

# Anne Arundel County Financial Assurance Plan to Meet the Requirements of the NPDES Municipal Separate Storm Sewer System (MS4) Permit

*July 1, 2016*

## Executive Summary

### Introduction

Anne Arundel County's NPDES MS4 permit, issued February 12, 2014, requires that the County complete restoration efforts to achieve the equivalent of treating 20% of the impervious surfaces not previously restored to the maximum extent practicable. The County's baseline, which has been previously approved by MDE, identifies 29,311 acres with either no or partial management, requiring the equivalent of 5,862 acres to be restored to meet the 20% criteria by the end of the permit term in February 2019.

The submission of Anne Arundel County's Financial Assurance Plan (FAP), as well as the submission of the Watershed Protection and Restoration Program (WPRP) annual report, is required for compliance with Maryland Environment Article §4-202.1. The attached FAP is submitted to show that the County has the financial means to achieve the permit requirements. This FAP addresses the activities completed by the County's WPRP for FY14 and FY15, and the planned and programmed activities from FY16 through FY20.

The completion and submission of the FAP is required every two years with this first submittal due on July 1, 2016. The next FAP submittal will address activities through the end of FY18, including revenues and expenditures associated with the County's WPRP restoration activities. This FAP will be submitted on or before the anniversary date of the County's NPDES MS4 Permit (February 12, 2019).

According to the requirements for completing the attached FAP, all restoration activities completed by June 30, 2015 are classified as completed activities and their actual costs are reported. These activities include a variety of projects with a variety of funding sources as described below.

- CIP projects from Stormwater Runoff Controls and Water Quality Improvement classes that were completed in FY14 and FY15:
  - Several of these projects incurred costs prior to WPRP implementation, with construction completed in FY14 or FY15. These restoration projects were included in the NPDES MS4 reports for FY14 and FY15, and were funded by grants, general fund County bonds, and WPRF bonds, or a combination of these sources.
- CIP projects from the Watershed Protection and Restoration Program class that were completed in FY14 and FY15:
  - Several of these projects had design contracts that were initiated from within the Stormwater Runoff Controls and Water Quality Improvement classes, but were

completed through the County's WPRP class of CIP projects. All restoration project contracts completed out of the WPRP class were funded by WPRF bonds, but any prior work associated with other CIP classes may also include grants and general fund County bonds as funding sources.

- Operating budget funded restoration projects include ongoing street sweeping, inlet cleaning, and septic pumping:
  - Street sweeping and inlet cleaning are funded out of the WPRP operating budget.

Other restoration actions include septic system connections to water reclamation facilities (WRFs), septic system upgrades to denitrification systems, and restoration projects completed by non-governmental organizations (NGO). Septic system upgrades to denitrification systems are funded through Bay Restoration Fund grants. Costs for septic system connections to the sanitary sewer system are managed through the County's Bureau of Utilities; WPRF funds are not expended for this activity. Funding for restoration projects completed by NGOs include both County WPRF funds made available through the outgoing WPRP grant program, and grant funding to the NGOs from other entities resulting in no cost to the County.

Projections are also made for programmed projects that will be completed by June 30, 2020 (end of FY20). Programmed projects not completed by June 30, 2015 are classified as either under construction, planned, or proposed. Projects considered "under construction" were in the construction phase as of the end of FY15, and are anticipated to be complete at the end of FY16. "Planned projects" are those activities where a design contract has been issued by June 30, 2015. "Proposed projects" include restoration activities that had been identified by County project managers but design work has not been initiated. Projections are also included for the ongoing operating activities and other restoration actions, as well as the addition of septic pumping performed by local contractors. Septic pumping can provide credit for the County and requires no general fund or WPRF fund expenditures.

Included in the FAP are cost and revenue information. Costs identified include the operating costs for the WPRP, debt service on WPRF bonds, and the County's WPRP grant program to fund restoration projects completed by non-governmental agencies for which the County takes equivalent impervious treatment credits. Actual costs are reported for FY14 and FY15, and budgeted costs are included for FY16-FY20. These budgeted costs were obtained from the County Budget Office's WPRF Affordability Model and FY17 Capital Budget Program.

#### **Sources of Funds to Meet the MS4:**

A variety of funding sources (revenue) are recognized in this FAP. WPRF revenues include actual stormwater fee revenue amounts for FY14 and FY15, and projected revenues for FY16-FY20. These revenue projections assume no stormwater fee increases over this time frame and include an adjustment for a 1% increase in ERU due to development. General fund adjustments, included in the FY17 proposed budget, are recognized in the revenue projections for FY17-FY20 based on the Budget Office's WPRF Affordability Model. Bond authority for general obligation bonds and WPRF bonds are also included. The general obligation bonds included in this FAP are those associated with the Stormwater Runoff Controls and Water Quality Improvements CIP class projects funded through FY16. These project classes will be converted to WPRP classes in the FY17 CIP budget.

Grant sources include State funded grants for CIP restoration projects as well as BRF grants. The County's WPRP program is actively pursuing additional grant opportunities for future projects, and it is anticipated that the use of grant funds will allow additional CIP restoration projects, not currently included as part of this FAP, to occur.

The attached FAP indicates that approximately 3,800 acres, or 13.1%, of restoration will be completed by the end of FY18, which is 7 months prior to the end of the current NPDES MS4 permit term. This FAP took a conservative approach based on restoration project permitting requirements and the expectation that the over-performance experienced by the County's WRF upgrades would be allowed to accommodate a temporary trading-in-time scenario. Such a scenario would involve allowing temporary equivalent impervious area credit for the load reductions achieved by the upgraded WRFs, and subsequent replacement of those temporary WRF associated credits with the impervious area credits realized from restoration project implementation; the end result being full compliance with the required 20% impervious area equivalent restoration by the end of FY20.

**Projected Annual and 5-Year Costs and Revenues to Meet the MS4:**

The restoration costs through FY18 and FY20 are \$94 million and \$239 million respectively. These numbers show that substantial CIP project implementation costs will be realized during the period of the temporary trading-in-time scenario.

Total program projected restoration activity costs through FY20 are \$344 million, and \$365.8 million in revenue is expected, which demonstrates that the funding sources enumerated in the FAP are adequate to meet the permit requirements, treating approximately 5,979 impervious acres with the trading-in-time mechanism.