



Maryland
Department of
the Environment

STATE OF MARYLAND

CAPITAL INFRASTRUCTURE FINANCING

FOR UTILITIES

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Maryland Water Quality Financing Administration

March 30, 2017



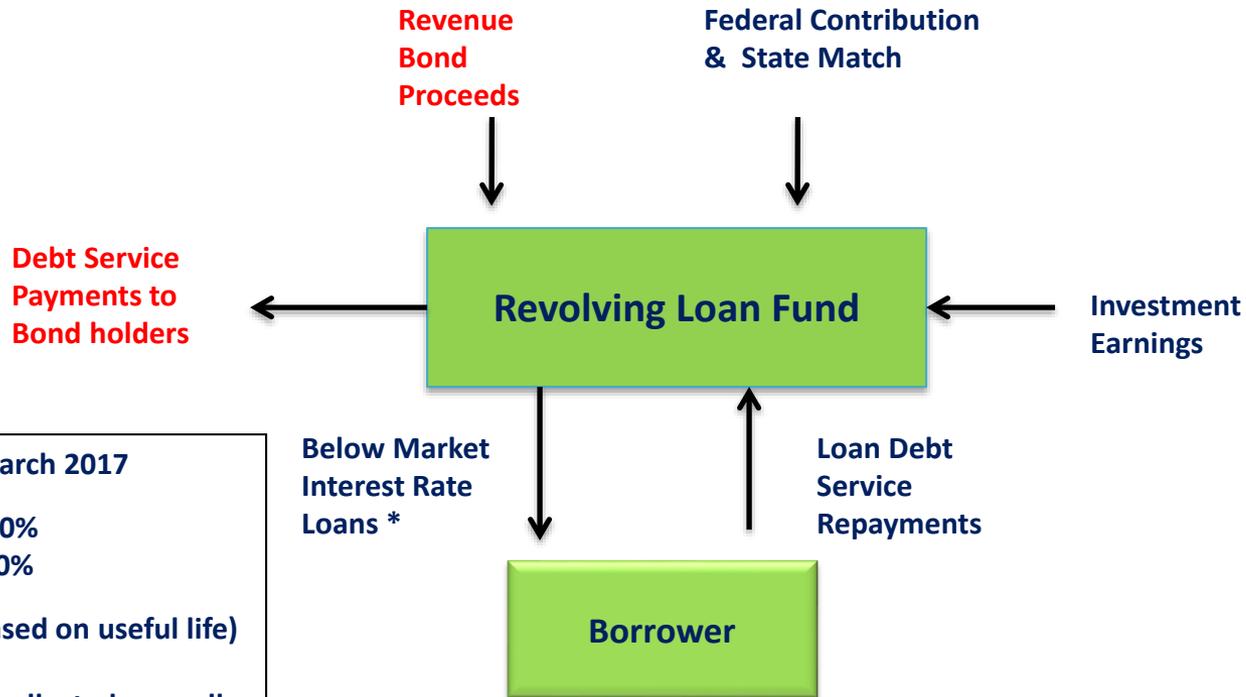
Key Grant/Loan Sources for WQ & DW Projects

Program	Type/Budget	Primary Purpose
Bay Restoration Fund* (Septic & Wastewater Funds)	Grants FY 2018: \$75M	Nutrient Reduction ENR (\$60M), Septics (\$15M)
Chesapeake & Atlantic Bays (2010) Trust Fund	Grants FY2018: \$50M	Non-Point Source Pollution Prevention (DNR)
Water Quality Revolving Loan Fund**	Loans (low Interest) FY 2018: \$330M (included \$200M in revenue bonds)	WQ Improvement Capital Projects
Drinking Water Revolving Loan Fund **	Loans (low Interest) FY 2018: \$126M (included \$100 in revenue bonds)	Drinking Water (DW) System Upgrades
Water Supply	Grants FY 2018: \$2M	Assist Low-income DW systems

* FY 2018+, in addition to funding Enhanced Nutrient Removal at WWTP, the expanded uses include grants for upgrading Aging Sewerage Infrastructure, Septic to Sewer Connections, and Stormwater Best Management Practices undertaken by local governments (e.g., MS4 Permit Compliance).

** The Fund is authorized to add financing capacity by selling revenue bonds, if needed.

Maryland WQ/DW Revolving Loan Fund



* Loan Interest Rate – March 2017

Standard : 1.70%
Disadvantaged: 0.80%

Term: Up to 30-years (based on useful life)

Fee: 5% of debt service, collected annually, adds ~0.35% to the true interest rate.

FY 2018 Budget: \$330 million (WQRLF);
\$126M (DWRLF)

Total Financing as of 2/28/17: ~\$2.6 billion



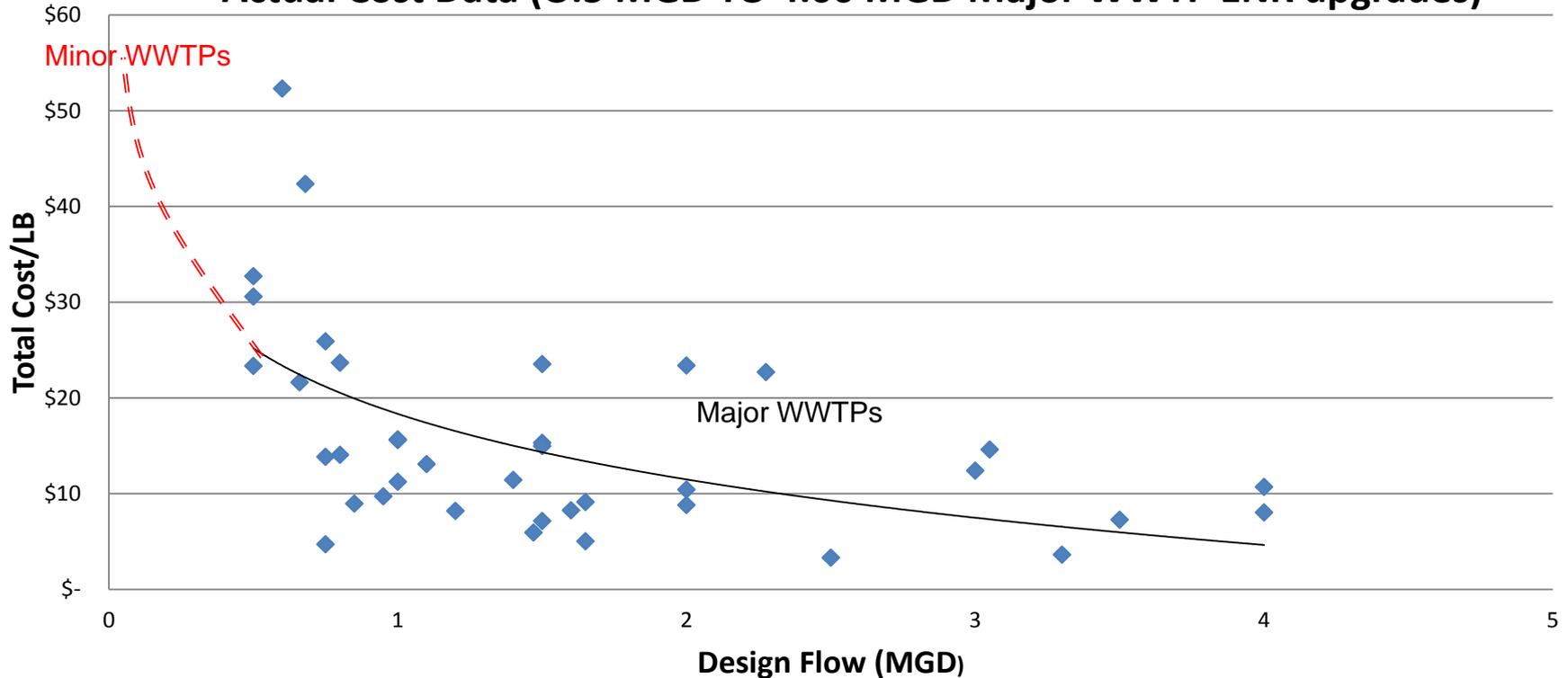
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Annualized (20-yr life cycle) Cost/lb Nitrogen Reduction at WWTPs

Septic BAT ~\$75/lb for TN reduction

Actual Cost Data (0.5 MGD TO 4.00 MGD Major WWTP ENR upgrades)





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Cost Efficiency – Ever More Important Going Forward

Chesapeake & Atlantic Bays (2010) Trust Fund

- Pay for Performance Model
- Nutrient lbs reduced per State grant dollar invested

Bay Restoration Fund

- Purchase of Nutrient Loads (lowest cost/lb)
- Enter into a multi-year cash payment contract
(Clean Water Commerce Act of 2017: HB417 & SB314)



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Federal Infrastructure Funding?

- Trump Administration: \$1 Trillion over 10-years
- In 2017 – Unlikely; Tax reform first, maybe 2018
- Water Sector Allocation: < 5%, if past stimulus is any guide
- Major Issue: How to pay for it without major deficit spending?
- Options: Appropriation, Tax credits, Repatriated corporate funds (est. \$170 billion tax revenue from \$2 trillion repatriated)
- Likely Form: Tax credits; Public-Private-Partnership (P3s); WIFIA expansion (2014 Water Infrastructure Finance & Innovation Act)



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