

BAY RESTORATION FUND ADVISORY COMMITTEE

Maryland Department of the Environment

Aqua & Terra Conference Room

1800 Washington Blvd.

Baltimore, Maryland 21230

August 7, 2008

1:00 p.m. to 4:00 p.m.

Meeting Minutes Summary

Welcome/Introduction

- Mr. Jay Sakai, Director of Water Management Administration chaired the meeting on behalf of Dr. Summers, Advisory Committee Chairman, who was unable to attend.
- Mr. Sakai welcomed the committee members and other attendees.

Review of Minutes

- Previous meeting minutes from the June 2, 2008 meeting were handed out to the committee members for their review and comments. No changes were suggested or made to the meeting minutes by the committee members.
- The approved minutes and handouts from the meeting will be posted on MDE's website.

Discussion

I. Update on ENR Implementation and Upcoming Events

- Mr. Saffouri provided an update on the status of the 66 plants targeted for ENR upgrade. To date, there are 9 facilities in ENR operation, 10 under construction, 18 are in design, 24 are in planning, and 7 are in pre-planning. Since the last meeting Chestertown has initiated operation.
- Groundbreaking for the Federalsburg wastewater treatment plant was held on June 16, 2008 and dedications for the Kent Island and Chestertown wastewater treatment plants were held on June 16 and June 17, 2008 respectively.
- The following facilities may be ready to schedule an event:
 1. Perryville – Ready for Groundbreaking
 2. George's Creek - Ready for Groundbreaking

II. BRF Fee Collection and Budget

- Mr. Freyman from Maryland Comptroller's office presented the program to date, year-to-date, and 2nd Quarter through July 31, 2008, fee collection amounts, which are approximately \$227 million, \$26 million, and \$12 million respectively.
- The total fund distribution to date is as follows: Approximately \$188.5 million to MDE Line 1 (Wastewater Fund), \$21.5 million to MDE Line 2 (Septic Fund), and \$14.3 million to MDA Line 2 (Cover Crop Fund).
- Mr. Khuman presented the Cumulative Financial Activity Report through June 30, 2008 for the Bay Restoration Fund. As of June 30, 2008 \$177 million in deposits were received from the comptroller, \$51 million in net proceeds from bonds issued in June, and \$11 million in interest earnings for total revenue of \$239.8 million. Out of this revenue approximately \$110 million in BRF grants have been awarded of which about \$45 million have been paid out.
- For the Septic Fund \$21 million in fee deposits were received. Out of this revenue approximately \$9.6 million have been awarded of which about \$2.82 million have been paid out.

III. Update on BRF Bond Issuance

- Mr. Khuman informed the committee that the settlement for the BRF Inaugural Bond Issue was on June 25th for a total of \$50 million. The total received on the Bonds with premiums was about \$52 million of which less than half-a million dollars was for the cost of issuance and other expenditures. The Inaugural bonds have a very good rate of 4.027 percent and received an AA2 rating from Moody's which is a very good rating for this type of bond. The bonds are estimated to bring in \$57 million per year with an average debt service of approximately \$4.6 million per year.

IV. Onsite Sewage Disposal Systems (OSDS) Update

- Mr. Abeywickrama provided an update on OSDS upgrades. A total of 305 upgraded systems have been installed equating to 312.5 Equivalent Dwelling Units (EDUs).
- Approximately \$10.4 million have been awarded for the upgrade of the septic systems throughout Maryland, with significant amount of installations going directly through the County. There also has been a significant increase in the expenditure in the last quarter of Fiscal Year 08, as well the number of septic upgrade installations directly through MDE. The increase is expected to continue through the next Fiscal Year.

- The development of the multilayered GIS system to identify properties with septic systems and concentration of septic systems within a critical area has been delayed by one month. The GIS system is now expected to be ready by end of August 2008 instead of July.
- Mr. Boris briefed the committee members on MDE's social marketing efforts to the general public regarding the importance and need to upgrade their septic systems, and how septic systems affect groundwater and nearby streams. The Governor and MDE are doing an outreach campaign on three different radio stations to get the message across and promote the importance of the septic upgrades program. The Septic upgrades program will also be highlighted at the MACO presentation to be held in August, and MDE is planning to give out 500 free septic upgrades at their booth at MACO.

V. Update on Cover Crops Activities

- Ms. Louise Laurence from Maryland Department of Agriculture (MDA) provided an update on the Cover Crop Activities. The sign-up period for the cover crop program was from June 23rd to July 8th and approximately 2,000 applications were received during this period, which represented about 400,000 acres. The applications for the cover crop provided many planting options with eligibility ranging from \$30 an acre to \$85 an acre depending on the contract factors such as planting dates, tillage type, commodity or traditional cover crops or whether planting would be in a targeted watershed. The total cost for this will be over \$20 million. Allocations in the amount of \$18 million have been made which include the 2010 Trust Fund for nine and a half million in cover crops.
- The Governor did promotional commercials for the cover crop program on various radio stations and MDA advertised in the newspapers and sent out mailers to everyone who had a nutrient management plan.
- MDA is trying to figure out how many eligible acres of cover crop were planted in the priority watersheds. Approximately 32,000 acres were planted in the highest priority watersheds this year.

VI. ENR Eligibility Determination Guidelines

- Mr. Saffouri briefed the committee on the drafted ENR Eligibility Determination Guidelines which have been reviewed by MDE staff and distributed to MAMWA for their comments. The ENR Eligibility Guidelines are based on the input received from the 2004 Technical Review Subgroup which consisted of consulting engineers, applicants from various municipalities, and MDE staff. In addition, some of the process criteria contained in the Guidelines is also based on EPA technical manuals and textbooks.
- Mr. Saffouri described the BNR and ENR design criteria contained in the document as well as the rationale for the criteria used in determining BNR and ENR grant eligibility for each part of the wastewater treatment process.

- Mr. Saffouri also described the proration process and the methodology used in determining BNR/ENR grant eligibility when plant expansion not eligible for grant participation is involved.
- MDE will set up a meeting with MAMWA and other members of the technical review subgroup in finalizing ENR eligibility determination guidelines.

VII. Next Meeting

Committee members will be informed via e-mail when the next meeting is scheduled.

Materials Distributed at the Meeting:

- Meeting Agenda
- Previous Meeting Minutes (June 2, 2008)
- Draft of the Recommended BNR/ENR Design Criteria and Eligibility Determination
- MDE Enhanced Nutrient Removal Program, Technical Review Subgroup Preamble (Final Draft – 05/20/04)
- Wastewater Treatment Plants ENR Upgrade Status (August 7, 2008)
- Program-to-Date BRF Fee Collection Report (through July 31, 2008)
- 2008 Tax Year Year-to-Date BRF Fee Collection Report (through July 31, 2008)
- 2008 Tax Year Second Quarter BRF Fee Collection Report (through July 31, 2008)
- BRF Fee Distribution Report through July 31, 2008
- BRF Cumulative Financial Activity – Inception through June 30, 2008 (Cash Basis - Unaudited)
- Map showing BRF OSDS Grant Awards and Installations through 08/06/2008
- MDE- Onsite Septic Retrofit Program Report for Reporting Period: FY 2008

Attendance

Advisory Committee Members or Designees Attending:

Jay Sakai	Maryland Department of the Environment
James L. Hearn	Washington Suburban Sanitary Commission
Larry Fogelson	Maryland Department of Planning
Jenn Aiosa	Chesapeake Bay Foundation
Karen Oertel	W.S. Harris Seafood
George Freyman	Comptroller's Office
Louise Laurence	Maryland Department of Agriculture
Jeff Horan	Maryland Department of Natural Resources
Barbara Frush	Maryland Department of Agriculture
Bernard R. Fox	Maryland Department of Budget and Management
Greg Murray	Washington County

Others in Attendance:

Julie Pipple	Washington County
Theresa Burton	Hazen & Sawyer
Ian Johnston	RK&K
Leslie Cook	Department of Legislative Services
Josh Watters	Department of Legislative Services

Maryland Dept. of the Environment (MDE) Attendees:

Walid Saffouri
Jag Khuman
Rajiv Chawla
T.J. Huang
Tsung Chen
John Boris
Shan Abeywickrama
Elaine Deitz
Joshua Flatley