The meeting began at 4:08 p.m. Minutes from the previous meeting were distributed to the attendees with instruction to email George Heiner with any suggested edits and corrections.

**Overview of PowerPoint presentation (George Heiner)**

**Hierarchy Maps** There is a mix of independent projects and projects that are dependent on other projects & need to be completed in a specific order. Some areas could be part of a watershed specific focus. Some areas need to proceed in a certain sequence. In other areas, a phased extension is reasonable but not required. Isolated areas or areas on the periphery could be candidates for phased cluster treatment systems.

Ongoing discussions of the working groups were summarized.

**Fiscal Group** The Fiscal Working Group has met 3 times, meeting once with DPW Engineering Staff. Discussions have focused on ranking and prioritization of septic areas to be connected to public sewer based on a number of factors, including total cost per area, cost per connection per area (i.e., efficiencies), number of units in an HDPA, etc. DPW Engineering has been asked to provide data and mapping of 20,000 potential sewer extensions in the following ranking:

- Total septic systems in the Critical Area
- Total in HDPA (excluding critical area and cluster solutions)
- Total in Tier 2
- Total identified for cluster solutions
NRUs can be used to fill in the balance. DPW Engineering has also been asked to provide a table of their previously identified 11 septic removal areas and estimated costs, showing them side-by-side and also identifying the septic Tier in which they are located and the number of septic systems within an HDPA.

Potential funding sources have not yet been identified, but there is a plan to explore funding in greater detail once all the data is compiled. Potential policy changes have been discussed such as a Transfer of Development Rights program that could provide funding to offset septic system removals. The Fiscal Group intends to offer this suggestion to the Policy Working Group.

There was some discussion on forming priority sequences to make the most of available funds in the critical area or areas with failed tanks, and how to make the most of nitrogen reduction.

**Policy Group** There is a strong agreement that the County must take a leadership role in designating a “Septic Priorities List” that will receive targeted outreach and priority for available funding. Some of that work has already occurred through the designation of the OSDS Problem Areas. The communities or areas on the “Septic Priorities List” should receive additional outreach and eligibility for incentives, including relief from the typical petition process.

For purposes of setting septic policy and directing Federal, State and Local financial resources as well as outreach efforts, the County should consider developing a rubric for identifying what communities or areas to prioritize. This rubric should consider:

- How much load reduction will there be? (e.g., gross number of pounds of Nitrogen and Phosphorus reduction)
- How much will public health benefit?
- Cost effectiveness (expressed in $/lb)
- Willingness and receptivity of the communities considered

**Petition Process**

- The work group has reached a consensus quickly that the Petition process, as currently constituted, is not particularly useful.
- At a minimum, there needs to be an alternative, County-driven approach for areas and communities on the Septic Priorities List described above.
- The Policy Work Group agrees that for communities NOT on the Septic Priorities List, there needs to be some sort of a voluntary, community-initiated process for expanding sewer infrastructure.
- The Policy Work Group is planning to further discuss challenges associated with the current petition process and hopes to make further specific recommendations to the Task Force prior to the completion of its work.
- Allocating costs on a front-footage basis doesn’t seem to be the most equitable or helpful.
- Specific reforms to the petition process could be tasked to a consultant.
  - There was recognition that rewriting the petition process is more involved than can be addressed in the upcoming Task Force meetings.
  - Viable options should be chosen, and then consultants will be tasked to work on those options.
Finance

- Perhaps the County could secure a commitment from MDE at $3 to $4 M/year to be awarded on a competitive basis to areas or communities on the Septic Priorities List.
- BUT, individual household contribution needs to continue. Members of the Work Group expressed that this contribution should not be on a front-footage basis, but that perhaps it should be apportioned either on a per-lot or on a ratable (percentage of assessed value) basis. Consensus was reached that the individual household contribution needs to be applied in a uniform and transparent fashion.
- Suggest looking at creative financing options, such as 40 or 50 year bonds.

Should the County require BAT Systems outside of the Critical Area?

- No consensus on this point.
- Some question whether there is enough development outside of the critical area on septic to be meaningful, particularly on account of restrictions imposed by growth tiers.
- Might consider giving developers the option of EITHER installation of a NRU or making a Fee in Lieu payment to a dedicated County fund that would be designated for subsidizing conversions of communities or properties on the Septic Priorities List.

Other Outstanding Issues for Future Discussions

- How will infill be addressed, and will APFO restrictions adequately (or at all) address impacts of new growth associated with potential expansion of sewer infrastructure.
- To the extent that the County prioritizes NRUs, what should be done to require inspections beyond the initial five-year period?
- Where should the County allow package plants, and under what conditions?

**Transferable Development Rights** A program that allows landowners to sell their development rights to a developer or other interested party who then can use these rights to increase the density of development at another designated location.

Transfer of Development Rights Committee Report

- Studied by Maryland Dept. of Planning in 2016
- Examined programs in 12 counties
- Typically programs are designed to preserve farmland or environmentally sensitive areas

Maryland Counties with programs:

- Calvert, Caroline, Cecil, Charles, Frederick, Harford, Howard, Montgomery, Queen Anne’s, St. Mary’s, Talbot, and Wicomico

Sending & Receiving Areas

- Sending Area: Rural or environmentally sensitive land that is planned for preservation.
  - Rural land can be protected and the owner can still realize its financial value.
- Receiving Area: Land where development is desired and planned for.
  - Land targeted for growth can be creatively developed by using shifted development rights.
• Landowners sell their development rights for use in the receiving area. The developers who use the development rights to add extra density or floor area in the receiving area send their payment to the rural landowners to compensate them for extinguishing development rights on the land and thereby preserving it.
• This general concept would need to be modified as part of a septic conversion program.
• Transfer from critical area locations to areas outside critical area
• Receiving areas in different watersheds may require State review

Important Factors

• Appear to work best where development pressures and thus demand for additional building are strong
• Generally has been difficult to enforce additional density into high density residential areas
• There must be a general agreement about the land preservation goals of the community
• Conduct outreach to the public about the goals and getting a consensus
• Lack of an active market in development rights is where most TDR programs have failed

Alternative Approaches

• Alternative to a formal TDR approach would be to track nitrogen credits
• Similar in concept to the earlier Accounting for Growth Concept, but on a local level to create offset nitrogen load impacts
• Could be integrated with a trading bank or market

Upcoming OSDS Efforts

• DPW working on procurement of an OSDS Conversion Program Manager
• Program Manager to have expertise in the following minimum areas:
  o Engineering & Construction
  o Financial Planning
  o Public & Environmental Policy
  o Public Relations
  o Program Management

OSDS Conversion Program Management Team

• Area 1: Engineering & Construction
  o Project Delivery Methods
  o Procurement Plans
  o Technology Evaluations
• Area 2: Financial Planning
  o Rate models
  o Affordability measures
  o Grant & Loan funding sources
• Area 3: Public & Environmental Policy
  o Case studies from other locations
  o Program legislative features
  o State policy review
• Area 4: Public Relations
  o Communication Plan
  o Public Education Strategy
  o Public Interest Assessment
• Area 5: Program Management
  o Stakeholder Analysis
  o Program Implementation Plan
  o Critical Risk Analysis
• Area 6: Other
• Once awarded, DPW will begin developing detailed tasks for execution by the Program Manager
• In some instances, looking for guidance as to what NOT to look into further
• What are the right questions?
• DPW Background + Task Force Input + Other Stakeholders = Task Assignment

Key Guidance
• Revenue approaches
• Cost Sharing
• Mandatory / Voluntary
• Incentives
• Community based
• Watershed based
• Nitrogen Credit / Transfer Development Rights

Future Plans
• Next Meeting – July 25, 2017
• Considering whether we should try to reconvene next year after first round of tasks have been completed

Final Questions
• Working Group County Contacts
  o Land Use – Lynn Miller, OPZ
  o Fiscal – LaKisha Giles, DPW
  o Policy – Karen Henry, DPW
• Next meeting – July 25, 2017
  o Meeting #6 – Closeout meeting
• Topics to be amended as needed

Group agreed to hold meeting on the 3rd Tuesday of each month at 4 p.m. Next meeting will be Tuesday, July 25, 2017 at 4 p.m. in the Chesapeake Room, Building #2664 Riva Road, 2nd Floor.

Handouts –
1. Agenda

The meeting was adjourned at 5:20 p.m.