterman asked whether large systems were prioritized for BRF. Ms. Dietz explained the scoring criteria for CSO projects (public health benefits, cost-efficiency, and sustainable community benefits); although system size is not specifically a scoring criteria, the size of a system may impact the

cost-efficiency points (which is calculated as total project cost/# equivalent dwelling units served by the project) and that population served is a tie-breaker for projects scoring equal number of points. Mr. Ketterman reiterated concern over the City's ability to meet the Consent Decree compliance schedule and that he would follow-up regarding the possibility of WQRLF funding. Ms. Dietz asked Mr. Ketterman to contact MWQFA if he needed any additional info for having the funding discussion within the City. Ms. Elizabeth Stahlman (City of Frostburg) contacted MWQFA on Jun 23, 2016 to confirm that the City is not interested in loan funding for the CSO Elimination Phase IX-A Charles Street project.

Mr. J.L. Hearn (Washington Suburban Sanitary Commission) asked when State FY 2018 BRF funding would be available. Mr. Pencek and Ms. Dietz explained that funds are not available to MDE for award to projects until after the State FY 2018 budget is approved by the legislature. MDE's ability to fund ready-to-proceed projects prior to that time is uncertain.

Mr. Petty requested a clarification regarding next steps. Mr. Pencek explained that the IUPs and supporting documents will be forwarded to U.S. EPA for approval; applicants with projects selected for RLF funding will be notified after MWQFA receives word of U.S. EPA approval.

Copies of all records pertaining to the public hearing process are available at the offices of MDE, 1800 Washington Blvd., Baltimore, Maryland 21230. Telephone inquiries may be made to Elaine Dietz at (410) 537-3908.

The public hearing concluded at 10:35AM.

ATTACHMENTS:

Hearing Sign-In Sheet