

St. Mary's County Metropolitan Commission



Public Hearing Presentation
Proposed Rate Increase
Septage Haulers

June 6, 2007

Purpose of Hearing

To obtain public comment on the proposed increase in the Septage Hauler rates which are incorporated in the FY 2008 Operating Budget.

Proposed Rates Have Been Revised

- Concern over large increase
- Determined that one rate for all septage is inequitable because some types of waste are more expensive to treat than others

Septic Tank Waste of \$40.31 was calculated using a study done by Madison Wisconsin that has a 21 year average Biochemical Oxygen Demand (BOD₅) of 2,835

The Portable Toilet Waste would have had a cost of \$85.74 based on 6,454 BOD₅

Grease Trap Waste would have a cost of \$359.32 based on 28,248 BOD₅

We have based our rates on the Septic Tank Waste cost and increased the other two rates marginally

In the next year we will measure the BOD_5 of these three types of waste

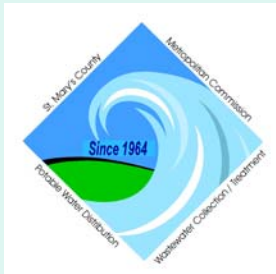
We will be looking into ways to reduce the BOD_5 of Portable Toilet Waste

And we will be looking into ways to recycle the Grease Trap Waste as this waste causes problems in our plant and is a potentially valuable resource

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Estimated Cost to Treat Various Types of Waste

	influent BOD mg/l	Septic BOD mg/l	Portable Toilets BOD mg/l	Grease Traps BOD mg/l
	188	2,835	6,454	28,248
BOD * .001 * 8.34	1.56792	23.6439	53.82636	235.58832
strength factor		15.079787	34.3297872	150.255319
the calculation for loadings per 1,000 gallons is				
mg/l X .001 X 8.34 = lbs/ 1,000 gallons				
5030 X .001 X 8.34= 41.95				
188 X .001 X 8.34 = 1.5				
Septic	Madison 21 yr average			
Portable Toilets -	Madison 19 yr average			
Grease Traps -	Madison 21 yr average			
Rates Would Be:				
Debt Service		0.56	0.56	0.56
2.36 times strength factor		35.59	81.02	354.60
Labor		4.16	4.16	4.16
Cost To Treat		<u>\$ 40.31</u>	<u>\$ 85.74</u>	<u>\$ 359.32</u>
Adjust To		\$ 40.31	\$ 50.31	\$ 60.31



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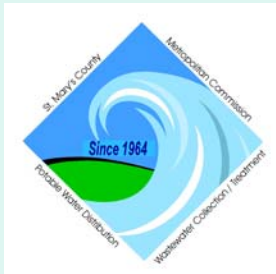


PROPOSED RATE CHANGE SEPTAGE HAULERS

Per 1,000 Gallons

CURRENT PROPOSED

All Waste	\$30.45	
Septic Tank Waste		\$40.31
Portable Toilet Waste		\$50.31
Grease Trap Waste		\$60.31



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Reasons for Increases

Revenues:

- Projected FY 2008 shortfall for Sewer
Division

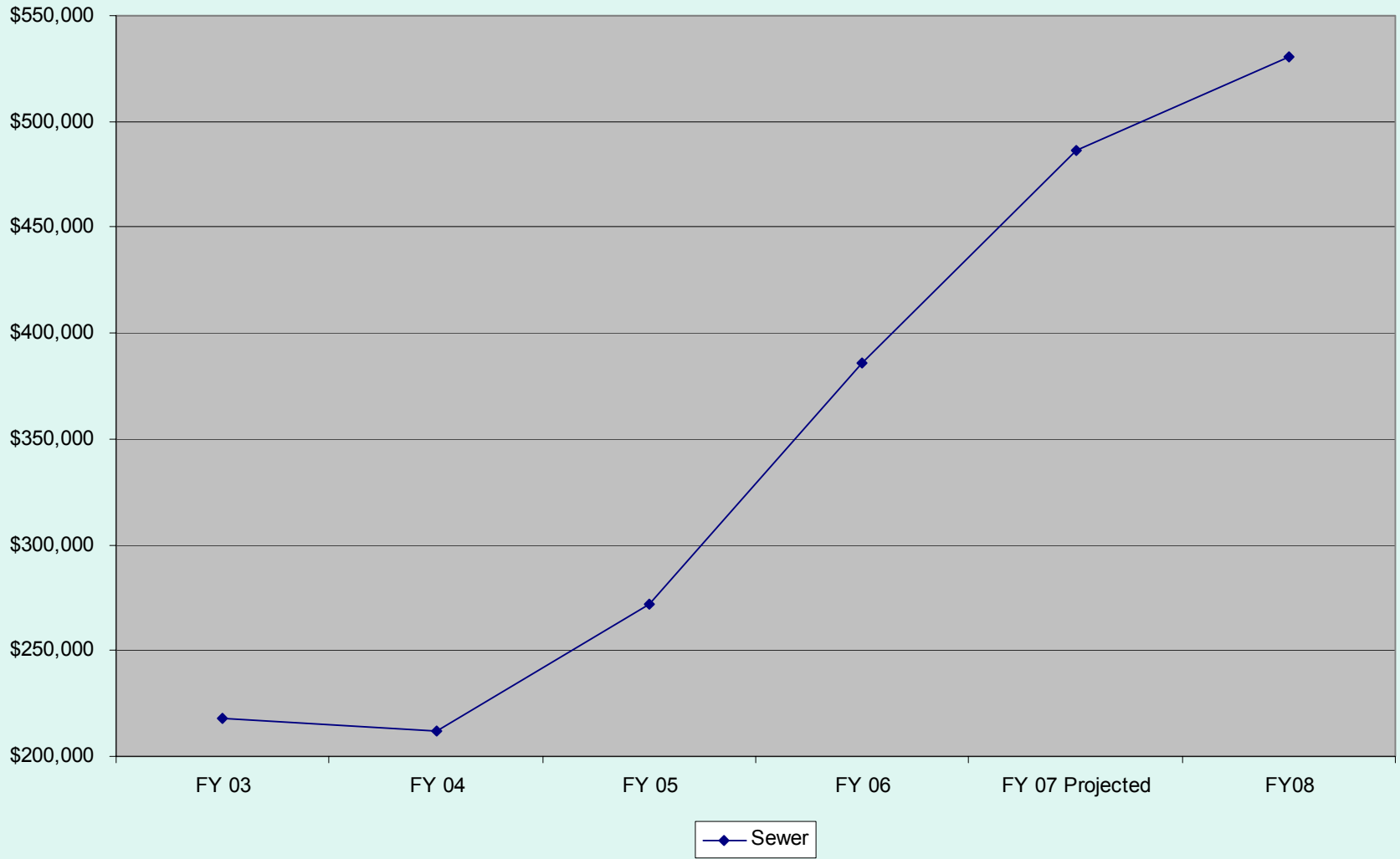
Expenses:

- ***Increase in cost to operate Sewer System***
 - ❑ ***Cost increases over FY 07 Budget***
 - ***Sewer – 18%***
 - ***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

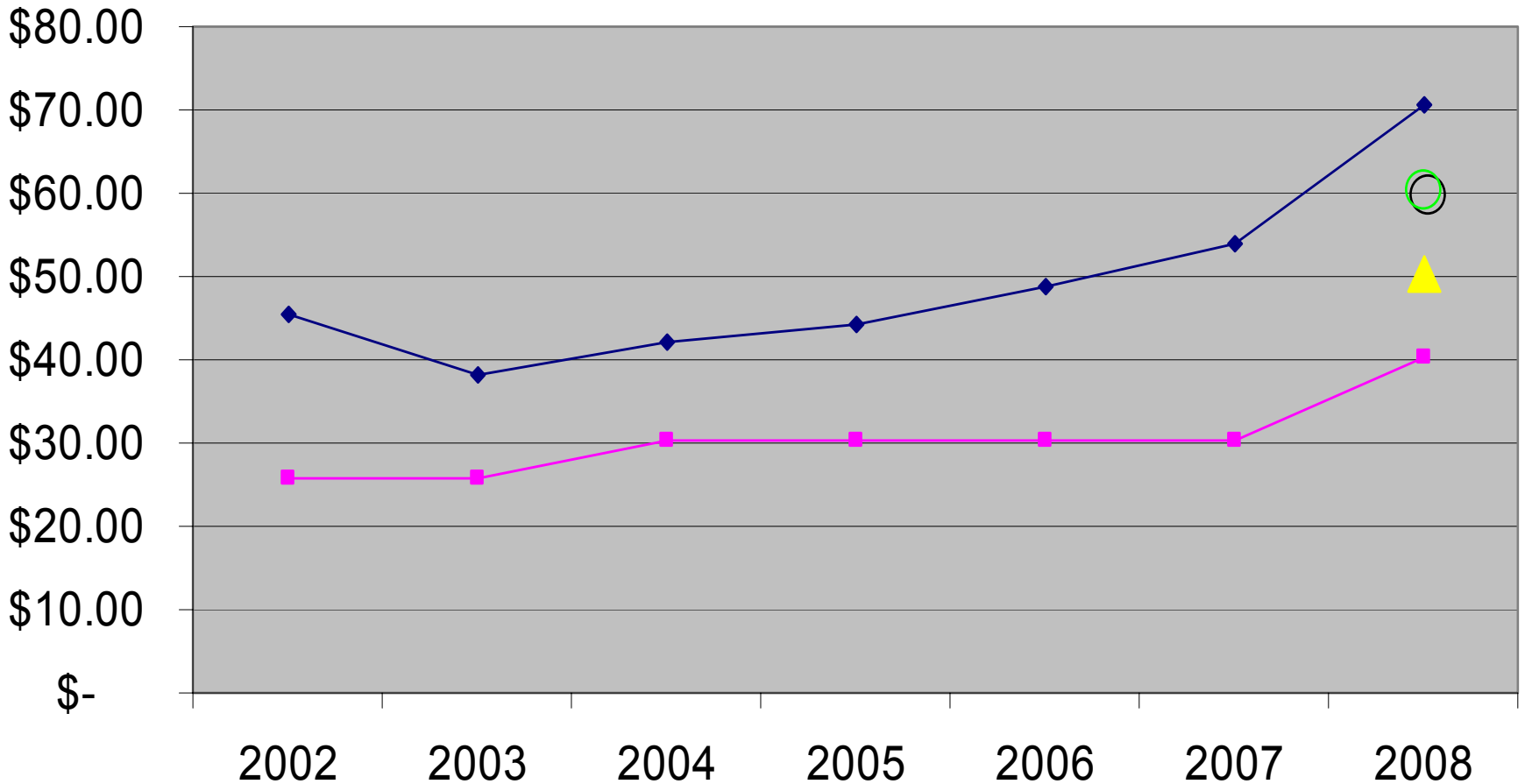


Reserves:

- 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 O8		FY 07	FY 07	FY 07	FY 07	FY 06	FY 05
	Inc over Proj	Incr over b		BUDGET		PROJECTION	JULY- MAR	JULY-JAN	BUDGET	ACTUAL	ACTUAL
Operating Income				\$ 1,070,402		886,297	664,723	\$ 510,014	\$ 916,514	\$ 897,173	\$ 956,099
Service Charge - Metered	21%	17%									
Service Charge - Non-Metered	31%	31%		4,893,749		3,735,336	2,831,502	2,184,811	3,725,954	3,593,606	3,372,739
Septage Haulers	3%	-18%		20,465		19,869	14,902	11,656	25,000	18,301	27,051
Remote Area & Shared System Surcharge	3%	32%		22,414		21,761	16,321	12,368	16,986	16,865	-
Other Revenue	3%	-8%		55,278		53,668	40,251	33,769	60,000	42,779	131,127
Energy Surcharge	-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											
Salaries	13%	7%		\$ 1,534,455		1,357,349	992,923	\$ 739,797	\$ 1,427,662	\$ 1,270,486	\$ 1,174,818
Casual Labor	3%	89%		18,077		17,550	17,550	17,163	9,575	23,567	18,684
Maintenance	7%	14%		400,000	schedule	374,147	307,481	275,638	350,964	310,638	323,389
Leonardtown Plant	7%	43%		149,430		139,166	73,646	73,646	104,535	101,546	118,562
Power	9%	32%		530,294	9%	486,508	364,881	272,878	401,999	385,723	272,124
Telephone/Dialers	3%	-3%		28,725	3%	27,888	20,916	15,708	29,469	33,610	25,028
Major System Repair	-35%	-25%		29,000	schedule	44,947	33,710	21,744	38,663	35,067	30,490
Fuel (Gas & Oil)	-15%	37%		79,000		93,465	70,099	46,066	57,567	44,818	20,780
Lab & Soils Testing	13%	-37%		4,557	a	4,036	3,027	1,286	7,202	6,981	8,396
Major Testing	#DIV/0!	0%		6,000		-	-	-	6,000	-	-
Chemicals	9%	-21%		145,052	schedule	132,493	94,682	71,883	184,562	99,980	56,750
Employee Related Expense	34%	31%		18,678	schedule	13,903	10,427	8,111	14,280	12,869	15,560
Materials & Supplies	6%	8%		78,699	6%	74,244	55,683	45,181	72,887	61,847	79,014
Building Utilities	9%	1%		31,475	9%	28,876	21,657	14,532	31,269	25,960	23,394
Miscellaneous	3%	-66%		2,667	3%	2,589	1,942	1,204	7,754	5,602	4,871
Vehicles	9%	-1%		49,769	9%	45,660	34,245	29,020	50,055	44,673	31,883
Sludge Removal Expense	11%	14%		98,000		88,125	69,125	66,418	86,310	97,980	82,149
Depreciation	26%	17%		175,000		139,015	104,261	81,543	150,000	134,997	91,004
MDE Loan Repayment #19 (Lex Pk WWPS)	-87%	-87%		7,585		59,919	49,286	730	59,919	56,000	
New loan for Patuxent Park	#DIV/0!	#DIV/0!		3,600		-	-	-	-	-	-
SSO's & Penalties	#DIV/0!	#DIV/0!		0		-	-	-	0	-	-
Recv'ry of Cost	3%	-94%		(989)	3%	(960)	(720)	(720)	(15,768)	(11,826)	(3,852)
Contingencies	5%	#DIV/0!		169,454		-	-	-	153,745	-	-
Allocation of OH	31%	28%		1,931,151		1,478,400	1,085,990	836,290	1,503,706	1,342,130	1,272,184
Allocation of Engineering	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

Septage Hauler Costs/Rates



◆ MetCom Cost

■ Rate/1,000 Gal

▲ Rate for Portable Toilet Waste

○ Rate for Grease Trap Waste