

BALTIMORE COUNTY
FISCAL YEAR 2016 BUDGET ANALYSIS

**DEPARTMENT OF ENVIRONMENTAL PROTECTION
AND SUSTAINABILITY (042)**

BUDGET SUMMARY						
\$ in Thousands						

PROPOSED CHANGE	GENERAL	SPECIAL	CAPITAL	TOTAL	% Change Prior Year
FY 2015 - 2016 Change	\$ (231.3)	\$ (764.8)	\$ 4,172.5	\$ 3,176.4	21.0%
Potential Reduction	-	935.7	3,373.0	4,308.7	
BUDGET TRENDS					
FY 2014 Actual	\$ 5,153.2	\$ 1,447.1 ⁽¹⁾	\$ 16,453.8	\$ 23,054.1	
FY 2015 Approp.	5,157.9	3,271.5 ⁽²⁾	6,729.1	15,158.5	-34.2%
FY 2016 Request	4,926.6	2,506.7	10,901.6	18,334.9	21.0%
With Potential Reduction	\$ 4,926.6	\$ 1,571.0	\$ 7,528.6	\$ 14,026.2	-7.5%

⁽¹⁾ Reflects audited expenditures of \$256,386 less than the amount reflected in the Executive's Budget documents.

⁽²⁾ Adjusted for one supplemental appropriation totaling \$55,000 not reflected in the Executive's budget documents.

PERSONNEL					
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PROPOSED CHANGE	GENERAL		SPECIAL	
	FULL-TIME	PART-TIME	FULL-TIME	PART-TIME
FY 2015 - 2016 Change	(3)	1	(4)	0
Potential Reduction	0	0	0	0
BUDGET TRENDS				
FY 2014 Actual	69	4	15	9
FY 2015 Approp.	68	2	18	9
FY 2016 Request	65	3	14	9

VACANCY DATA

Total positions vacant as of April 24, 2015*	6	0	4	2
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* Provided by the Office of Budget & Finance

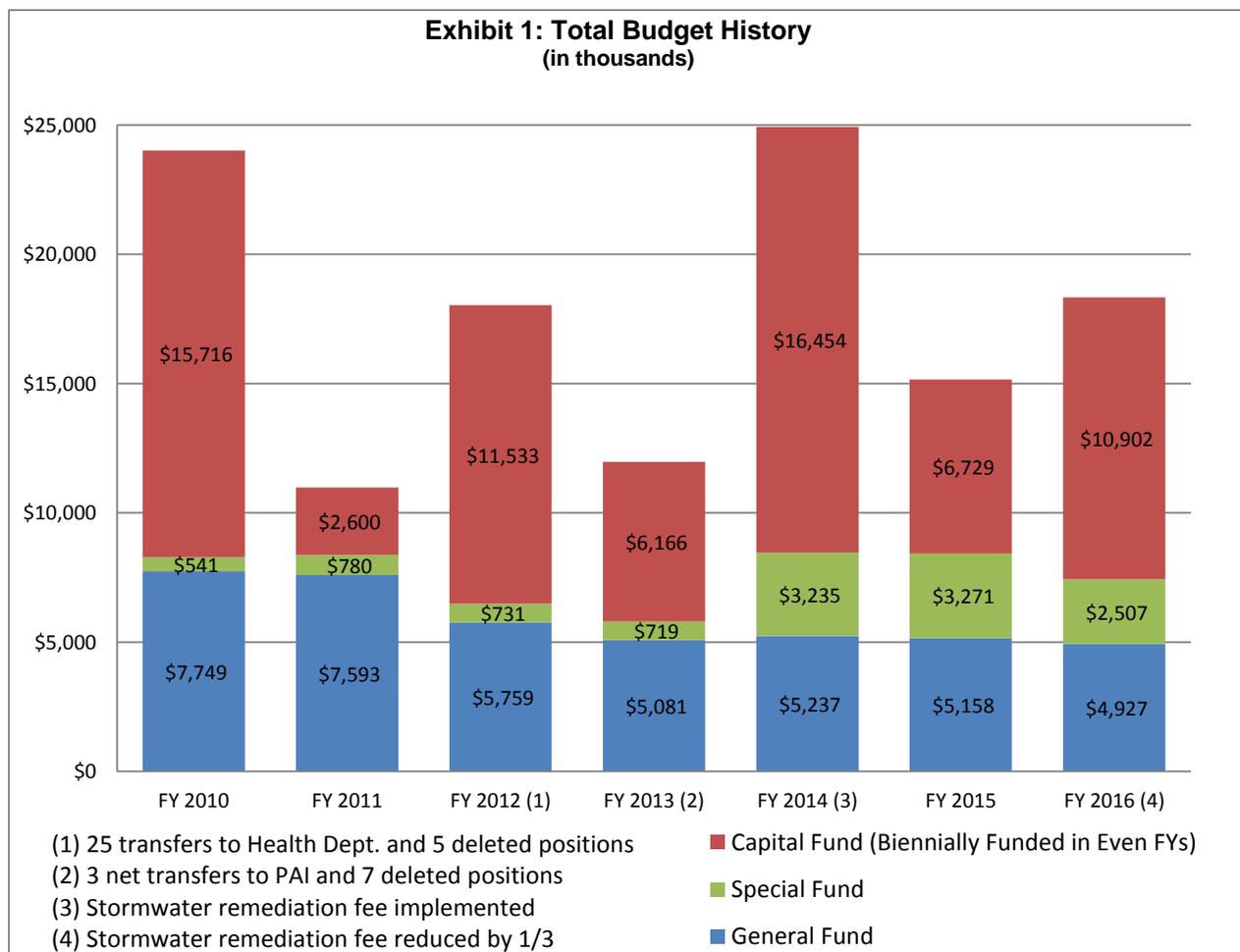
For further information contact: Office of the County Auditor

Phone: (410) 887-3193

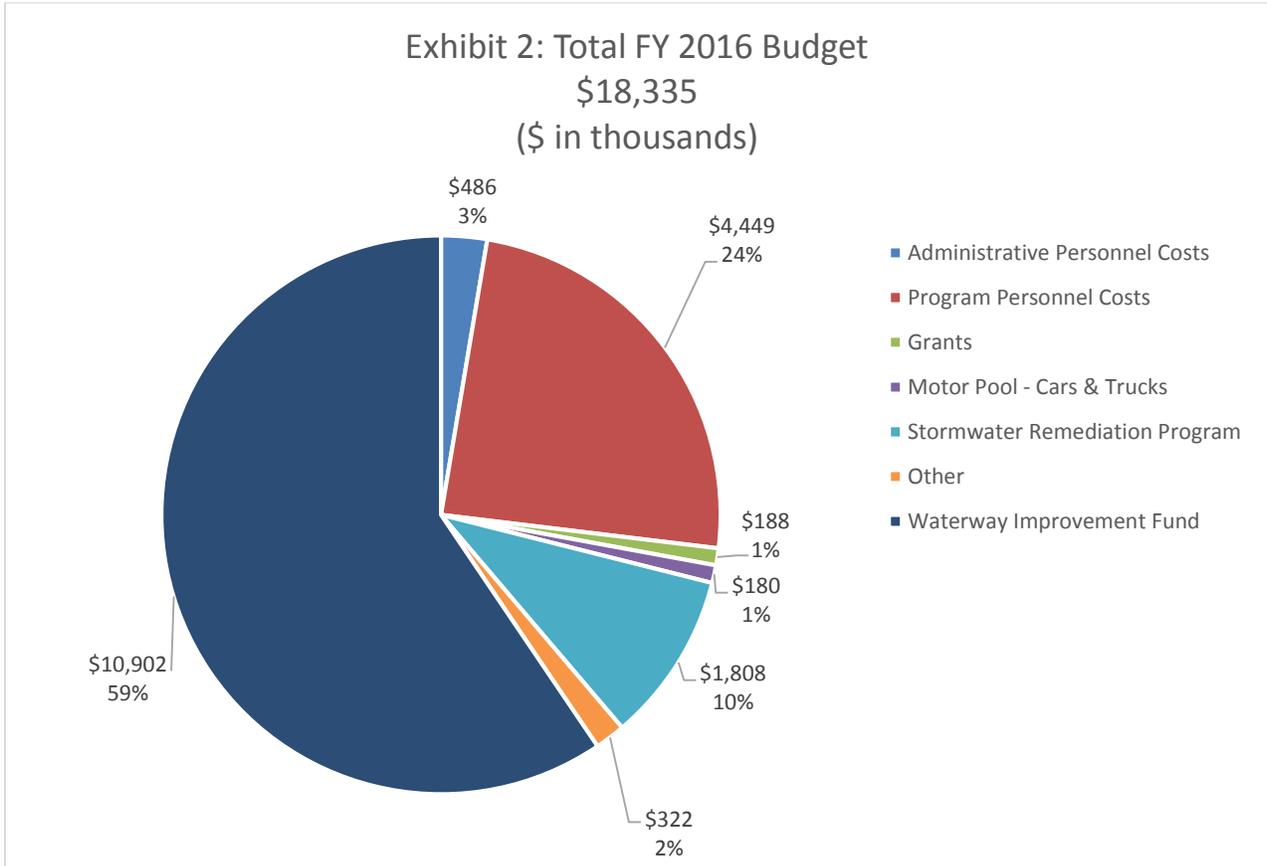
DEPARTMENT OF ENVIRONMENTAL PROTECTION AND SUSTAINABILITY (042)

BUDGET SUMMARY:

The proposed FY 2016 budget for the Department of Environmental Protection and Sustainability totals \$18.3 million, an increase of approximately \$3.2 million, or 21.0%, over the FY 2015 budget. The General Fund portion of the budget totals \$4.9 million and decreases by \$231 thousand, or 4.5%, due primarily to a reduction in personnel expenses. The Special Fund portion of the budget totals \$2.5 million and decreases by approximately \$765 thousand, or 23.4%, due to the reduction in the stormwater remediation fee, which was applied as reductions primarily to the professional services and salaries line items. The Capital Fund portion of the budget totals \$10.9 million and increases by approximately \$4.2 million, or 62.0%, due to the biennial funding of certain capital projects, including stormwater remediation projects, within the Waterway Improvement Fund. **See Exhibits 1-3 for additional detail.**



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**Exhibit 3
FY 2016 Proposed Budget (\$ in 000's)**

How Much it Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Capital Fund</u>	<u>Total</u>
2015 Appropriation	\$5,158	\$3,271 ⁽¹⁾	\$6,729	\$15,158
2016 Request	<u>4,927</u>	<u>2,506</u>	<u>10,902</u>	<u>18,335</u>
\$ Increase/(Decrease)	\$ (231)	\$(765)	\$4,173	\$ 3,177
% Increase/(Decrease)	-4.5%	-23.4%	62.0%	21.0%

⁽¹⁾ Reflects appropriations totaling \$55 thousand not reflected in the Executive's budget documents.

Where it Goes:

General Fund:

Personnel Expenses:	\$(249)
3% COLA	126
Increments.....	83
Turnover (2.3% to 3.0%)	(25)
Salary cost transfer to OSDS ⁽¹⁾ Program in FY 2015	(42)
FY 2015 Bonus	(134)
Land Preservation transfer (2 positions) to Dept. of Planning in FY 2015.....	(155)
Other personnel-related expenses	(102)
Operating Expenses:	18
Service contracts	12
Waste disposal	6

Special Funds:

Stormwater Remediation Program:

Personnel Expenses:	(176)
3% COLA	26
Other personnel-related expenses	57
FY 2015 Bonus	(32)
Deletion of 5 positions (Engineers and Specialists) in FY 2016	(227)
Operating Expenses:.....	(660)
Operational supplies	10
Motor pool – trucks.....	8
Professional services	(678)
Community Reforestation Program.....	43
Stormwater Management Facilities Inspection Program	19
OSDS ⁽¹⁾ (including partially transferred position costs of \$42,000 from General Fund)	9

Capital Projects Fund – Waterway Improvement Fund 4,173

Total..... \$3,177

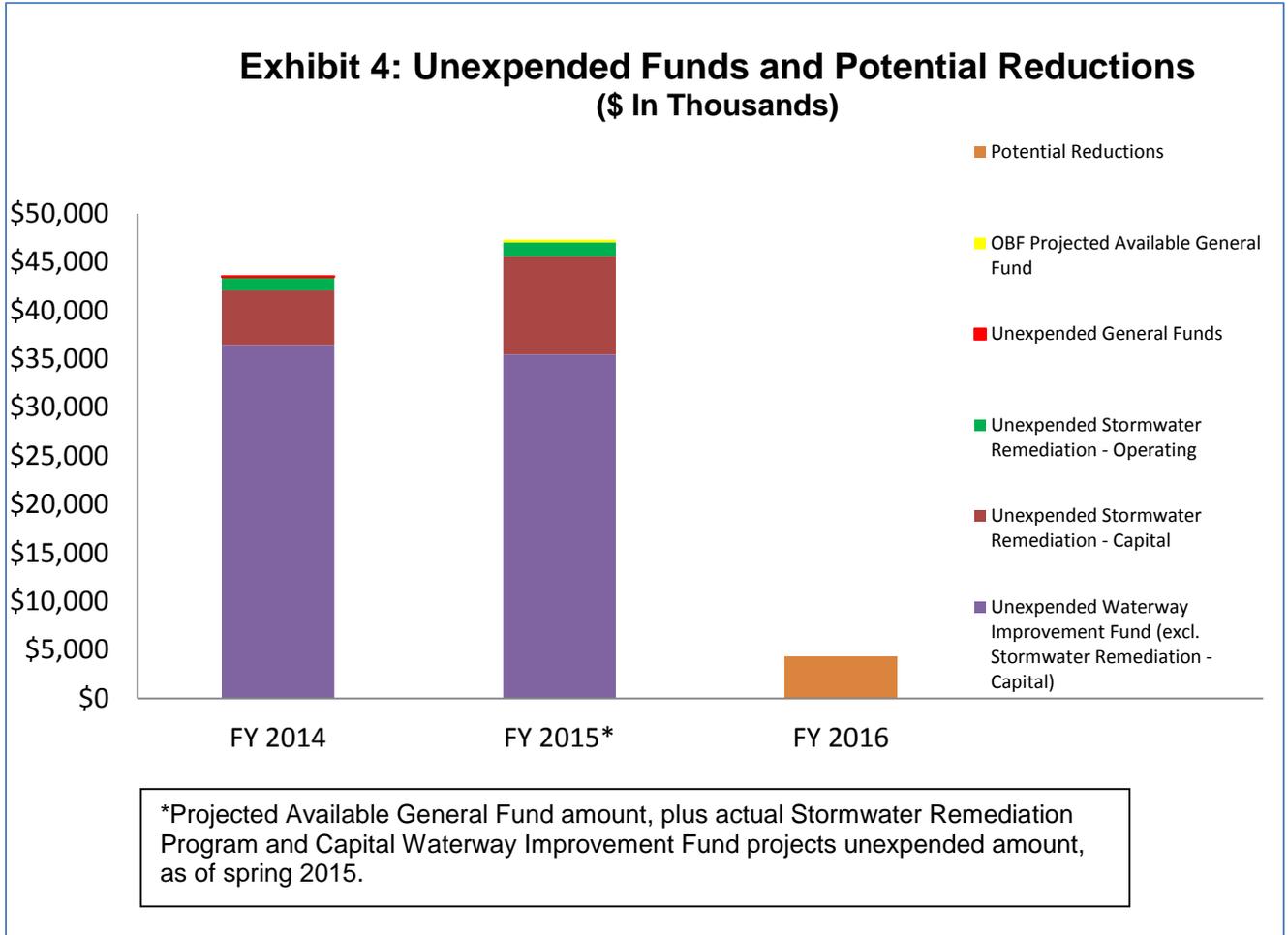
⁽¹⁾ Onsite Sewage Disposal System Grant Program

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POTENTIAL BUDGET REDUCTIONS:

This analysis identifies a total of approximately \$4.3 million in potential budget reductions to the Department's Stormwater Remediation Program and capital projects, which represents 23.5% of the Department's proposed FY 2016 budget. After the inception of the stormwater remediation fee in FY 2014, the Department had \$43.5 million available at fiscal year-end as unexpended General (\$83,000), Stormwater Remediation Program (\$1.4 million), and Capital Waterway Improvement funds (\$42.1 million). In FY 2015, the Office of Budget and Finance estimates General Fund savings of \$200,000 (primarily from unbudgeted salary savings from the transfer of Land Preservation personnel in FY 2015 - see issue # 4). As of spring 2015, the Department had more than \$12.9 million available as unspent funds in the Stormwater Remediation Program (\$2.8 million) and stormwater-related Capital Waterway Improvement Fund accounts (\$10.1 million), as well as \$35.5 million available as unspent funds in other capital Waterway Improvement Fund accounts. Of this approximately \$48.4 million in unspent funds as of spring 2015, approximately \$7.2 million was encumbered (indicating some future plan to spend), leaving an available unencumbered balance of more than \$40 million.

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1. Stormwater Remediation Program/Projects – Reduce Use of Fee Revenue by 50% **\$4,276,936**
As of spring 2015, there is \$33.5 million in appropriated stormwater fee revenues available in non-lapsing accounts to fund Stormwater Remediation Program operating expenses and capital projects. In the EPS-managed operating program and capital projects alone, there is \$12.9 million in appropriated fee revenues available, including \$2.8 million in Stormwater Remediation Program operating funds. **This available fee revenue from the FY 2014 and FY 2015 budget years exceeds the \$8.6 million in stormwater fee revenue included in the proposed FY 2016 budget.**

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Exhibit 5: Unexpended Stormwater Remediation Fee Revenue and Proposed FY 2016 Fee Allocation

	Total Fee Revenue Appropriated as of FY 2015	Actual Expenditures as of Spring 2015	Unexpended Fee Revenues as of Spring 2015	Proposed FY 2016 Fee Allocation
EPS MANAGED PROJECTS				
Operating - Stormwater Remediation Program				
Stormwater Remediation Program - 2014	\$ 2,557,566	\$ 1,171,743	\$ 1,385,823	-
Stormwater Remediation Program - 2015	2,645,040	1,211,248	1,433,792	-
Stormwater Remediation Program - 2016	-	-	-	\$ 1,808,250
Capital - Waterway Improvement Fund				
Stormwater - Restoration and Retrofit	10,441,372	2,100,234	8,341,138	5,377,450
Stormwater - Planning and Monitoring	1,056,472	242,490	813,982	701,472
Stormwater - Sustainability	1,348,400	398,115	950,285	666,700
Total Stormwater Fee Allocations - EPS Managed Projects	18,048,850	5,123,830	12,925,020	8,553,872
DPW MANAGED PROJECTS				
Capital - Storm Drains				
Stormwater - MS-4 Requirements	12,000,000	5,097,725	6,902,275	2,750,000
Stormwater - TMDL Reduction	10,854,724	847,360	10,007,364	4,518,974
Capital - Streets and Highways				
Stormwater - Street Sweeping	6,000,000	2,324,649	3,675,351	500,000
Total Stormwater Fee Allocations - DPW Managed Projects	28,854,724	8,269,734	20,584,990	7,768,974
Total Stormwater Fee Allocation	\$ 46,903,574	\$ 13,393,564	\$ 33,510,010	\$ 16,322,846

When also considering available appropriated “other” revenues to Capital Waterway Improvement Fund projects, including previously appropriated bond funds, the amounts available even further exceed the \$8.6 million in stormwater fee revenue planned for operating and capital purposes under the proposed FY 2016 budget. **This potential reduction allows for the use of one-half of the proposed FY 2016 stormwater fee revenues budgeted for EPS, subtracting \$0.9 million and \$3.4 million from the operating and capital accounts, respectively.**

Background Information that Supports Consideration of Reducing Budgeted Expenditures

The proposed FY 2016 budget includes \$16.3 million⁽²⁾ in projected stormwater remediation fee

(2) An additional \$10 million of Metropolitan District Capital Funds have been identified for water quality improvement projects.

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revenue to further the County's efforts to achieve the Environmental Protection Agency's (EPA) Total Maximum Daily Load (TMDL) limits on nitrogen, phosphorous, and sediment runoff into the Chesapeake Bay by 2017 (interim target) and 2025 (final target), as well as meeting the requirements of Maryland's National Pollutant Discharge Elimination System - Municipal Separate Storm Sewer System (NPDES-MS4) permit, which was renewed in FY 2014 (see issue # 5). The proposed budget is based on the fee structure that the Council adopted on March 2, 2015 (Bill 9-15), which reduced FY 2016 rates by approximately one-third from FY 2015 amounts, as follows:

Exhibit 6: FY 2016 Proposed Fee Allocations

	FY 2015 Fee Allocation	FY 2016 Fee Allocation	FY 2016 Increase/ (Decrease)
<u>EPS MANAGED PROJECTS</u>			
Operating - Stormwater Remediation Program			
Stormwater Remediation Program	\$ 2,645,040	\$ 1,808,250	\$ (836,790)
Capital - Waterway Improvement Fund			
Stormwater - Restoration and Retrofit	5,377,450	5,377,450	-
Stormwater - Planning and Monitoring	685,000	701,472	16,472
Stormwater - Sustainability	666,700	666,700	-
Total Stormwater Fee Allocations - EPS Managed Projects	9,374,190	8,553,872	(820,318)
<u>DPW MANAGED PROJECTS</u>			
Capital - Storm Drains			
Stormwater - MS-4 Requirements	6,000,000	2,750,000	(3,250,000)
Stormwater - TMDL Reduction	5,427,362	4,518,974	(908,388)
Capital - Streets and Highways			
Stormwater - Street Sweeping	3,000,000	500,000	(2,500,000)
Total Stormwater Fee Allocations - DPW Managed Projects	14,427,362	7,768,974	(6,658,388)
Total Stormwater Fee Allocation	\$ 23,801,552	\$ 16,322,846	\$ (7,478,706)

The Administration advised that the one-third reduction was possible for the following reasons:

- Increased pollutant load reduction credits for various practices due to Chesapeake Bay Program Expert Panel analysis;
- Continued success in obtaining state and federal grants for project implementation;
- Reduction in the funding needed to address the sites that fall under the General Discharge Permit for Industrial Sites; and

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- A reduction in startup funding needed for street sweeping and storm drain vacuum maintenance.

The Administration provided assurance that such fee reductions would not affect the County's ability to meet its required TMDLs for local waterways or the Chesapeake Bay (see issue # 5). Bill 9-15 stated that "...if the Maryland General Assembly repeals the Watershed Protection and Restoration Act of 2012, or otherwise alters the manner in which the County is required to comply with the Act, the County Council shall review the provisions of Council Bill 20-13 to determine if the County's Stormwater Management Program should be amended and if the Stormwater management fee should be repealed or reduced."

On May 12, 2015, Governor Hogan is scheduled to sign Senate Bill 863, which repeals the **requirement** for counties that are subject to the NPDES-MS4 permit to collect a stormwater remediation fee and instead **authorizes** jurisdictions to collect a stormwater remediation fee. The bill does not repeal the requirement for jurisdictions to comply with the NPDES-MS4 permit, but it does permit jurisdictions to repeal or reduce fees before July 1, 2016, provided the jurisdiction has identified dedicated revenues, funds, or other sources of funds to be used to meet the requirements of the NPDES-MS4 permit. The bill also requires each jurisdiction to submit a financial assurance plan to the Maryland Department of the Environment (MDE) by July 1, 2016 (and every two years thereafter) that demonstrates a good faith effort toward achieving sufficient funding of the requirements of complying with the NPDES-MS4 permit.

Specifically, the financial assurance plan must:

- Identify all local actions that will be required for the jurisdiction to comply with the NPDES-MS4 permit;
- Identify the funding sources that will support those efforts, including a five-year projection of costs and revenues to show NPDES-MS4 permit compliance; and
- Demonstrate that the jurisdiction has sufficient funding in the current fiscal year's budget to meet estimated annual costs.

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The Department advised that the development of the financial assurance plan will necessitate various meetings with the Office of Budget and Finance and the Department of Public Works to determine the budgetary requirements to meet the NPDES-MS4 permit requirements. The Department also advised that the County Council must hold hearings and pass the financial assurance plan before it can be submitted to MDE. MDE will then review the plan to determine if it shows sufficient funding to meet: 75% of the projected NPDES-MS4 permit compliance costs for the two-year period immediately following the filing date (July 1, 2016), or 100% of the projected NPDES-MS4 permit compliance costs for the two-year period immediately following the filing date of the plan for a second and subsequent plan.

Consideration for Reducing the Use of Fee Revenue based on Jurisdictional Analysis

Per a review of the 8 jurisdictions (excluding Baltimore County) that assessed a stormwater remediation fee in FY 2015 (Carroll County received State approval in 2014 to forgo the fee because it agreed to dedicate a portion of its property tax revenue), we noted the following:

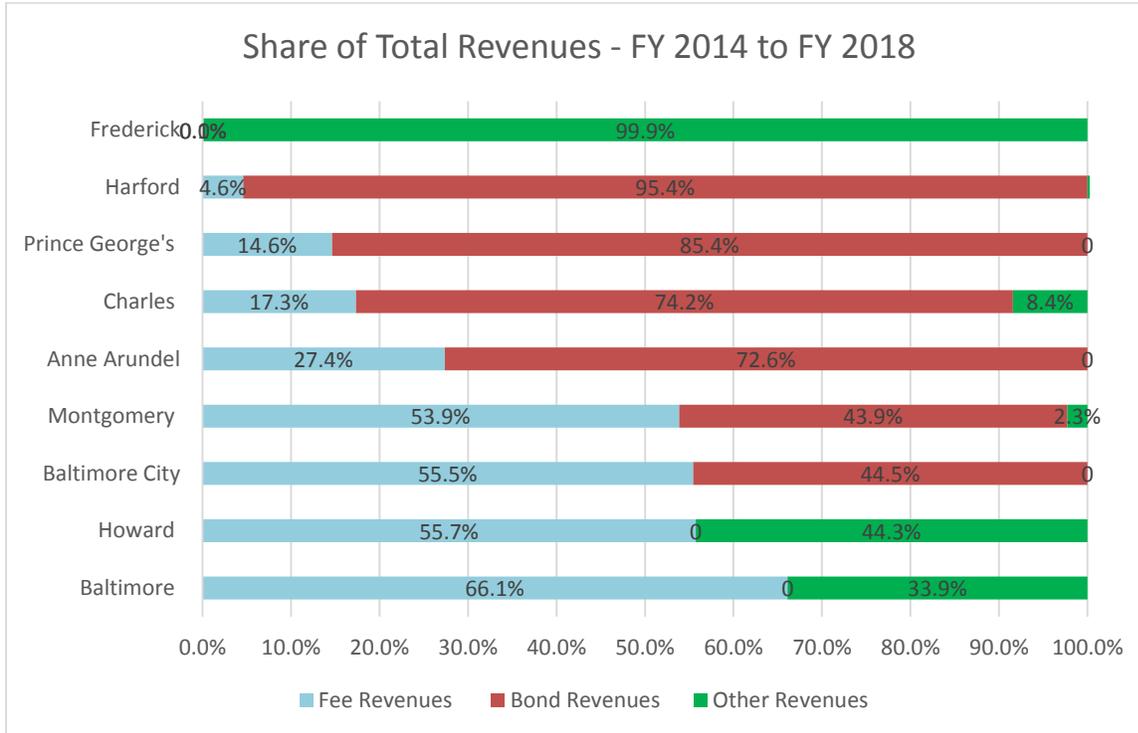
- Baltimore City, Anne Arundel, Howard, Montgomery, and Prince George's counties – no change in stormwater remediation fees;
- Charles County – As part of the County's FY 2016 annual budgeting process, the County has proposed a fee increase of \$4, from \$43 to \$47 per property;
- Frederick County - does not plan to eliminate the fee in FY 2016; however, it is reviewing the fee for FY 2017 to ensure compliance with the State legislation in regard to the County's municipalities; and
- Harford County – In January 2015, repealed the fee and plans to pay for costs using revenue from its real estate recordation tax.

Jurisdictions have shown considerable variation in their approaches to funding their stormwater management programs. While some jurisdictions such as Baltimore County no longer put any bond revenue into their stormwater management programs, other jurisdictions continued to issue bonds specifically to fund stormwater management projects. Exhibit 7 is based on our research

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and on a Department of Legislative Services prior analysis of planned revenue sources; it shows the estimated/projected share of stormwater revenues for each jurisdiction by revenue source.

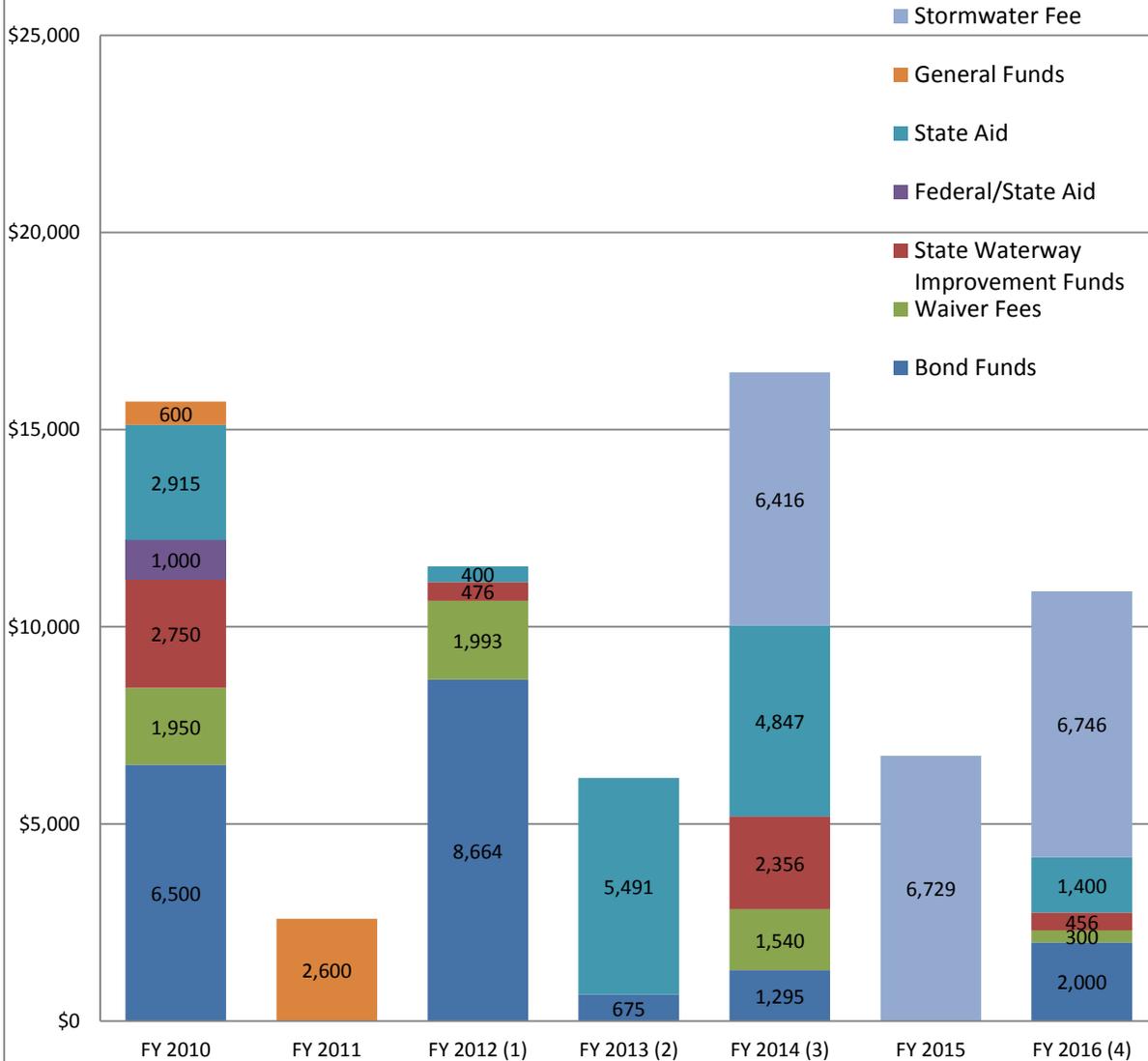
Exhibit 7



Most notable is the blue part of the bottom bar, which reflects Baltimore County's significant reliance on fee revenues; of all the jurisdictions, Baltimore County relies the most on its stormwater remediation fee. The green part of the bar reflects Metropolitan District funding that supports projects which benefit both Metropolitan District facilities (such as sewer mains) and the County's water quality improvement goals related to stormwater remediation. Prior to the inception of the stormwater remediation fee in FY 2014, Baltimore County relied more significantly upon bond revenue to fund its waterway improvement projects, as seen in Exhibit 8, which follows:

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Exhibit 8: Capital Waterway Improvement Fund Budget History
(in thousands)



- (1) 25 transfers to Health Dept. and 5 deleted positions
- (2) 3 net transfers to PAI and 7 deleted positions
- (3) Stormwater remediation fee implemented
- (4) Stormwater remediation fee reduced by 1/3

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Consideration for Increased Use of Debt Financing for Waterway Improvement Capital Projects

The scaling back of bond funding for Waterway Improvement projects is evident. However, it is not clear why the Administration has not opted to classify the Stormwater Management Fund as an enterprise fund, which would allow it to issue debt that would not be subject to the County's General Fund debt guidelines, since the debt would be secured by the self-sustaining nature of the enterprise fund (which would be funded by fees and other revenues such as State aid). Other jurisdictions are utilizing (e.g., Prince George's County) or are considering utilizing (Howard County) enterprise funds for stormwater activities. Such an enterprise fund would be similar to the County's Metropolitan District Fund, which issues its own debt and pays its own debt service. The County's Stormwater Management Fund is legally set up to allow debt service payments. **It is not clear why the Administration has not relied primarily upon debt to finance Waterway Improvement projects, leveraging stormwater remediation fee revenues, in order to minimize the necessary outlays from taxpayers.** A strong case is often made for debt-financing capital improvement projects as follows: current taxpayers should not have to shoulder the full burden of capital projects that will have a useful life of 30+ years. Further, issuing stormwater-restricted debt via an enterprise fund would remove any sense of "competition" for the debt burden amongst other County priorities, such as Education spending/school construction. Just as Metropolitan District projects do not compete with school construction projects for priority funding, stormwater projects would be similarly boxed off in restricted enterprise fund status.

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Consideration for Reducing Stormwater Expenditures based on Past Spending Challenges

As a final consideration for reducing the proposed FY 2016 use of stormwater remediation fee revenue, on the expenditure side, the professional services line item within the Stormwater Remediation Program is one example (of numerous examples) of stormwater fee revenue that has not been expended as planned. A two-year analysis of professional service expenditures indicates that of the \$1.2 million appropriated in FY 2014 and the \$1.1 million appropriated in FY 2015, no funds had been expended to date for these line items.

The Department advised that funds have not been expended due to:

- Challenges associated with: federal, state, and local permitting delays, which could exceed 1 year;
- Challenges with finding qualified contractors and consultants due to their limited supply and high demand from other municipalities; and
- Challenges with hiring qualified staff, while providing training on the County's project management methods as well as specialized training.

The Department has advised that it believes it now has the contractors and staff available; however, it is continuing to experience challenges associated with the permitting delays. These delays and challenges have also affected progress on capital projects themselves.

Reducing the appropriation of stormwater remediation fee revenue for FY 2016 would not affect progress within the Stormwater Remediation Program or for Waterway Improvement Fund capital projects.

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2. Stormwater Remediation Program – Reduce Fringe Benefits Reimbursable (0807) \$31,532

The proposed FY 2016 budget includes \$151,632 for fringe benefits reimbursable for the authorized positions within this program. However, the Department advised that this line item was calculated before the decision was made to delete 5 authorized positions (salary of \$226,848) from this program, as proposed for FY 2016 (see issue # 4). Based on total salaries of \$1,093,785, reimbursable fringe benefits total 13.9%. Accordingly, we recommend a proposed reduction of \$31,532, based on the salaries of the 5 deleted positions (\$226,848) multiplied by the 13.9% fringe benefits reimbursable rate.

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SIGNIFICANT PROGRAM/POLICY INITIATIVES AND/OR CHANGES

3. Stormwater Remediation Operating Program \$(836,790)

On July 7, 2014, the Council passed Resolution 51-14 that asked the Department to review the effectiveness of the County's stormwater remediation fee for non-residential, non-institutional property and to report its recommendations to the Council. The Department advised that the fee reductions would reduce stormwater remediation fee revenues by \$8.1 million (see Exhibit 9), but would not affect the County's ability to meet its required TMDLs for local waterways or the Chesapeake Bay (see issue # 5). On March 2, 2015, the Council approved Bill 9-15 to enact the reduced rates effective for FY 2016, as follows:

Exhibit 9

Property Type	Number of Properties	Original Fee	Revenue with Original Rates	Reduced Fee	Revenue with Reduced Rates	Reduction in Revenue
Residential Single Family Detached	155,961	\$39	\$6,082,479	\$26*	\$4,054,986	\$(2,027,493)
Residential Attached	65,640	\$21	1,378,440	\$14	918,960	(459,480)
Residential Condominium or Cooperative Ownership	19,995	\$32	639,840	\$22	439,890	(199,950)
Non-residential institutional	1,776	\$20 per ERU	\$559,415	\$14 per ERU	391,590	(167,825)
Non-residential, non-institutional	14,890	\$69 per ERU	15,776,131	\$46 per ERU	10,517,420	(5,258,711)
Total	258,262		\$24,436,305		\$16,322,846	\$(8,113,459)

*Also including mobile homes.

The effect of the fee reduction on the Stormwater Remediation Operating Program is a decline in funding totaling \$836,790.

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On September 9, 2014, the County Administrative Officer submitted the Annual Stormwater Remediation Fund Report for the period ending June 30, 2014 to the County Council; this report also appears on the County's website (Office of Budget and Finance, Miscellaneous Reports). Sections 34-4-105(A) and Section 34-4-105(B) of the County Code (Exhibit A) stipulate the information that is required to be included in the website and Council reports, respectively.

In FY 2014, the County Executive announced a \$3 million plan to assist eligible nonprofit organizations where the County would fund and manage the removal of 10,000 square feet of impervious surface. The Department advised that no applications were filed in FY 2014 or FY 2015. The Department speculates that nonprofit organizations evaluated the annual savings of the initiative (approximately \$100 for 10,000 square feet) and concluded that maintaining the impervious surface area was more beneficial for their purposes. The Department further advised that while the program is still in effect for FY 2016, it is considering other ideas.

The Department should be prepared to discuss:

- ***Why its annual report did not reflect actual expenditure information by Council district as required;***
- ***Alternative ideas that have been considered to assist nonprofit organizations; and***
- ***Any plans to further reduce the fee or change funding sources.***

4. Personnel Changes (\$196,658) General Fund & (\$226,848) Special Fund

Subsequent to the Council's approved FY 2015 budget, land preservation responsibilities were transferred (along with two positions - Natural Resource Manager and Natural Resource Specialist II) to the Department of Planning. The salaries for these two positions (totaling \$154,895) remained in the Department's FY 2015 budget (primary reason for the Department's projected FY 2015 salary savings of \$200,000), but the proposed FY 2016 budget transfers these salaries to the Department of Planning.

On April 6, 2015, the Council approved a supplemental appropriation (Bill 18-15) of State funds totaling \$55,000 to the Best Available Technology for OSDs (On-Site Sewage Disposal Systems)

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Administration Fund Gifts and Grants Fund Program. The funds are to be used to support a portion of the salary and fringe benefit costs of 2 existing full-time employees (Environmental Health Specialist II and Geohydrologist II) to administer the implementation of regulations for OSDS that utilize the best available technology (BAT) for the removal of nitrogen. The proposed FY 2016 budget transfers a portion of the salary and fringe benefit costs (\$41,763) for the two positions from the general fund to the grant program.

The proposed FY 2016 budget deletes five vacant positions (Engineer I (2), Engineer Associate III, Natural Resource Specialist I, and II) from the Stormwater Remediation Program (\$226,848). The Department advised these positions were deleted due to the reduction in stormwater remediation fees (see issue # 3), and that responsibilities assigned to these positions could be handled by current Department personnel.

The Department should be prepared to discuss challenges to date in filling Stormwater Remediation Program positions.

The Administration should be prepared to discuss its rationale for transferring land preservation responsibilities to the Department of Planning prior to the FY 2016 budget process.

OTHER ISSUES:

5. Clean Water Act Compliance Costs

In March 2012, Maryland submitted its final Phase II Watershed Implementation Plan (WIP) to the EPA, which outlined the local jurisdictions' plans for meeting the EPA's TMDL targets. Following that submission, the County was provided three months to continue to develop new or enhance its local strategies, until it submitted its Phase II WIP to the Maryland Department of the Environment (MDE) in July 2012, which was subsequently incorporated into MDE's October 2012 Final Maryland Phase II WIP. The Department advised that it met its 2-year milestone targets for

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the reduction of nitrogen and phosphorus.

On December 23, 2013, the County received its NPDES-MS4 permit from MDE which expires 5 years from the issuance date. The Department advised that the permit included new (but anticipated) requirements, including the development of a TMDL implementation plan for each of the EPA-approved TMDLs (22) and a county-wide trash and litter reduction strategy by December 2014. The Department advised that it submitted the 22 TMDL implementation plans and the trash and litter reduction strategy to MDE in December 2014; however, no comments or approval have been received from MDE to date.

The Department advised that once it receives comments or approval from MDE, it will then need to implement the 22 TMDL plans and the trash and litter reduction strategy. The Department advised that for all plans, there is an increased monitoring component to demonstrate progress and ultimately meeting the water quality standards on which the TMDLs are based. The Department advised that it is initiating some of the expanded monitoring this spring and will initiate additional monitoring depending upon results from the State's monitoring of fish tissue toxics this spring.

For the TMDL implementation plans related to bacteria, toxics, and the trash and litter reduction strategy, the Department advised that additional actions have been identified. Specifically, the Department advised that the trash and litter reduction strategy relies heavily on education and outreach programs to change human behavior related to the release of trash into the environment. The Department advised that it wants to inform people on how they can reduce the amount of trash released into the environment (e.g., not putting trash cans out on windy days, throwing cigarettes butts into the trash) so that trash release can be stopped at the source. The Department also advised that education and outreach strategies have the potential to save the citizens of Baltimore County a significant amount on future restoration funding; however, the challenge is to develop and measure the effectiveness of the education and outreach efforts and tailoring those efforts to specific segments of society. The Department further advised that if its education and outreach efforts (along with incentives and enforcement programs) are not successful in changing

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human behavior and do not result in a significant reduction in the amount of trash in the environment, then the later phases of its trash and litter reduction strategy will need to be implemented. These later phases include the installation of trash trapping devices that can be costly and require continued maintenance.

Also, the Department advised that in FY 2016, it plans to perform outreach in regard to reducing pet waste in the environment. The EPA states “When pet waste is improperly disposed of, it can be picked up by stormwater runoff and washed into stormdrains or nearby waterbodies. Since stormdrains do not always connect to treatment facilities, untreated animal feces often end up in lakes and streams causing significant water pollution. Decaying pet waste consumes oxygen and sometimes releases ammonia. Low oxygen levels and ammonia can damage the health of wildlife and even humans.”

The Department also advised that its NPDES-MS4 permit requires over the 5-year period, that 20% of the impervious surface area in the County must be restored. Another requirement of the NPDES-MS4 permit is that all of the public and private stormwater management facilities in the County must be inspected, which the County does at least once every three years. During FY 2015, the Department advised that it plans to complete inspections for 725 of the 1,297 public and 884 of the 1,850 private stormwater management facilities and is targeting 900 public and 900 private facilities for FY 2016. Additionally, the Department advised that there is currently an appeal with the Baltimore County Court of Appeals in regard to litigation from environmental groups against MDE regarding the requirements of the County’s NPDES-MS4 permit. The Department advised that the initial findings of the Baltimore County Circuit Court ruled that MDE had correctly formulated the permit, meaning it could stand as issued. The Department advised that no hearings have been scheduled, but that if environmental groups are successful, it could have a significant impact on the Department’s operations and staffing levels.

Further, the Department advised that in FY 2015, MDE released its geodatabase, which the Department plans to implement in FY 2016. The geodatabase is MDE’s new specification for NPDES-MS4 permit holders to report stormwater-related data on an annual basis starting in 2016.

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The Department advised that the geodatabase will require a substantial amount of information to be populated and will require coordination with the Department of Public Works, the Department of Permits, Approvals and Inspections, and the Office of Information Technology.

The Department should be prepared to discuss:

- ***The estimated costs and implementation timelines for trash and pet waste reduction outreach efforts;***
- ***Ability to issue grants to nonprofit organizations to increase outreach efforts;***
- ***The potential costs for trash trapping devices that will be required if education and outreach efforts are unsuccessful;***
- ***The potential impact to the County if litigation against MDE is successful in regard to the County's NPDES-MS4 permit; and***
- ***Its commitment to providing timely updates to the Council on important related issues.***

6. Progress on Watershed Restoration Initiatives

The Department advised that it is currently working on 19 stream restoration projects, 35 stormwater retrofit/conversion projects, and 11 shoreline enhancement projects. Additionally, the Department advised that it is working on the following stream restoration projects at the following locations: Scotts Level Park; Scotts Level at Marriotsville; White Marsh Run at Upton; Deep Run at Meadowood; Little Gunpowder Falls; Dulaney Valley Tributary; and Sawmill Tributary. The Department's proposed FY 2016 capital budget includes \$3.3 million for watershed restoration projects, consisting of: \$1.8 million in State aid, \$1.3 million in General Obligation Bonds, and \$300,000 in reforestation waiver fees (fees collected from developers in lieu of mitigation on certain project sites). Of the FY 2016 capital budget funding, watershed projects will receive the following allocations: Lower Gunpowder Falls (\$200,000), Gunpowder (\$100,000), Patapsco (\$250,000), Gwynns Falls (\$1.4 million), Jones Falls (\$350,000), Back River (\$200,000), and other watershed projects throughout the County (\$831,000). As of March 31, 2015, unexpended appropriations for these specific watershed restoration initiatives totaled \$22.7 million.

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In order to plan its watershed restoration projects, the Department creates Small Watershed Action Plans (SWAPs) in cooperation with community stakeholders. These SWAPs develop and implement practices that will improve water quality in watersheds throughout the County. The Department advised its plans for SWAPs are as follows:

- 2 SWAPs will be completed in FY 2015 – Northern Loch Raven Reservoir (\$200,000) and Liberty Reservoir (\$207,000);
- 4 SWAPS currently in progress will be completed in FY 2016 - Rural Jones Falls (\$170,000), Urban Lower Gunpowder Falls (\$200,000), Rural Patapsco River (\$120,000), and Little Gunpowder Falls (\$130,000); and
- 2 SWAPs will be initiated in FY 2016 – Western Run – Loch Raven (\$175,000) and Rural Lower Gunpowder Falls (\$150,000).

Additionally, to supplement the Department's efforts, on December 22, 2014 the Council approved two grants (totaling \$31,440) to the Dundalk Renaissance Corporation (DRC) to be used for salaries associated with Bear Creek and Old Road Bay watershed restoration and pollution reduction projects (\$30,000) and for the development of a vandal-resistant sign that promotes and educates the public about tree planting (\$1,440). On December 22, 2014, the Council also approved a \$30,000 grant to Back River Restoration Committee, Inc. (BRRC) for salaries, equipment, and other costs associated with Back River watershed restoration and pollution reduction projects. On May 5, 2014, the Council also approved a \$78,480 grant to BRRC to maintain, clean, and repair the trash boom on the Back River, which contributes to the County Executive's goal of a trash-free Back River by 2020. (Beginning March 2011, the County has provided BRRC an annual grant to operate the trash boom.)

Throughout FY 2015, the Department also provided \$210,000 in grant funding to various watershed associations for restoration projects, plantings, and citizen education and outreach through its Watershed Association Restoration Planning and Implementation Grants program. The Department advised that watershed associations (including the DRC) receiving these grants are required to report to the Department on a quarterly basis on their implementation progress. The Department then tracks and reports the implementation in its annual NPDES-MS4 report. The

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Department advised that since the inception of this grant program in 2006, the local watershed associations have reduced nitrogen by 2,300 lbs., phosphorus by 103 lbs., and sediment by 62,294 lbs. through implementation of restoration projects. Additionally, the Department advised that it is currently in the process of refining its grant program over the next two years to more clearly link the grant proposals to the TMDL implementation plans and the SWAPS and will then determine whether grant funds should be increased or decreased.

The Department should be prepared to discuss:

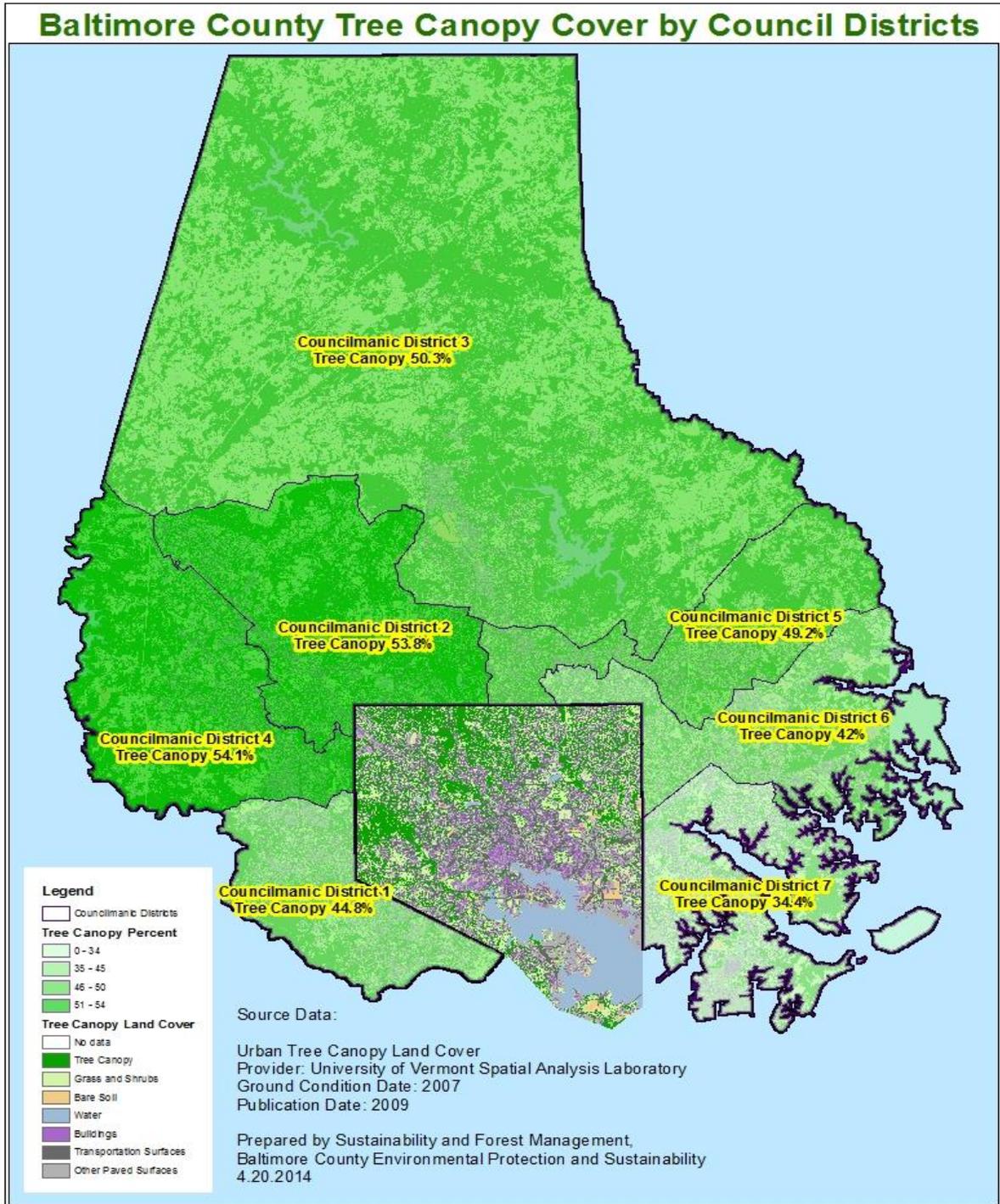
- ***Possible changes to its Watershed Association Restoration Planning and Implementation Grants program; and***
- ***The reason for the significant balance of unexpended appropriations for watershed restoration capital projects.***

7. Reforestation

On April 25, 2013, the County Executive unveiled goals to enhance tree cover in all areas of the County, specifically targeting sensitive watershed areas and locations determined to have a tree canopy deficiency. The goals, which will improve water quality (helping to achieve WIP, TMDL, and NPDES-MS4 permit requirements) and forest sustainability, are to achieve and maintain a 50% tree canopy county-wide and within the three drinking water reservoirs (Loch Raven, Pretty Boy, and Liberty), and a 40% tree coverage within the more populated areas inside the Urban Rural Demarcation Line (URDL) by 2025. The map on the following page provides the tree canopy by Council District.

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Exhibit 10



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The Department advised that there is currently a tree canopy deficiency of approximately 5,000 acres Countywide and nearly 2,000 acres within the URDL. The Department also advised that for every 100 acres of reforestation, 2% is contributed toward the tree canopy goal. The Department further advised that the County's WIP (see issue # 5) proposes to plant 1,500 acres of new trees/forest by 2025, which is 120 acres each year (if fully funded) and for every 100 acres of reforestation, 13% is contributed towards that goal.

The Department advised that its forest sustainability initiatives include:

- WIP Implementation – Since 2013, a total of 72.05 acres of reforestation and 195 large-caliper shade trees (equivalent to 1.95 acres) were planted through 2014.
- BigTrees Sales – From 2009 through 2014, more than 2,800 trees have been purchased by citizens for planting on residential properties.
- Community Tree Planting Guidelines – The Department's review of citizen tree planting on County lands from 2012 to 2014 has resulted in the approval of 74 projects for a total of 1,646 trees.
- Grants – On April 21, 2014, the Council approved a supplemental appropriation (Bill 12-14) of State funds totaling \$97,443 to implement a 2-year project in connection with the Governor's Stream Restoration Challenge that resulted in the planting of approximately 18 acres of trees at 18 Baltimore County Public Schools (BCPS) sites. The Department also planted 70 large caliper street trees in front of two BCPS schools in Dundalk using stormwater fees and \$31,800 from the Chesapeake Bay Trust Green Streets, Green Jobs, Green Towns grant program.

In December 2013, the Baltimore County Commission on Environmental Quality released a report (in response to Council Resolution No. 72-13) providing feedback on the County's tree canopy goals. The report provided the following recommendations:

- Develop clear guidelines to address tree removal, tree replacement, and evaluation of alternatives to tree removal;
- Promote the case for long-term design and maintenance of planted trees;
- Support education of homeowners about conservation landscaping and "designing with

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nature”;

- Facilitate communication and coordination among all County agencies to support the tree canopy goals; and
- Anticipate threats to the County’s tree canopy (e.g., natural and human).

The Department advised that it has reviewed and addressed the Commission’s recommendations, most notably:

- Conservation Landscaping - The Department advised that it has implemented “turf-to-trees” projects, which approaches citizens about the possibility of planting trees on large-lot rural residential developments. The Department also advised that it is working with BCPS and Property Management to begin incorporating “meadow mowing” (mow 1-2 times per year) in reforestation and tree planting areas on County grounds.
- Anticipate Tree Canopy Threats – The Department advised that it has continued to follow the potential for tree mortality from the emerald ash borer. MDE describes the emerald ash borer as “a serious invasive insect that, prior to Maryland’s detection in late August 2003, had only been detected in the U.S. in Michigan (2002) and Ohio (2003). The insect feeds on and kills ash trees, an important neighborhood and landscaping tree, one to three years after infestation.” MDE explained that during 2012, it had found nine counties within the State that had the emerald ash borer: Prince George’s, Charles, Anne Arundel, Howard, Allegany, Washington, Montgomery, St. Mary’s, and Garrett. The last three counties, were found to be infected with the insect within the last year. The Department advised that it has added the most recent State-developed homeowner guide to its website, which includes information about options for landowners with ash trees. Overall, while ash trees comprise about 4% of the urban canopy in the County, the ash tree population is widely dispersed, primarily on private properties. The Department advised that when the emerald ash borer infects a tree, the only way to get rid of the insect is to inject the tree with an insecticide. This is a time intensive and costly process and it is cheaper to let the tree die and plant another species in its place.

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The Department further advised that by the end of FY 2015, it expects to have completed 23 reforestation and urban tree planting projects (55.05 acres) at a cost of \$521,783 using stormwater remediation fees. For FY 2016, the Department estimates that it will complete five reforestation and urban tree planting projects (16 acres) at a cost of \$77,805 using stormwater remediation fees (the Department explained that additional projects for FY 2016 will be developed after the FY 2015 projects are completed and after landowners have fully committed to the reforestation).

The Department should be prepared to discuss:

- ***Whether the Big Trees Sale held on Saturday, May 9, 2015 was successful in spite of the fact that most tree species were “sold out” prior to the sale;***
- ***Citizen feedback from its “turf-to-trees” initiative;***
- ***Whether it has any plans to attempt to slow the spread of the emerald ash borer; and***
- ***How many trees have been cut down to complete stream restoration projects.***

BALTIMORE COUNTY
FISCAL YEAR 2016 RECOMMENDED BUDGET

**DEPARTMENT OF ENVIRONMENTAL PROTECTION
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APPROPRIATION DETAIL					
	FY 2014 ACTUAL	FY 2015 APPROP	FY 2016 REQUEST	NET CHANGE	
				AMOUNT	%
<u>General Fund</u>					
4201 Administration & Oper.	\$ 5,153,230	\$ 5,157,921	\$ 4,926,569	\$ (231,352)	-4.5%
<u>Special Fund</u>					
4203 Stormwater Remediation Program	\$ 1,206,705	\$ 2,645,040	\$ 1,808,250	\$ (836,790)	-31.6%
421621 Community Reforestation Program	(58,783)	275,562	318,999	43,437	15.8%
421622 SWM Facilities Inspection Program	289,270	295,859	315,103	19,244	6.5%
421623 Best Available Tech. for OSDS Admin.	-	55,000 ^(B)	64,349	9,349	17.0%
421636 Valleys Reforestation Initiative	9,940	-	-	-	-
Special Fund Total	1,447,132 ^(A)	3,271,461	2,506,701	(764,760)	-23.4%
Total All Funds	\$ 6,600,362	\$ 8,429,382	\$ 7,433,270	\$ (996,112)	-11.8%

^(A) Reflects audited expenditures of \$256,386 less than the amount reflected in the Executive's Budget documents.

^(B) Adjusted for one supplemental appropriation totaling \$55,000 not reflected in the Executive's budget documents.

BALTIMORE COUNTY
FISCAL YEAR 2016 RECOMMENDED BUDGET

**DEPARTMENT OF ENVIRONMENTAL PROTECTION
AND SUSTAINABILITY (042)**

PERSONNEL DETAIL									
	FY 2014 ACTUAL		FY 2015 APPROP		FY 2016 REQUEST		NET CHANGE		
	FULL	PART	FULL	PART	FULL	PART	FULL	PART	
<u>General Fund</u>									
4201 Administration & Oper.	69	4	68	2	65	3	(3)		1
<u>Special Fund</u>									
4203 Stormwater Remediation Program	15	3	18	3	14	2	(4)		(1)
421621 Community Reforestation Program	0	4	0	4	0	5	0		1
421622 SWM Facilities Inspection Program	0	2	0	2	0	2	0		0
421623 Best Available Technology for OSDS Administration	0	0	0	0	0	0	0		0
421636 Valleys Reforestation Initiative	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
Special Fund Total	<u>15</u>	<u>9</u>	<u>18</u>	<u>9</u>	<u>14</u>	<u>9</u>	<u>(4)</u>		<u>0</u>
Total All Funds	<u><u>84</u></u>	<u><u>13</u></u>	<u><u>86</u></u>	<u><u>11</u></u>	<u><u>79</u></u>	<u><u>12</u></u>	<u><u>(7)</u></u>		<u><u>1</u></u>