

T&E COMMITTEE #1
April 26, 2011

Worksession

MEMORANDUM

April 25, 2011

TO: Transportation, Infrastructure, Energy & Environment (T&E) Committee

FROM: *KL* Keith Levchenko, Senior Legislative Analyst

SUBJECT: **Worksession: FY12 Operating Budget: Department of Environmental Protection (DEP) and FY12 Water Quality Protection Charge Rate Resolution**

Council Staff Recommendation: Approve the DEP General Fund, Grant Fund, and Water Quality Protection Fund budgets and the Water Quality Protection Charge rate resolution as recommended by the County Executive.

NOTE: DEP-Solid Waste Services is reviewed separately (T&E #1)

The Executive's recommendation for DEP is attached on ©1-10. The following officials and staff are expected to attend the worksession:

- Robert Hoyt, Director, Department of Environmental Protection (DEP)
- Stan Edwards, Chief of Environmental Policy and Compliance, DEP
- Steven Shofar, Chief of Watershed Management, DEP
- Meosotis Curtis, Watershed Management, DEP
- Amy Stevens, Watershed Management, DEP
- Gladys Balderrama, Manager, Administrative Services, DEP
- John Greiner, Senior Management and Budget Specialist, OMB

Department Structure

Not counting Solid Waste Services (which is reviewed separately), DEP is organized into three broad program areas. These programs are summarized below:

- **Watershed Management**
 - Watershed-based monitoring, planning, policy development, and project implementation activities (including NPDES-MS4 permit compliance)
 - Stormwater Facility Maintenance

- **Environmental Policy and Compliance**

- Development and implementation of scientifically-based programs in areas such as climate protection, energy conservation, air quality, noise abatement, forest and tree resources, and surface and groundwater quality
- Environmental monitoring of solid waste facilities
- Enforcement of environmental laws in areas such as noise, pollution, air, and water quality

- **Director's Office**

- Overall management and administration to the department including finance, automation, personnel issues, and other areas
- Policy development and leadership for all programs
- Centrally coordinated public education element
- Water and wastewater management and coordination

For this budget review, an overview of DEP (not including Solid Waste Services) is presented first. More detailed discussion is presented by fund (General Fund followed by the Water Quality Protection Fund) later in this memorandum.

Department Overview

**Table #1
DEP Expenditures and Positions/Workyears (All Funds)**

	Actual	Approved	CE Rec	Change FY11-FY12	
	FY10	FY11	FY12	\$\$\$	%
Personnel Costs	5,355,990	5,606,600	7,561,100	1,954,500	34.9%
Operating Expenses	5,519,484	6,799,790	7,351,520	551,730	8.1%
Capital Outlay	396,351	28,000	111,000	83,000	296.4%
Total	11,271,825	12,434,390	15,023,620	2,589,230	20.8%
Full-Time Positions	63	70	75	5	7.1%
Part-Time Positions	3	2	2	0	n/a
Workyears	52.1	51.5	83.7	32.2	62.5%

For FY12, the Executive recommends total expenditures of \$15,023,620 for the Department of Environmental Protection, a 20.8% increase from the FY11 Approved Budget. These numbers include expenditures in the General Fund, the Water Quality Protection Fund, and the Grant Fund (but not Solid Waste Services, which is reviewed in a separate memorandum). As noted later, the General Fund is down for FY12, while the Water Quality Protection Fund is up substantially for FY12. The FY12 Grant Fund expenditures (\$162,980) are the same as originally assumed for the FY11 budget.¹

Not included in Table #1 are charges to the CIP. DEP also charges about 4.9 workyears to the Solid Waste Disposal Fund for environmental monitoring activities of the Gude and Oaks closed landfills.

¹ Since there is no change assumed from the FY11 Approved Budget, the Grant fund items are referenced in the General Fund section of this memorandum rather than broken out in a separate section.

Also, beginning in FY11, The Water Quality Protection Fund began debt financing some projects. The associated debt service (\$450,000 estimated for FY12) is appropriated in the debt service fund with a transfer from the Water Quality Protection Fund each year used to cover these costs.

Position Changes

For the FY12 Operating Budget, the Executive recommends creating 3 new positions within the Water Quality Protection Fund and abolishing two positions, as shown below:

**Table 2:
Position Changes in DEP Operating Budget**

	FY12 Costs*	WYs	Comments
New Positions			
MS4 Sr. Planning Specialist (F/T)	83,490	0.8	Rainscapes program (WQPF)
Ms4 Planning Specialist III (F/T)	77,430	0.8	Volunteer specialist (WQPF)
Planning Specialist II (F/T)	75,220	0.8	Data management (WQPF)
Abolished Positions			
Senior Planning Specialist	(144,300)	-1.0	Air Quality Planning work curtailed
Principal Administrative Aide	(63,720)	-1.0	code enforcement case management moved to Code Enforcement Supervisor
Shifts			
New charge from DOT	2,050,070	30.0	storm drain maintenance

*New position costs include personnel costs and associated operating expenses.

There are also 4 new positions assumed as part of the CIP program (not reflected in the Operating Budget totals).

The new Water Quality Protection Fund positions are related to DEP’s ramp up of work related to the new NPDES-MS4 permit (and all are funded out of the Water Quality Protection Fund).

The abolished Senior Planning Specialist position was almost entirely (98%) funded out of the General Fund, with a small amount charged to the Solid Waste Disposal Fund. The Principal Administrative Aide position was split among the General Fund (55%), Solid Waste Disposal Fund (25%), and the Water Quality Protection Fund (20%). Council Staff asked DEP for information on the abolished positions and how the work will (or will not be) addressed by existing staff.

- Senior Planning Specialist: *“will result in a reduction or elimination of activities in support of this program such as: Participation in MWAQC will be curtailed and assigned to the Chief of the Division of Environmental Policy and Compliance. Day to day activities, such as responding to public inquiries on air quality issues such as radon questions, maintenance of the DEP website related to air quality, support to EAQAC, etc. will be delayed or curtailed. Code enforcement activities will continue under the guidance of the Chief of the Division of Environmental Policy and Compliance and the Code Enforcement Supervisor on a more limited basis. Lastly, DEP will not be able to seek grant funding on behalf of the County for air emission control measures. This position obtained over \$400,000 in grants in FY10.”*

- Principal Administrative Aide: *“The primary responsibility of this position was Case Base management to track code enforcement activities and processing Public Information Act Requests related to our enforcement unit, burn permits, and a large number of telephone inquiries from citizens regarding the enforcement program. The position also provided back-up telephone coverage for the receptionist.*

Some of the key work of the abolished PAA has been shifted to Code enforcement staff as follows: Case Base Management is handled by the Code Enforcement Supervisor, PIAs have been assigned to other administrative staff in the department; inquiry calls (over 700 in calendar 2010) were handled by code enforcement staff, supervisor, and Division Chief. As a result of the elimination of these two positions, we are monitoring closely effects that the considerable increased workload my have on Code enforcement activities. Additionally, some of these activities are now handled by 311.”

Council Staff is concerned about the trend over the past several years of General fund positions (and activities) being reduced or even eliminated, even as massive increases in resources are redirected or added for water quality related purposes. This issue is discussed in more detail later in this memorandum.

More specifically, with regard to the Senior Planning Specialist position, the County would appear to be foregoing substantial grant opportunities with regard to air quality emission control measures.

Lapse

DEP’s lapse for FY12 is recommended to remain unchanged from FY11 at \$189,854, which represents approximately 2.5% of personnel costs. This does not include the lapse assumed for each of the new positions. Based on past reviews, a 2% to 3% lapse rate appears reasonable for a department such as DEP.

General Fund Budget

Overview

**Table #3
DEP Expenditures and Positions/Workyears**

General Fund	Actual	Approved	CE Rec	Change FY11-FY12	
	FY10	FY11	FY12	\$\$\$	%
Personnel Costs	2,171,979	1,481,990	1,273,980	(208,010)	-14.0%
Operating Expenses	482,630	465,220	45,780	(419,440)	-90.2%
Capital Outlay	9,999	-	-	-	-
Total	2,664,608	1,947,210	1,319,760	(627,450)	-32.2%
Full-Time Positions	43	42	40	(2)	-4.8%
Part-Time Positions	2	1	1	-	0.0%
Workyears	19.3	11.6	10.4	(1.2)	-10.3%

As shown on Table #3, for FY12, General Fund expenditures in the DEP budget are recommended to drop \$627,450 (about 32.2%). Unlike for FY11, most of this reduction is not the result of shifts to the Water Quality Protection Fund.²

Summary Crosswalk from FY11 to FY12

The FY12 CE recommendation within the DEP General Fund Budget includes a decrease of \$1.08 million. A crosswalk of all major expenditure changes is included in the Recommended Budget (see ©7) and is summarized in Table #4 below:

**Table #4
DEP General Fund Budget Changes**

Technical Adjustments	
Salary and Benefit Adjustments, Annualizations	9,670
Adjust motor pool rates, printing and mail, and central duplicating rates	(74,720)
Subtotal - Technical Adjustments	(65,050)
Shifts	
Shift personnel costs to the Solid Waste Services Fund (Administration)	(26,650)
Subtotal - Shifts	(26,650)
Cost Reductions	
Eliminate Operating Expense Items in the Director's Office and Env Policy & Compliance)	(55,110)
Increase Help Desk - Desk Side Support	3,880
Verizon Point to Point T1 Replacement and Frame Relay Replacement	(7,290)
Subtotal - Cost Reductions	(58,520)
Service Changes	
Eliminate support for the Maryland Clean Energy Center as previously scheduled	(286,200)
Abolish 1 PAA partially funded by the General Fund (Administration)	(46,730)
Abolish 1 Senior Planning Specialist (Environmental Policy and Compliance)	(144,300)
Subtotal - Service Changes	(477,230)
Total Recommended Changes from FY11	(627,450)

Table #4 highlights that about one-quarter of the General Fund reduction is from technical adjustments, shifts, and cost reductions (all with no assumed service impact). About three-quarters of the reduction is from changes with some service impact.

The service reductions include the abolishment of the two positions discussed earlier and the elimination of funding for the Maryland Clean Energy Center. FY11 represented the third and final year of a start-up grant. The Executive is considering a request from the Center for continued funding in FY12 at a lower level than FY11. However, no operating budget amendment has come to the Council yet.

Shrinking of General Fund Workyears

As mentioned earlier, General Fund workyears have declined substantially over the past several years. Many positions (or portions of staff charges) are now charging to the Water Quality Protection

² This comes on top of last year's reduction of 35.8% (about a 19% reduction when taking into account that more than half of the reduction was the result of shifts in funding to the Water Quality Protection Fund).

Fund. Also, several General Fund positions have been eliminated in recent years. As a result, General Fund positions and workyears have declined from their peak of 48 positions and 37.8 workyears in FY02 to 40 and 10.4 (respectively) in the FY12 Recommended Budget.

DEP provided an organizational chart (attached on ©11-12) which presents departmental sections and positions. The first page of the chart breaks out the positions outside of the Division of Watershed Management (i.e., the Director's Office, Water and Wastewater Management, Management Services, Public Education Outreach, and the Division of Environmental Policy and Compliance). These sections have a combined total of 29 full-time and 2 part-time positions. Of these, all but 10.4 workyears are charged to the Water Quality Protection Fund.

Other than the administrative needs of the department, the major areas of staffing for DEP outside Water Quality are:

- **Water and Wastewater Management** (3 staff) – This function includes managing the County's Water and Sewer Plan (and amendments/category changes requested) and coordinating with various outside agencies such as: WSSC, M-NCPPC, DCWater, and the Metropolitan Washington Council of Governments. These positions are funded primarily out of the General Fund but with some charges to the Solid Waste Fund as well.
- **Code Enforcement** (7 staff) – This section responds to cases involving water quality, indoor and outdoor air quality, illegal dumping, noise, general environmental assessments, and miscellaneous other environmental issues. They also monitor the closed Oaks and Gude landfills and the Beantown dump.
- **Planning and Policy Implementation** (4 staff) – This section includes DEP's Forest Conservation Coordinator as well as DEP's Senior Energy Planner, and an Energy Planning Specialist as well as DEP's Environmental Sustainability Planner. With the exception of the Forest Conservation Coordinator (who is partially charged to the Water Quality Protection Fund), the positions are charged to the General Fund and the Grant Fund (ARRA).

Council Staff believes this is a bare bones operation with broad areas of coverage in topics of major concern today, such as: water and sewer infrastructure, clean energy and energy conservation, and climate change and sustainability. All of these areas combined are about 1/8 of the total workyears in the department. The status of some of these programs is provided below.

Energy

Two years ago, the County was awarded a \$7.6 million federal grant for various clean energy and energy conservation initiatives across its agencies. DEP staff led the effort to obtain the grant and coordinated the allocation of the dollars to the various agencies, and is responsible for reporting back to the Federal government on results. On March 4, 2011, DEP forwarded a status report (attached on ©13-17) on the programs funded by the grant. These programs make up much of what DEP and other departments and agencies are doing with regard to energy and sustainability issues in general.

DEP was successful in getting its portion of the administrative work covered with grant dollars. Beginning in FY11, portions of three DEP staff members' costs are covered with this grant, totaling

\$162,980 in FY11 and again in FY12. For FY13, the positions will need to be fully funded again in the General Fund, unless new grant dollars become available.

Green Business Certification Program

The Green Business certification program is intended to recognize and publicize businesses that are meeting certain environmental standards, as identified through an application and verification process. This program was first funded in the FY09 budget. The first year focused on the research and development of the program in close coordination with the Montgomery County Chamber of Commerce. The program was rolled out in the fall of 2009. Below is an update of the program provided by DEP:

There are now 28 certified businesses ranging from a 5-person orthodontics office to the headquarters of an international hotel chain. To see what other businesses are certified, go to the Certified Green Business Directory. We are currently working with stakeholders in the development of a checklist specifically designed for landscapers and are considering adding this sector to the program in the not-too-distant future. Program expenditures are used almost entirely for onsite verification by a third party outside consultant. Marketing is done through existing networks, particularly the Montgomery County Chamber of Commerce. Recently, the Gazette of Politics and Business provided the program with free advertising space in its special "Maryland Gone Green?" insert which was distributed to 20,000 businesses around the region. About \$4,000 in County funds are encumbered and, depending on the number of applications received, will likely last through the end of FY11. For FY12, we will use \$25,000 in EECBG funds which are likely to last through the early part of FY13, after which other funding options must be considered.

Gypsy Moth Suppression

The County works in partnership with the Maryland Department of Agriculture (MDA) with regard to gypsy moth surveying and suppression. The County and MDA split the surveying costs 50/50, and the County pays approximately 30% of the spraying costs with MDA. The County also may do additional spraying at its own expense. DEP staff prepared a chart (see ©18) showing trends in program expenditures over the past several years (for both the County and MDA).

Costs in the program can fluctuate substantially from year to year, based on the results of the annual mid-year survey. However, overall gypsy moth populations tend to curve up over a period of years and then curve down. The current peak in gypsy moth population was previously projected in FY09 and FY10 but in fact may have peaked in FY08.

In FY10, no spraying was done. These results may be due to the results of the County's aggressive efforts (including additional spraying done by the County in prior years) as well as recent cool and wet weather patterns in the spring season.

No spraying was included in the FY11 budget and no spraying is assumed in the FY12 budget either. The annual winter survey is still funded and will confirm whether any spraying ultimately is needed in FY12.

Water and Sewer Plan

The Council recently received a package of category changes for consideration. The Council receives one or two packages of amendments per year. Some requests are also dealt with administratively throughout the year by DEP (consistent with Water and Sewer policies).

A comprehensive update to the Water and Sewer Plan is long overdue. The Plan was last comprehensively updated in 2003. DEP staff have indicated that the Executive will be transmitting recommended comprehensive revisions to the Council later this year.

There are a number of important policy issues that the Council should consider during its discussions of this year's comprehensive update, including: the Private Institutional Facilities (PIF) policy, extension cost financing, issues associated with aging septic systems, a Master Plan recommended sanitary study of the Glen Hills area in Potomac, application fees, and numerous other issues.

Code Enforcement

DEP provided the following information to Council Staff on the status of DEP's code enforcement efforts:

In calendar year 2010, Code Enforcement staff responded to 1,444 documented cases related to water quality, indoor and outdoor air quality, illegal dumping, noise, general environmental assessments, and miscellaneous other environmental issues. Also, in calendar year 2010 Code Enforcement received 1,307 Service Requests (SR) from MC311. Of the 1,307 SRs, 523 became documented cases included in the 2010 total of 1,444. The other 784 SRs were handled by DEPC Code Enforcement staff as requests for information through call backs or emails. Prior to MC311, the majority of these 784 inquiries for information would have come directly to DEP and been handled by DEP administrative staff answering the telephone. In addition, DEPC Code Enforcement staff provides monitoring of the Dickerson solid waste facilities, the closed Oaks and Gude landfills, and the Beantown dump. Due to the addition of 16 new groundwater monitoring wells at the Gude landfill, the staff time required to complete the monitoring at this facility has doubled.

Council Staff Recommendations (General Fund)

The FY12 DEP General Fund budget is substantially pared down, with two positions abolished and operating expenses cut substantially for the second straight year. Council Staff believes that DEP General Fund staffing is quite thin given the broad areas of responsibility assumed, and does not recommend any further reductions.

Water Quality Protection Fund Budget

**Table #5
DEP Expenditures and Positions/Workyears**

Water Quality Prot. Fund	Actual FY10	Approved FY11	CE Rec FY12	Change FY11-FY12	
				\$\$\$	%
Personnel Costs	3,184,011	3,961,630	6,124,140	2,162,510	54.6%
Operating Expenses	4,948,942	6,334,570	7,305,740	971,170	15.3%
Capital Outlay	9,999	28,000	111,000	83,000	-
Total	8,142,952	10,324,200	13,540,880	3,216,680	31.2%
Full-Time Positions	20	28	35	7	25.0%
Part-Time Positions	1	1	1	-	n/a
Workyears	32.8	38.2	71.6	33.4	87.4%

Unlike the General Fund portion of the DEP budget (which is down substantially), expenditures in the Water Quality Protection Fund are recommended to increase by 31.2% .

A crosswalk of all major expenditure changes is included in the Recommended Budget (see ©7-8). About two thirds of the increase is the shifting of DOT storm drain expenditures (\$2,050,070, 30 WYs) to the Water Quality Protection Fund. The balance of changes is the result of a number of program enhancements as well as numerous miscellaneous changes. DEP staff provided a summary chart (see ©19-20) that summarizes the major work items from FY11 to FY12.

Comments from the Water Quality Advisory Group are attached on ©23-24.

Water Quality Protection Charge Background

In 2001, the Council approved Bill 28-00, which created the stormwater management fund (called the Water Quality Protection Fund). This fund is supported by the annual Water Quality Protection Charge. The charge is based on an equivalent residential unit (ERU).

The ERU is the amount each property owner of a single-family detached home pays per year for each property owned. Townhouse owners pay 1/3 of an ERU. Condominiums and apartments are assessed based on actual imperviousness that is converted to an ERU number. Associated non-residential properties (i.e., properties that drain into facilities that also serve residential properties) are also charged in a similar manner to condominiums and apartments.

DEP is considering a number of changes to the charge that may broaden the charge's reach and bring in additional revenue over time while also providing a more equitable charge structure. For instance, DEP is considering local legislative changes that would allow the County to charge Federal facilities as well as non-residential facilities that currently are not charged. DEP is also looking at modifying how homeowners are charged, to more directly link the charge to actual imperviousness.

The Council is required to set the ERU rate each year by resolution. A resolution (see ©22) was introduced on March 22 and a public hearing was held on April 12. The Executive is

recommending a rate increase from \$49.00 to \$62.00. The net revenue³ generated per dollar charged per equivalent residential unit (ERU) is approximately \$230,000.

The recommended rate increase is needed to cover operating budget increases (described below) as well as current revenue for the CIP and (beginning in FY11) debt service for bonds used to pay for CIP projects.

NPDES-MS4 Permit Status

DEP is the lead department coordinating a multi-department/agency response to meet the requirements of the stormwater permit issued to the County by the Maryland Department of the Environment on February 16, 2010. The major requirements of the County's NPDES-MS4 Permit are:

1. Complete restoration efforts for an additional 20 percent of the County's impervious, urban surfaces not currently restored to the maximum extent practicable.
2. Support regional strategies to reduce trash and increase recycling as set forth in the Trash Free Potomac Watershed Initiative 2006 Action Agreement to eliminate trash in the Anacostia and Potomac Rivers.
3. Implement TMDL limits to restore impaired waterways in the County by developing and implementing plans to reduce nonpoint source pollutant loads (e.g., from stormwater). Ensure anti-degradation measures for high quality waters (Tier II waters) within the County, including appropriate reviews prior to approval of capital projects, water/sewer plan amendments, and any development with the potential to affect water quality and downstream water quality.
4. Establish long-term schedules for identifying sources of pollution and water quality improvement opportunities for all watersheds in the County.
5. Use environmental-site design/low-impact development as a method to capture stormwater, by improving the County's stormwater management ordinances/regulations and modifying the County's planning and zoning codes as needed. Environmental Site Design (ESD) as outlined in Chapter 5 of the Maryland Stormwater Management Act is required to be implemented to the maximum extent practicable.
6. All new construction in the County must follow the State stormwater controls as defined in the Stormwater Management Act of 2007. Chapter 5 of the Stormwater Management Act on Environmental Site Design requires developers to maintain after development, as nearly as possible, the predevelopment runoff characteristics to the maximum extent practicable.
7. Detect and eliminate illegal, non-stormwater discharges into the storm drain.
8. Involve and engage the public in the process of stormwater control.

³ The charge is paid by Gaithersburg residents, but the revenue received is passed back (minus an administrative fee) to the City of Gaithersburg, which spends the revenue on stormwater management-related projects in the City.

The County submitted its draft implementation plan to the State on February 16, 2011. However, the County has been ramping up expenditures in the Water Quality Protection Fund (Operating Budget and CIP) for the past couple of years based on the draft and final permit requirements.

Shift of DOT Costs for Storm Drain Maintenance to the Water Quality Protection Fund

The movement of storm drain maintenance costs to the Water Quality Protection Fund is the single biggest increase to the Fund for FY12 (\$2,050,070 and 30 WYs). Council Staff asked DEP a number of questions regarding this shift. DEP's answers are below.

- What storm drain work is required under the NPDES permit?
One of the specific MS4 requirements under "Road Maintenance" is inlet cleaning. Additionally, under source identification, the MS4 permit requires storm drain system (major outfalls, inlets, and associated drainage area) delineated. Mapping of the storm drain system in the County has not yet been completed.
- Please break down the storm drain maintenance chargeback costs.
The total in the DOT operating budget for storm drain maintenance is \$3,285,540, of which \$2,050,070 is being charged to the Water Quality Protection Fund.
- What work is expected to be done annually?
DOT's storm drain efforts are for routine maintenance that includes drainage maintenance, roadway ditches, seeding and resodding, cleaning drainage systems, drainage pipes, catch basins, paving drainage ditches and sump pump activities.
- Does the chargeback assume current levels of work or an increase in effort?
This is basically the same level of effort as fiscal year 2011.
- Are there plans to do more planning/inventory work and prioritize stormdrain issues of concern?
Yes, although it is true that the program has been reactive in nature, responding primarily to service requests, we are working with DOT to have environmental concerns be one of the factors for prioritizing their activities. Currently we do not have an asset inventory with condition assessment. However, we do know that there is an existing backlog of storm drain related issues as many of the storm drain systems were installed as far back as the 1930's and are well past their useful life. As with many of our maintenance programs this one has been under-funded and we hope that in the future we can increase funding to create an inventory, relieve the backlog and become more environmentally proactive in our approach.
- What authority will DEP have under the new funding approach to plan and prioritize work?
DEP and DOT will jointly develop a Memorandum of Understanding to agree upon a work plan for the storm drain program. DEP will have input in identifying priority areas from an environmental/water quality perspective, and will be able to review work accomplished on a regular basis.

The issue of storm drain maintenance and whether to include these costs in the Water Quality Protection Fund was debated during the creation of the Fund and the charge 10 years ago. At the time,

the charge was set to cover primarily storm water facility maintenance only and to consider the more expansive issue of conveyance at a later time.

Over time, the use of Fund dollars has expanded to include other activities such as streetsweeping, ESD/LID studies and other projects. However, given the direct relationship between storm drains and storm water management facilities and the fact that the new NPDES permit sets out requirements related to storm drains, **Council Staff believes it makes sense to move storm drain maintenance into the Water Quality Protection Fund program.** In fact, storm drain capital costs arguably should migrate to the Water Quality Protection Fund as well. This can be considered in the context of the FY13-18 CIP review next year.

Possible Use of Water Quality Protection Fund for M-NCPPC Costs

At the Planning, Housing, and Economic Development (PHED) Committee worksession on April 11, the PHED Committee conceptually supported utilizing Water Quality Protection Fund dollars to cover costs incurred by M-NCPPC staff related to water quality efforts. The PHED Committee asked Council Staff to work with M-NCPPC and DEP staff to follow up on this issue and to present options to the Council that are consistent with County law governing the use of Water Quality Protection Fund dollars and with County policy with regard to how DEP currently charges costs to the Fund. **This work is ongoing and will be presented to the Council as part of the M-NCPPC Parks Budget discussion in early May.**

Council Staff suggests the T&E Committee also weigh in on this concept and consider the following issues:

- M-NCPPC preliminarily identified about \$1.1 million in direct staff costs for work it does on park property that is associated with water quality monitoring, education and outreach, illicit discharges, and restoration efforts.⁴ This amount equates to about a \$4.80 increase in the ERU rate. However, if supervision, policy, and planning work, and administrative overhead were to also be considered (given that DEP charges those types of costs to the Fund as well), this number could be substantially higher (as would the impact on the ERU rate).
- DEP is focusing its Water Quality Protection Fund efforts on meeting the County's NPDES-MS4 permit requirements. Some of the parks-related activities (while perhaps legally eligible for Fund dollars) are intended to address different permits.
- The ERU rate is recommended to increase from \$49.00 to \$62.00 for FY12 and to increase at similar or higher rates over the next six years. Any additional costs charged to the Fund by M-NCPPC will mean even higher increases.
- Other agencies (such as MCPS and WSSC) may be able to make similar arguments to M-NCPPC for utilizing Water Quality Protection Fund dollars.
- A broader question, beyond what level of chargeback to the Fund is appropriate from M-NCPPC, is whether the division of work as it exists now between DEP and M-NCPPC is the

⁴ DEP already provides structural maintenance to stormwater management facilities on park property. These costs are funded with Water Quality Protection Fund dollars.

most efficient way to handle water quality issues. **Council Staff suggests this question be taken up after the budget.**

Fiscal Plan

The Water Quality Protection Fund Fiscal Plan is attached on ©10. This chart shows estimated costs, revenues and fund balance from FY11 through FY17. Some key facts regarding the fund are noted below:

- This fiscal plan was developed prior to the submission of the County's Implementation Plan this past February. DEP is in the process of updating the fiscal plan.
- The fund balance target was revised two years ago from a level of between 10 and 15 percent of resources to a 5 percent goal. This lower level goal is a reflection of the fact that the revenue stream for this fund is extremely stable (since it is collected via property tax bills). Ultimately, the County's General Fund is the fund of last resort should any County special fund be in a deficit. The recommended fiscal plan assumes to maintain 5% or greater balances in each of the years through FY17.
- There is a significant ramp-up in the CIP (especially in debt-financed projects) to cover the 20% watershed restoration goal. This issue can be discussed as part of next year's FY13-18 CIP review process.
- The ramp-up on the operating side related to the NPDES-MS4 permit is much less substantial at this time. Most of the costs for FY12 relate to the stormdrain maintenance shift and other planning work and automation upgrades.
- The charge per ERU would increase up to \$113.50 by FY17.

FY12 Revenues

In addition to the Water Quality Protection Charge, the DEP budget includes three other ongoing revenue items, including the Special Protection Area (SPA) Monitoring Fee, Civil Citations, and the Water and Sewer Plan Review Fee. The fees are estimated to bring in a total of \$180,000 in FY12 (an increase of \$40,000 from the FY11 budget).

Water and Sewer Plan Review Fee

This fee was created in FY06 and is charged to applicants seeking category changes. The intent of the fee is to deter frivolous requests and to provide some cost recovery for the program. DEP and DPS staff must do a substantial amount of work related to category change applications, including: answering applicant questions, assembling the application materials, coordinating reviews and comments from Permitting Services, M-NCPPC staff, and WSSC staff, and drafting an Executive staff report and recommendations for each request.

The fee structure is broken down by type of development (residential, commercial, institutional, public, mixed-use, and public health cases). Non-profit institutions (PIFs), public health cases, and public use/government applications do not pay a fee.

Council Staff recommends that the fee structure and levels be reviewed in the context of the Council's upcoming comprehensive review of the 10 Year Water and Sewer Plan.

Special Protection Area (SPA) Fee

This fee is intended to cover the cost of pre- and post-construction monitoring by DEP of development within designated Special Protection Areas in the County. Developers are also required to perform their own Best Management Practices (BMP) monitoring.

According to Chapter 19, Article 5 of the County Code, the fee charged must be based on the "reasonable cost of administering and enforcing" the program. In FY07, DEP estimated that its staff costs (two positions) for biological monitoring and managing BMP consultants were approximately \$130,000 per year.

The SPA Monitoring Fee is currently \$475 per acre of development within designated Special Protection Areas in the County. Developers pay the fee at the time sediment control plans are approved by the Department of Permitting Services. The fee has not been increased since 1994, when the law putting this fee in place was enacted.

In FY10, revenue from the fee totaled \$169,280, and \$150,000 is assumed for FY12 based on DEP's discussions with Department of Permitting Staff about likely developments moving forward in FY12.

Civil Citations

DEP is responsible for enforcing several areas of the County Code, including: Chapter 3 (Air Quality Control), Chapter 18A (Energy Policy), Chapter 19 (Water Quality), Chapter 31B (Noise Control), Chapter 33 (Pesticide Use), Chapter 38 (Quarries), and Chapter 48 (Solid Waste). DEP's enforcement staff was discussed earlier. No change in the annual revenue from these citations is assumed for FY12 (\$20,000).

Bill 8-11, Carryout Bag Excise Tax

The Council is scheduled to vote on the Bag Tax on May 3, 2011. The T&E Committee recommended approval of the Bag Tax legislation (2-1, Floreen opposed) with some amendments. If approved, any revenues from the tax would go into the Water Quality Protection Fund.

The fiscal impact statement for the bill assumes about \$208,000 in net revenue in FY12 (after program startup costs), with higher amounts in initial years followed by declines over time as the use of disposable bags goes down.

Given the uncertainty of results in the first year of the tax and the fact that the revenues would be dedicated to the Water Quality Protection Fund, Council Staff does not recommend assuming any additional revenue at this time. The issue can be revisited during the FY13 budget review.

Summary of Council Staff Recommendations

Council Staff recommends approval of the FY12 DEP General Fund Budget, Grant Fund Budget, and Water Quality Protection Fund Budget as recommended by the County Executive.

Council Staff recommends approval of the FY12 Water Quality Protection Charge equivalent residential unit (ERU) rate increase from \$49.00 to \$62.00 as recommended by the County Executive. *NOTE: If some M-NCPPC costs are to be funded within the Water Quality Protection Fund, then the ERU rate will need to be adjusted.*

Attachments

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Environmental Protection

MISSION STATEMENT

The mission of the Department of Environmental Protection (DEP) is to improve the quality of life in our community through conservation, protection, and restoration of natural resources guided by the principles of science, sustainability, and stewardship; and to provide solid waste management services, including reducing, reusing, and recycling waste in an environmentally progressive and economically sound manner.

BUDGET OVERVIEW

The total recommended FY12 Operating Budget for the Department of Environmental Protection is \$15,023,620, an increase of \$2,589,230 or 20.8 percent from the FY11 Approved Budget of \$12,434,390. Personnel Costs comprise 50.3 percent of the budget for 75 full-time positions and two part-time positions for 83.7 workyears. Operating Expenses and Capital Outlay account for the remaining 49.7 percent of the FY12 budget.

The debt service for the Water Quality Protection Fund is appropriated in the Debt Service Fund and is, therefore, not displayed in this section. To pay for the debt service, a transfer of funds from the Water Quality Protection Fund to the Debt Service Fund of \$450,000 for Water Quality Protection bonds is required.

In addition, this department's Capital Improvements Program (CIP) requires Current Revenue funding.

LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ❖ *A Responsive, Accountable County Government*
- ❖ *Healthy and Sustainable Neighborhoods*

DEPARTMENT PERFORMANCE MEASURES

Performance measures for this department are included below, with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY11 estimates incorporate the effect of the FY11 savings plan. FY12 and FY13 targets assume the recommended FY12 budget and FY13 funding for comparable service levels.

ACCOMPLISHMENTS AND INITIATIVES

- ❖ *Developed a report on recommended changes to the County's codes and planning process to allow environmental site design to be implemented to the 'maximum extent practicable' as required under the MS-4 permit.*
- ❖ *Developed a regulatory approach for protecting the County's trees, and drafted proposed legislation for submission to Council codifying the approach.*
- ❖ *Improved County streams and protected residents by constructing or upgrading stormwater structures that control polluted runoff from 420 acres of land.*
- ❖ *Developing a Sewerage Facility Plan for the Clarksburg Historic District in cooperation with the Washington Suburban Sanitary Commission and the Department of General Services.*
- ❖ *Led the regional renegotiation of the Inter-Municipal Agreement (IMA) to establish the financial and operating responsibilities of users of the Blue Plains Wastewater Treatment Plant, with signing by regional authorities anticipated by 2011.*
- ❖ *Provided technical and policy support to the Maryland-National Capital Park and Planning Commission in the development of the Water Resources Element, which analyzes the County's water supplies, wastewater treatment capacity, and point and non-point source pollutants, and which identifies potential issues related to future growth.*

- ❖ Led the effort to install diesel emissions control equipment on 78 County heavy duty diesel vehicles through grant awards totaling \$564,689 from the Mid-Atlantic Regional Air Management Administration and the Maryland Department of the Environment.
- ❖ Certified 20 businesses since launching the Montgomery County Green Business Certification Program with the Montgomery County Chamber of Commerce.
- ❖ Developed regulations to implement the Home Energy Loan Program. (The program is currently on hold due to issues at the federal level.)
- ❖ Handled over 1,500 environmental code enforcement and Public Information Act requests.
- ❖ Developed three interactive, Google-based water quality map applications which allow County residents to learn about their neighborhood streams and watersheds based on a visual map layout and address input.
- ❖ Restored and stabilized over 3,500 feet of degraded stream channels and eroding stream banks.
- ❖ Cost shared 88 projects on residential and private institutional properties to reduce runoff volume and improve water quality through the FY10 RainScapes Rewards Rebate Program.
- ❖ Conducted RainScapes Program training for over 200 people in workshops for landscape contractors and homeowners. The training focused on making and installing rain barrels and rain gardens for residential settings and using conservation landscaping techniques.
- ❖ Completed the first 5 residential rain gardens in Glen Echo Heights, a RainScapes Targeted Neighborhood where the goal is to have at least 30 percent of properties install some form of stormwater control.
- ❖ Began a full-scale native plant cultivation project based on the success of a school pilot RainScapes 'Growing Program.'
- ❖ Provided outreach and education to over 2,000 residents, business owners, and stakeholders at 29 local and regional events.
- ❖ Began monitoring flows in the Breewood and Wheaton Woods neighborhoods to evaluate the reduction in stormwater runoff resulting from low impact development (LID) retrofits.
- ❖ Completed benthic organisms (organisms that live in, on, or near the stream bed) and physical habitat monitoring at 87 stream stations, 59 of which were also monitored for the fish community.
- ❖ Will accept an additional 134 facilities for inspection in the Stormwater Management Facility Inspection Program, which includes over 4,300 facilities.
- ❖ Will accept an additional 67 new and newly transferred facilities into the Stormwater Management Facility Maintenance Program, which consists of over 1,900 publicly and privately owned stormwater management facilities.
- ❖ Will provide for storm drain maintenance activities that reduce trash and stormwater pollution in the County's rivers and streams using the Water Quality Protection Charge.
- ❖ Will provide for additional positions and initiatives to comply with the new MS-4 permit, maintenance of new stormwater facilities added to the inventory, process enhancements to the Water Quality Protection Charge (WQPC), and storm drain maintenance currently supported by the General Fund by increasing the WQPC from \$49 to \$62 per equivalent residential unit (ERU).
- ❖ Productivity Improvements
 - Implemented an on-line application and records tracking database for the RainScapes Rewards program to reduce administrative time spent by customers and Department staff.
 - Prevented 1,278 tons of debris from entering storm drains and streams through an enhanced street-sweeping program focusing on the most degraded areas within the Anacostia and Lower Rock Creek sub-watersheds.
 - Mapped sites of illegal dumping complaints to allow Environmental Code Enforcement staff members to efficiently locate addresses, watersheds, and hot spots where problems occur most often.

- Developed a consolidated Water and Sewer Category database which includes mapping capabilities as well as records of past application activities.
- Incorporated requests for information under the Maryland Public Information Act into the Department's case management system to allow better status tracking.

PROGRAM CONTACTS

Contact Gladys Balderrama of the Department of Environmental Protection at 240.777.7732 or John Greiner of the Office of Management and Budget at 240.777.2765 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Watershed Management

This program supports watershed-based monitoring, planning, policy development, and project implementation activities designed to achieve County stream protection goals (Chapter 19, Article IV) and comply with the federal Clean Water Act NPDES Municipal Separate Storm Sewer System (MS-4) permit. In combination with the stormwater management projects in the Capital Improvements Program, this program will provide stormwater treatment for 4,100 acres of impervious area by 2015. Program staff conduct baseline stream monitoring, storm drain discharge monitoring, and public outreach activities that increase awareness and promote citizen involvement in stream stewardship. The program also assesses land development impacts on water resources and the effectiveness of best management practices that mitigate those impacts within the County's four designated "Special Protection Areas" (Chapter 19, Article IV).

Program staff manage, inspect, and enforce the operational effectiveness of approximately 4,270 stormwater management facilities which receive stormwater runoff discharge and are designed to protect County streams. The Department is also responsible for the structural maintenance of approximately 1,930 of these facilities.

Revenue for this program is generated by the Water Quality Protection Charge, applied to all residential and associated non-residential properties (associated non-residential properties are non-residential properties that drain into the stormwater facilities of residential properties) except for those in the cities of Rockville and Takoma Park.

Program Performance Measures	Actual FY09	Actual FY10	Estimated FY11	Target FY12	Target FY13
County Watershed Stream Quality Index of Biological Integrity (IBI) Score ¹	58%	58%	60%	61%	62%
Reduction of Pollutant Level Needed to Meet Water Quality Standards: Nitrogen (pounds)	147,174	175,101	173,350	171,617	169,901
Reduction of Pollutant Level Needed to Meet Water Quality Standards: Phosphorus (tons)	15,301	17,799	17,621	17,445	17,271
Reduction of Pollutant Level Needed to Meet Water Quality Standards: Sediment (tons)	NA	6,667	6,601	6,535	6,469
Reduction of Pollutant Level Needed to Meet Water Quality Standards: Bacteria (maximum probable number or MPN)	999,370	716,495	709,330	702,237	695,214
Impervious Acres Treated Through RainScapes Program (cumulative) ²	1.9	2.5	4.8	22.5	35
Impervious Acres Treated with Stormwater Facility Retrofits (cumulative) ³	977	978	1,249	1,469	2,326
Stormwater Facility Maintenance Compliance Rate ⁴	71.6%	83.4%	84.3%	85.3%	86.3%

¹ The Index of Biological Integrity (IBI) score classifies watersheds by the diversity of plant and animal life and other factors. Higher scores indicate a healthier watershed.

² Goal is 50 acres by FY15.

³ Goal is 5,000 acres by FY15.

⁴ Percentage of private and County-owned stormwater facilities that have complied with the inspection report and/or maintenance notification work order detailing the repairs and/or maintenance needed for the stormwater facility.

FY12 Recommended Changes	Expenditures	WYs
FY11 Approved	10,324,200	38.2
Shift: Move Selected Operating Costs for the Department of Transportation's Storm Drain Maintenance Program from the General Fund to the Water Quality Protection Fund	2,050,070	30.0
Enhance: Software Development to Update and Expand Scope of Water Quality Protection Charge	350,000	0.0
Increase Cost: Adjustment to Gaithersburg Pass-Through for Changes to the Water Quality Protection Charge	204,580	0.0
Enhance: Maintenance of New and Newly Transferred Stormwater Management Facilities	127,800	0.0
Add: Operating Costs for Two New Permitting Services Inspector III Positions in the New Construction Section (Personnel Costs Funded by the CIP: \$139,760, 1.6 WY), and Three Service Trucks	119,800	0.0
Enhance: Provide Operating Budget Funds for MS4 Outreach and Education Programs	100,000	0.0
Enhance: Add Senior Planning Specialist to Manage the RainScapes Program	83,490	0.8
Enhance: Add Watershed Outreach Planner/Coordinator (Planning Specialist III)	77,430	0.8

	Expenditures	WYs
Increase Cost: Down County Stream Gauge Maintenance	76,010	0.0
Enhance: Add Planning Specialist II for Geo-data Management and Analysis for Stormwater Facilities	75,220	0.8
Enhance: Operating Budget Impacts of Stream Restoration and Stormwater Control Projects Completed in the Capital Improvements Program	72,220	0.0
Increase Cost: Annualization of FY11 Personnel Costs	70,790	0.0
Enhance: Inspection of New Stormwater Management Facilities Entering the County Program	70,500	0.0
Increase Cost: Restore Personnel Costs - Furloughs	56,190	1.6
Increase Cost: CPI Increases for Stormwater Facility Maintenance and Asset Management Software Contracts	50,000	0.0
Increase Cost: Annualization of Positions Approved in FY11	43,960	0.6
Increase Cost: CPI Increase to Lease	11,440	0.0
Increase Cost: Department of Finance Chargeback	7,060	0.0
Add: Operating Costs for New Manager III (Personnel Costs Funded by CIP: \$100,210, 0.8 WY) to Oversee the New Construction Section	4,900	0.0
Enhance: Operating Costs for New Senior Engineer Position (Personnel Costs Funded by CIP: \$85,280, 0.8 WY) for Contract Management of Construction of Low Impact Development Projects	4,900	0.0
Increase Cost: Printing and Mail Adjustment	440	0.0
Reduce: Abolish Principal Administrative Aide Position Partially Funded by the Water Quality Protection Fund	-16,990	-0.2
Decrease Cost: Retirement Adjustment	-38,830	0.0
Decrease Cost: Group Insurance Adjustment	-68,640	0.0
Shift: Personnel Costs for Three Engineer Positions Partially Supporting CIP Programs as of FY11	-109,560	-1.0
Decrease Cost: Elimination of One-Time Items Approved in FY11	-206,100	0.0
FY12 CE Recommended	13,540,880	71.6

Environmental Policy and Compliance

This program develops and implements scientifically-based, integrated programs which protect and enhance the County's environmental resources and promotes sustainable practices by the County government, businesses, and residents. The division develops, analyzes, and enforces policies, programs, and regulations related to air quality (ambient and indoor), water quality and stormwater management, energy conservation, forest and tree resources, noise control, pollution prevention, and sustainability efforts. The division is also responsible for environmental monitoring of the County's solid waste facilities; coordination of responses on all legislative referrals at the local, state, and federal levels; and participation on local and regional task forces, committees, and various advisory groups.

Program Performance Measures	Actual FY09	Actual FY10	Estimated FY11	Target FY12	Target FY13
Average Number of Days to Resolve Environmental Enforcement Cases	34	38	35	35	35
Percent of Customers Satisfied with DEP Response to Environmental Complaints ¹	84.8%	78.8%	79%	79%	79%
Residential Building Energy Use as a Measure of Greenhouse Gas Reductions (Million British Thermal Units) ²	38,733,162	39,180,247	39,627,332	40,074,417	40,521,502
Non-Residential Building Energy Use as a Measure of Greenhouse Gas Reductions (Million British Thermal Units) ³	33,553,255	34,014,365	34,475,475	34,936,584	35,397,694

¹ FY11-FY13 based on average of previous four years.

² Historic data from Montgomery County fuel-energy tax records. Projected figures based on recent trends in energy consumption. The FY10 figure was affected by a mid-year rate change.

³ Historic data from Montgomery County fuel-energy tax records. Projected figures based on recent trends in energy consumption. The FY10 figure was affected by a mid-year rate change.

FY12 Recommended Changes	Expenditures	WYs
FY11 Approved	1,078,380	6.2
Reduce: Abolish One Senior Planning Specialist in the Division of Environmental Policy and Compliance	-144,300	-1.0
Eliminate: Scheduled Elimination of Support for the Maryland Clean Energy Center	-286,200	0.0
Miscellaneous adjustments, including restoration of employee furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-52,000	0.5
FY12 CE Recommended	595,880	5.7

Grants

In FY10, the County received an Energy Efficiency and Conservation Block Grant, funded by the American Recovery and Reinvestment Act (ARRA), to explore opportunities and implement improvements related to energy efficiency and conservation through seven separate activities. The grant provides for the following five activities to be implemented by DEP: oversight of energy conservation and renewable energy in buildings owned by the County government or outside agencies, the Home Energy Loan Program, the Commercial & Multi-Family Building Energy Efficiency Grant Program, the Commercial & Multi-Family Building Study, and energy education. (The Home Energy Loan Program is currently on hold due to issues at the federal level; the funds for this activity may be re-allocated.) In addition, the Department is responsible for providing leadership, coordination, and progress

oversight to other County departments and outside agencies participating in the grant, and for fulfilling the grant reporting requirements for all seven activities. FY11 and FY12 personnel costs associated with these activities are displayed below.

FY12 Recommended Changes	Expenditures	WYs
FY11 Approved	162,980	1.7
FY12 CE Recommended	162,980	1.7

Administration

The Office of the Director provides leadership on policy development, implementation, and administration for all departmental programs. The Director's Office is also responsible for planning, development, and administration of water supply and wastewater policies for the County, development of the State-required Montgomery County Comprehensive Water Supply and Sewerage System Plan, and development and implementation of the County groundwater strategy (which focuses on water quality and water supply aspects of groundwater resources). The technical experts in this program work to ensure that the County's management of water and wastewater protects public health and the environment. In addition, the Director's Office provides centrally coordinated public education, outreach, and communication of County environmental initiatives and objectives, as well as budget development and administration, contract management, human resources management, geographical information systems and information technology services, and operational management.

Program Performance Measures	Actual FY09	Actual FY10	Estimated FY11	Target FY12	Target FY13
Percent Concurrence of County Council Water and Sewer Service Actions with DEP Recommendations	100%	92%	95%	95%	96%

FY12 Recommended Changes	Expenditures	WYs
FY11 Approved	868,830	5.4
Shift: Charges from the General Fund for Various Solid Waste Activities	-26,650	-0.2
Reduce: Abolish One Principal Administrative Aide Partially Funded by the General Fund	-46,730	-0.5
Decrease Cost: Eliminate Funding for Operating Budget Items in the Director's Office and the Division of Environmental Policy and Compliance.	-55,110	0.0
Miscellaneous adjustments, including restoration of employee furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-16,460	0.0
FY12 CE Recommended	723,880	4.7

BUDGET SUMMARY

	Actual FY10	Budget FY11	Estimated FY11	Recommended FY12	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	1,616,594	1,064,720	1,071,420	958,090	-10.0%
Employee Benefits	555,385	417,270	410,280	315,890	-24.3%
County General Fund Personnel Costs	2,171,979	1,481,990	1,481,700	1,273,980	-14.0%
Operating Expenses	482,630	465,220	426,190	45,780	-90.2%
Capital Outlay	9,999	0	0	0	—
County General Fund Expenditures	2,664,608	1,947,210	1,907,890	1,319,760	-32.2%
PERSONNEL					
Full-Time	43	42	42	40	-4.8%
Part-Time	2	1	1	1	—
Workyears	19.3	11.6	11.6	10.4	-10.3%
REVENUES					
SPA Monitoring Fee	169,280	100,000	100,000	150,000	50.0%
Civil Citations - DEP	8,065	20,000	20,000	20,000	—
Water and Sewer Plan Review Fee	11,250	20,000	12,000	10,000	-50.0%
County General Fund Revenues	188,595	140,000	132,000	180,000	28.6%
GRANT FUND MCG					
EXPENDITURES					
Salaries and Wages	0	130,230	260,330	130,760	0.4%
Employee Benefits	0	32,750	65,360	32,220	-1.6%
Grant Fund MCG Personnel Costs	0	162,980	325,690	162,980	—
Operating Expenses	87,912	0	5,246,070	0	—
Capital Outlay	376,353	0	0	0	—
Grant Fund MCG Expenditures	464,265	162,980	5,571,760	162,980	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	1.7	1.7	1.7	—
REVENUES					
ARRA Energy Efficiency Block Grant	0	162,980	5,009,920	162,980	—
DEP Equip Diesel Emission Reduction	28,973	0	0	0	—
MEA Empower Grant	58,939	0	0	0	—
Marama Grant	376,353	0	547,540	0	—
Chesapeake Bay Trust Outreach Program	0	0	14,300	0	—
Grant Fund MCG Revenues	464,265	162,980	5,571,760	162,980	—
WATER QUALITY PROTECTION FUND					
EXPENDITURES					
Salaries and Wages	2,511,702	2,993,810	2,990,030	4,798,700	60.3%
Employee Benefits	672,309	967,820	949,410	1,325,440	37.0%
Water Quality Protection Fund Personnel Costs	3,184,011	3,961,630	3,939,440	6,124,140	54.6%
Operating Expenses	4,948,942	6,334,570	6,340,680	7,305,740	15.3%
Capital Outlay	9,999	28,000	0	111,000	296.4%
Water Quality Protection Fund Expenditures	8,142,952	10,324,200	10,280,120	13,540,880	31.2%
PERSONNEL					
Full-Time	20	28	28	35	25.0%
Part-Time	1	1	1	1	—
Workyears	32.8	38.2	38.2	71.6	87.4%
REVENUES					
Investment Income	17,569	60,000	10,000	20,000	-66.7%
Water Quality Protection Charge	10,814,466	11,725,680	11,725,680	15,325,460	30.7%
Water Quality Protection Fund Revenues	10,832,035	11,785,680	11,735,680	15,345,460	30.2%
DEPARTMENT TOTALS					
Total Expenditures	11,271,825	12,434,390	17,759,770	15,023,620	20.8%
Total Full-Time Positions	63	70	70	75	7.1%
Total Part-Time Positions	3	2	2	2	—
Total Workyears	52.1	51.5	51.5	83.7	62.5%
Total Revenues	11,484,895	12,088,660	17,439,440	15,688,440	29.8%

FY12 RECOMMENDED CHANGES

	Expenditures	WYs
COUNTY GENERAL FUND		
FY11 ORIGINAL APPROPRIATION	1,947,210	11.6
Changes (with service impacts)		
Reduce: Abolish One Principal Administrative Aide Partially Funded by the General Fund [Administration]	-46,730	-0.5
Reduce: Abolish One Senior Planning Specialist in the Division of Environmental Policy and Compliance [Environmental Policy and Compliance]	-144,300	-1.0
Eliminate: Scheduled Elimination of Support for the Maryland Clean Energy Center [Environmental Policy and Compliance]	-286,200	0.0
Other Adjustments (with no service impacts)		
Increase Cost: Restore Personnel Costs - Furloughs	27,290	0.5
Increase Cost: Annualization of FY11 Personnel Costs	19,540	0.0
Increase Cost: Help Desk - Desk Side Support	3,880	0.0
Increase Cost: Printing and Mail Adjustment	1,720	0.0
Decrease Cost: Verizon Point to Point T1 Replacement	-3,270	0.0
Decrease Cost: Verizon Frame Relay Replacement	-4,020	0.0
Decrease Cost: Retirement Adjustment	-10,370	0.0
Shift: Charges from the General Fund for Various Solid Waste Activities [Administration]	-26,650	-0.2
Decrease Cost: Group Insurance Adjustment	-26,790	0.0
Decrease Cost: Eliminate Funding for Operating Budget Items in the Director's Office and the Division of Environmental Policy and Compliance. [Administration]	-55,110	0.0
Decrease Cost: Motor Pool Rate Adjustment	-76,440	0.0
FY12 RECOMMENDED:	1,319,760	10.4
GRANT FUND MCG		
FY11 ORIGINAL APPROPRIATION	162,980	1.7
FY12 RECOMMENDED:	162,980	1.7
WATER QUALITY PROTECTION FUND		
FY11 ORIGINAL APPROPRIATION	10,324,200	38.2
Changes (with service impacts)		
Enhance: Software Development to Update and Expand Scope of Water Quality Protection Charge [Watershed Management]	350,000	0.0
Enhance: Maintenance of New and Newly Transferred Stormwater Management Facilities [Watershed Management]	127,800	0.0
Add: Operating Costs for Two New Permitting Services Inspector III Positions in the New Construction Section (Personnel Costs Funded by the CIP: \$139,760, 1.6 WY), and Three Service Trucks [Watershed Management]	119,800	0.0
Enhance: Provide Operating Budget Funds for MS4 Outreach and Education Programs [Watershed Management]	100,000	0.0
Enhance: Add Senior Planning Specialist to Manage the RainScapes Program [Watershed Management]	83,490	0.8
Enhance: Add Watershed Outreach Planner/Coordinator (Planning Specialist III) [Watershed Management]	77,430	0.8
Enhance: Add Planning Specialist II for Geo-data Management and Analysis for Stormwater Facilities [Watershed Management]	75,220	0.8
Enhance: Operating Budget Impacts of Stream Restoration and Stormwater Control Projects Completed in the Capital Improvements Program [Watershed Management]	72,220	0.0
Enhance: Inspection of New Stormwater Management Facilities Entering the County Program [Watershed Management]	70,500	0.0
Add: Operating Costs for New Manager III (Personnel Costs Funded by CIP: \$100,210, 0.8 WY) to Oversee the New Construction Section [Watershed Management]	4,900	0.0
Enhance: Operating Costs for New Senior Engineer Position (Personnel Costs Funded by CIP: \$85,280, 0.8 WY) for Contract Management of Construction of Low Impact Development Projects [Watershed Management]	4,900	0.0
Reduce: Abolish Principal Administrative Aide Position Partially Funded by the Water Quality Protection Fund [Watershed Management]	-16,990	-0.2
Other Adjustments (with no service impacts)		
Shift: Move Selected Operating Costs for the Department of Transportation's Storm Drain Maintenance Program from the General Fund to the Water Quality Protection Fund [Watershed Management]	2,050,070	30.0

	Expenditures	WYs
Increase Cost: Adjustment to Gaithersburg Pass-Through for Changes to the Water Quality Protection Charge [Watershed Management]	204,580	0.0
Increase Cost: Down County Stream Gauge Maintenance [Watershed Management]	76,010	0.0
Increase Cost: Annualization of FY11 Personnel Costs [Watershed Management]	70,790	0.0
Increase Cost: Restore Personnel Costs - Furloughs [Watershed Management]	56,190	1.6
Increase Cost: CPI Increases for Stormwater Facility Maintenance and Asset Management Software Contracts [Watershed Management]	50,000	0.0
Increase Cost: Annualization of Positions Approved in FY11 [Watershed Management]	43,960	0.6
Increase Cost: CPI Increase to Lease [Watershed Management]	11,440	0.0
Increase Cost: Department of Finance Chargeback [Watershed Management]	7,060	0.0
Increase Cost: Printing and Mail Adjustment [Watershed Management]	440	0.0
Decrease Cost: Retirement Adjustment [Watershed Management]	-38,830	0.0
Decrease Cost: Group Insurance Adjustment [Watershed Management]	-68,640	0.0
Shift: Personnel Costs for Three Engineer Positions Partially Supporting CIP Programs as of FY11 [Watershed Management]	-109,560	-1.0
Decrease Cost: Elimination of One-Time Items Approved in FY11 [Watershed Management]	-206,100	0.0
FY12 RECOMMENDED:	13,540,880	71.6

PROGRAM SUMMARY

Program Name	FY11 Approved		FY12 Recommended	
	Expenditures	WYs	Expenditures	WYs
Watershed Management	10,324,200	38.2	13,540,880	71.6
Environmental Policy and Compliance	1,078,380	6.2	595,880	5.7
Grants	162,980	1.7	162,980	1.7
Administration	868,830	5.4	723,880	4.7
Total	12,434,390	51.5	15,023,620	83.7

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY11		FY12	
		Total\$	WYs	Total\$	WYs
COUNTY GENERAL FUND					
CIP	CIP	1,338,630	12.4	1,509,730	14.0

FUTURE FISCAL IMPACTS

Title	CE REC.		(\$000's)			
	FY12	FY13	FY14	FY15	FY16	FY17
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY12 Recommended	1,320	1,320	1,320	1,320	1,320	1,320
No inflation or compensation change is included in outyear projections.						
Assumption of Positions Charged to the ARRA Energy Efficiency and Conservation Block Grant for the Duration of the Grant	0	163	163	163	163	163
The portions of three positions charged to the ARRA Energy Efficiency and Conservation Block Grant will once again be charged to the General Fund after the expiration of the grant in FY12.						
Motor Pool Rate Adjustment	0	43	43	43	43	43
Subtotal Expenditures	1,320	1,526	1,526	1,526	1,526	1,526
WATER QUALITY PROTECTION FUND						
Expenditures						
FY12 Recommended	13,541	13,541	13,541	13,541	13,541	13,541
No inflation or compensation change is included in outyear projections.						
Annualization of Positions Recommended in FY12	0	55	55	55	55	55
New positions in the FY12 budget are generally lapsed due to the time it takes a position to be created and filled. Therefore, the amounts above reflect annualization of these positions in the outyears.						

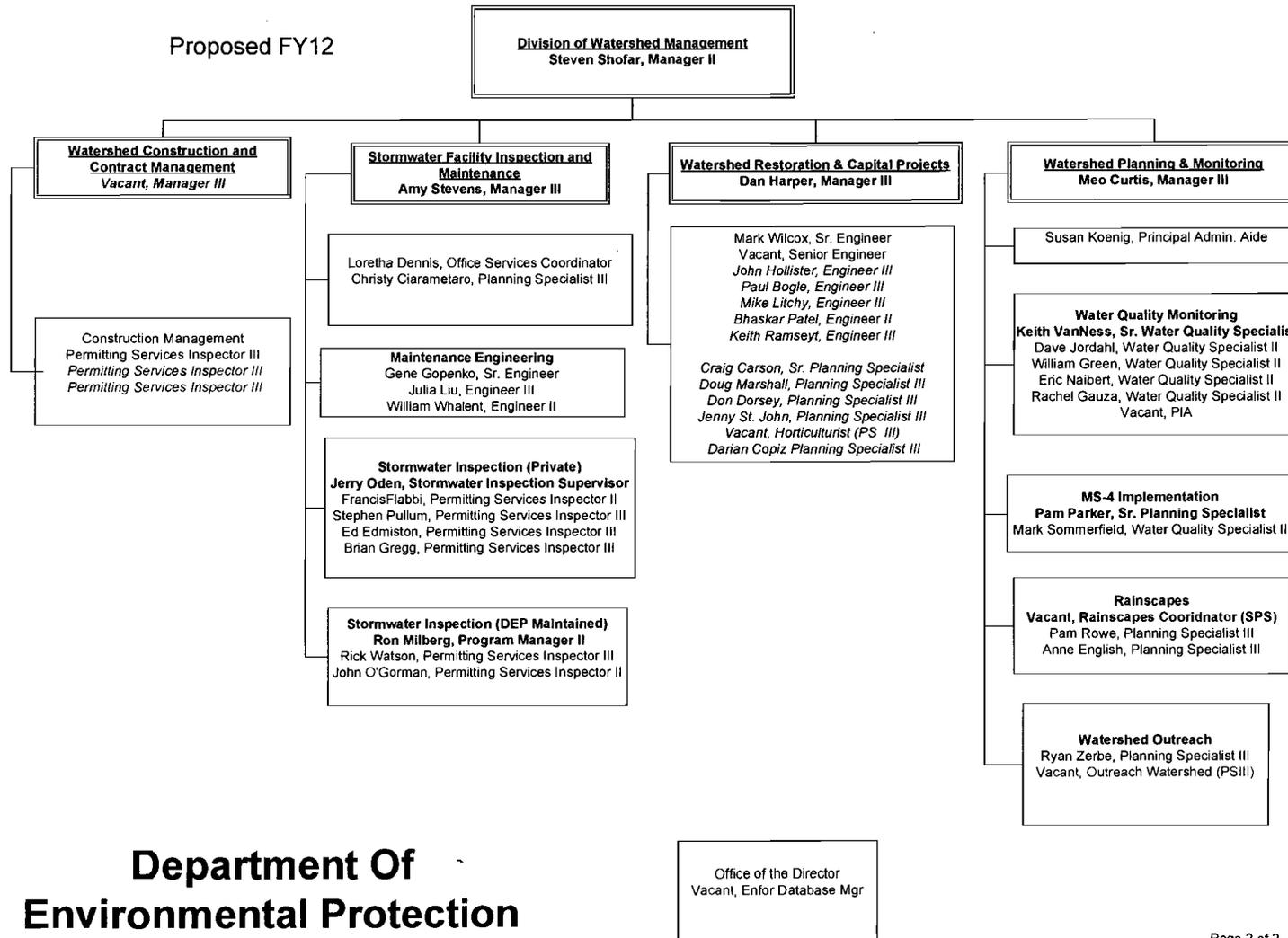
Title	CE REC.		(\$000's)			
	FY12	FY13	FY14	FY15	FY16	FY17
Elimination of One-Time Items Recommended in FY12	0	-493	-493	-493	-493	-493
Items recommended for one-time funding in FY12 (including software development to upgrade the Water Quality Protection Charge, computers and furniture for 7 new positions, and 3 service trucks) will be eliminated from the base in the outyears.						
Inspections of New Facilities	0	71	141	212	282	282
These figures represent costs associated with the inspection of new above ground and underground stormwater management facilities projected to enter the Water Quality Protection Program.						
Maintenance of New and Newly Transferred Stormwater Management Facilities	0	128	256	383	511	511
Expenditures reflect the maintenance requirements of new stormwater management facilities and existing stormwater management facilities that transfer into the County's maintenance program.						
Operating Budget Impacts of CIP Projects for Improving Streams and Controlling Stormwater	0	62	153	263	372	482
These figures represent the impacts on the Operating Budget (maintenance, utilities, and staff) of projects included in the County Executive's FY11-16 Approved Capital Improvements Program.						
Subtotal Expenditures	13,541	13,363	13,652	13,960	14,268	14,378

ANNUALIZATION OF PERSONNEL COSTS AND WORKYEARS

	FY12 Recommended		FY13 Annualized	
	Expenditures	WYs	Expenditures	WYs
Enhance: Add Planning Specialist II for Geo-data Management and Analysis for Stormwater Facilities [Watershed Management]	67,020	0.8	83,780	1.0
Enhance: Add Senior Planning Specialist to Manage the RainScapes Program [Watershed Management]	78,590	0.8	98,240	1.0
Enhance: Add Watershed Outreach Planner/Coordinator (Planning Specialist III) [Watershed Management]	72,530	0.8	90,660	1.0
Total	218,140	2.4	272,680	3.0

FY12-17 PUBLIC SERVICES PROGRAM: FISCAL PLAN		Water Quality Protection Fund					
FISCAL PROJECTIONS	FY11 ESTIMATE	FY12 RECOMMENDED	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION	FY16 PROJECTION	FY17 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	12.59%	12.59%	12.59%	12.59%	12.59%	12.59%	12.59%
CPI (Fiscal Year)	2.0%	2.4%	2.7%	3.0%	3.2%	3.4%	3.6%
Investment Income Yield	0.1%	0.4%	0.9%	2.0%	2.8%	3.5%	4.0%
Number of Equivalent Residential Units (ERUs) Billed	242,175	248,930	248,930	248,930	248,930	248,930	248,930
Prior Year Credits (\$)	(\$81,560)	(\$31,030)	\$0	\$0	\$0	\$0	\$0
Number of Gaithersburg ERUs	14,500	14,500	14,500	14,500	14,500	14,500	14,500
Water Quality Protection Charge per ERU	\$49.00	\$62.00	\$74.00	\$89.00	\$96.00	\$112.00	\$113.50
Collection Factor for Charge	99.5%	99.5%	99.5%	99.5%	99.5%	99.5%	99.5%
BEGINNING FUND BALANCE	4,246,020	1,465,860	803,750	910,150	992,480	956,620	1,139,130
REVENUES							
Charges For Services	11,725,680	15,325,460	18,328,720	22,044,000	23,777,790	27,740,760	28,112,290
Miscellaneous	10,000	20,000	50,000	120,000	170,000	230,000	270,000
Subtotal Revenues	11,735,680	15,345,460	18,378,720	22,164,000	23,947,790	27,970,760	28,382,290
INTERFUND TRANSFERS (Net Non-CIP)							
Transfers To General Fund	(655,880)	(1,266,690)	(2,896,910)	(5,642,490)	(6,522,050)	(9,358,730)	(9,134,280)
Indirect Costs	(555,880)	(816,690)	(771,030)	(771,030)	(771,030)	(771,030)	(771,030)
Technology Modernization	(498,370)	(771,030)	(771,030)	(771,030)	(771,030)	(771,030)	(771,030)
Transfers to Debt Service Fund (Non-Tax)	(57,510)	(45,660)	0	0	0	0	0
	(100,000)	(450,000)	(2,125,880)	(4,871,460)	(5,751,020)	(8,587,700)	(8,363,250)
TOTAL RESOURCES	15,325,820	15,544,630	16,285,560	17,431,660	18,418,220	19,568,650	20,387,140
CIP CURRENT REVENUE APPROPRIATION							
PSP OPER. BUDGET APPROP/ EXPS.	(925,000)	(1,200,000)	(1,350,000)	(1,350,000)	(1,350,000)	(1,100,000)	(1,100,000)
Operating Budget	(10,280,120)	(13,540,880)	(14,203,770)	(14,977,700)	(15,692,300)	(16,602,400)	(17,345,400)
Annualizations and One-Time (PC)	n/a	n/a	(54,520)	(54,540)	(54,540)	(54,540)	(54,540)
Annualizations and One-Time (OE + CO))	n/a	n/a	492,700	492,700	492,700	492,700	492,700
FFI - Inspection of New Facilities	n/a	n/a	(70,500)	(141,000)	(211,500)	(282,000)	(282,000)
FFI - Maintenance of New and Newly Transferred Facilities	n/a	n/a	(127,800)	(255,600)	(383,400)	(511,200)	(511,200)
FFI - Operating Impacts of CIP Projects	n/a	n/a	(61,520)	(153,040)	(262,560)	(372,080)	(481,600)
Subtotal PSP Oper Budget Approp / Exp's	(10,280,120)	(13,540,880)	(14,025,410)	(15,089,180)	(16,111,600)	(17,329,520)	(18,182,040)
OTHER CLAIMS ON FUND BALANCE	(2,654,840)	0	0	0	0	0	0
TOTAL USE OF RESOURCES	(13,859,960)	(14,740,880)	(15,375,410)	(16,439,180)	(17,461,600)	(18,429,520)	(19,282,040)
YEAR END FUND BALANCE	1,465,860	803,750	910,150	992,480	956,620	1,139,130	1,105,100
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	9.6%	5.2%	5.6%	5.7%	5.2%	5.8%	5.4%
Assumptions:							
1. These projections are based on the County Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.							
2. The Water Quality Protection Charge is applied to all residential and associated non-residential properties (associated non-residential properties are non-residential properties that drain into the stormwater facilities of residential properties), except for those in the cities of Rockville and Takoma Park. The base unit for calculating the charge is the Equivalent Residential Unit (ERU), which is equal to 2,406 square feet of impervious surface (the average amount of impervious surface per single-family residential unit in Montgomery County).							
3. Residential and associated non-residential property stormwater facilities will be maintained to permit standards as they are phased into the program.							
4. Operating costs for new facilities to be completed or transferred between FY13 and FY17 have been incorporated in the future fiscal impact (FFI) rows.							
5. Charges are adjusted to maintain a balance of approximately 5 percent consistent with the County's policy for this fund. For purposes of analysis, increases to the Water Quality Protection Charge are shown in FY13, FY14, FY15, FY16, and FY17.							
6. The operating budget includes planning and implementation costs for compliance with the new Municipal Separate Storm Sewer System (MS-4) permit issued by the Maryland Department of the Environment in February 2010. Debt service on bonds that will be used to finance the CIP project costs of MS-4 compliance has been shown as a transfer to the Debt Service Fund. Potential future costs for complying with the MS-4 permit will be included as they become better defined in terms of their magnitude, scope, and timing.							

Proposed FY12



**Department Of
Environmental Protection**
Located @ 255 Rockville Pike



DEPARTMENT OF ENVIRONMENTAL PROTECTION

Isiah Leggett
County Executive

Robert G. Hoyt
Director

MEMORANDUM

March 4, 2011

TO: Roger Berliner, Chair
Transportation, Infrastructure, Energy & Environment Committee
Montgomery County Council

FROM: Robert G. Hoyt, Director *Robert G. Hoyt*
Department of Environmental Protection

SUBJECT: Status of Programs Funded by Montgomery County's Energy Efficiency and Conservation Block Grant

Montgomery County received \$7.6 million in stimulus funding as part of the Energy Efficiency and Conservation Block Grant (EECBG) Program funded by the American Recovery and Reinvestment Act of 2009 (ARRA). Under the management of the Department of Environmental Protection (DEP), the County is using EECBG funds for seven programs to accelerate the adoption of energy efficiency and renewable energy in County, commercial, and residential buildings. The overall objectives of these programs are to reduce energy consumption, drive job creation, and expand the market for energy-related services and products. This memorandum provides a brief status report on the development of each program.

Through competitive procurements, DEP has retained the services of several program management contractors to assist with the implementation of EECBG programs. DEP's support contractors include MCFA (www.mcfaplanning.com) and ICF International (www.icfi.com) for Activities 1, 2, 3 and 4; Eco-Coach (www.eco-coach.com) for the Energy Leaders Program under Activity 6; and Nana Design (www.nana-design.com) for the Green Guide under Activity 6. Other County government departments and County agencies have or will retain additional support contractors as they implement programs funded through the EECBG program.

1. Residential Rebate Program

The Residential Rebate Program will provide incentives for comprehensive home improvement projects using the Home Performance with ENERGY STAR model. This program has been developed in the wake of the suspension of the County's Home Energy Loan Program (HELP) due to concerns raised by the Federal Housing Finance Agency about Property Assessed

Clean Energy programs like HELP. Rebate amounts and eligibility requirements are being finalized, but it is expected that each rebate will require an energy audit, and funds will be available for measures identified in the audit. In addition, participants will be able to take advantage of utility rebates, where available, to further subsidize the costs of audits and retrofits.

Funding: \$1,372,046, with \$1,145,000 available for rebates

Status: DEP is working with MCFA and ICF to finalize the program requirements and develop the rebate application process.

2. Energy Conservation and Renewable Energy in County Buildings

This program will provide funds to make energy efficient and renewable energy upgrades to County government buildings, as well as buildings owned by the Montgomery County Public Schools, the Park & Planning Commission, and Montgomery College.

Funding: \$2,671,381, with \$2,500,000 provided to departments/agencies as follows:

Montgomery County Public Schools	\$1,624,000
Department of General Services	\$554,000
Montgomery College	\$211,000
M-NCPPC	\$111,000

Status: Memoranda of Understanding have been finalized with each of the recipient agencies, and each has submitted a work plan identifying a preliminary list of projects. These proposed project sites are currently undergoing review by the Maryland Historical Trust (MHT) to determine if any historic properties would be affected by the planned activities. MHT review is a requirement of the EECBG funds. MCFA has developed a website to allow agencies to submit required monthly reports regarding the progress of their activities.

3. Commercial & Multi-Family Building Energy Efficiency Rebate Program

The commercial energy efficiency rebate program will assist businesses, non-profits and congregations with overcoming the initial financial barrier of implementing energy improvements. The rebate program is intended to "jumpstart" projects by providing a cost shared grant that is complimentary to utility incentives.

The program will cover a percentage of the cost of qualified energy efficiency improvements with a maximum rebate amount of 50 percent of project costs or \$75,000, whichever is less. Eligible improvements may include cost-effective energy conservation measures such as lighting upgrades, heating and cooling upgrades, cool roofing materials, energy

management systems and ENERGY STAR qualified equipment. It is anticipated that this program will serve 30 to 50 businesses. Project summaries will be prepared for each project.

Funding: \$1,924,147, with \$1,741,578 available for rebates

Status: Program parameters have been developed. MCFA has developed a website to provide information about the program, enable interested organizations to apply for a rebate on-line, and provide reporting tools for successful rebate recipients. The program is scheduled to launch in March, with the first applications due in mid-April. This first phase will award approximately one half of the rebate funding. The remaining funding will be allocated in a second phase to commence after the due date of the first phase submissions.

4. Commercial and Multi-Family Building Study

Energy consumption in the commercial sector is on the rise. Without significant energy improvements, these buildings' greenhouse gas emissions will soon exceed those of the residential sector. Recommendation EEC-3 of the 2009 Climate Protection Plan called for the development of specific energy performance requirements and time lines to benchmark, commission and improve new and existing commercial buildings and reduce energy consumption in this sector by 25 percent by 2020. The results of this study will be used to develop targeted policies and programs that can be adopted by Montgomery County in order to reach the energy reduction target as specified in the Climate Protection Plan.

Funding: \$400,000

Status: A study scope of work has been prepared by ICF, and a preliminary baseline of the commercial and multi-family building sector is being prepared. A process to identify appropriate stakeholders to engage in the study process is underway.

5. Workforce Development

Through a partnership between the Department of Economic Development and Montgomery Works, the County is launching two workforce development programs to train and certify individuals in the energy efficiency arena.

- *The Energy and Green Technology Skills Enhancement Program* will increase the skills of new entrants as well as incumbent workers in growing County businesses related to energy efficiency and renewable energy. Workers and businesses can choose from a list of approved, eligible trainings such as certified solar installer through the North American Board of Certified Energy Practitioners or building analyst training through the Building

Performance Institute. Businesses will receive a grant for employees that successfully complete the trainings. The program is expected to serve up to 50 professionals.

- *The Building Energy Managers* program will provide commercial businesses and property management firms an opportunity to train a dedicated energy manager for their existing facilities. This program will update the skills of new and incumbent facility managers to manage building energy use in day-to-day operations. Attendees will receive a transferable credential such as a nationally recognized certification, or a recognized Community College certificate. It is anticipated the trainings can serve up to 100 professionals.

Funding: \$306,823

Status: The Energy and Green Technology Skills Enhancement Program is underway and funds are being disbursed to eligible businesses through counselors at Montgomery County's Montgomery Works program in concert with other federal funds received through a separate Maryland Energy Sector Partnership grant. A scope has been developed for the Building Energy Manager training and Montgomery Works, DED, and DEP are organizing a stakeholder meeting with key property owners, management firms and others to finalize the program design before selecting a training partner.

6. Energy Education

There is substantial evidence that suggests programs and policies are far more effective when they are coupled with education and outreach programs. Montgomery County will use a portion of the EECBG funds for energy education, and all programs will be designed to leverage other educational resources, including utility-based programs and activities.

- The Energy Leaders Program will identify individuals willing to educate County residents about energy efficient techniques and practices. These leaders will promote resources, energy programs and incentives that will help residents make energy efficiency improvements. Leaders, who will be sought from diverse communities, will receive training by DEP on basic energy efficiency strategies, as well as communication and outreach tactics, and will be provided an array of educational materials to support their efforts.
- The "Green Guide" web site will serve as a one-stop-shop for environmental information on programs and resources available to Montgomery County residents. This site will be action-oriented allowing users to create their own plan to reduce energy consumption, water use and household waste. The site will include social media features, such as Facebook, blogs and user provided tips and testimonials, which will improve the content of the site and open another communication channel between the community and DEP.

Roger Berliner
March 4, 2011
Page 5

- The Montgomery County Green Business Certification Program certifies and recognizes businesses in the County for their environmental achievements. EECBG funds will be used for on-site verification of businesses seeking certification.

Funding: \$25,000

Status: Stakeholder meetings were held for the Energy Leaders Program and the Green Guide. The program management contractors supporting these programs have utilized stakeholder input to begin program development.

7. Opportunity Housing Energy Efficiency

The Montgomery County Housing Opportunities Commission (HOC) develops affordable housing for low and middle income residents. Under a previous Maryland Energy Administration grant, HOC developed a program of comprehensive energy efficiency upgrades to town homes and garden apartments. The Maryland Home Performance with ENERGY STAR process is applied to each unit. This funding will expand this program to an additional 45-50 units.

Funding: \$515,000

Status: Energy audits are currently being conducted by Montgomery County based auditor. As planned, the retrofits should be complete by July 2011.

Please contact Stan Edwards at 240-777-7748 if you have any questions or need additional information regarding the County's EECBG activities.

cc: Kathleen Boucher, ACAO
Stan Edwards, DEP
Eric Coffman, DEP
Susan Marinelli, DEP

Costs for Gypsy Moth Suppression Program			
Item	FY10 Actual	FY11 Approved.	FY12 Request
Gypsy Moth Survey			
Number of plots in Montgomery County	722	700	700
Cost to MDA (50% of Total)	\$18,000	\$15,420	\$15,420
Cost to County (50% of Total)	\$18,000	\$15,420	\$15,420
Total Survey Costs	\$36,000	\$30,840	\$30,840
Total Acreage Sprayed			
Sprayed by MDA	0	0	0
Sprayed by County	0	0	0
Total Acreage Sprayed	0	0	0
Costs for MDA Spraying			
Cost to MDA and Feds (70% of Total)	\$0	\$0	\$0
Cost to County (30% of Total)	\$0	\$0	\$0
Total Costs for MDA Spraying	\$0	\$0	\$0
Costs for County Spraying			
Cost to County (100% of Total)	\$0	\$0	\$0
Costs for County Outreach			
Total Costs for County Outreach	\$0	\$0	\$0
Total Cost of Gypsy Moth Program for MCG			
Cost to MDA	18,000	15,420	\$15,420
Cost to County	18,000	15,420	\$15,420
	\$36,000	\$30,840	\$30,840
Notes			
FY12 Estimate assumes survey would be done by MDE staff instead of contractors			
FY12 No spraying is assumed because of successful spraying efforts in previous years and several consecutive cool and rainy spring seasons, which caused caterpillar populations to remain very low.			

Montgomery County, Maryland
Water Quality Protection Fund
WQPC Analysis of Change in Expenditures FY11-12

	<u>FY11</u>	<u>FY12</u>	<u>+ (-)</u>	<u>Notes</u>
Personnel Costs - DEP	\$ 3,732,980	\$ 3,888,040	\$ 155,060	See Note A Below
Personnel Costs - Finance Chargeback	228,650	261,030	32,380	Increase in personnel charges from Finance
Personnel Costs - DOT Chargeback for StormDrains	-	1,975,070	1,975,070	New FY12
Operating Costs:				
Inspection Services	747,640	818,140	70,500	See Note B Below
SWF Maintenance	3,053,770	3,297,230	243,460	See Note C Below
Low-Impact Development: Residential	384,810	384,810	-	
Targeted Streetsweeping	211,160	211,160	-	
Additional Watershed Monitoring (Stream Gauges)	403,200	479,210	76,010	Funding needed for Northwest Branch gauge in FY12
Lease Space for 255 Rockville Pike	381,370	392,810	11,440	CPI
Misc. Stream Restoration Maintenance	105,900	111,020	5,120	OBI for CIP Projects
Water Quality Planning & Monitoring	14,660	14,660	-	
Gaithersburg Pass-Through	609,930	814,510	204,580	Increase due to increased WQPC rate
Department of Finance Chargeback	42,780	17,460	(25,320)	Operating charges from Finance decreased while Personnel Costs increased by \$32,380 (see above)
MS4 Outreach and Education Programs	-	100,000	100,000	New FY12 Enhancement
Software Development for WQPC	150,000	350,000	200,000	New FY12 Enhancement
SWM Database	60,000	61,440	1,440	CPI for contract renewal
Motor Pool	37,080	56,110	19,030	Adjust for new staff and personnel shifts from Genl Fund
Operating Expenses - Storm Drain Maintenance	-	75,000	75,000	New FY12
General Operating Expenses (Phones, Supplies, etc)	132,270	122,180	(10,090)	
Capital Outlay	28,000	111,000	83,000	FY12 includes 3 trucks for 3 new positions in CIP Construction Management Section
Subtotal Operating Budget	10,324,200	13,540,880	3,216,680	
CIP Costs funded with Current WQPC Revenue	925,000	1,200,000	275,000	
	11,249,200	\$ 14,740,880	\$ 3,491,680	

Montgomery County, Maryland
Water Quality Protection Fund
WQPC Analysis of Change in Expenditures FY11-12

Note A

FY11 Approved Budget - DEP Personnel Costs	\$	3,732,980
Annualization of FY11 Personnel Costs		70,790
Annualization of Positions approved in FY11		43,960
Restore Personnel Costs (Furlough)		56,190
Abolish PAA Position partially funded with WQPF		(16,990)
Shift partial personnel costs for 3 engineers		(109,560)
Senior Planning Specialist-Rainscapes		78,590
Plann Spec III Watershed Outreach Planner		72,530
Plann Spec II - Geo-data		67,020
Adjustments made by CE		(107,470)

	\$	<u>3,888,040</u>
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Note B Inspection net Increases:

Inspect approximately 134 new privately owned facilities	\$	70,500
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	\$	<u>70,500</u>
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Note C Stormwater Facility Maintenance

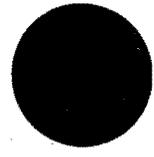
Transfers of approx 68 privately owned facilities	\$	127,800
CPI Adjustment		48,560
OBI for SM Retrofit - CIP Projects		67,100

	\$	<u>243,460</u>
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Env. & Energy



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OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

March 17, 2011

RECEIVED
MONTGOMERY COUNTY
COUNCIL

2011 MAR 18 AM 9:59

TO: Valerie Ervin, County Council President
FROM: Isiah Leggett, County Executive *[Signature]*
SUBJECT: FY12 Water Quality Protection Charge Recommended Rate

The purpose of this memorandum is to transmit the proposed resolution for the FY12 Water Quality Protection Charge (WQPF) recommended rate. The rate as reflected in the attached resolution is consistent with my March 15, 2011 Recommended Operating Budget.

I am recommending an increase in the WQPF rate from \$49 per equivalent residential unit¹ (ERU) to \$62 per ERU. The rate is increasing in order to fund additional resources necessary to comply with the requirements of the Municipal Separate Storm Sewer System (MS4) permit. The additional resources include expanded staff for community outreach to inform the community of the new standards of compliance, inspection and maintenance of stormwater facilities, and construction of Low Impact Development projects. The rate increase is also attributable to the shifting of approximately \$2.1 million in costs related to storm drain maintenance activities into the Water Quality Protection Fund from the General Fund.

If you have any questions regarding the recommended new rate, please contact Gladys Balderrama of the Department of Environmental Protection at 240-777-7732 or John Greiner of the Office of Management and Budget at 240-777-2765.

Attachment

- c: Robert G. Hoyt, Director, Department of Environmental Protection
- Joseph F. Beach, Director, Office of Management and Budget
- Gladys Balderrama, Department of Environmental Protection
- John Greiner, Office of Management and Budget

¹ The Equivalent Residential Unit (ERU) is equal to 2,406 square feet of impervious surface (the average amount of impervious surface per single-family residential unit in Montgomery County).

Resolution No.: _____
Introduced: _____
Adopted: _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Council President at the request of the County Executive

SUBJECT: Water Quality Protection Charge for FY12

Background

1. Under County Code Section 19-35(c), each fiscal year, the County Council must, by resolution, set the rate or rates for the Water Quality Protection Charge.
2. The base rate for the Water Quality Protection Charge is the annually designated dollar amount set by the County Council to be assessed for each equivalent residential unit of property that is subject to the Charge.
3. Under Executive Regulation 6-02, an equivalent residential unit (ERU) is defined for these purposes, as the statistical median of the total horizontal impervious area of developed single-family detached residences in the County that serves as the base unit of assessment for the Water Quality Protection Charge. The designated ERU for Montgomery County equals 2,406 square feet of impervious surface.
4. Under County Code Section 19-35, properties in the City of Takoma Park and the City of Rockville are not subject to the Water Quality Protection Charge.

Action

The County Council for Montgomery County, Maryland approves the following resolution:

The base rate for the Water Quality Protection Charge for Fiscal Year 2012 is \$62.00 per equivalent residential unit (ERU).

This resolution takes effect on July 1, 2011.

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council

PH 4/5/11
OP BUD

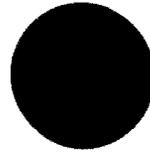
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RECEIVED
MONTGOMERY COUNTY
COUNCIL

2011 APR 21 AM 8:05

062177



April 20, 2011

Dear County Executive Leggett and County Council Members:

The Water Quality Advisory Group (WQAG) acknowledges that the current budget situation in Montgomery County requires hard choices. But we ask to you recognize that some choices may cause unwelcome consequences and costs in the future. In light of the critical linkage between land use and water quality, we are concerned that proposed cuts to budget for the Maryland-National Capital Parks and Planning Commission (M-NPCPPC) may impair Montgomery County's ability to protect water quality and meet the County's water quality goals.

Montgomery County, along with the rest of the Chesapeake Bay watershed, faces an unprecedented regulatory requirement to comply with Baywide and local Total Maximum Daily Load (TMDL) allocations on a tight timetable. If we fail to meet these regulatory deadlines, local jurisdictions could face fines up to \$37,500 per day for violations under the Clean Water Act.

Compliance with this new water quality regulatory framework imposed on local jurisdictions will require new levels of interagency coordination and collaboration, as stated in an explicit component of the TMDL implementation guidance received from the State. As we reported at the February Town Hall Meeting, one of WQAG's ongoing concerns focuses on the level of coordination needed to connect County departments, watershed groups, state and federal agencies, and private citizens in the planning process to best protect water quality.

As the land use-planning agency in the County, the Planning Department plays a key role in interagency coordination and collaboration that will be required to meet and maintain water quality standards as the County grows. WQAG learned that in FY11, the Planning Department sustained a 14.1% cut to its budget, which resulted in the loss of 31 positions – a 20 percent reduction in staff. More recently, it has come to our attention that under the proposed FY12 Budget, the Planning Department will face an additional 12.8% cut, likely to severely undercut its staffing capacity. From WQAG's perspective, these proposed cuts could hinder the County's ability to meet its water quality goals.

WATER QUALITY ADVISORY GROUP

255 Rockville Pike, Suite 120 • Rockville, Maryland 20850 • 240-777-7700, FAX 240-777-7752

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Montgomery County needs strong interagency coordination now more than ever to meet its water quality goals. Please consider the downstream impacts for water quality that could result from significant cuts to M-NPCPPC as plans for the FY 12 budget moves forward.

Please let us know if we may be of additional assistance in this matter.

Sincerely,

Carol Henry
Co-Chair

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