

**BAY RESTORATION (SEPTIC) FUND
PROGRAM IMPLEMENTATION GUIDANCE
FOR ON-SITE SEWAGE DISPOSAL SYSTEM (OSDS) UPGRADES USING BEST
AVAILABLE TECHNOLOGY (BAT) FOR NITROGEN REMOVAL**

A. Prioritization

The Bay Restoration (Septic) Fund statute (Annotated Code of Maryland under 9-1605.2) requires that funding priority for BAT installations be “first given to failing septic systems and holding tanks in the Chesapeake and Atlantic Coastal Bays Critical Areas and then to failing septic systems that the Department (MDE) determines are a threat to public health or water quality ...” In addition, Senate Bill 554 approved in the 2009 legislative session, requires new and replacement septic systems serving property in the Critical Areas to include the best available technology for removing nitrogen (BAT).

Consistent with the above, starting in FY 2011, MDE will require all new grant recipients to prioritize application for financial assistance based on the following:

1. Failing OSDS or holding tanks in the Critical Areas
2. Failing OSDS or holding tanks not in the Critical Areas
3. Non-failing OSDS in the Critical Areas including new BAT installation
4. Non-failing OSDS outside the Critical Areas

B. Income Based Grant Funding

To ensure an equitable distribution of the limited BRF grant funding for the upgrade of OSDS with BAT, starting in FY 2011, MDE will require grant recipients to provide financial assistance to homeowners based on the following Income Based Criteria:

% Septic BAT Grant Subsidy*	Federal 2009 Marginal Tax rate	Taxable Income							
		Single		Married Filing Jointly		Married Filing Separately		Head of Household	
		over	up to	Over	Up to	over	up to	over	up to
100%	10%	0	8,350	0	16,700	0	8,350	0	11,950
100%	15%	8,350	33,950	16,700	67,900	8,350	33,950	11,950	45,500
75%	25%	33,950	82,250	67,900	137,050	33,950	68,525	45,500	117,450
50%	28%	82,250	171,550	137,050	208,850	68,525	104,425	117,450	190,200
25%	33%	171,550	372,950	208,850	372,950	104,425	186,475	190,200	372,950
25%	35%	372,950		372,950		186,475		372,950	

The above information is subject to change annually based on the Federal tax code.

* 1. Homeowner Occupied Primary Dwelling: Use 2009 Federal Income Tax Return as source document (*This Income based criteria does not apply to any existing failing septic system in critical areas (residential or business); they are eligible for 100% BAT grant funding.*)

2. All Other Applicants (Business, Non-Residential, Rental etc.) *not in critical areas*: Limit grant to 25% of BAT cost.

C. Eligible Cost for Bay Restoration (Septic) Fund Grant Funding

Based on the above priority system, the Bay Restoration Fund statute allows grant funding for:

- a. The cost attributable to upgrading an OSDS to BAT for nitrogen removal (*Note, most funding requests will fall under this category*); or
- b. The cost differential between a conventional OSDS and one that utilizes BAT for Nitrogen Removal; or
- c. The cost for repairing and replacing a failing OSDS with one that utilizes BAT for Nitrogen Removal (*Note, this option is available only to low-income owners, provided funds are available after addressing all BAT applications. For low-income eligibility criteria, visit MDE web site at: http://www.mde.state.md.us/Water/CBWRF/osds/li_criteria.asp*); or
- d. The cost, up to the sum of the costs authorized under “b” of each individual system, of replacing multiple OSDS located in the same community with a new community system that is owned by a local government and that meets Enhanced Nutrient Removal Standards.

Grant eligibility includes capital cost of BAT plus the cost of 5-years of operations and maintenance performed by a certified service provider at a minimum of once per year or the minimum frequency recommended by the manufacturer.

Prior MDE approval is needed for any requests under category “b”, “c” or “d”.

D. MDE Approved BAT for Nitrogen Removal

MDE currently has 12 approved BAT for nitrogen removal. The list and contact information for the approved BAT is available on MDE website at:

http://www.mde.state.md.us/Water/CBWRF/osds/brf_bat.asp

As of April 2010, MDE has field verified and approved the performance data for Four BAT technologies – Advantex, Hoot BNR, Norweco and Septitech. MDE is undertaking an Invitation for Bids (Due May 14, 2010) for a fixed unit price procurement for the Four field-verified BAT. The selected low bid unit price/BAT will be made available to grant recipients, should they wish to use these unit prices in lieu of undertaking a separate local procurement.

E. General Information

MDE expects approximately \$8 million per year in BRF septic BAT funding available statewide. In preparing your grant application, use reasonable estimate on the number of BAT that can be installed during each FY. First time grant applicants should be realistic on the time needed for program start-up, application review/approval, procurement of BAT vendors etc., prior to BAT installation.

In approving future year grants, the MDE will take into consideration the Applicant’s performance under any prior year grant.