



February 25, 2025

FISCAL AND POLICY NOTE

TO: Jennifer A. Jenkins
Council Administrator

Colette R. Gresham, Esq.
Deputy Council Administrator

THRU: Josh Hamlin 
Director of Budget and Policy Analysis

FROM: Alex Hirtle 
Legislative Budget and Policy Analyst

Policy Analysis and Fiscal Impact Statement
CR-007-2025 Watershed Protection and Restoration

CR-007-2025 (*Proposed and introduced by:* The Chair of the Council at the request of the County Executive and sponsored by Council Members Ivey, Burroughs, Watson, Blegay and Oriadha)

Assigned to Transportation, Infrastructure, Energy, and Environment Committee (TIEE)

A RESOLUTION CONCERNING WATERSHED PROTECTION AND RESTORATION for the purpose of Prince George's County's Watershed Protection and Restoration Financial Assurance Plan (FAP) for approving the Prince George's County Financial Assurance Plan as required by State law.

Fiscal Summary

Direct Impact:

Expenditures: Commitment of about \$80M in additional expenditures in FY 2025 and \$125M in FY 2026.

Revenues: No direct additional revenues.

Indirect Impact:

Favorable.

Legislative Summary:

CR-007-2025, proposed by the Chair of the Council at the request of the County Executive and sponsored by Council Members Ivey, Oriadha, Watson, Blegay, and Burroughs, was introduced on February 4th, 2025, and referred to the Transportation, Infrastructure, Energy and Environment (TIEE) Committee. The Resolution (when approved) fulfills the State of Maryland’s requirement for the County to indicate how stormwater runoff will be treated and paid for over the next five (5) years and will provide the financial roadmap for complying with the Environmental Protection Agency’s (EPA) total maximum daily load (TMDL) requirements, also known as the ‘pollution diet’ for the Chesapeake Bay.

The Resolution includes several exhibits which lays out in detail and summary form the actions and costs the County will incur in the Watershed Protection Plan. The Financial Assurance Plan (FAP) identifies actions that will be required by the County to meet the requirements of its National Pollutant Discharge Elimination System (NPDES) Phase 1 Municipal Separate Storm Sewer System Permit (MS4). The Plan also provides annually projected costs (FY 2025-2029) for the County to meet the impervious surface restoration plan requirements of its NPDES MS4 permit, as well as 5-year revenues or other funds that will be used to meet requirements for this permit. The Plan also identifies any other sources of funds that will be utilized by the County to meet requirements of the Permit, and the unique actions and expenditures that the County will implement in meeting requirements of the Permit within that timeframe.

Current Law/Background:

Prince George’s County’s NPDES MS4 permit, issued on January 2, 2022, requires the County complete restoration efforts to achieve the equivalent of treating 6% of the impervious surfaces not previously restored to the maximum extent practicable. This requires the completion of equivalent impervious acres of 2,137 acres, to be restored by December 1, 2027 by the end of the permit term.

In May 2015, pursuant to Senate Bill 863, there were revisions to the stormwater management program, which eliminated the mandatory stormwater remediation fees and required the development of the financial assurance plans from the State’s ten (10) largest jurisdictions.

Section 4-202.1 of the Environment Article of the Annotated Code of Maryland provides every two (2) years thereafter on the anniversary of the date of issuance of its Phase 1 MS4 Permit, that the County will file with MDE a financial assurance plan.

The County’s FAP demonstrates that Prince George’s County has the financial means (100%) to achieve the requirements for FY 2025 and FY 2026 as required by the State Bill.

State law requires that the financial assurance plan be approved by the local governing body after a public hearing takes place.

Resource Personnel:

- Andrea Crooms, Director, Department of the Environment
 - Jeff DeHan, Associate Director, Department of the Environment
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Discussion/Policy Analysis:

This Resolution is necessary by State law to indicate how stormwater runoff specific to the requirements in Phase 1 of the County's MS4 Permit, will be treated and paid for over the next five years. The Council will be required to hold a public hearing, and vote to approve the Resolution, fulfilling the State's mandate of Senate Bill 863 (2015) for the County to provide a financial assurance plan that will adequately demonstrate the MS4 permit requirements for FY 2025 and FY 2026.

The Watershed Protection and Restoration Program (WPRP) implementation is fully supported by two funds: the Stormwater Enterprise Fund (EF5100) and the Watershed Protection and Restoration Fund (EF 5200). The County will be implementing projects including installation of water quality devices in urbanized areas to control surface runoff and filter pollutants before entering streams and rivers. Such projects include Bioretention, Infiltration Devices, Pond Retrofits, Street Trees and Urban Tree Canopy, Stream Restoration, Regenerative Outfall Repairs, and Urban Wetlands.

The County has instituted two Capital Improvement Project (CIP) programs to address the implementation of the WPRP: the Conventional CIP implemented by DoE's CIP operations; and the Clean Water Partnership (CWP).

Given the County will be spending over \$214 million in FY 2024 alone on the Stormwater Management Fund and stormwater management capital improvement projects (this amount is beyond the Watershed Protection Restoration Program), the Council, serving as the District Council, and the Planning Department should be extremely diligent in planning and approving growth and development within the County that minimizes further stormwater runoff challenges affecting the quality of our waterways, and ultimately impairs water quality in the Chesapeake Bay. Furthermore, legislation that protects trees and will enhance the County's overall tree canopy, especially in our most urban and dense suburban communities may further assist in our efforts to meet the State's clean water mandates.

Additionally, the Council should pay close attention to the increasing structural deficits that the Stormwater Enterprise Fund, associated with these expenditures, has on the fiscal integrity of the

County. This deficit has been increasing about \$25 million annually, and the projected FY 2025 unrestricted net position for the Fund is estimated to total -\$148 million.¹

Fiscal Impact:

- *Direct Impact*

Adoption of CR-007-2025 will have an adverse fiscal impact on the County by committing, in writing, to about \$80 million in implementation costs in FY 2025 and about \$125 million in FY 2026 to fulfill the State's requirement of the current MS4 Permit.² The cost is based on preliminary design and engineering estimates, using MDE's Financial Assurance Plan guidance.

- *Indirect Impact*

Adoption of CR-007-2025, may have an indirect favorable effect on the County fiscally. Implementation of the Watershed Protection and Restoration Plan will be at a cost of over \$200 million to the County in FY 2025-2026. However, the indirect impact to residents, businesses, and visitors to the County are profound, including significant reductions in flooding and water damage, measurable increases in water quality, increased resilience and mitigation of climate precipitation events, and increased health of major waterways including the Patuxent, Anacostia, and Potomac Rivers, and the Chesapeake Bay.

Implementation of the current MS 4 Permit could increase the County's tax base by the work performed locally, generating increased sales by local businesses. Cleaner waterways and reduced stormwater challenges (which can lead to flooding and water damage) could entice more businesses as well as residents to move into the County, again establishing a larger tax base. Cleaner water in our jurisdiction could also, incrementally, improve the health of its residents, particularly younger residents, providing for a more vibrant student and worker population, and increased productivity within Prince George's County.

- *Appropriated in the Current Fiscal Year Budget*

Yes.

Effective Date of Proposed Legislation:

This Resolution, once adopted and transmitted to the County Executive, will be submitted to MDE, which has 90 days to determine whether the FAP demonstrates sufficient funding.

¹ FY 2024 Operating Program Review Report for DoE, page 4.

² Dept. of the Environment CR-007-2025 FAP Report, Exhibit A, page 19.

If you require additional information, or have questions about this fiscal impact statement, please reach out to me via phone or email.