

**BAY RESTORATION (SEPTIC) FUND**  
**PROGRAM IMPLEMENTATION GUIDANCE FOR FY 2013**  
**FOR ON-SITE SEWAGE DISPOSAL SYSTEM (OSDS) UPGRADES USING BEST**  
**AVAILABLE TECHNOLOGY (BAT) FOR NITROGEN REMOVAL**

### 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 2013 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 Areas <sup>1</sup>
2. Failing OSDS or holding tanks not in the Critical Areas
3. Non-failing OSDS in the Critical Areas <sup>2</sup>
4. Non-failing OSDS outside the Critical Areas

<sup>1</sup> Critical Area Counties: Must ensure sufficient grant funds are available through December 2012 to comply with HB 62 (2010 session)

<sup>2</sup> May include new BAT installation

### 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 <b>2011</b> Marginal Tax Rate	<b>Taxable Income</b>							
		Single		Married Filing Jointly		Married Filing Separately		Head of Household	
		Over	up to	Over	Up to	over	Up to	over	up to
<b>100%</b>	10%	0	8,500	0	17,000	0	8,500	0	12,150
<b>100%</b>	15%	8,500	34,500	17,000	69,000	8,500	34,500	12,150	46,250
<b>100%</b>	25%	34,500	83,600	69,000	139,350	34,500	69,675	46,250	119,400
<b>75%</b>	28%	83,600	174,400	139,350	212,300	69,675	106,150	119,400	193,350
<b>50%</b>	33%	174,400	379,150	212,300	379,150	106,150	189,575	193,350	379,150
<b>25%</b>	35%	379,150		379,150		189,575		379,150	

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

\* 1. Homeowner Occupied Primary Dwelling: Use 2011 Federal Income Tax Return as source document. This above Income based funding criteria does not apply to any existing failing septic system in critical areas (residential or business) if the grant funded BAT is installed prior to December 31, 2012; 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. Eligibility Criteria 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 for low income owners. The low-income eligibility criteria\* is:

<b>Household Size</b>	<b>Maximum Monthly Income Standards</b>	<b>Maximum Yearly Income Standards</b>
1	\$1,588.12	19,057.50
2	\$2,145.20	\$25,742.50
3	\$2,702.29	\$32,427.50
4	\$3,259.37	\$39,112.50
5	\$3,816.45	\$45,797.50
6	\$4,373.54	\$52,482.50
For each additional person, add	\$557.08	\$6,685.00

\* Subject to change. For current updates see web link at: [www.dhr.state.md.us/meap/income.htm](http://www.dhr.state.md.us/meap/income.htm)

*Note, this option is available only to low-income owners, provided funds are available after addressing all BAT applications; or*

- d. The cost, up to the sum of the cost of each “individual BAT system”, of replacing multiple OSDS located in the same community with a new community system that is owned by a local government and meets Enhanced Nutrient Removal Standards; or
- e. The cost up to the sum of the cost of each “individual OSDS system using BAT”, to connect properties to an existing municipal wastewater facility achieving enhanced nutrient removal level treatment. See Table below for compliance with the five statutory conditions:

## Connecting OSDS systems to a Wastewater Treatment Plant using BRF Septic Funds

Q1. Are FY 2013 BRF septic grant funds available to sewer connect OSDS based on the “priority criteria” below? (For a community of several OSDS, more than 50% of the OSDS must fall within the qualifying priority criteria below):

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

No – STOP. *BRF Septic grant funds are not available for sewer connection.*

**Yes**

Q2. Is the proposed sewer connection to a Wastewater Treatment Plant **achieving ENR**?

No – STOP. *BRF Septic Funds cannot be used for the sewer connection.*

**Yes**

Q3. Is the sewer connection more cost-effective than the cost of repairing or replacing the OSDS with BAT? Example: For an OSDS community with say 50 homes, is the sewer connection cost less than \$1 million? (50 x \$20,000 average cost repairing or replacing an OSDS with BAT).

No – Q4. Is individual replacement of the OSDS not feasible? Example: For an OSDS community with say 50 homes, can Environmental Health Director certify that the individual replacement at 50% or more of the existing OSDS is not feasible?

No - STOP. *BRF Septic Funds cannot be used for the sewer connection.*

**Yes.**

Q5. Is the proposed sewer connection consistent with the County Comprehensive plan and Water/Sewer Plan?

No – STOP. *BRF Septic Funds cannot be used for the sewer connection.*

**Yes**

Q6. Were all of the OSDS proposed for sewer connection in existence as of October 1, 2008?

No – STOP. *BRF Septic Funds cannot be used for the sewer connection, unless post 10/2008 OSDS are excluded from the sewer connection project.*

**Yes**

Q7. Are the OSDS proposed for sewer connection located in the Priority Funding Areas?

No – STOP. *BRF Septic Funds cannot be used for the sewer connection.*

**Yes**

Q8. Has the local government adopted a policy or procedure guaranteeing that no household or business constructed after October 1, 2008, will be permitted to connect to portion of the sewerage system funded using BRF septic funds.

No – STOP. *BRF Septic Funds cannot be used for the sewer connection.*

**Yes**

**The sewer connection project can be funded with BRF Septic grant funds.** The maximum BRF grant amount is the lesser of the sewer connection project cost or the amount calculated below:

- A. # of OSDS units x \$20,000 (Cost of a complete OSDS with BAT) x 25% (Minimum Income Based % eligibility); or
- B. Cumulative total of each OSDS units x \$20,000 (Cost of a complete OSDS with BAT) x Income based % eligibility for each OSDS owner (based on Income criteria under Section II above)

Grant eligibility includes capital cost of BAT plus the cost of 5-years of operations and maintenance (O&M) performed by a certified service provider at a minimum of once per year or the minimum frequency recommended by the manufacturer **(This O&M funding is not applicable to BRF grants provided under eligibility criteria “d” and “e” above.**

***Prior MDE approval is needed for any requests under category “b” thru “e”.***

#### **IV. MDE Approved BAT for Nitrogen Removal**

MDE currently has 12 approved BAT for nitrogen removal with 5 field verified BAT technologies. 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).**

The details are available on the MDE web site at:

[http://www.mde.state.md.us/programs/Water/BayRestorationFund/OnsiteDisposalSystems/Pages/Water/cbwrf/osds/brf\\_bat.aspx](http://www.mde.state.md.us/programs/Water/BayRestorationFund/OnsiteDisposalSystems/Pages/Water/cbwrf/osds/brf_bat.aspx)

To provide a simplified procurement process MDE undertook an Invitation for Bids in 2010 from the four field-verified BAT technologies at that time – Advantex, Hoot BNR, Norweco and Septitech. For Bay Restoration Fund BAT procurement purposes, MDE selected the two lowest fixed unit price BAT by region. The 12-month (February 2011- 2012) CPI (+2.87%) adjusted cost/BAT for FY 2013, as follows:

Vendor	BAT System	Region	FY 2013 Unit Price/BAT	Contact	Phone
Back River Pre-Cast, LLC	Norweco Singular 960 TNT 500-600 GPD	Central	<b>\$11,533</b>	Matthew Geckle	410-833-3394
Mayer Bros., Inc	Hoot 600 BNR	Central	<b>\$13,000</b>	Nancy J. Mayer	410-796-1434
Towers Concrete Products	Norweco Singular 960 TNT 500-600 GPD	Eastern	<b>\$11,216</b>	John Short	443-786-0594
Mayer Bros., Inc	Hoot 600 BNR	Eastern	<b>\$13,212</b>	Nancy J. Mayer	410-796-1434
Superior Tank Inc.	Norweco Singular 960 TNT 500-600 GPD	Southern	<b>\$11,216</b>	Jeffrey Earnshaw	301-274-3772
Mayer Bros., Inc	Hoot 600 BNR	Southern	<b>\$13,106</b>	Nancy J. Mayer	410-796-1434
C R Semler, Inc.	Norweco Singular 960 TNT 500-600 GPD	Western	<b>\$12,846</b>	Charles R. Semler	301-824-2780
Gillespie and Sons, Inc	SeptiTech M440D, M550D, M750D	Western	<b>\$13,520</b>	Jim Gillespie	410-778-0900

*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.*

## **V. 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 initial (2010) 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.**

## **VI. 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.