

St. Mary's County Metropolitan Commission

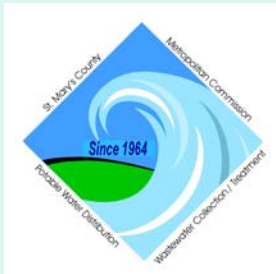


Public Hearing Presentation
Sewer & Water Service Charge
Proposed Rate Increases

June 5, 2007

Purpose of Hearing

To obtain public comment on the proposed increase in the Sewer and Water Service Charge rates which are incorporated in the FY 2008 Operating Budget.



St. Mary's County Metropolitan Commission

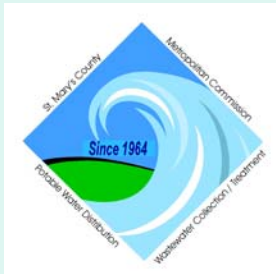


PROPOSED RATE CHANGES SEWER SERVICE CHARGES

	CURRENT	PROPOSED	INCREASE
NON-METERED *	\$23.34/mo	\$26.39/mo	\$3.05/mo
METERED	\$18.87/mo	\$22.41/mo	\$3.54/mo
USAGE RATE	\$3.49/Kgal	\$4.15/Kgal	\$.66/Kgal

PROPOSED INCREASE 19%

* Per EDU – Equivalent Dwelling Unit



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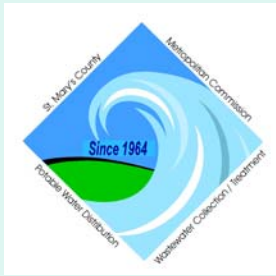


PROPOSED RATE CHANGES WATER SERVICE CHARGES

	CURRENT	PROPOSED	INCREASE
NON-METERED *	\$19.91/mo	\$24.62/mo	\$4.71/mo
METERED	\$11.38/mo	\$14.64/mo	\$3.26/mo
USAGE RATE	\$1.90/Kgal	\$2.44/Kgal	\$.54/Kgal

PROPOSED INCREASE 28%

* EDU – EQUIVALENT DWELLING UNIT



St. Mary's County Metropolitan Commission



Reasons for Increases

Revenues:

- Projected FY 2008 shortfall for Sewer Division
- Projected FY 2008 shortfall for Water Division – as expected, water usage has gone down as a result of the meter project

Expenses:

➤ *Increase in cost to operate Sewer & Water Systems*

☐ *Cost increases over FY 07 Budget*

• *Sewer – 18%*

• *Water – 22%*

☐ *Regulatory mandates from EPA*

➤ *Salaries increased \$412K or 10.6%*

☐ *Implementation of Salary Study*

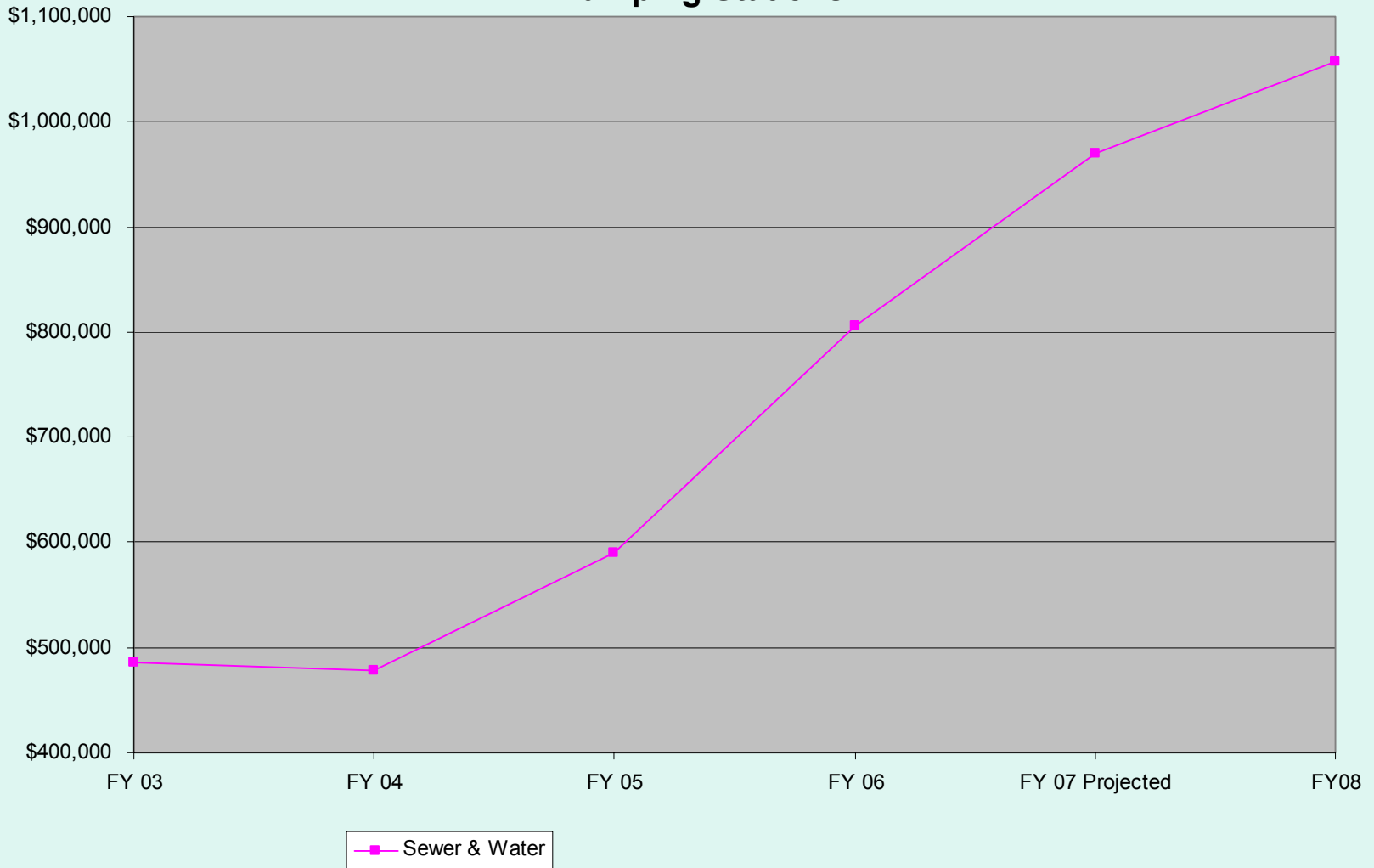
☐ *One New Position*

☐ *Cola of 2% & Steps*

Expenses – continued

- ***Pension Costs increased \$100K due to increase in salaries & joining the Alternate Pension System***
- ***OPEB Funding \$459K***
- ***Increased Expenses to Implement New Rate Structure***
- ***Large Increases in Power & Fuel***
 - ***Our cost to operate the plants & pumping stations has more than doubled since the last rate increase***

Power Costs To Operate Plants & Pumping Stations



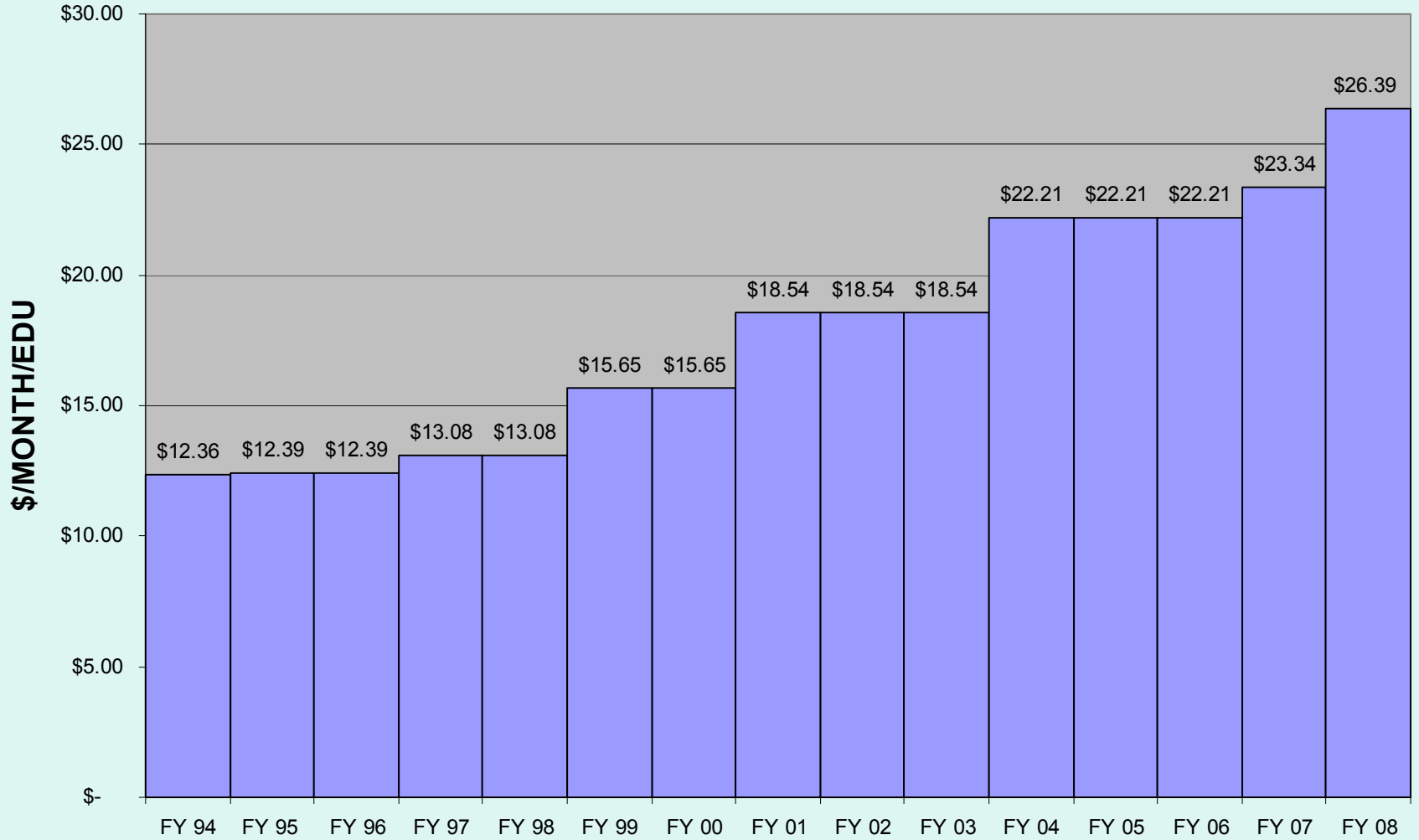
Reserves:

- Contribution to safeguard general fund reserves
 - Long term management goal is one year operational expenditures in reserve
 - 7% expected contribution per year
- Balance of surplus to fund Capital upgrades & improvements and Equipment replacement

**ST. MARY'S COUNTY METROPOLITAN COMMISSION
OPERATING BUDGET - ALL DISTRICTS FISCAL YEAR 2008**

SEWER DIVISION			FY 08		FY 07	FY 07	FY 07	FY 07	FY 06	FY 05
Operating Income	Inc over Proj	Incr over b	BUDGET		PROJECTION	JULY- MAR	JULY-JAN	BUDGET	ACTUAL	ACTUAL
<i>Service Charge - Metered</i>	21%	17%	\$ 1,070,402		886,297	664,723	\$ 510,014	\$ 916,514	\$ 897,173	\$ 956,099
<i>Service Charge - Non-Metered</i>	31%	31%	4,893,749		3,735,336	2,831,502	2,184,811	3,725,954	3,593,606	3,372,739
<i>Septage Haulers</i>	3%	-18%	20,465		19,869	14,902	11,656	25,000	18,301	27,051
<i>Remote Area & Shared System Surcharge</i>	3%	32%	22,414		21,761	16,321	12,368	16,986	16,865	-
<i>Other Revenue</i>	3%	-8%	55,278		53,668	40,251	33,769	60,000	42,779	131,127
<i>Energy Surcharge</i>	-100%	-100%	0		230,625	188,154	146,386	203,103		
Total Operating Income			\$ 6,062,308		\$ 4,947,557	\$ 3,755,853	\$ 2,899,004	\$ 4,947,557	\$ 4,568,724	\$ 4,487,016
Operating Expenses										
<i>Salaries</i>	13%	7%	\$ 1,534,455		1,357,349	992,923	\$ 739,797	\$ 1,427,662	\$ 1,270,486	\$ 1,174,818
<i>Casual Labor</i>	3%	89%	18,077		17,550	17,550	17,163	9,575	23,567	18,684
<i>Maintenance</i>	7%	14%	400,000	schedule	374,147	307,481	275,638	350,964	310,638	323,389
<i>Leonardtown Plant</i>	7%	43%	149,430		139,166	73,646	73,646	104,535	101,546	118,562
<i>Power</i>	9%	32%	530,294	9%	486,508	364,881	272,878	401,999	385,723	272,124
<i>Telephone/Dialers</i>	3%	-3%	28,725	3%	27,888	20,916	15,708	29,469	33,610	25,028
<i>Major System Repair</i>	-35%	-25%	29,000	schedule	44,947	33,710	21,744	38,663	35,067	30,490
<i>Fuel (Gas & Oil)</i>	-15%	37%	79,000		93,465	70,099	46,066	57,567	44,818	20,780
<i>Lab & Soils Testing</i>	13%	-37%	4,557	a	4,036	3,027	1,286	7,202	6,981	8,396
<i>Major Testing</i>	#DIV/0!	0%	6,000		-	-	-	6,000	-	-
<i>Chemicals</i>	9%	-21%	145,052	schedule	132,493	94,682	71,883	184,562	99,980	56,750
<i>Employee Related Expense</i>	34%	31%	18,678	schedule	13,903	10,427	8,111	14,280	12,869	15,560
<i>Materials & Supplies</i>	6%	8%	78,699	6%	74,244	55,683	45,181	72,887	61,847	79,014
<i>Building Utilities</i>	9%	1%	31,475	9%	28,876	21,657	14,532	31,269	25,960	23,394
<i>Miscellaneous</i>	3%	-66%	2,667	3%	2,589	1,942	1,204	7,754	5,602	4,871
<i>Vehicles</i>	9%	-1%	49,769	9%	45,660	34,245	29,020	50,055	44,673	31,883
<i>Sludge Removal Expense</i>	11%	14%	98,000		88,125	69,125	66,418	86,310	97,980	82,149
<i>Depreciation</i>	26%	17%	175,000		139,015	104,261	81,543	150,000	134,997	91,004
<i>MDE Loan Repayment #19 (Lex Pk WWPS)</i>	-87%	-87%	7,585		59,919	49,286	730	59,919	56,000	
<i>New loan for Patuxent Park</i>	#DIV/0!	#DIV/0!	3,600		-	-				
<i>SSO's & Penalties</i>	#DIV/0!	#DIV/0!	0					0	-	
<i>Recv'ry of Cost</i>	3%	-94%	(989)	3%	(960)	(720)	(720)	(15,768)	(11,826)	(3,852)
<i>Contingencies</i>	5%	#DIV/0!	169,454					153,745		
<i>Allocation of OH</i>	31%	28%	1,931,151		1,478,400	1,085,990	836,290	1,503,706	1,342,130	1,272,184
<i>Allocation of Engineering</i>	71%	113%	203,334		118,591	103,958	75,368	95,520	118,581	195,489
Total Operating Expenses	20%	18%	\$ 5,693,014		\$ 4,725,909	\$ 3,514,769	\$ 2,693,486	\$ 4,827,875	\$ 4,201,229	\$ 3,840,717
Net Direct Sewer Operating Income			\$ 369,294		\$ 221,648	\$ 241,084	\$ 205,518	\$ 119,682	336,994	\$ 646,299
Less: Contribution to Reserves 7%			25,851					5,984	-	-
Balance to Funds			\$ 343,444			\$ 241,084	\$ 205,518	\$ 113,698	\$ 336,994	\$ 646,299

SEWER NON-METERED SERVICE CHARGE



Marlay-Taylor W.R.F.

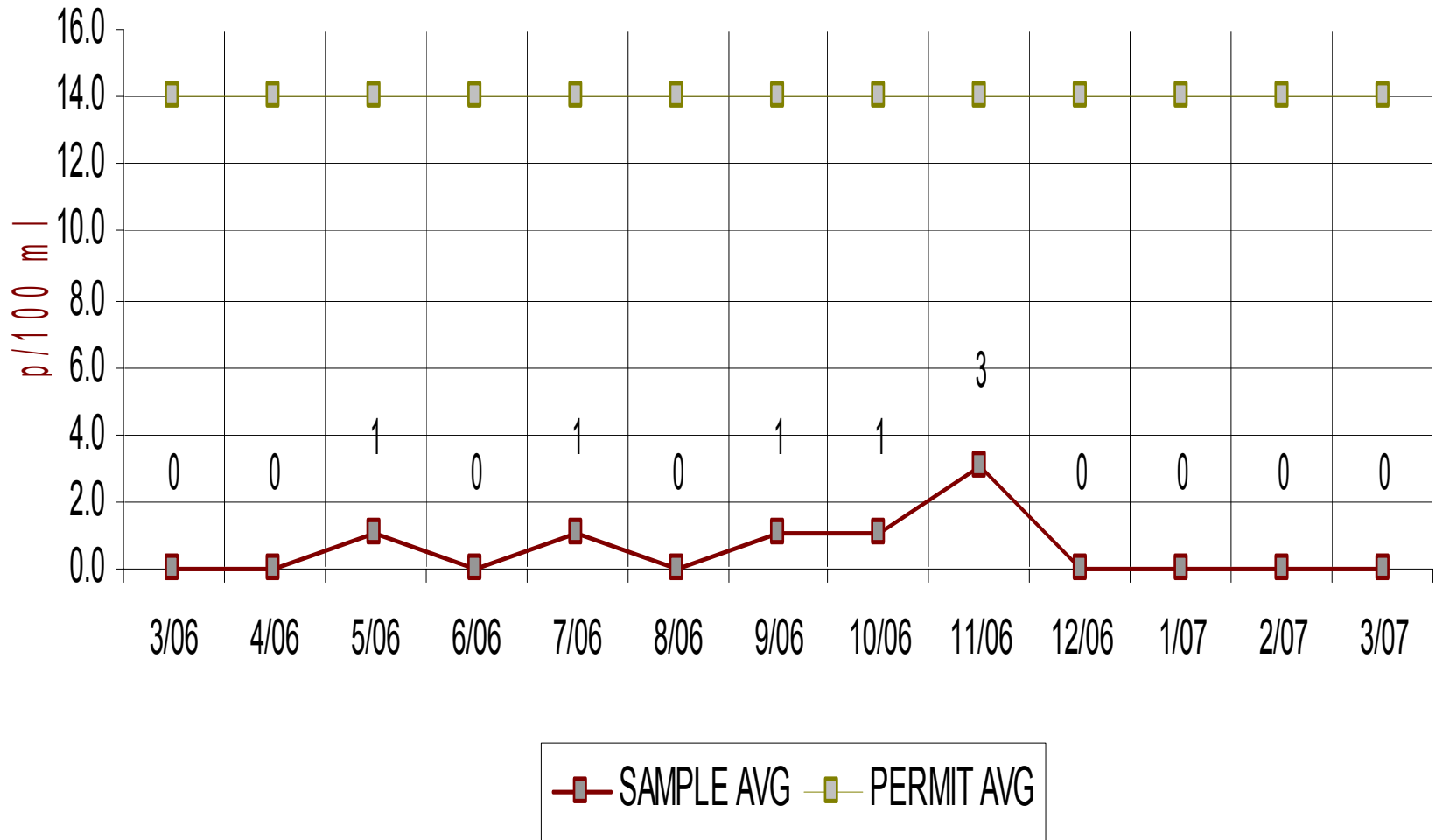
March 2006 - March 2007

Effluent Test Results

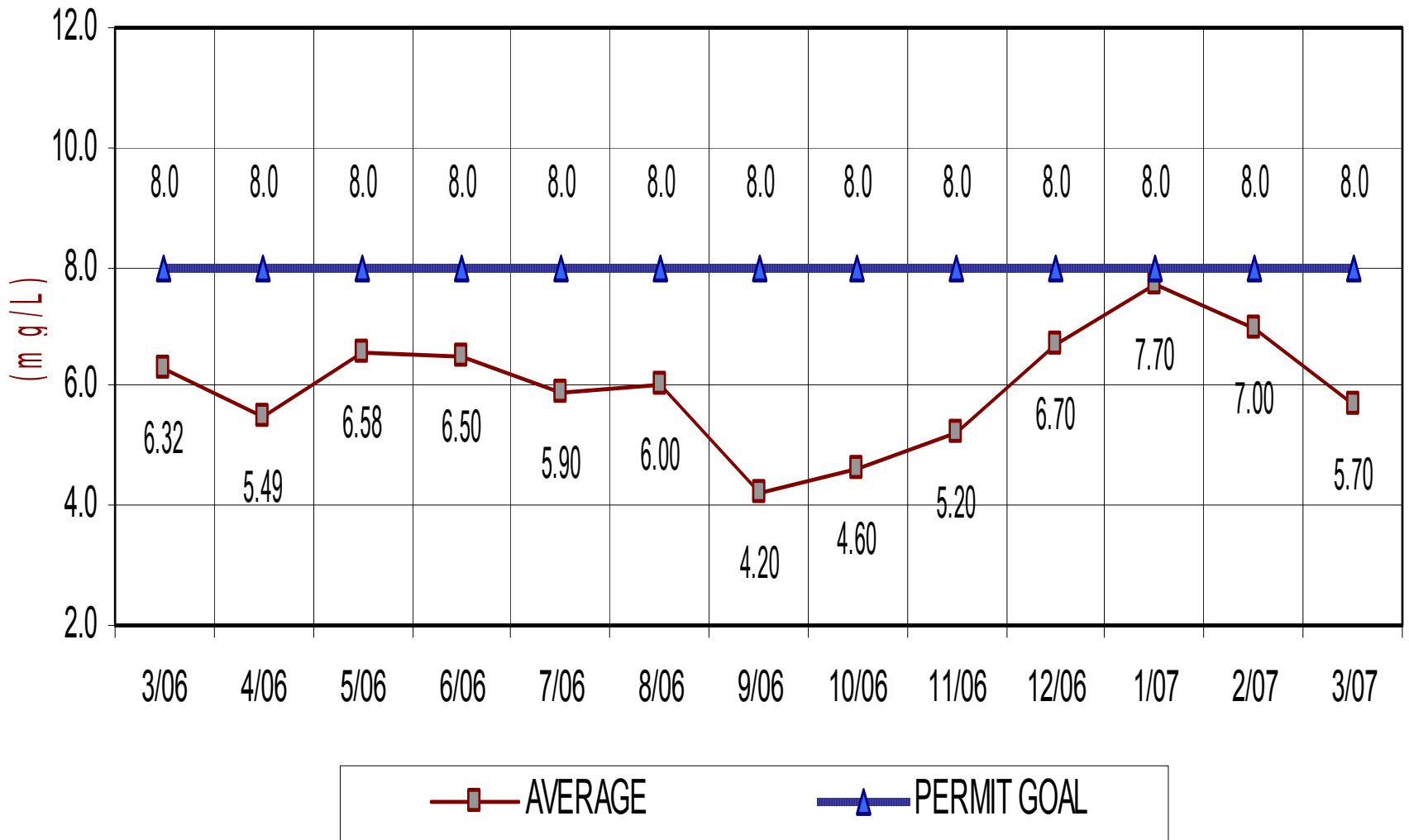
VS

Permit Conditions

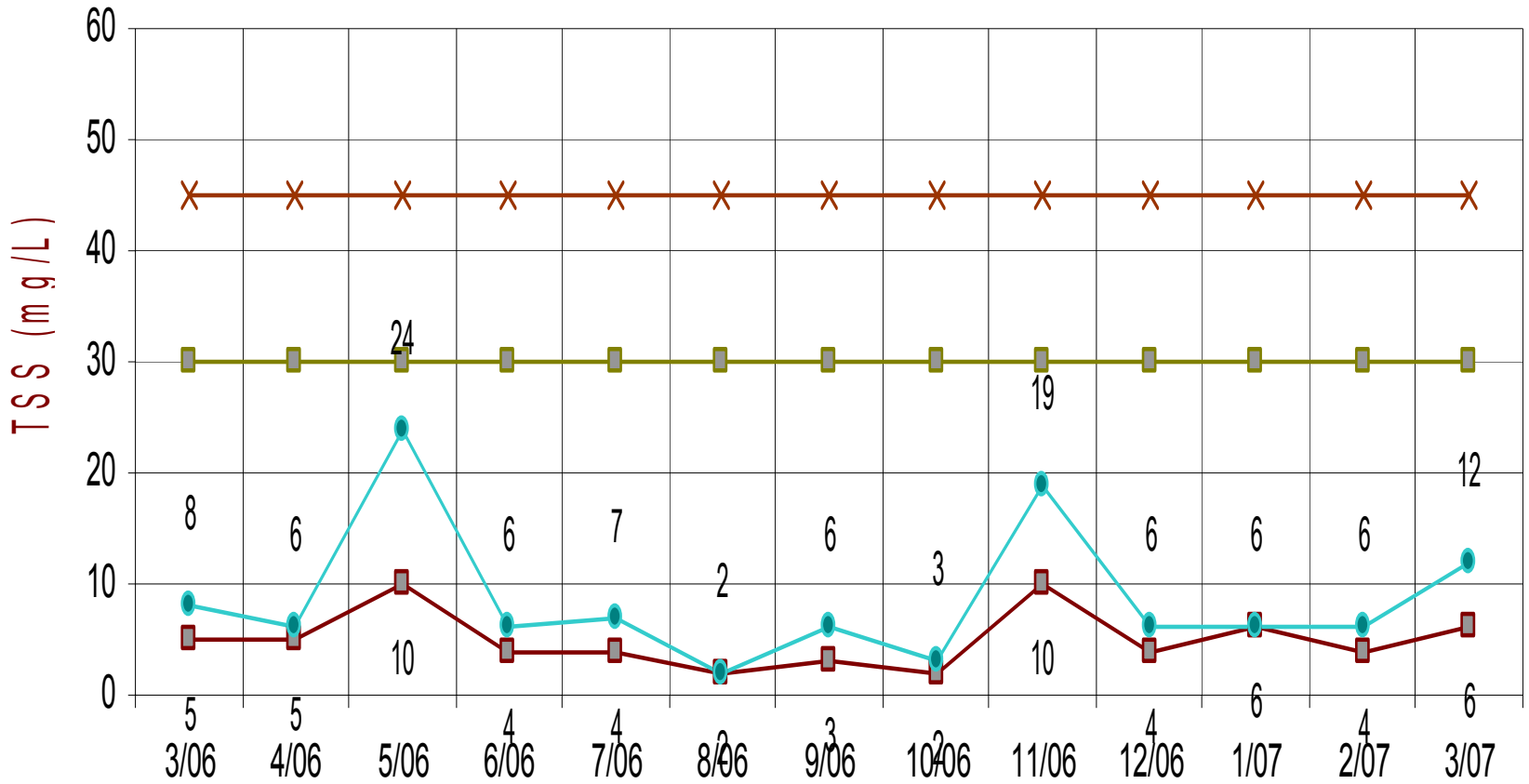
MARLAY-TAYLOR WRF FECAL COLIFORM



MARLAY-TAYLOR WRF TOTAL NITROGEN



MTWRF Effluent Total Suspended Solids (mg/L)



—■— SAMPLE AVG

—■— PERMIT AVG

—●— SAMPLE MAX

—×— PERMIT MAX

Sanitary Sewer Overflows

Year	Wastewater Pump Station		Sewer Lines		Severe Weather	Grinder Pumps	Total
	Preventable	Non-Preventable	Preventable	Non-Preventable			
2000	1	0	7	4	1	2	15
2001	0	0	9	7	0	0	16
2002	0	2	5	7	0	2	16
2003	0	1	1	2	3	1	8
2004	0	2	3	7	2	2	16
2005	0	1	2	6	0	1	10
2006	0	0	1	3	5	0	9

Examples:

Wastewater Pump Station

Preventable: Station controls left off

Non-Preventable: Failure of controls, pumps

Sewer Lines

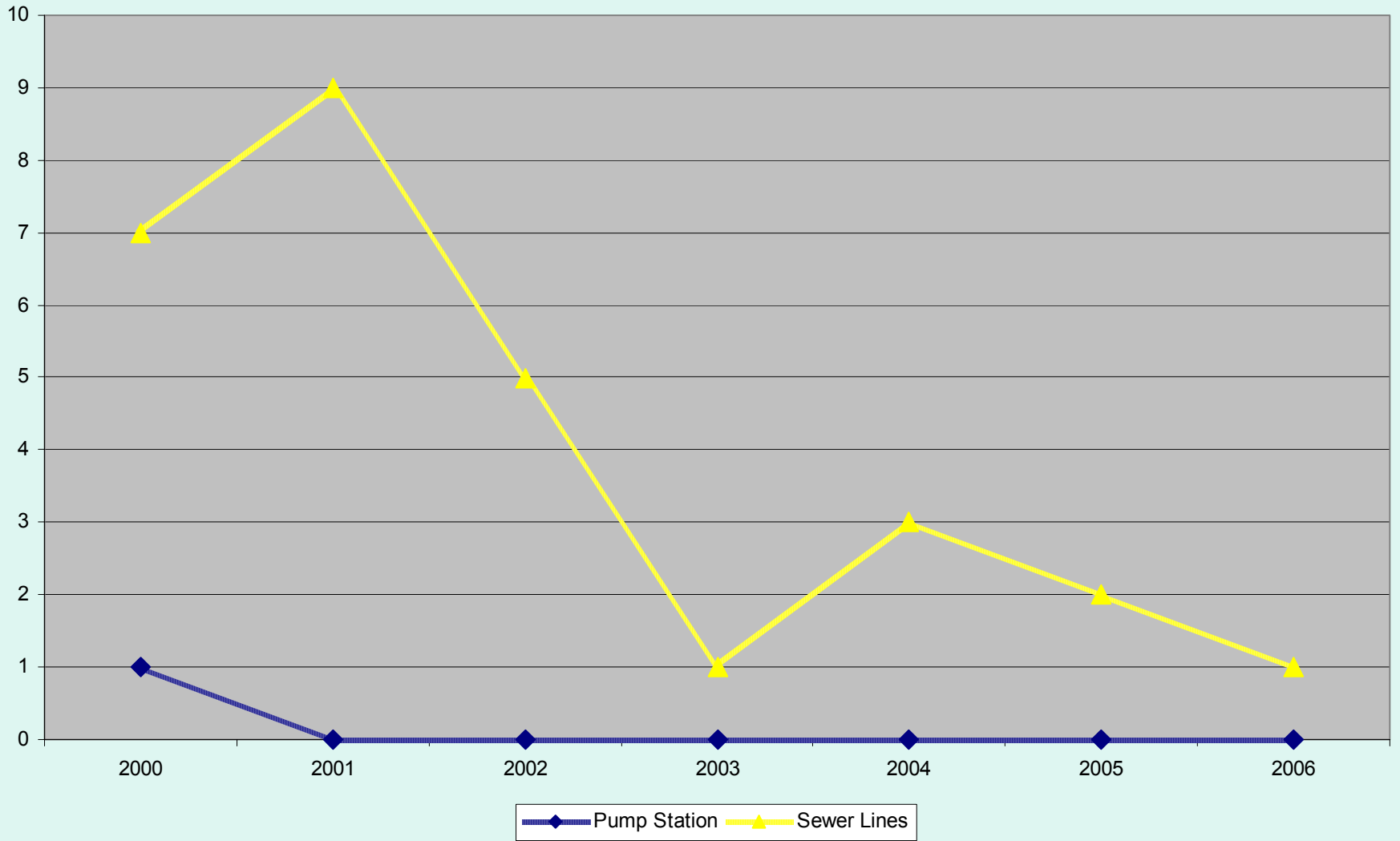
Preventable: Grease blockages, root blockages

Non-Preventable: Force main failure, contractor damage, vandalism

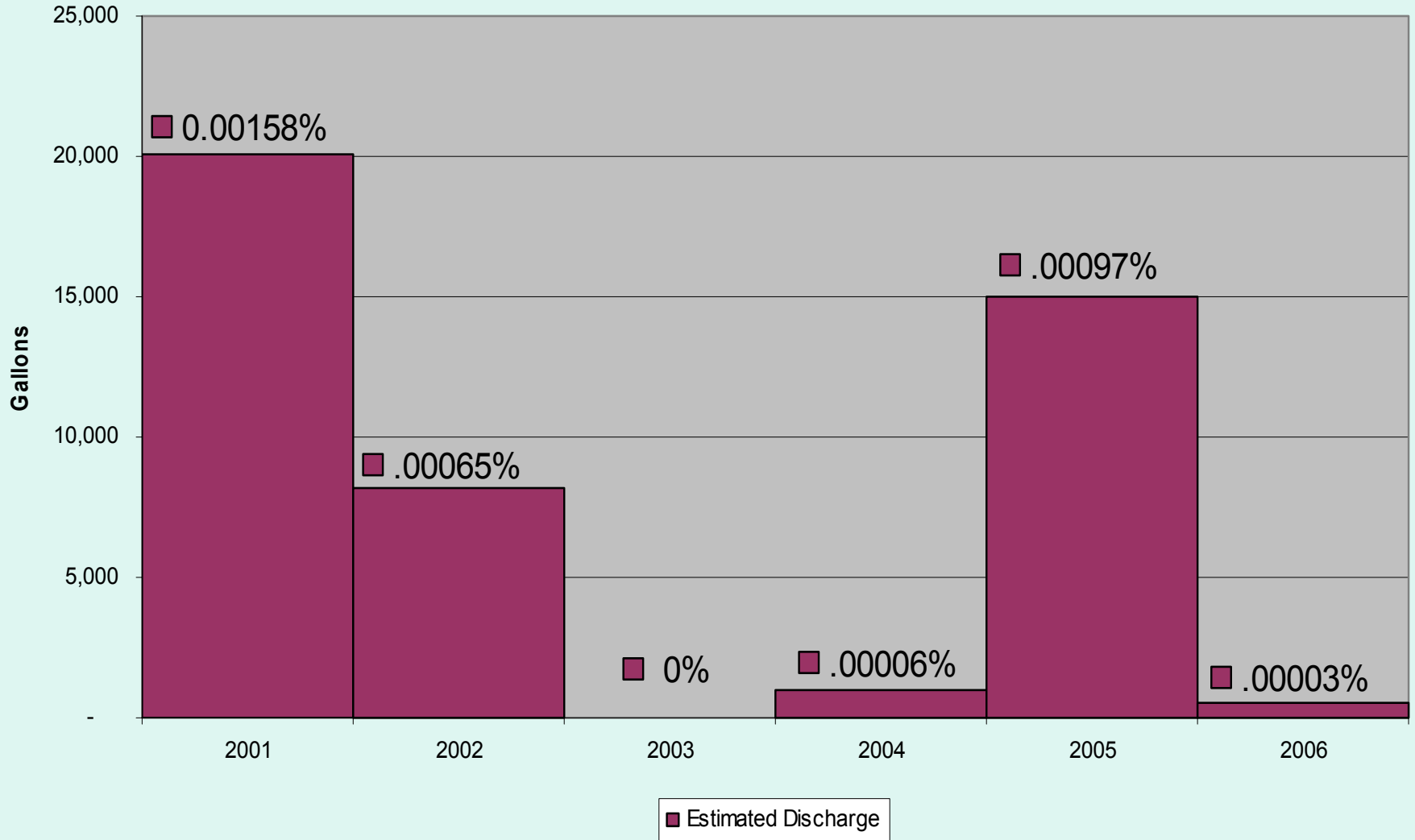
Sever Weather: Excessive flows due to I&I

Grinder Pumps: Excessive grease in grinder pump vault, grinder pump breaker and/or alarm turned off by resident

PREVENTABLE SANITARY SEWER OVERFLOWS

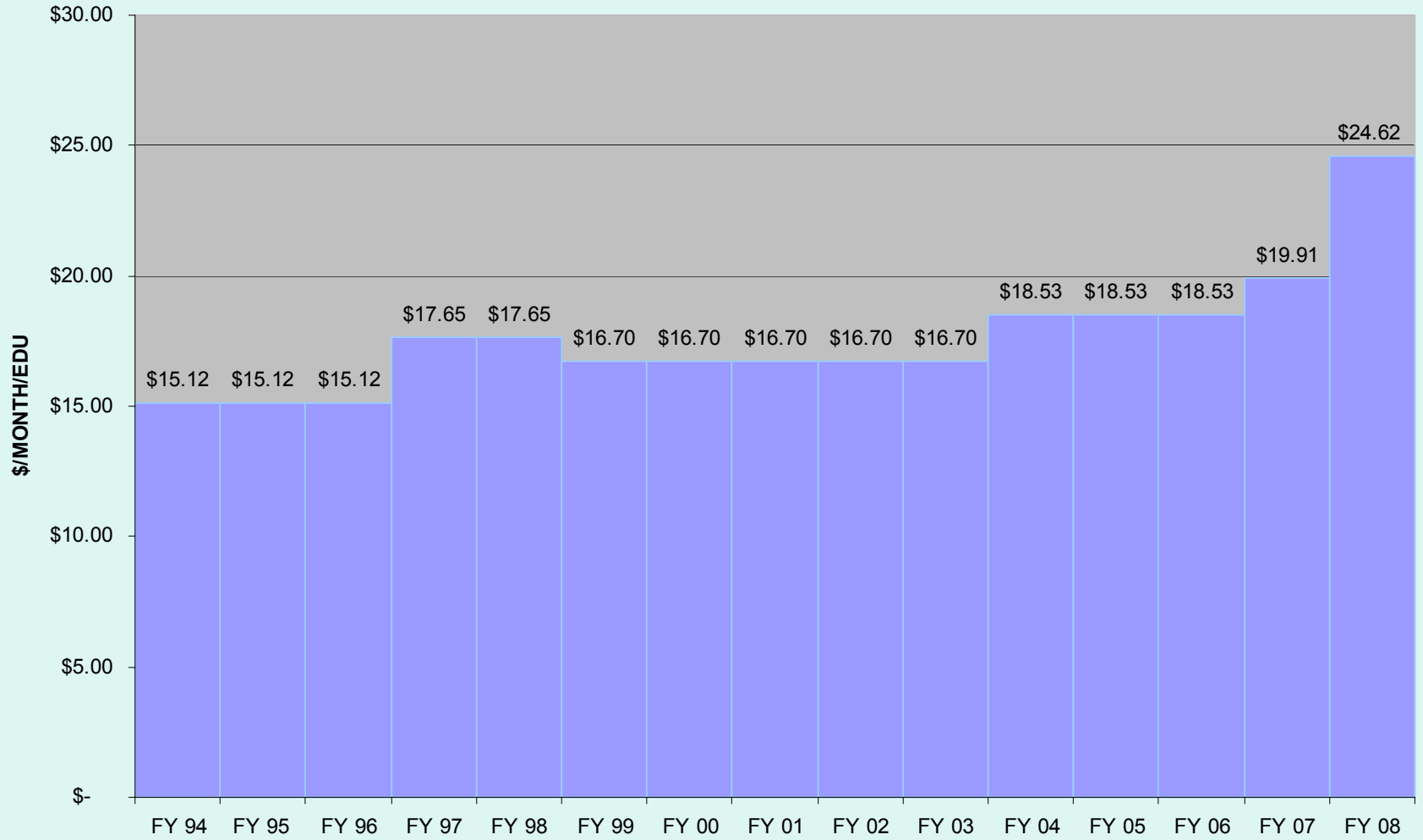


Estimated Sanitary Sewer Overflow Discharge & Percentage of Total Flow



ST.MARY'S COUNTY METROPOLITAN COMMISSION								10-May-07			
WATER											
FY 08 Budgeted Total Water Cost								\$3,335,656			
Reserves 7%								\$233,496			
Less: Other income Sources								(\$220,319)			
Net Cost for Rate Setting FY 08								\$ 3,348,833			
Water Flow 2006								1,361,174			
								Current Rates			
								WITH ENERGY	Percentage		
								PROPOSED	SURCHARGE	Increase	Increase
								Projected Flows			
RATE:	\$	3,348,833	/	1,371,359	\$2.44	\$1.90	\$0.54	28%	1000/gal		
					\$14.64	\$11.38	\$3.26	29%	Metered		
(Average EDU monthly use =			10.09	1,000 gallons)	\$24.62	\$19.91	\$4.71	24%	Non-Metered		

WATER NON-METERED SERVICE CHARGE FY 94-FY 08



Water Tests for Total Coliform Both Fecal and Non-Fecal

		2005	2006	2007		
				Jan-May		
Bacteriological *		732	744	305		
Gallons Pumped in Billions		1.4	1.4	0.5		
<p>The total number of Bacteriological tests for fecal and non-fecal coliform performed. All validated samples were negative.</p>						
<p>* Sampled at residence</p>						

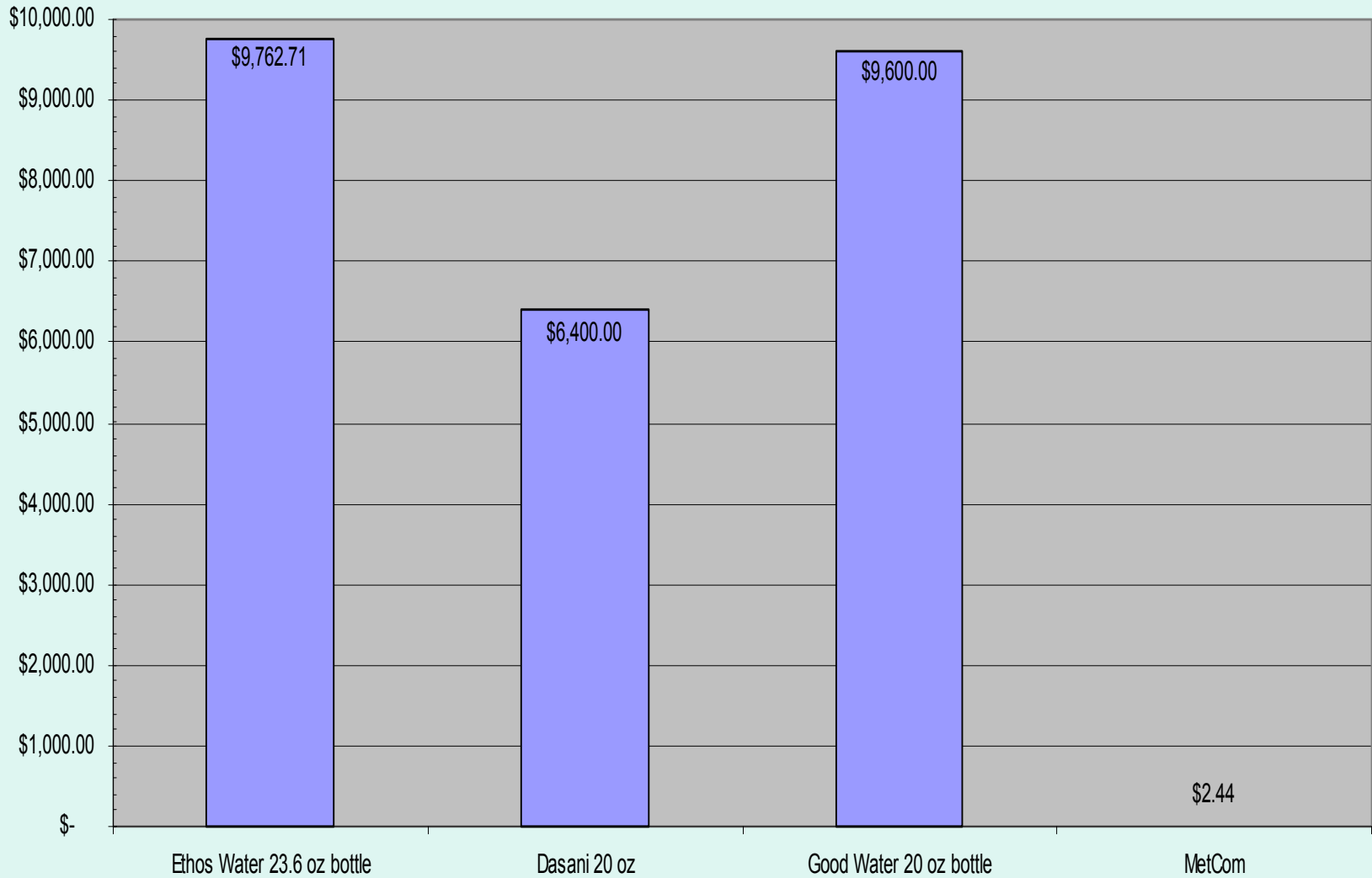
Water Tests

	2005	2006	2007 Jan-May
Lead and Copper *	160	25	0
Arsenic	38	53	38
Fluoride	6	5	40
Phase II & V Metals	9	3	35
Barium			
Cadmium			
Chromium			
Mercury			
Selenium			
Antimony			
Beryllium			
Nickel			
Thallium			
Sodium			
Nitrates	52	53	52
Trihalomethanes	0	8	4
Haloacetic	0	8	4

* Sampled at residence

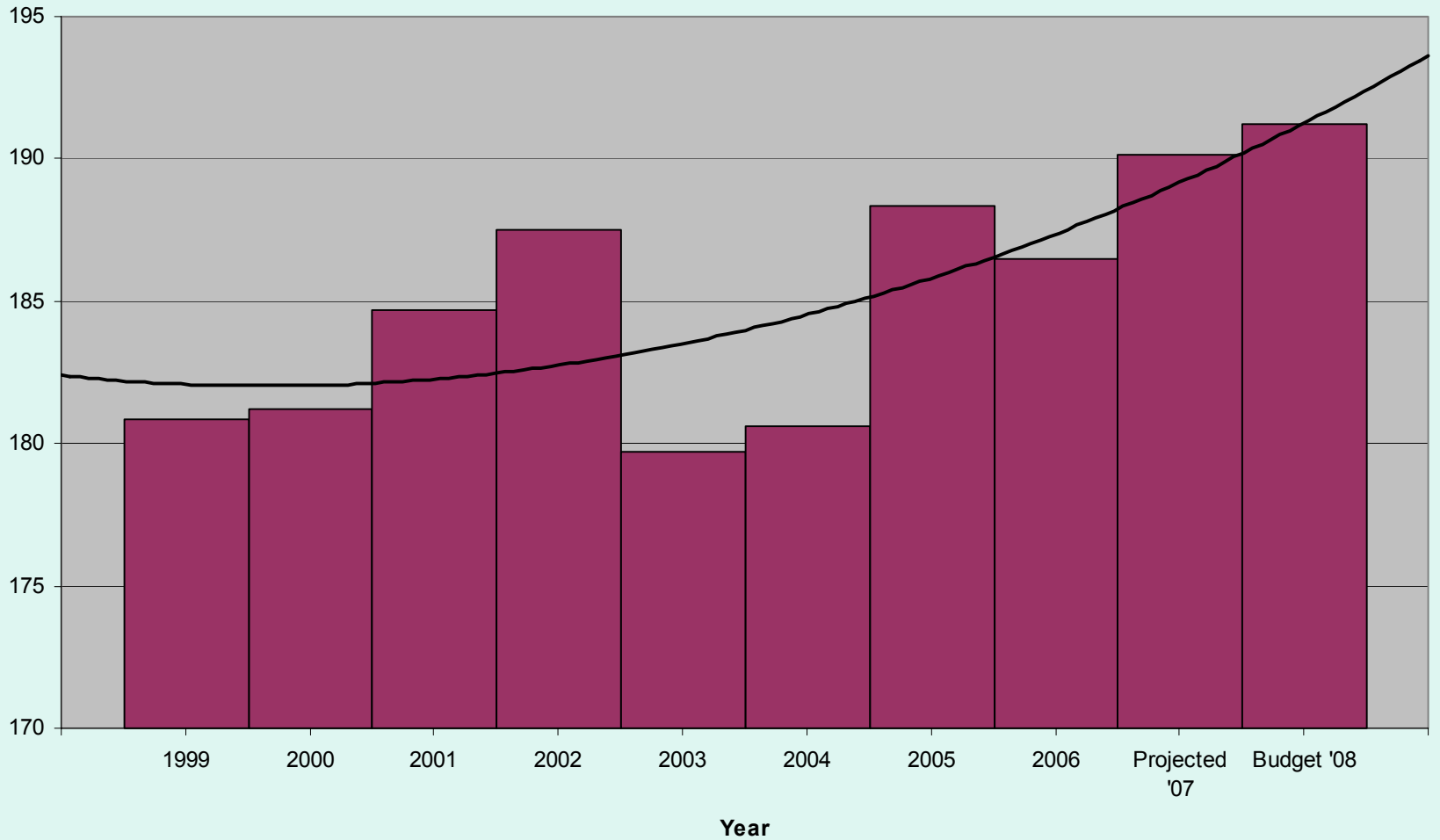
All of these tests were within Federal limits, except some of the wells had arsenic levels above the maximum. The wells with arsenic above the Federal limit are being replaced.

Water Cost Comparison Per 1,000 Gallons



■ \$/1,000 gal

Customers per Employee



Customers/Employee — Poly. (Customers/Employee)

Comparison of Utility Costs

