

APPENDIX I: WATER AND SEWERAGE ALLOCATION POLICY

I. Purpose

- A. The Environment Article, Title 9, Subtitle 5, of the Annotated Code of Maryland, enables County Comprehensive Water and Sewerage Plans to provide for the orderly expansion of public water supply and sewer systems in a manner consistent with applicable County Comprehensive Plans. The statutory authority and regulatory requirements, as codified in the Code of Maryland Regulations 26.03.03, provide the basis for the establishment of allocation policies for water supply and sewerage services.
- B. The 2022 Comprehensive Plan for Queen Anne's County carefully explains the lack of available sewerage treatment capacity and the constraints on expanding capacity due to the Federal Total Maximum Daily Load (TMDL) regulations that restrict the pounds of nutrients and sediment discharged to the Chesapeake Bay.
- C. The 2022 Comprehensive Plan also explains the land use implications of the limited treatment capacity that led to the recommendation to remove several properties from the Stevensville-Chester growth area.
- D. Approximately 30,000 gpd of treatment capacity remains available. The County has submitted a re-rating request to the Maryland Department of the Environment that will increase permitted flow by an additional 300,000 gpd.
- E. The Queen Anne's County Sanitary Commission recognizes the value of the recommendations of the 2022 Comprehensive Plan to manage growth in the KN/S/G service area over the next decade to responsibly provide service to new development with public water and sewerage service. Therefore, the Water and Sewerage Allocation Policy presented herein is designed to:
 - 1. Provide for public knowledge and awareness regarding available capacity in public water and wastewater facilities;
 - 2. Establish a procedure for equitable allocation of available capacity for public water and wastewater systems in such a manner as to protect the public health, safety, welfare, and water quality of the County;
 - 3. Responsibly plan for the future growth of Queen Anne's County in accordance with the County's land use and growth management goals and objectives, as established in the 2022 Comprehensive Plan;
 - 4. Wisely manage Queen Anne's County's water supply and sewerage treatment resources and to prevent the depletion of underlying water-bearing aquifers or the over-commitment of available sewer treatment capacity;

5. To abolish the intent of Resolution 04-68 as it applies to the remaining capacity of the 2007 1.0 Mgd expansion, i.e. the approximately 30,000 gpd referenced in Article D above, and allow the Sanitary Commission full discretion on its disposition;
6. To establish target sewer allocation reservations for the related capacity as follows:
 - (a) 125,000 gpd to resolve the known failing septic systems and public health concerns in the Marling Farms and Dominion communities,
 - (b) 75,000 gpd for select commercial and institutional uses which shall not include commercial apartments,
 - (c) 100,000 gpd for residential infill uses.
7. Minimize the use of private wells in designated growth areas that are served or planned to be served with a public water supply system;
8. Ensure that sufficient revenue is available to make payment in a cost-efficient manner for bond indebtedness resulting from the construction of public water and sewerage systems; and
9. Provide for the administrative procedures and guidance for the allocation of water and sewer service in a reasonable, fair, and adequate manner.

II. Applicability

- A. This policy applies to all water supply and sewerage collection systems within the Kent Narrows/Stevensville/Grasonville (KN/S/G) water and wastewater service area that are owned, operated, and maintained by the Queen Anne's County Sanitary Commission.
- B. The procedures of this policy are applicable to all applications for sewerage and/or water allocation, except for the following types of applications that will receive sewerage and/or water allocation administratively from the appropriate staff. Staff has the option to refer administrative allocation requests to the Sanitary Commission, if deemed to be in the best interest of the County.
 1. Vacant single-family lots of record located within the S-1 or S-2 sewerage and/or W-1 or W-2 water service area.
 2. Expansions of existing businesses within the S-1 sewerage and/or W-1 water service area or new connections to businesses in a W-2 water service area by an allocated flow of up to 1,000 gpd.

3. Residential subdivisions within the S-1 sewerage and/or W-1 water service area consisting of seven (7) or fewer dwellings.
4. Minor amendments to major residential subdivisions or other residential developments (minor being defined as 7 or fewer dwellings).

III. Allocation of Available Sewerage Capacity

- A. An allocation may be made only if the necessary treatment and conveyance facilities are in-place, under construction, or are programmed for construction and have an identified funding source within the first two years of the six-year County Capital Improvement Plan.
- B. The Sanitary Commission has determined that it is in the best interest of the citizens of Queen Anne's County that sewerage treatment allocations are targeted towards specific properties and uses over designated time periods consistent with the Comprehensive Water and Sewerage Plan. These allocation targets are beneficial to the County and assure that the County does not over-allocate its wastewater treatment resource.
- C. On or about October 1 of each calendar year, the directors of the Queen Anne's County Departments of Public Works, Planning and Zoning, and the Environmental Health Division of the County Health Department may submit a recommendation to the Sanitary Commission to amend the allocation targets herein. The recommendations may also provide additional data concerning the available treatment capacity for the KN/S/G system. These recommendations should be made in conformance with existing County ordinances and regulations and provide for the continued health, safety, welfare, and comfort of the citizens of Queen Anne's County. Upon receipt of these recommendations, the Sanitary Commission may determine if an amendment to this Water and Sewerage Allocation Policy and/or the Comprehensive Water and Sewerage Plan is in the best interest of the citizens of Queen Anne's County. If an amendment is warranted, the County Commissioners will conduct a public hearing on the matter as part of the County's regular Comprehensive Water and Sewerage Plan amendment cycle.
- D. It is recognized that this policy may need to be modified to accommodate the serving of Public Health Concern areas. It is the intent to serve all the existing homes as soon as sewer service becomes available. However, it is also the intent to utilize this policy as one tool to moderate the rate of build-out of the vacant lots.
- E. In instances where a non-residential new development connects to public sewer, or where an existing residence within the existing sewerage service area connects to public sewer, the Sanitary District may finance the allocation fee, less any deposit that may have been required by the granting of the allocation, over a

period not to exceed seven (7) years. An annual finance charge of seven percent (7%), payable quarterly, will be applied to the outstanding balance of the allocation charge over the life of the loan up to the seven-year maximum. Payments towards this debt will be included in the normal utility billing.

IV. Allocation of Available Water Capacity

- A. An allocation shall be required if facilities are in-place and capacity is available. An allocation may be required, provided that additional adequate facilities are guaranteed for construction by means of an acceptable developer surety and a Public Works Agreement.
- B. Existing vacant lots of record abutting a water main shall be allocated capacity and shall be required to connect to the public system when development occurs on the property, provided facilities are in-place and capacity is available.
- C. Existing uses within the public water service area currently served with individual systems but abutting a water main are required to connect to the public system when the individual system fails, provided facilities are in-place and capacity is available.
- D. In instances where a non-residential new developed property elects, or is required, to connect to public water, the Sanitary District may finance the allocation fee over a period not to exceed seven (7) years. An annual finance charge of seven percent (7%), payable quarterly, will be applied to the outstanding balance of the allocation charge over the life of the loan up to the seven-year maximum. Payments towards this debt will be included in the normal utility billing.
- E. In instances where an improved property of any nature elects, or is required, to connect to public water, the Sanitary District may finance the allocation fee, less any deposit that may have been required by the granting of the allocation, over a period not to exceed seven (7) years. An annual finance charge of seven percent (7%), payable quarterly, will be applied to the outstanding balance of the allocation charge over the life of the loan up to the seven-year maximum. Payments towards this debt will be included in the normal utility billing.

V. Allocation Process

- A. Properties within the S-6 sewerage, and/or W-6 water, service areas (No Planned Service).
 - 1. No allocation will be granted to S-6 and W-6 service areas. Properties in these service areas must be upgraded via a Comprehensive Water and Sewerage Plan amendment. Refer to Chapter 5 of the Plan for more details.

B. Properties within the S-5 sewerage, and/or W-5 water, service areas

1. No allocation will be granted to S-5 and W-5 service areas. Properties in these service areas must be upgraded via a Comprehensive Water and Sewerage Plan amendment. Refer to Chapter 5 of the Plan for more details.

C. Properties within the S-4 sewerage, and/or W-4 water, service areas

1. No allocation will be granted to S-4 and W-4 service areas. Properties in these service areas must be upgraded via a Comprehensive Water and Sewerage Plan amendment. Refer to Chapter 5 of the Plan for more details.

D. Properties within the S-3 sewerage, and/or W-3 water, service areas

1. No allocation will be granted to S-3 and W-3 service areas. Properties in these service areas must be upgraded via a Comprehensive Water and Sewerage Plan amendment. Refer to Chapter 5 of the Plan for more details.

E. Properties within the S-1 and S-2 sewerage, and/or W-1 and W-2 water, service areas

1. An allocation shall be required for any residential, commercial, industrial, institutional, or public service project within a designated service area that requires either public water or public sewer service or both. Areas available for allocation shall be designated by a “W-1 or W-2” category for water service and an “S-1 or S-2” category for sewer service as shown in the Comprehensive Water and Sewerage Plan and its accompanying maps.
2. The applicant shall submit an application for allocation to the Sanitary District. When applicable, the allocation application shall be submitted prior to submission of preliminary site or subdivision plans to the Department of Planning and Zoning. The standard “Water & Sewerage Allocation Application” form attached to this policy shall be used for all applications for allocation. Refer to the instructions at the end of this policy.
3. The Sanitary Commission, or its designee, is authorized and shall approve allocations for water supply and/or sewerage service in conformance with

this policy, provided that all conditions subject to the applicant have been satisfied.

4. Upon approval of the allocation, the applicant shall make a ten percent (10%) deposit on the total cost of the allocation within thirty (30) calendar days or prior to submission of a preliminary plan to the Department of Planning and Zoning for site plan or subdivision review, whichever occurs first. Failure by the applicant to make the deposit within the specified timeframe will void the allocation request. For projects involving phases, the deposit amount will be based on the total demands of the entire build-out of the project. The submission of the deposit does not 'lock-in' the rate.
5. The balance of the allocation fees for the project, or each phase thereof, will be due prior to unconditional site plan, or final subdivision approval, or concurrently with the execution of the Public Works Agreement whichever occurs first (unless the financing option is available and is selected).
6. Rates to be paid for the allocation will be those in effect at the time of payment in full, or in the case of financing, the rate at the time of the execution of the Public Works Agreement.
7. Refer to the allocation application instructions attached at the end of this policy for a more detailed procedure.

VI. Time Limit on Allocation and Deposit

- A. For the first 12 months from the date of the granting of the allocation (the "refundable period"), the applicant will determine the viability of the project in respect to current Planning and Zoning criteria. At the end of the refundable period, the 10% deposit is either requested to be refunded by the applicant in writing, which shall terminate the allocation commitment, or the deposit becomes non-refundable and the applicant continues forward with the project's final approval. The applicant will then have an additional twelve (12) months from that date to obtain conditional final site plan or subdivision approval.
- B. The applicant then has six (6) months from the date of conditional final approval to execute a Public Works Agreement with final payment (if not financing) of the allocation necessary to support at least the first phase of the project.
- C. The applicant then has twelve (12) months to begin construction of the project.

- D. Should the applicant be unable to meet the above timeframes, the allocation commitment shall automatically be void and be recaptured according to the provisions of Item IX of this policy unless written requests for the extension of the allocation commitment is made to the Director of Public Works, or the designee, in writing at least two weeks prior to the expiration of the allocation commitment. While the Sanitary Commission is under no obligation to extend the commitment, should the extension request be granted as a consideration for any agreement to extend the allocation commitment and in addition to any other conditions imposed, the Sanitary Commission shall require the applicant pay an additional 10% non-refundable deposit which will extend the allocation commitment for an additional 12 months.

VII. Plan Consistency and Allocation

- A. Final site plan or subdivision approval shall be generally consistent with the approved preliminary site plan or subdivision for the project and, when applicable, an Adequate Public Facilities Study. Allocation deviations may be denied if the Sanitary Commission or its designee determines that it is not consistent with the objectives of this policy or the Comprehensive Water and Sewerage Plan.

VIII. Alteration and Transfer of Allocation

- A. A business allocation may be altered from a single 500-gpd allocation to two (2) 250-gpd business allocations, four (4) 125-gpd business allocations, or any combination thereof. A letter requesting the revision must be sent to the Director of Public Works, or the designee, with reasons given for the necessity of the alteration. No additional allocation fees will be required. Such revisions will be administered by the Department of Public Works.
- B. A business allocation may be reduced from a single 500-gpd allocation to a single business 250-gpd allocation or from a single 250-gpd business allocation to a single 125-gpd business allocation, or any combination thereof. A letter requesting the revision must be sent to the Director of Public Works, or the designee, with reasons given for the necessity of the alteration. No refund of returned allocation will be made; however, the user fee will be appropriately reduced at the next quarterly billing. Such revisions will be administered by the Department of Public Works.
- C. A single dwelling allocation may be converted to a single 250-gpd business allocation (or two 125-gpd small business allocations), or vice-versa.
- D. Other alterations of allocation, other than those listed here, may be made by the Director of Public Works or the designee, on a case-by-case basis.

- E. Transfer of allocation is permitted within the same sewer collection area, provided the sewer mains are adequate and provided the properties are owned by the same party and provided there is a minimum 250 gpd for each use or lot after the transfer is complete

IX. Allocation Recapture Provisions

- A. Allocation may be recaptured on a voluntary or involuntary basis.

- 1. Voluntary Relinquishment - If a Public Works Agreement was executed but all or any part of the allocation was never utilized, a refund of the unused allocation fees paid (other than the non-refundable deposit) shall be returned upon request in writing to the Director of Public Works, or the designee. Note that any “refund” will be made at the rate when paid, not at the rate in effect at the time the refund is made. Also note if the granting of allocation was a condition of site plan or subdivision preliminary approval, a recapture may render that approval null and void.

Involuntary Relinquishment - The Queen Anne’s County Sanitary Commission, for any violation of an executed Public Works Agreement or for any failure to meet construction or policy timetables, shall be empowered to recapture the allocation. The Sanitary Commission may evaluate individual written requests for extension of allocation commitment; however, if no request is made to the Director of Public Works, or the designee, in writing prior to two weeks of the expiration of the allocation commitment, the commitment shall be deemed void and any deposits which have become non-refundable in accordance with VI.A. above shall be forfeited.

- B. Allocation recaptures shall be processed administratively by the Department of Public Works:

- 1. When allocation is recaptured, the County shall not repay any deposit, user fees paid, or interest accrued on those fees, to the applicant.
- 2. When an allocation has been granted and paid, and utilized for any period of time, no refund of the allocation fee, interest, or user charges will be paid.
- 3. When an allocation has been granted (paid but was never utilized), the Department of Public Works will make payment to the applicant in an amount equal to the actual amount paid for the allocation, less the deposit.
- 4. The next quarterly user charge will reflect the requested reduction in allocation.