

**BAY RESTORATION (SEPTIC) FUND
PROGRAM IMPLEMENTATION GUIDANCE
FOR ON-SITE SEWAGE DISPOSAL SYSTEM (OSDS) UPGRADES USING BEST
AVAILABLE TECHNOLOGY (BAT) FOR NITROGEN REMOVAL
FY 2012**

I. 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) and House Bill 62 approved in the 2010 legislative session, requires MDE to assist homeowners with failing OSDS in critical areas from moneys in the Bay Restoration (Septic) Fund for 100% of the BAT cost during calendar years 2010, 2011 and 2012.

Consistent with the above, for FY 2012 grant funding, MDE requires “**grant recipients**” (local government, health department etc. who were awarded the BRF funds by the Board of Public Works) to prioritize application for financial assistance based on the following:

1. Failing OSDS or holding tanks in the Critical Areas¹
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

¹*Critical Area Counties: Must ensure sufficient grant funds are available to comply with HB 62 (2010 session)*

II. Income Based Grant Funding

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

% Septic BAT Grant Subsidy*	Federal 2010 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	8,375	0	16,750	0	8,375	0	11,950
100%	15%	8,375	34,000	16,750	68,000	8,375	34,000	11,950	45,550
75%	25%	34,000	82,400	68,000	137,300	34,000	68,650	45,550	117,650
50%	28%	82,400	171,850	137,300	209,250	68,650	104,625	117,650	190,550
25%	33%	171,850	373,650	209,250	373,650	104,625	186,825	190,550	373,650
25%	35%	373,650		373,650		186,825		373,650	

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

- * 1. *Homeowner Occupied Primary Dwelling: Use 2010 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.*

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

Based on the above priority system, the BRF 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/programs/Water/BayRestorationFund/Pages/water/cbwrf/guidancedocs/financialhardship.aspx>*); 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; or
- e. The cost up to the sum of the costs authorized under “c” of each individual system, to connect properties to an existing municipal wastewater facility achieving enhanced nutrient removal level treatment per HB 57 (2011 Session - effective 10/1/2011, if signed into law), provided ALL of the following conditions are met:
 1. THE ENVIRONMENTAL IMPACT OF THE ONSITE SEWAGE DISPOSAL SYSTEM IS DOCUMENTED BY THE LOCAL GOVERNMENT AND CONFIRMED BY THE DEPARTMENT;
 2. IT CAN BE DEMONSTRATED THAT:
 - A. THE REPLACEMENT OF THE ONSITE SEWAGE DISPOSAL SYSTEM WITH SERVICE TO AN EXISTING MUNICIPAL WASTEWATER FACILITY THAT IS ACHIEVING ENHANCED NUTRIENT REMOVAL LEVEL TREATMENT IS MORE COST-EFFECTIVE FOR NITROGEN REMOVAL THAN UPGRADING THE INDIVIDUAL ONSITE SEWAGE DISPOSAL SYSTEM; OR
 - B. THE INDIVIDUAL REPLACEMENT OF THE ONSITE SEWAGE DISPOSAL SYSTEM IS NOT FEASIBLE;
 3. THE PROJECT IS CONSISTENT WITH THE COUNTY’S COMPREHENSIVE PLAN AND WATER AND SEWER MASTER PLAN;
 4. THE ONSITE SEWAGE DISPOSAL SYSTEM WAS INSTALLED AS OF OCTOBER 1, 2008, AND THE PROPERTY THE SYSTEM SERVES IS LOCATED IN A PRIORITY FUNDING AREA, IN ACCORDANCE WITH § 5-7B-02 OF THE STATE FINANCE AND PROCUREMENT ARTICLE; AND
 5. THE LOCAL GOVERNMENT HAS ADOPTED A POLICY OR PROCEDURE THAT WILL GUARANTEE THAT ANY FUTURE CONNECTION TO AN EXISTING MUNICIPAL WASTEWATER FACILITY THAT IS FUNDED UNDER PARAGRAPH (2)(1)1E OF THIS SUBSECTION WILL MEET ALL OF THE REQUIREMENTS UNDER THIS SUBPARAGRAPH.

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” thru “e”.

IV. MDE Approved BAT for Nitrogen Removal

MDE currently has 15 approved BAT for nitrogen removal. See MDE website at:

http://www.mde.state.md.us/programs/Water/BayRestorationFund/OnsiteDisposalSystems/Pages/Water/cbwrf/osds/brf_bat.aspx

Consistent with HB 347 (2011 Session), effective June 1, 2011, and every 2-years thereafter, MDE is required to provide on its website an Evaluation and Ranking of all best available nitrogen removal technologies for on-site sewage disposal systems. The evaluation will include for each BAT technology:

- Total Nitrogen Reduction
- Total cost including Operation, Maintenance and Electricity
- Cost per pound of Nitrogen Reduction

As the BRF grant recipient, you will need to provide the above information to all BAT grant applicants within your County (i.e., homeowner/business that apply to you for BAT grant funding).

To provide a simplified procurement process MDE undertook an Invitation for Bids from the four field-verified BAT technologies – Advantex, Hoot BNR, Norweco and Septitech. For Bay Restoration Fund BAT procurement purposes, MDE has selected the two lowest fixed unit price BAT by region. The 12-month (March 2010- 2011) CPI (+2.68%) adjusted cost/BAT for FY 2012, as follows:

Vendor	BAT System	Region	FY 2012 Unit Price/BAT	Contact	Phone
Back River Pre-Cast, LLC	Norweco Singular 960 TNT 500-600 GPD	Central	\$11,211	Matthew Geckle	410-833-3394
Mayer Bros., Inc	Hoot 600 BNR	Central	\$12,637	Nancy J. Mayer	410-796-1434
Towers Concrete Products	Norweco Singular 960 TNT 500-600 GPD	Eastern	\$10,903	John Short	443-786-0594
Mayer Bros., Inc	Hoot 600 BNR	Eastern	\$12,843	Nancy J. Mayer	410-796-1434
Superior Tank Inc.	Norweco Singular 960 TNT 500-600 GPD	Southern	\$10,903	Jeffrey Earnshaw	301-274-3772
Mayer Bros., Inc	Hoot 600 BNR	Southern	\$12,740	Nancy J. Mayer	410-796-1434
C R Semler, Inc.	Norweco Singular 960 TNT 500-600 GPD	Western	\$12,488	Charles R. Semler	301-824-2780
RCR Septic Services, LLC	SeptiTech M440D, M550D, M750D	Western	\$13,143	Chris Wireman	443-463-0637

Prices for future fiscal years will be adjusted based on prior 12-month CPI published by the US-DOL, Bureau of Labor Statistics and MD sales tax changes. The unit price/BAT above includes total installed price including 5 years of O&M. The price does not include the cost of permits.

IV. Grant Recipient BAT Selection, Procurement and Price

To allow flexibility, the grant recipients (local government, health department etc.) who were awarded the BRF funds by the Board of Public Works) may use the following procurement options:

1. Use either one of the two MDE procured fixed unit price BAT systems - The maximum grant eligible cost will be the fixed BAT unit price (above). No further local procurement action is needed.
2. Use another BAT system - The BAT may be any of the MDE approved BAT technologies and may be selected by considering other factors such as nitrogen removal efficiency, electrical cost, operations and maintenance cost. The maximum BRF grant eligible cost must be based on the "low bid" using local procurement process for that selected BAT. In some cases this will involve small purchase procurement using three price quotes/bids on the selected BAT.
3. Use one of four field verified BAT that is not one of the two MDE procured fixed unit price - The maximum BRF grant eligible cost is the "higher price" of the two MDE procured fixed unit price BAT systems, and any price difference being the homeowner's cost. This option may not require formal local procurement and is an alternative to option 2 above.

Note: No BRF grant payment should be made directly to the homeowner; grant payments should be made out to the BAT vendor/installer.

V. Land Recordation & Future Operation & Maintenance

The grant recipient must ensure that the BAT installation is recorded in the County land records and the homeowner/business has agreed to operate and maintain the system.