



Prince George's County Council TIEE Committee: Underserved & Unserved Communities Briefings

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Agenda

- Background
- Defining Affordability
- Examples of Underserved Communities
- Affordability Challenges
- Workgroup Recommendations
- Potential Funding Sources
- Current Status
- External Funding Requests

Working Group Membership



- Jared McCarthy, Prince George's County Executive's Office
- Linda Turner, Prince George's County Executive's Office
- J. Kenneth Battle, Jr., Committee Director, Prince George's County Council
- Lavinia Baxter, Prince George's County Council
- Evelyn Hoban, Prince George's County Health Department
- Shirley Branch, Prince George's County DPIE
- Maria Martin, Prince George's County Planning Department
- Keith Levchenko, Senior Legislative Analyst, Montgomery County Council
- Steve Shofar, Montgomery County Department of Environmental Protection
- Alan Soukup, Montgomery County Department of Environmental Protection
- Katherine Nelson, Montgomery County Planning Department
- Joe Beach, Deputy General Manager, Administration, WSSC Water
- Letitia Carolina-Powell, Acting Chief Financial Officer, WSSC Water
- Ray Chicca, Development Service Division Manager, WSSC Water
- Art Atencio, Development Services Division Project Manager, WSSC Water
- Jay Sakai, 4 Tenets Consulting

Background

- There are approximately 4,000 Septic systems that are either failing or close to failing within the Sanitary District
 - Approximately 2,087 homes in Prince George's County and 1,700 in Montgomery County
- An “unserved” community is an area within the sewer service envelope but a sewer main is a significant distance (i.e. > 1,500 feet) away
- An “underserved” community is within the service envelope where sewer service is available to some but not all homes within the community
- Public and environmental health impacts from these aging septic systems will only get worse over time

Background

- Previous attempts in 2006 and 2014 to recommend changes to the Maryland Public Utilities Article (PUA) to address the financing challenges were not endorsed by policymakers
- In effort to simplify the process and address affordability, the Bi-County Work Group recommended changes to the:
 - State Public Utilities Article (PUA)
 - WSSC Water regulations, and
 - County law

Background

- Affordability: Costs are often too high for homeowners to pay for sewer service extension
- According to state law, homeowners requesting service are responsible for the sewer extension costs Md. Annotated Code, Public Utilities Article, Sections 25 204 and 25 207 including:
 - Front Foot Benefit Charges (\$6.00/linear foot/year for Sewer and \$4.00/ linear foot/year for water)
 - Project Deficit Charges (project costs in excess of Front Foot Benefit income)
- The homeowner is further responsible for:
 - On-site plumbing
 - Septic system abandonment
 - Application and inspection fees
 - Sewer connection from house to the main

Defining Affordability

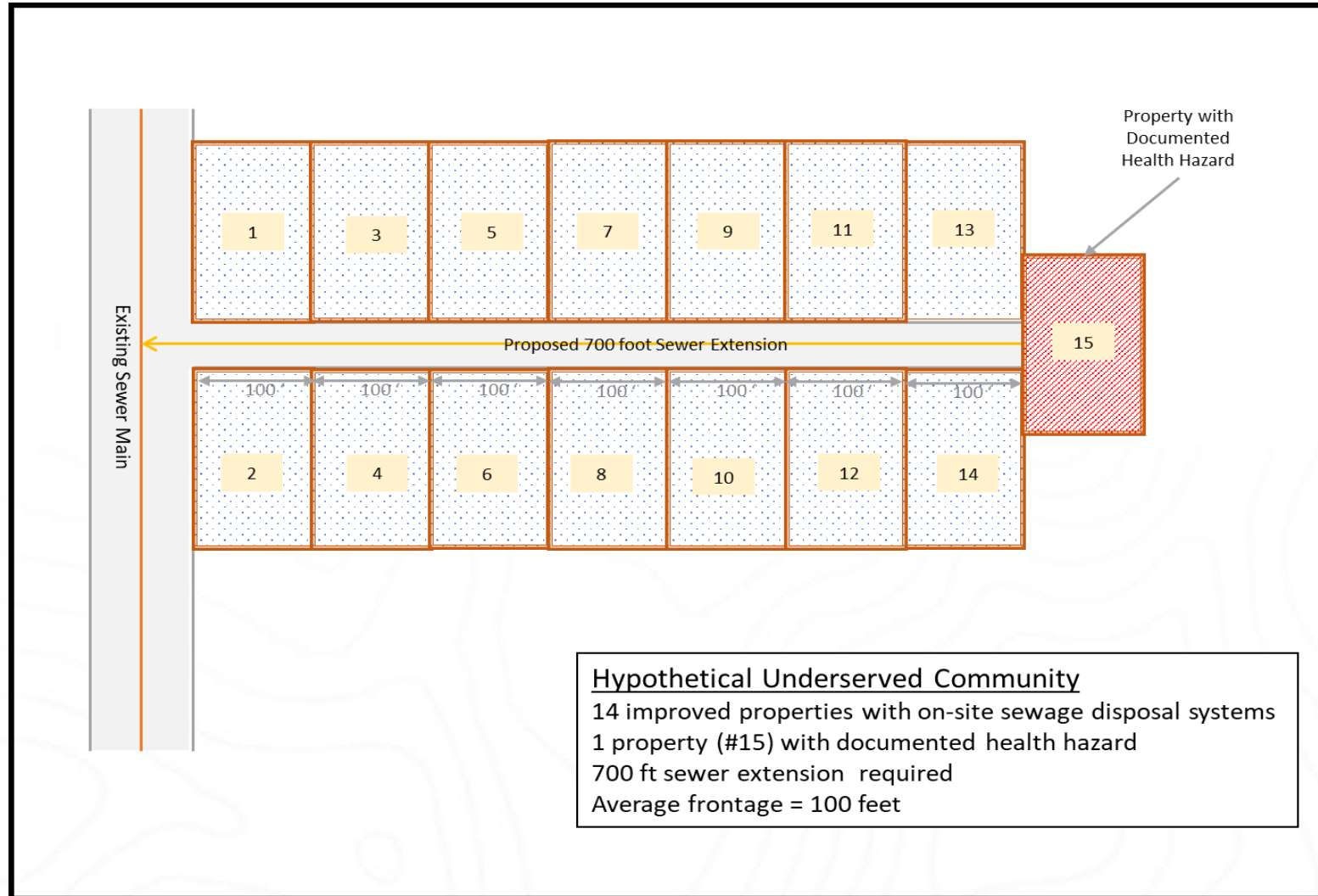
	Montgomery County	Prince George's
Median Household Income ⁽¹⁾	\$ 108,820	\$ 84,920
2% Affordability Threshold ⁽²⁾	\$ 2,176	\$ 1,698
Estimated Annual Sewer Service Cost ⁽³⁾	\$ 551	\$ 551
Available for Sewer Extensions	\$ 1,625	\$ 1,147

¹ 2015-2019 American Community Survey 5-Year Estimates, US Census Bureau.

² Combined Sewer Overflows: Guidance for Financial Capability Assessment and Schedule Development, USEPA, Publication

³ WSSC 2021 Sewer Rates. Assumes 165 gallons per day, 50% of Account Maintenance Fee, 50% of Infrastructure Investment Fee, \$60 BRF fee.

Affordability Challenge



**Need affordable
financing solutions
to help
homeowners**

Homeowner Cost Under Current Financing

Hypothetical Community		
Project Cost	\$ 534,800	700 feet @ 694 per ft
Projected Front Foot Benefit Income ⁽¹⁾	\$ 176,404	1500. ft. of frontage @\$6. per foot
Unadjusted Health Hazard Subsidy ⁽²⁾	\$ 225,000	15 properties @\$15000
Adjusted Health Hazard Subsidy	\$ 48,596	subtraction for FFB income
State Grant		
Project Deficit	\$309,800	Paid by Homeowner
Deficit Allocation per Homeowner ⁽³⁾	\$ 22,129	14 properties
One-Time Up-Front Costs for sewer connection, plumbing, septic system abandonment	\$ 15,550	
Total Cost of Connection per Homeowner	\$49,439	Sewer Extension + Up Front Costs
Annual Front Foot Benefit Charge	\$ 600	100. ft. of frontage @\$6. per foot
Annual Deficit Payment	\$ 1,129	@ 3.0% over 30 years
Annualized Up-Front Costs	\$ 793	\$15,550 @ 3.0% over 30 years
Total Annual Cost	\$ 2,522	
County Affordability Threshold	\$ 1,625	
Exceeds Affordability Threshold	\$897	
Project Funding Gap ⁽⁴⁾	\$246,124	

Underserved Community: Treasure Cove

- Treasure Cove/George Thorne Estates in Prince George's County
- 47 properties with septic systems
- Within the Sewer Service Envelope
- Some systems identified as failing or close to failing
- Sewer extension of 4,900 linear feet



Policy Objectives



- **Financial Sustainability:** A reliable, consistent source of funding must be identified to ensure that the program can be sustainably funded over the long term
- **Affordability:** Costs must be affordable for all homeowners, including low to moderate income homeowners and households with fixed incomes
- **Equity:** For every proposed new sewer extension request, the costs of the project must be weighed against the benefits to the community and the public at large
- **Simplicity & Transparency:** The roles and responsibilities and financial requirements for any new program should be easy to understand and simple to communicate to all stakeholders
- **Prioritize Public Health:** The program should ultimately improve public health outcomes for communities with current or pending septic system problems
- **Maximize Community Participation:** Any new approach should incentivize a maximum number of homeowners within an underserved/unserved community to connect to the new system

Workgroup Recommendations

1. Increase public subsidies for sewer extension projects in underserved and unserved communities
2. Implement a uniform, affordable cost for homeowners in underserved and unserved communities to connect to sewer service
3. Provide additional assistance with up-front costs for homeowners who are experiencing other financial hardship
4. Establish a pay-as-you-go capital improvement program for sewer extensions to underserved and unserved communities

Workgroup Recommendations Cont.



5. Allocate program funding equitably between Prince George's and Montgomery counties
6. The Counties and WSSC Water should aggressively pursue funding from the State's Bay Restoration Fund or other sources for sewer extension projects in underserved and unserved communities
7. Establish a subdistrict process to secure support within underserved and unserved communities for sewer connection projects
8. Each County should develop an approach to identify and prioritize communities with the greatest need for sewer extensions

Proposed Implementation Plan

- **Task 1** – Identify potential target communities that would be potential candidates for sewer extensions under an improved system of financing. Duration: 3-6 months.
- **Task 2** - Develop a process to define sewer service subdistricts within target communities and determine which homes will connect to the public sewer system. Duration: 18 months.
- **Task 3** - Identify sources of funding to increase public subsidies for sewer extension projects. Duration: 12-18 months.
- **Task 4** - Develop and promulgate program rules and regulations. Duration: 6 – 9 months.
- **Task 5** - Initiate a pilot program to refine how the project planning and project execution phases will be coordinated between WSSC Water, County agencies, and community representatives. Duration: 36 -60 months.

Potential Funding Sources

- New WSSC Water Fee (Would require amendments to the PUA)
- WSSC Water rate increase (Would require amendments to the PUA)
- County general revenue subsidy from both counties
- Combination of WSSC Water rates or fees and County general revenue subsidy from both Counties
- State and/or Federal Government grants and low interest loans

Current Status

- Final Workgroup report presented to the WSSC Water Commissioners on November 17, 2021
- Briefed the Prince George's County Council on January 11, 2022 and the Montgomery County Council's Transportation and Environment Committee on September 12, 2022
- Developed a proposed implementation plan in March 2022
- A resolution (CR-019-2022) supporting the workgroup's recommendations was adopted by the Prince George's County Council on April 12, 2022

Current Status (continued)

- Draft amendments to the PUA for the 2023 General Assembly session required additional Workgroup analysis and discussion
- Workgroup reconvened and has met in December 2022 and February and March 2023 to review unresolved issues which include:
 - Relative responsibilities of property owners, County governments, and WSSC Water
 - Role of Subdistricts in financing extensions
 - Method of obtaining property owner consent
 - Elected Official support for Workgroup Recommendations

External Funding

- WSSC Water has applied for external funding from two sources this winter to support financing sewer extensions for underserved and unserved communities
- Maryland Water Infrastructure Financing Administration (MWIFA) State Revolving Fund (SRF) Loans and Grants
 - \$515.4 million for converting all on-site septic systems within the Sewer Service Envelope in both Prince George's and Montgomery counties on January 31, 2023
 - \$2 million in Congressionally Directed Funding requests to Senators Van Hollen and Cardin on March 3, 2023



Questions?

