

# St. Mary's County Metropolitan Commission

**Public Hearing**  
April 18, 2023



FY 2024 Operating Budget  
FY 2024 Capital Improvement Budget  
FY 2025 - FY 2029 Capital Improvement Plan  
FY 2024 Rate Changes

# **PUBLIC HEARING NOTICE**

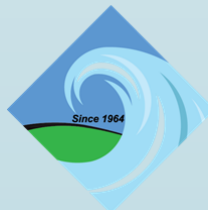
## **ST. MARY'S COUNTY**

### **METROPOLITAN COMMISSION (MetCom)**

In accordance with Chapter 113-27D of the Public Laws of St. Mary's County, Maryland, being part of Article 19 of the Code of Public Local Laws of the State of Maryland, notice is hereby given that a Public Hearing will be held on April 18, 2023 at 6:00 p.m. at the MetCom Administration Building, 23121 Camden Way, California, Maryland.

The Hearing will be held to discuss the proposed Fiscal Year 2024 Capital Improvement Budget, the proposed Fiscal Years 2025-2029 Capital Improvement Plan and the proposed Fiscal Year 2024 Operating Budget and proposed rate changes relating to each budget, to become effective July 1, 2023.

All interested persons are invited to observe the Public Hearing via the live stream link found at [www.metcom.org](http://www.metcom.org). A public comment phone line will be opened immediately following the presentation. Call 301.298.1561 ext 454043.



# ST. MARY'S COUNTY METROPOLITAN COMMISSION

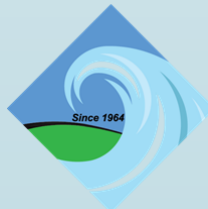
## History

The St. Mary's County Metropolitan Commission (MetCom) was created by the State Legislature in 1957 as a quasi-governmental, non-profit body, to supply water and sewer service to St. Mary's County and has been providing those services since 1964.

MetCom is committed to providing quality, reliable services to St. Mary's County. Our staff takes great pride in providing outstanding customer service while maintaining very high standards of environmental compliance and resource management.

## Mission Statement

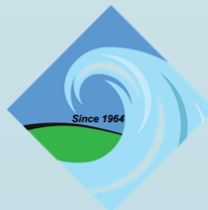
To construct, operate and maintain public water supply and public wastewater conveyance and treatment systems in a manner that is sustainable, reliable, economical and safe for the Commission's employees, the environment, and the citizens of St. Mary's County; and to ensure that construction is timely and in accordance with the St. Mary's County Comprehensive (Land Use) Plan.



# SEWER DIVISION

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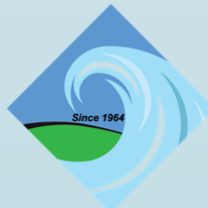
- Sewage Treatment Plants Owned & Operated by MetCom: **5 State Permitted Facilities**. Marlay-Taylor is one of 64 facilities in the State required to be ENR compliant.
- Private Sewage Treatment Plants Operated by MetCom, but owned by others: **2**
- Wastewater Samples Analyzed: **28,128**
- Gravity Sewer Lines and Force Mains: **293 miles**
- Sewage Pumping Stations: **66**
- Sewer Customers: **17,726**
- # Manholes: **3,917**
- Residential grinder pumps: **1,799**
- Over **1.6 billion** gallons of wastewater treated in FY2022



# SEWER DIVISION

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- If eligible, MetCom submits an Enhanced Nutrient Removal (ENR) grant application for up to \$180K each year for Marlay-Taylor Wastewater Treatment Plant / Water Reclamation Facility
- Grants helps offset expenses that have increased due to the State mandated implementation of ENR:
  - ✓ Maintenance
  - ✓ Power
  - ✓ Chemicals
  - ✓ Sludge Hauling
- Budget puts an emphasis on prevention of inflow & infiltration and maintenance to keep systems operating efficiently and avoid infrastructure failures such as sewer line breaks and sanitary sewer overflows
- One new FTE proposed in FY 2024 to assist with Inflow & Infiltration control



# WATER DIVISION

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- Water Lines Maintained: **307 miles**
- Water Meters: **16,415**
- Water Storage Tanks: **39**
- Water Storage Towers: **18**
- Water Customers: **17,840**
- Fire Hydrants Maintained: **2,729**
- Pumping Stations: **55**
- Water Supply Systems: **28**
- Well sites: **67**
- Water Samples Analyzed: **5,900**
- 3<sup>rd</sup> Party Water Analyses: **1,350**

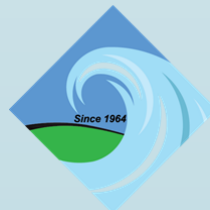




# WATER DIVISION

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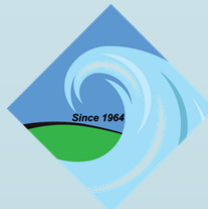
- MetCom continues to provide high quality water.
- MetCom operates a State Certified Water Quality Laboratory
- Consumer Confidence (Water Quality) Reports are published at <https://www.metcom.org/operations>
- All of the water samples met or exceeded EPA drinking water standards
- Proposed cost of 1,000 Gallons of water will be \$1.86 compared to the cost of a bottle of water
- **1.3 billion gallons** of water supplied in FY 2022
- No New FTE's proposed in FY 2024



# ENGINEERING DEPARTMENT



- Plat & Plan Reviews: **376**
- Connection Permits Issued: **178**
- Developer & Construction Projects Inspected: **50-60 per year**
- Miss Utility Locates: **9,812**  
3<sup>rd</sup> party privatized service
- Capital Projects Managed:  
**Over \$110 M w/ \$25M planned in FY 2024**
- Connection Incentive Programs: **Available for water and sewer connections**
- Capital Project Funding: **DHCD and MDE low interest loans and State grants**





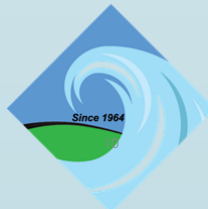
# ENGINEERING DEPARTMENT

- Review Fees are not proposed to change in FY 2024
- Engineering expenses not covered by development review fees and inspection revenues are allocated as follows:
  - ✓ **60%** to Sewer Department
  - ✓ **40%** to Water Department
- Operating Budget also includes monies for developer cost share agreements
- Miss Utility locates remain privatized
- Sewer No Planned Service Area: **83.4%** of the County
- Water No Planned Service Area: **81.2%** of the County
- Customer Growth: **≤1%**



# GENERAL & ADMINISTRATIVE DEPARTMENT

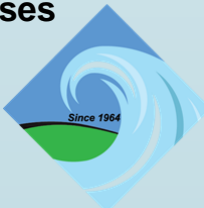
- Includes a **2%** Public Hearing Reserve to ensure ability to make adjustments following the formal hearing
- Includes one-step merit equivalent to **2.7%** increase for all employees
- Provides **2%** cost of living (COLA) for all employees
- User charges proposed to increase by **3.05%** for sewer and **2.40%** for water
- Provides full annual contribution to Other Post Employment Benefit (OPEB)
- General & Administrative expenses include all MetCom employee benefits, administrative salaries, insurance, IT and legal services, bank fees, etc. and are allocated at: **62.75%** to sewer, **28.06%** to water and **9.19%** to engineering
- Incorporates a reduced **2%** Vacancy Adjustment Factor
- Accounts for liability of annual and sick leave accruals



# FY 2024 BUDGET GOALS

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- ✓ **Adhere to General Administrative Assumptions**
- ✓ **Incorporate and Prioritize Facilities Plan Recommendations into Multi-year CIB**
- ✓ **Be forward-looking with Capital Reserves: Future Marlay-Taylor expansion.  
*Consider accumulating reserves to avoid large increase in out-year CCCs***
- ✓ **Capital Contribution Charges to remain level for FY 2024**
- ✓ **System Improvement Charges remain as projected in FY 2023 ( $\Delta = \$0.08 / \text{month}$ )**
- 
- ✓ **Target Draft FY 2024 Operating Budget with 2% maximum increase**
- ✓ **Incorporate Impacts of Merit and COLA for Board decision**
- ✓ **Present Possible Reorganization and FTE requests**
- ✓ **Prepare budget to include a Public Hearing Reserve @  $\leq 1\text{-}2\%$  of budgeted expenses  
*ensures ability to be responsive following the formal Public Hearing.***
- ✓ **Rate of Increase for Service Charges remain same % as FY 2023 or lower**



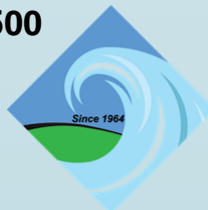
# ESSENTIAL COST CHANGES

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✓ SCADA maintenance & repairs	Information Technology	\$10,000
✓ Construction material increases	Construction (sewer)	\$40,000
✓ Flow Monitoring device replacement	OPS-Collections (sewer)	\$10,000
✓ Chemical cost increases	Marlay-Taylor WRF @ 10%	\$81,000
✓ Sludge Holding Tank repairs (one-time)	Northern Facilities	\$25,500
✓ Lab Supplies and Materials (single use)	Laboratory @ Marlay-Taylor	\$ 9,000
✓ Chemical cost increases	Laboratory @ Petty	\$30,000
✓ <u>Construction material increases</u>	<u>Construction (water)</u>	<u>\$65,000</u>

**Subtotal of Recommended increases:**

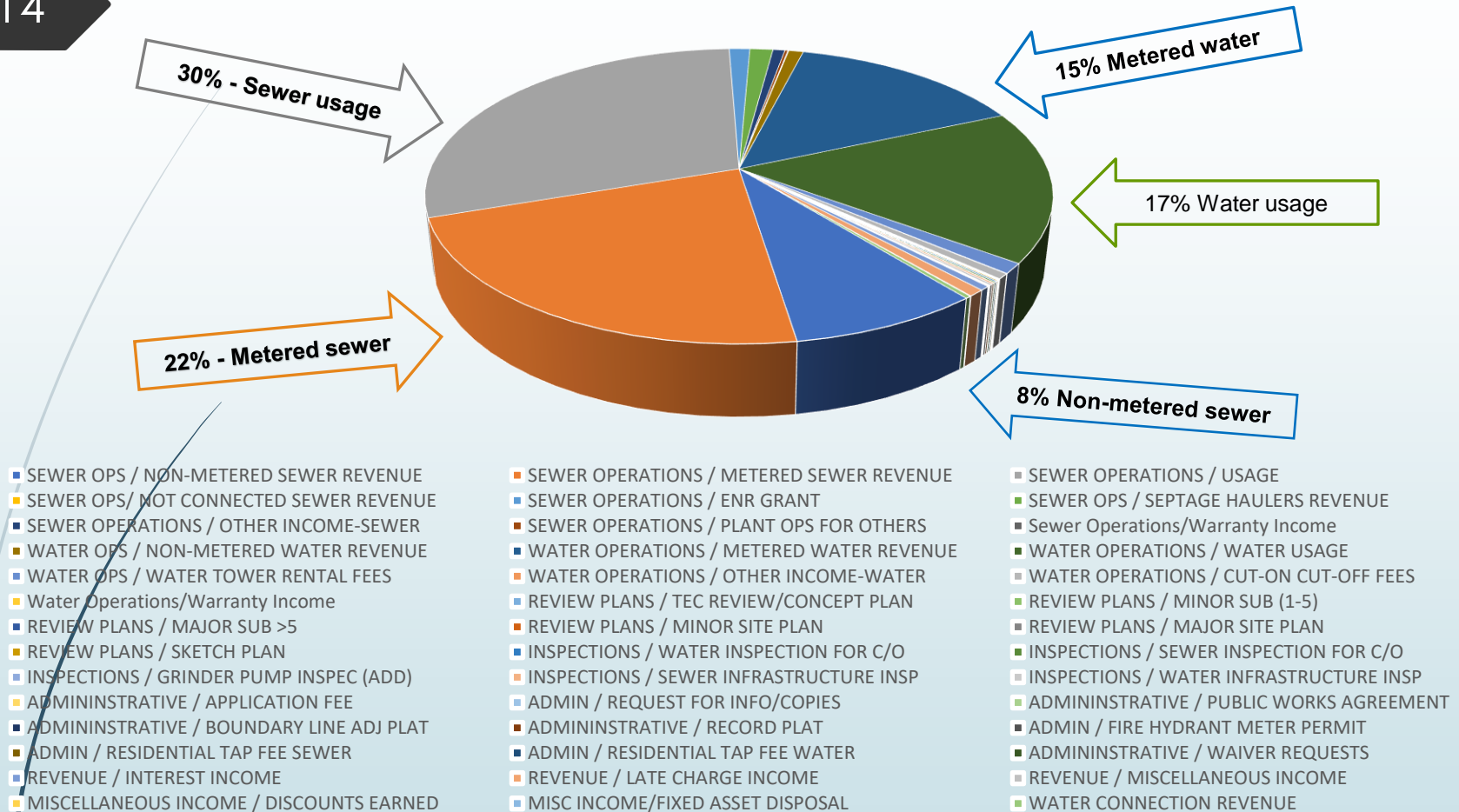
**\$270,500**



# FY 2024 Draft Operating Budget

<b>FY 23 Total Approved Budget</b>		\$ 18,921,411	1-26-2023 End of Year projection + 10% margin = \$18,619,436
<b>FY 23 Total Expenses</b>		\$ 18,323,644	
<b>FY 23 Board Emergency Reserve</b>		\$ 597,767	
<b>Baseline:</b> @ FY 2023 (see above)		<b>\$18,323,644</b>	See Slide 12
Reductions in OPEB & Hospitalization	(\$302,454)	\$18,021,190	
Impact of 2% COLA (effective 4-1-2023)	\$164,000	\$18,185,190	
NEOGOV On-boarding initiative	\$6,125	\$18,191,315	
Full Paid Internship Program impact	\$50,000	\$18,241,315	
Property & Liability insurance increases	\$34,000	\$18,275,315	
Essential Cost Changes (ECC)	\$270,500	\$18,545,815	
Vacancy Rate reduction from 3% to 2%	\$62,000	\$18,607,815	
Credit Card Fee increases	\$10,000	\$18,617,815	
Pension & Liability Insurance increases	\$116,000	\$18,733,815	
Sludge Removal and PFAS testing	\$35,000	\$18,768,815	
Comcast "Over-lashing" impact on Miss Utility	\$50,000	\$18,818,815	SMECO 8% increase Below FY 2023 Approved
New Initiative: Employee Service Award	\$15,000	\$18,833,815	
<u>Realignments and Incremental Increases</u>	<u>\$79,356</u>	<u>\$18,913,171</u>	
<b>Working Subtotal:</b>		<b>\$18,913,171</b>	
Merit Increase on new scale (1-step)	\$ 225,600	\$19,138,771	1.15%
2% Cost of Living Adjustment	\$ 168,000	<b>\$19,306,771</b>	2.04%
New Initiative: Internal Reorganization	\$ 63,175	\$19,369,946	2.37%
<u>New I&amp;I Supervisor position</u>	<u>\$ 96,760 + \$10K</u>	<u>\$19,476,706</u>	2.93%
<b>Draft Budget Expenses:</b>		<b>\$19,476,706</b>	4.84%
Public Hearing / Emergency Reserve (1-2%)	<b>\$390,000</b>	\$19,866,706	
<b>FY 24 Draft Budget Revenues</b>		<b>\$19,866,706</b>	

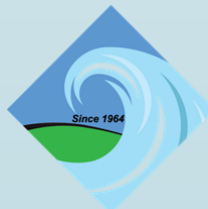
# REVENUE ACCOUNT BREAKDOWN



Actual revenues associated with water and sewer connections accounts for 90-95% of the total revenues

Of the 42 revenue sources, the majority of operating revenue is generated from water / sewer metered service and usage charges

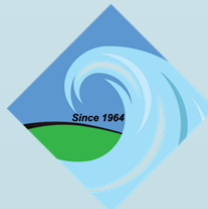
Sewer metered service and usage is approximately 70% greater than water metered service and usage





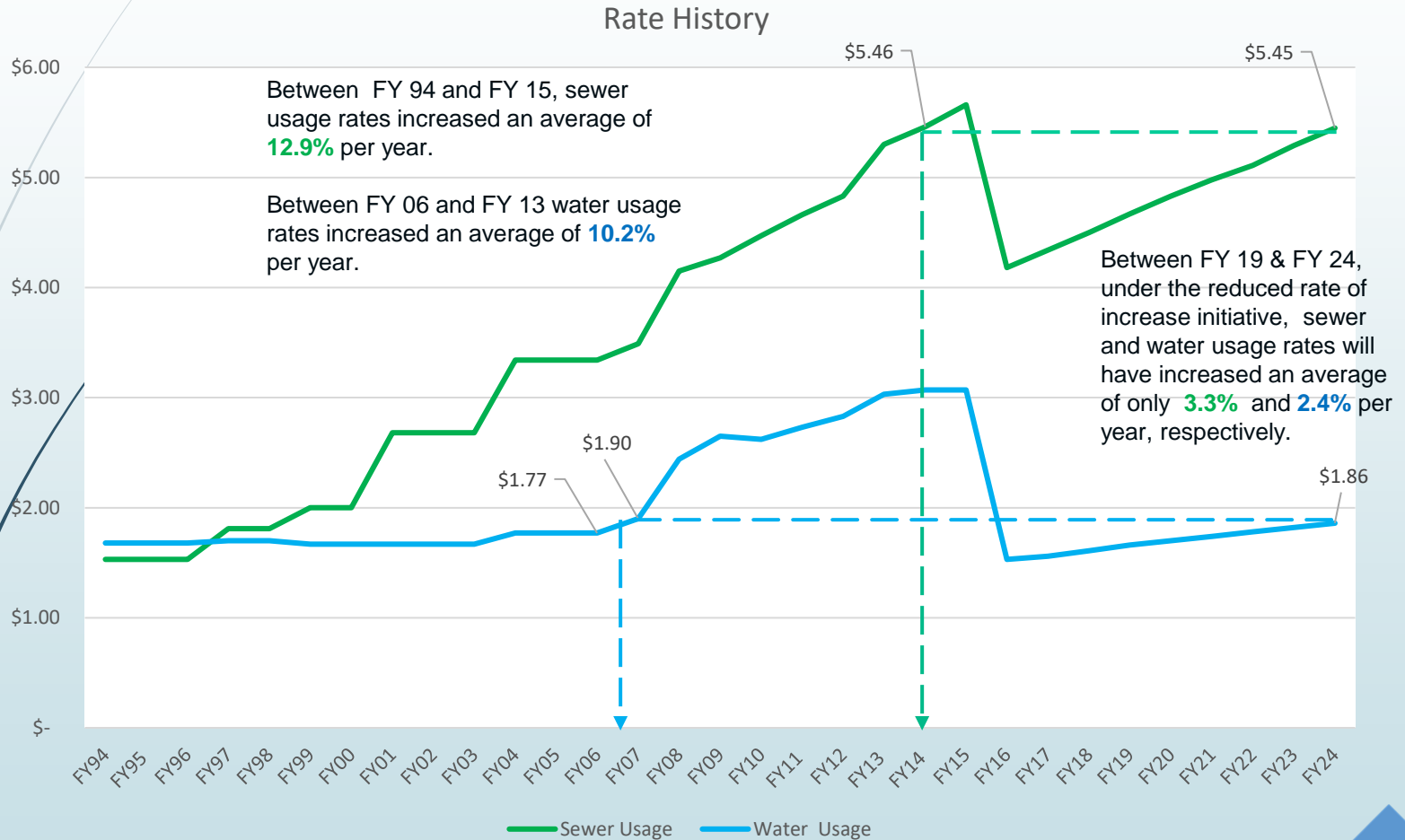
# RATE STRUCTURE

- Implemented a new rate structure on 7/1/2015 to bill based on actual consumption
- Included an inclining block water usage rate structure with three (3) tiers based on meter size which encourages water conservation and based sewer usage on metered water volume
- On 7/1/2016, capped residential 5/8" meter sewer usage at a maximum of 10,000 gallons per month
- Proposed FY 2024 operating budget expenditures have incorporated cost escalations and inflationary impacts on goods & services
- Proposed Water Service Rate of increase is reducing: **2.4%**
  - prior year FY 2023 rate increase: 2.7%
  - previous FY 2019 rate increase: 3%
- Proposed Sewer Service Rate of increase is reducing: **3.05%**
  - prior year FY 2023 rate increase: 3.4%
  - previous FY 2019 rate increase: 3.75%

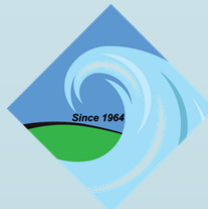


# RATE HISTORY

**Sustainability:** After attempting to keep rates flat between FY 04 and FY 06, the subsequent two years experienced an increase of **24.3%** and **37.9%**, respectfully. Not very modest increases.



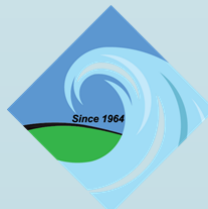
**NOTE:** A new tiered rate structure was implemented on 7-1-2015 resulting in an overall loss in revenues of \$1.034M between FY 2015 and FY 2016.



# WATER SERVICE RATES

<b>Water Service Rates</b>					<b><u>FY 23 Rates</u></b>	<b><u>FY 24 Rates</u></b>
<b>Water</b>						
Non-Metered per EDU/Month					\$ 19.23	\$ 19.69
Metered Rate 5/8"					\$ 10.14	\$ 10.38
Metered Rate 1"					\$ 25.33	\$ 25.94
Metered Rate 1-1/2"					\$ 50.65	\$ 51.87
Metered Rate 2"					\$ 81.03	\$ 82.97
Metered Rate 3"					\$ 162.08	\$ 165.97
Metered Rate 4"					\$ 253.24	\$ 259.32
Metered Rate 6"					\$ 506.50	\$ 518.66
Metered Rate 8"					\$ 810.37	\$ 829.82
Metered Rate 10"					\$ 1,164.94	\$ 1,192.90
Water Usage Rate per 1,000 Gallons					Tiered	
Water Usage Rate - Tier 1					\$ 1.82	\$ 1.86
Water Usage Rate - Tier 2					\$ 3.64	\$ 3.73
Water Usage Rate - Tier 3					\$ 7.29	\$ 7.46
Irrigation Usage Rate per 1,000 Gallons					Tiered	
Water Usage Rate - Tier 1					\$ 3.64	\$ 3.73
Water Usage Rate - Tier 2					\$ 7.29	\$ 7.46
Hydrant Meter Rate per 1,000 Gallons					\$ 3.64	\$ 3.73

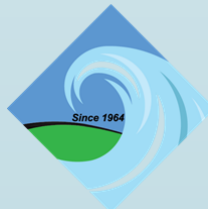
**NOTE: Proposed water service rate is proposed to be increased by 2.4% in FY 2024, compared to 2.7% in FY 2023.**



# SEWER SERVICE RATES

<b>Sewer Service Rates</b>				<b><u>FY 23 Rates</u></b>	<b><u>FY 24 Rates</u></b>
<b>Sewer</b>					
Non-metered per EDU per Month				\$ 45.88	\$ 47.28
Metered Rate 5/8"				\$ 19.45	\$ 20.04
Metered Rate 1"				\$ 48.63	\$ 50.11
Metered Rate 1-1/2"				\$ 97.24	\$ 100.21
Metered Rate 2"				\$ 155.60	\$ 160.35
Metered Rate 3"				\$ 311.15	\$ 320.64
Metered Rate 4"				\$ 486.19	\$ 501.02
Metered Rate 6"				\$ 972.39	\$ 1,002.05
Metered Rate 8"				\$ 1,555.80	\$ 1,603.25
Metered Rate 10"				\$ 2,237.64	\$ 2,305.89
Usage Rate per 1,000 Gallons *				\$ 5.29	\$ 5.45
* 5/8" Meter Residential Use Capped					
Navy (per 1,000 gallons)				\$ 3.85	\$ 3.97
<b><u>Septage Hauler Rates per 1,000 Gallons</u></b>					
Holding Tank Waste				\$ 17.38	\$ 17.91
Septic Tank Waste				\$ 74.24	\$ 76.50
Portable Toilet Waste				\$ 93.56	\$ 96.41
Grease Trap Waste				\$ 147.09	\$ 151.58

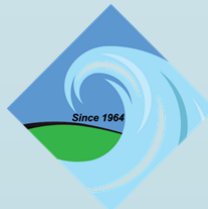
**NOTE: Proposed sewer service rate is proposed to be increased to 3.05% in FY 2024, compared to 3.4% in FY 2023.**



# PROPOSED FY 2024 OPERATING BUDGET

SEWER DEPARTMENT	FY 24 RECOMMENDED BUDGET
<b>Operating Income</b>	
Service Charge - Metered	\$10,259,374
Service Charge - Non-Metered	1,646,658
Septage Haulers	286,125
ENR Grant	-
Other Revenue	154,000
From Reserves	
<b>Total Operating Income</b>	\$ 12,346,156
<b>Operating Expenses</b>	
Salaries	\$ 3,639,958
Contractual Labor	405,000
Maintenance	639,685
Leonardtown Plant	150,000
Power	885,058
Telephone/Dialers	9,600
Fuel (Diesel & Oil)	225,962
Lab & Soils Testing	36,000
Chemicals	893,900
Employee Related Expense	77,413
Materials & Supplies	198,992
Building Utilities	34,400
Miscellaneous	1,475
Vehicles	238,449
Sludge Removal Expense	331,887
Depreciation	245,000
SSO's & Penalties	15,000
Contingencies	-
Recv'ry of Cost	-
Allocation of OH	4,420,890
Allocation of Engineering	946,566
<b>Total Operating Expenses</b>	\$ 13,395,235
<b>Net Direct Sewer Operating Inc</b>	\$ (1,049,080)

WATER DEPARTMENT	FY 24 RECOMMENDED BUDGET
<b>Operating Income</b>	
Service Charge - Metered	\$6,093,510
Service Charge - Non-Metered	\$173,321
Water Tower Rental	\$177,000
Other Revenue - mostly turn on/off	\$74,550
<b>Total Operating Income</b>	\$ 6,518,381
<b>Operating Expenses</b>	
Salaries	\$ 1,440,182
Maintenance	639,160
Meter Installation (net)	60,000
Fire Hydrant ISO Inspection (50%)	62,000
Power	614,801
Fuel (Diesel & Oil)	7,593
Water Testing	45,000
Chemicals	180,000
Employee Related Expense	31,655
Materials & Supplies	198,162
Building Utilities	39,625
Miscellaneous	3,375
Vehicles	103,000
Depreciation	165,000
Contingencies	
Recv'ry of Cost	-
Allocation of OH	1,976,763
Allocation of Engineering	631,044
<b>Total Operating Expenses</b>	\$ 6,197,361
<b>Net Direct Water Operating Income</b>	\$ 321,021

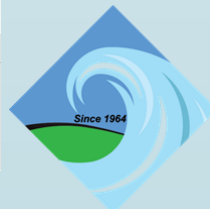


# PROPOSED FY 2024 OPERATING BUDGET

ENGINEERING DEPARTMENT			FY 24 RECOMMENDED BUDGET
<b>Engineering Income</b>			
Review Fees			\$ 59,100
Inspection Fees			143,300
Admin & Other Fees			42,699
<b>Total Engineering Income</b>			<b>\$ 245,100</b>
<b>Engineering Expenses</b>			
Salaries			\$ 1,222,875
Salaries- Locates			
sub-total			<b>\$ 1,222,875</b>
Contractual Labor			\$ -
Contractual Locates			
Casual Labor			
Professional Service			15,000
Vehicle Operation & Maintenance			13,546
Office Supplies & Expense			11,400
Building Utilities (power,cable,trash,fuel,cleaing)			18,362
Phone			5,500
Mileage			
Employee Related Expense(training,physicals)			15,500
Depreciation			2,000
Miss Utility Expense			200,000
Miscellaneous Expense			1,000
Recv'ry of Cost			(410,000)
Allocation of OH			647,298
Allocation to Inspections			
Inspection Salaries			
Contractual Inspections			
Inspection Vehicle Charges(Fuel/Mileage)			17,500
Inspection - Supplies			7,500
Inspection Overhead			55,229
Inspection Total			<b>\$ 80,229</b>
<b>Total Engineering Expenses</b>			<b>\$ 1,822,710</b>
Allocation to Sewer (60%)			(946,566)
Allocation to Water (40%)			(631,044)
<b>Income From Engineering</b>			<b>\$ -</b>

ADMINISTRATIVE DEPARTMENT			FY 24 RECOMMENDED BUDGET
Administrative Salaries			\$ 1,857,167
Contractual Labor			
Commissioner Stipend			14,500
Casual Labor			-
Payroll Taxes			561,156
Hospitalization			1,750,000
OPEB			128,000
Maryland State Pension Plan			825,187
Pension Loan			113,092
Long Term Disability& Life Insurance			26,000
Tuition Reimbursement/Beneficial Suggestions			6,000
Vehicle Operation			3,000
Office Supplies & Printing			105,400
Postage Expense			105,000
Insurance			370,000
Accounting & Audit			19,000
Computer & IT Services			160,000
Legal Services			131,200
Misc.Consultants			37,000
Building Utilities(power,cable,trash,fuel,cleaing)			49,700
Phone & FAX			62,000
Employee Related Expense(training,physicals, uniforms)			57,550
Advertising for Staff/Recruiting			10,000
Advertising - Other			5,000
Admin. Bond Expense			-
Public Relations			
Bank Fees/On-Line Bill Payment Fees			185,000
Miscellaneous Expense			5,000
Dues & Subscriptions			14,000
Depreciation			55,000
Recv'ry of Cost (Grants & Projects)			-
Board Emergency Reserve			390,000
<b>Total G &amp; A Expenses</b>			<b>\$ 7,044,952</b>
FY 2024 Allocation			
To Sewer	62.75%		\$ 4,420,890
To Water	28.06%		1,976,763
To Engineering	9.19%		647,298
			<b>\$ 7,044,952</b>

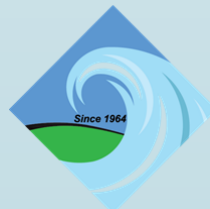
Administrative Department includes; Human Resources, Fiscal, Information Technology and benefits for all employees





# CAPITAL EQUIPMENT & EXPENDITURES

Project Description	FY24 Recommended	FY25 Draft	FY26 Draft
<b><u>Water (555)</u></b>			
Replace Truck # 605 (4wd w/ snow plow)		\$ 50,000	
Replace Truck # 614 (3/4 ton)			\$ 50,000
Replace Truck # 586 (3/4 ton)		\$ 50,000	
<b>Sub-total Water</b>	\$ -	\$ 100,000	\$ 50,000
<b><u>Wastewater (504)</u></b>			
Replace Truck # 583 (4wd w/ utility body)	\$ 50,000		
Replace Truck # 604 (4wd w/ utility body)		\$ 50,000	
Replace Trucks # 611/ # 614 (4wd w/ utility body)		\$ 50,000	\$ 50,000
<b>Sub-total Wastewater Collections</b>	\$ 50,000	\$ 100,000	\$ 50,000
<b><u>Maintenance (502)</u></b>			
Replace Truck # 602 (4wd w/ utility body)	\$ 50,000		
Replace Truck # 577 (4wd w/ utility body)	\$ 50,000		
DOT Programmable Message Board		\$ 25,000	
Replace Truck # 620 (4wd w/ utility body)			\$ 60,000
<b>Sub-total Maintenance</b>	\$ 100,000	\$ 25,000	\$ 60,000
<b><u>Marlay-Taylor (516)</u></b>			
Cylinder scales for cl2 and so2		\$ 10,000	
<b>Sub-total Marlay-Taylor</b>	\$ -	\$ 10,000	\$ -



# CAPITAL EQUIPMENT & EXPENDITURES

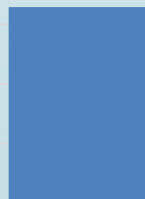
Project Description	FY24 Recommended	FY25 Draft	FY26 Draft
<b><u>Other Treatment Plants (517)(518)</u></b>			
Replace SCS Truck # 609 (4wd w/ snow plow)	\$ 50,000		
NEW 3500HD dual wheel service body to pull trailer/tractor	\$ 80,000		
Wicomico Shores Hycor Helisieve Unit	\$ 80,000		
20-Foot trailer to replace 1994 Kauffmenn	\$ 8,000		
Replace SCS Truck # 610 (4wd w/ snow plow)			\$ 50,000
<b>Sub-total Other Treatment Plants</b>	<b>\$ 218,000</b>	<b>\$ -</b>	<b>\$ 50,000</b>
<b><u>Laboratory</u></b>			
Replacement BOD Robot-current model is discontinued - inability to repair	\$ 70,000		
<b>Sub-total Laboratory</b>	<b>\$ 70,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Construction (501)(551)</u></b>			
Replace Truck # 590 ( 3/4 ton 4wd w/ utility body)	\$ 50,000		
Tow behind Air Compressor/Tools	\$ 35,000		
Replace Truck # 606 (1 ton 4wd w/ utility body)		\$ 50,000	
Replace Box Van # 600 (2 ton 2wd)			\$ 80,000
<b>Sub-total Construction</b>	<b>\$ 85,000</b>	<b>\$ 50,000</b>	<b>\$ 80,000</b>
<b><u>Engineering (578)</u></b>			
Developer Cost Share Agreements	\$ 50,000	\$ 50,000	\$ 50,000
Replace Tool Body Utility Truck # 567		\$ 115,000	
<b>Sub-total Engineering</b>	<b>\$ 50,000</b>	<b>\$ 165,000</b>	<b>\$ 50,000</b>
<b><u>SCADA</u></b>			
TCU Spares (3-Water, 3-Wastewater) (following years will only require 1 or 2 per year)	\$ 42,600		
<b>Sub-total SCADA</b>	<b>\$ 42,600</b>	<b>\$ -</b>	<b>\$ -</b>
<b>RECOMMENDED TOTAL</b>	<b>\$ 615,600</b>	<b>\$ 450,000</b>	<b>\$ 340,000</b>



# HOW EACH DOLLAR IS ALLOCATED



**\$0.21**



Water

**\$0.52**



Sewer

**\$0.09**

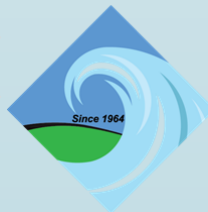


Engineering

**\$0.18**



Benefits



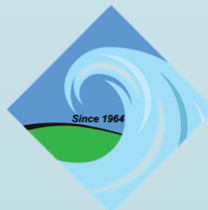
# CAPITAL IMPROVEMENT BUDGET/PLAN



**FY 2024- FY 2029**

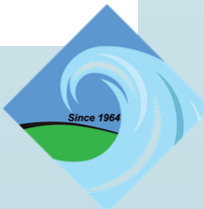
# CAPITAL IMPROVEMENT BUDGET

- MetCom Capital Projects serve two primary purposes:
  - ✓ Upgrade and rehabilitate existing MetCom facilities
  - ✓ Provide additional capacity / lines for new customers
- Projects are funded by revenue raised from collection of Capital Contribution Charges and System Improvement Charges **which remain at or near FY 2023 levels**
- Changes to the FY 24 Plan reflects **\$8.1M increase** from FY 23 projected
- Outstanding debt incurred from project borrowing remains **below 1%** of MetCom's assessable base (*well under the new legislative limit*)
- Reserves are **no longer** being utilized to stabilize sewer system improvement charges
- Includes a **3% escalation** per year and an **8% capital reserve**
- The Navy contributes to sewer system improvement charges for the Marlay-Taylor Wastewater Treatment Plant upgrades on an annual basis, and the ENR project thru 6-1-2034



# CAPITAL IMPROVEMENT BUDGET

- ✓ SIC and CCC cost recovery category eligibility review efforts **were beneficial**. System Improvement Charges proposed \$.08 /month more than FY 2023 projections.
- ✓ Capital Contribution Charges **will remain flat** in FY 2024, but may need to incrementally increase in FY 2025 and FY 2026 due to short term “priority” projects.
- ✓ Maintain a **zero % new EDU growth rate** thru FY 2029 with Water @ 147 and Sewer @ 89 EDUs. Evaluate values and rate of growth in FY 25.
- ✓ Structure debt to remain within debt cap, **maintain sufficient debt margin** for the unexpected and balance needs with affordability.
- ✓ **Place priority on renewal**, rehabilitation, and resiliency capital programs. Continue to attempt to re-balance projects to help reduce out-year debt. **Maintain priority for short-term critical projects**.
- ✓ Incorporate updated engineering cost estimates, **increase escalation and capital reserve** to 3% & 8%, respectively.
- ✓ **Remain forward-looking**. Continue utilizing reserves to fund programmed minor capital projects. Focus on accumulate reserves to avoid large increase in CCCs from future Marlay-Taylor WRF expansion.
- ✓ **Continue front-funding designs and borrowing as cash flow warrants**.
- ✓ **Recognize legal debt authority has increased** from the comparisons used in MetCom budgeting in FY 23 has increased based on property assessments from \$168M to approximately \$196M.





# SEWER PROJECT SUMMARY SHEETS

Planning Commission Submittal  
Approved by MetCom Board 02/23/2023

## St. Mary's County Metropolitan Commission

Capital Improvements Budget  
FY 2024 - 2029 Sewer

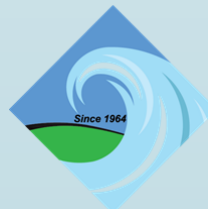
With Escalation i=3.0%

Project Name	Status	Project ID	Prior Approved	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2024 - 2029 TOTAL
<b>Rehabilitation / Replacement</b>										
Various Rehabilitation at MTWRF	2	SM2312	\$1,387,779	\$344,209		\$115,927				\$460,136
Piney Point Road Sewer Line Analysis and Force Main Replacement <sup>B</sup>	2	5171MS	\$505,664	\$6,793,943 <sup>C</sup>						\$6,793,943
Southampton Sewer System Rehabilitation	2	8201SR	\$1,005,491		\$2,866,278					\$2,866,278
Inflow & Infiltration Sewer Replacement, Rehabilitation and Upgrade	4	SM2406	\$348,820	\$382,097	\$393,560	\$405,366	\$417,527	\$430,053	\$442,955	\$2,471,558
Manhole Rehabilitation	4	SM2405	\$107,445	\$113,749	\$116,838	\$120,343	\$123,953	\$127,672	\$131,502	\$734,057
Wastewater System Renewal & Rehabilitation	4	SM2410	\$191,545	\$750,000	\$772,500	\$795,675	\$819,545	\$844,132	\$869,456	\$4,851,308
Glenn Forest to NAS Interceptor	1						\$180,218			\$180,218
Generator Replacement-Sewer	4	SM2303	\$120,000	\$123,600	\$127,308	\$131,127	\$135,061	\$139,113	\$143,286	\$799,495
Stark Drive & Bloch Ave. Sewer Main Replacement <sup>A</sup>	1					\$572,886 <sup>A</sup>				\$572,886
FDR Blvd Sewer Main Replacement <sup>A</sup>	1							\$629,159 <sup>A</sup>		\$629,159
Spring Valley Drive Sewer Main Replacement <sup>A</sup>	1				\$63,860 <sup>A</sup>	\$326,757 <sup>A</sup>				\$390,617
Wildewood Pkwy Force Main Replacement <sup>A</sup>	1				\$79,310 <sup>A</sup>	\$389,350 <sup>A</sup>				\$468,660
<b>FY 2024 CIB (FY24-FY29) Rehabilitation / Replacement =</b>			<b>\$3,666,744</b>	<b>\$8,507,598</b>	<b>\$4,419,654</b>	<b>\$2,857,431</b>	<b>\$1,676,304</b>	<b>\$2,170,129</b>	<b>\$1,587,199</b>	<b>\$21,218,314</b>
Approved FY 2023 CIB (FY23-FY28)				\$1,962,775	\$7,253,823	\$731,981	\$1,687,467	\$754,799	\$0	\$12,390,845
Change to Program from FY2023 CIB				<b>\$6,544,823</b>	<b>-\$2,834,169</b>	<b>\$2,125,450</b>	<b>-\$11,163</b>	<b>\$1,415,330</b>	<b>\$1,587,199</b>	<b>\$8,827,469</b>

### Status:

- 1 Planning Phase
- 2 Design Phase
- 3 Contract Phase
- 4 Construction Phase
- 5 Close-out Phase

- A - New Project
- B - Scope Change
- C - Timing Change (Moved Up)
- D - Timing Change (Moved Out)



# SEWER PROJECT SUMMARY SHEETS

Planning Commission Submittal  
Approved by MetCom Board 02/23/2023

## St. Mary's County Metropolitan Commission

Capital Improvements Budget  
FY 2024 - 2029 Sewer

With Escalation i=3.0%

Project Name	Status	Project ID	Prior Approved	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2024 - 2029 TOTAL
<b>Pump Stations</b>										
Bradley Boulevard WWPS	1	8211SS	\$38,439		\$351,157					\$351,157
Forest Run WWPS	B 1	8131SS	\$326,291	\$1,517,839	\$9,597,421 <sup>C</sup>					\$11,115,260
Greenbrier WWPS	2				\$47,098	\$388,088				\$435,186
Wicomico Shores #2 WWPS Replacement	1			\$395,348						\$395,348
Wicomico Shores #1 WWPS Replacement	1	1221SS	\$46,498	\$402,391						\$402,391
Hunting Quarters WWPS	1				\$398,564					\$398,564
Broad Creek WWPS	1						\$426,776	\$2,677,065 <sup>C</sup>		\$3,103,841
Piney Point WWPS Upgrade	A 1	5081SR	\$7,446,950	\$2,000,000						\$2,000,000
FY 2024 CIB (FY24-FY29) Pump Stations =			\$7,858,178	\$4,315,578	\$10,394,240	\$388,088	\$426,776	\$2,677,065	\$0	\$18,201,746

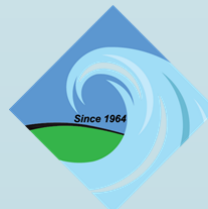
Approved FY 2023 CIB (FY23-FY28)	\$1,570,300	\$2,076,336	\$1,712,127	\$113,141	\$0	\$0	\$1,971,849
Change to Program from FY2023 CIB	\$2,745,278	\$8,317,904	-\$1,324,039	\$313,635	\$2,677,065	\$0	\$12,729,843

### Status:

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- 2 Design Phase
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Property Acquisition (to be initiated after Planning)

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# SEWER PROJECT SUMMARY SHEETS

Planning Commission Submittal  
Approved by MetCom Board 02/23/2023

## St. Mary's County Metropolitan Commission

Capital Improvements Budget  
FY 2024 - 2029 Sewer

With Escalation i=3.0%

Project Name	Status	Project ID	Prior Approved	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2024 - 2029 TOTAL
<b>System Upgrades / Expansion</b>										
St. Clements Shores WWTP Expansion Phase B	2	2151SF	\$10,260,643	\$262,656 <sup>D</sup>						\$262,656
Methane Co-Generator Upgrade at Marlay-Taylor WWTP	<sup>B</sup> 2	8171SF	\$446,379	\$179,108	\$1,844,811 <sup>B</sup>					\$2,023,919
Sewer Vehicle & Equipment Replacement/New	<sup>B</sup> 1			\$580,000	\$147,500 <sup>B</sup>	\$190,000 <sup>B</sup>				\$917,500
Grinder Pump Replacements	4	SM2409	\$782,000	\$805,460	\$829,624	\$854,513	\$880,148	\$906,552	\$933,749	\$5,210,046
Marlay-Taylor Expansion	1						\$365,171		\$3,367,556 <sup>D</sup>	\$3,722,727
Alarm System Upgrade-Sewer	<sup>A</sup> 1			\$60,000 <sup>A</sup>						\$60,000
Enterprise Resource Planning-Sewer	<sup>A</sup> 1							\$337,653 <sup>A</sup>		\$337,653
FY 2024 CIB (FY 24-FY 29) System Upgrades / Expansion =			\$11,489,022	\$1,887,224	\$2,821,935	\$1,044,513	\$1,245,319	\$1,244,205	\$4,291,305	\$12,534,501

Approved FY 2023 CIB (FY23-FY28)	\$1,457,456	\$782,000	\$782,000	\$1,097,000	\$4,094,374	\$0	\$7,011,702
Change to Program from FY2023 CIB	\$429,768	\$2,039,935	\$262,513	\$148,319	\$2,850,169	\$4,291,305	\$4,321,671

<b>Totals</b>										
Rehabilitation / Replacement			\$3,666,744	\$8,507,598	\$4,419,654	\$2,857,431	\$1,676,304	\$2,170,129	\$1,587,199	\$21,218,314
Pump Stations			\$7,858,178	\$4,315,578	\$10,394,240	\$388,088	\$426,776	\$2,677,065	\$0	\$18,201,746
System Upgrades / Expansion			\$11,489,022	\$1,887,224	\$2,821,935	\$1,044,513	\$1,245,319	\$1,244,205	\$4,291,305	\$12,534,501
Subtotal			\$23,013,944	\$14,710,399	\$17,635,829	\$4,290,032	\$3,348,399	\$6,091,399	\$5,878,504	\$51,954,562
Capital Reserves		8.00%	\$1,841,000	\$1,177,000	\$1,411,000	\$343,000	\$268,000	\$487,000	\$470,000	\$4,156,000
FY 2024 CIB (FY 24-FY 29) Totals =			\$24,854,944	\$15,887,399	\$19,046,829	\$4,633,032	\$3,616,399	\$6,578,399	\$6,348,504	\$56,110,562

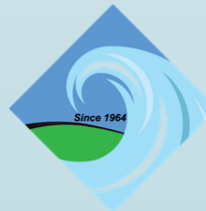
Approved FY 2023 CIB (FY23-FY28)	\$5,299,531	\$10,739,159	\$3,426,108	\$3,077,608	\$5,150,173	\$0	\$27,692,579
Change to Program from FY2023 CIB	\$10,587,869	\$8,307,670	\$1,206,924	\$538,791	\$1,428,226	\$6,348,504	\$28,417,983

### Status:

- 1 Planning Phase
- 2 Design Phase
- 3 Contract Phase
- 4 Construction Phase
- 5 Close-out Phase

Property Acquisition (to be initiated after Planning)

- A - New Project
- B - Scope Change
- C - Timing Change (Moved Up)
- D - Timing Change (Moved Out)



# WATER PROJECT SUMMARY SHEETS

Planning Commission Submittal  
Approved by MetCom Board 02/23/2023

## St. Mary's County Metropolitan Commission

Capital Improvements Budget  
FY 2024 - 2029 Water

With Escalation i=3.0%

Project Name	Status	Project ID	Prior Approved	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2024 - 2029 TOTAL	
Water Lines											
Water and Service Line Renewal & Rehabilitation	B	1	WO2302	\$937,860	\$491,727	\$506,479	\$521,673	\$537,323	\$553,443	\$570,046	\$3,180,689
Southampton Water System Rehabilitation		2	8201VWL	\$2,158,038		\$2,067,713					\$2,067,713
Hollywood Water Systems Connector & Phase 2 Replacement		1	8141WVM	\$156,624	\$2,623,092						\$2,623,092
MD247 Loveville Road Water Main Replacement	B	1	3231VWL	\$115,969	\$1,608,059	\$179,360 <sup>D</sup>	\$2,309,263 <sup>D</sup>				\$4,096,682
Breton Bay Water System Replacement		2	2201VWL	\$2,013,443	\$2,673,468		\$292,227 <sup>D</sup>	\$2,099,090 <sup>D</sup>	\$2,162,063 <sup>D</sup>		\$7,226,848
Town Creek Water System Phase 1 - 5		2	8081VWR 8161VWL	\$6,187,242	\$302,826		\$4,175,565	\$5,075,480			\$9,553,871
Various Fire Flow Enhancements	A	1					\$276,757 <sup>A</sup>			\$302,420	\$579,176
FY 2024 CIB (FY24-FY29) Water Lines =			\$11,569,176	\$7,699,171	\$2,753,552	\$7,575,484	\$537,323	\$7,728,013	\$3,034,528	\$29,328,070	

Approved FY 2023 CIB (FY23-FY28)	\$2,754,752	\$1,982,636	\$2,543,744	\$2,837,313	\$3,471,880	\$0	\$13,590,325
Change to Program from FY2023 CIB	\$4,944,419	\$770,916	\$5,031,740	-\$2,299,990	\$4,256,133	\$3,034,528	\$15,737,745

### Status:

1 Planning Phase

2 Design Phase

3 Contract Phase

4 Construction Phase

5 Close-out Phase

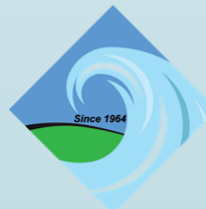
Property Acquisition (to be initiated after Planning)

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B - Scope Change

C - Timing Change (Moved Up)

D - Timing Change (Moved Out)



# WATER PROJECT SUMMARY SHEETS

Planning Commission Submittal  
Approved by MetCom Board 02/23/2023

## St. Mary's County Metropolitan Commission

Capital Improvements Budget  
FY 2024 - 2029 Water

With Escalation i=3.0%

Project Name	Status	Project ID	Prior Approved	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2024 - 2029 TOTAL
<b>Wells</b>										
Well Rehabilitation, Replacement, Installation and Inspections	1	WO2301	\$498,669	\$60,100	\$303,887	\$63,760	\$322,394	\$67,643	\$342,028	\$1,159,812
<b>FY 2024 CIB (FY24-FY29) Wells =</b>			<b>\$498,669</b>	<b>\$60,100</b>	<b>\$303,887</b>	<b>\$63,760</b>	<b>\$322,394</b>	<b>\$67,643</b>	<b>\$342,028</b>	<b>\$1,159,812</b>

Approved FY 2023 CIB (FY23-FY28)	\$59,229	\$298,029	\$62,227	\$313,117	\$65,378		\$797,980
Change to Program from FY2023 CIB	\$871	\$5,858	\$1,533	\$9,277	\$2,265		\$19,804

<b>Water Storage Tanks (WST)</b>										
St. Clements Shores Water Storage Tank	1	2191WT	\$249,075				\$2,908,764 <sup>C</sup>			\$2,908,764
Water Tank Inspections, Painting and Replacement/Upgrades	4	WO2317	\$164,766	\$738,446	\$109,551	\$783,418	\$116,223	\$831,128	\$123,301	\$2,702,067
Raise Summit Hill Tower Overflow <sup>A</sup>	1				\$212,180 <sup>A</sup>	\$1,507,115 <sup>A</sup>				\$1,719,295
<b>FY 2024 CIB (FY24-FY29) Water Storage Tanks (WST) =</b>			<b>\$413,841</b>	<b>\$738,446</b>	<b>\$321,731</b>	<b>\$2,290,533</b>	<b>\$3,024,987</b>	<b>\$831,128</b>	<b>\$123,301</b>	<b>\$7,330,126</b>

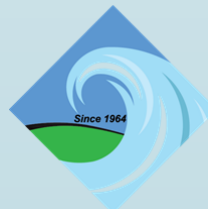
Approved FY 2023 CIB (FY23-FY28)	\$724,212	\$106,918	\$3,287,843	\$112,331	\$799,394	\$0	\$5,030,698
Change to Program from FY2023 CIB	\$14,234	\$214,813	-\$997,310	\$2,912,656	\$31,734	\$123,301	\$2,299,428

### Status:

- 1 Planning Phase
- 2 Design Phase
- 3 Contract Phase
- 4 Construction Phase
- 5 Close-out Phase

- A - New Project
- B - Scope Change
- C - Timing Change (Moved Up)
- D - Timing Change (Moved Out)

*Property Acquisition (to be initiated after Planning)*



# WATER PROJECT SUMMARY SHEETS

Planning Commission Submittal  
Approved by MetCom Board 02/23/2023

## St. Mary's County Metropolitan Commission

Capital Improvements Budget  
FY 2024 - 2029 Water

With Escalation i=3.0%

Project Name	Status	Project ID	Prior Approved	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2024 - 2029 TOTAL
<b>Miscellaneous</b>										
Generator Replacement-Water		WO2303	\$120,000	\$123,600	\$127,308	\$131,127	\$135,061	\$139,113	\$143,286	\$799,495
Alarm System Upgrade-Water	A			\$60,000 <sup>A</sup>						\$60,000
Enterprise Resource Planning-Water	A							\$337,653 <sup>A</sup>		\$337,653
Water Vehicle & Equipment Replacement/New	A				\$332,500 <sup>A</sup>					\$332,500
FY 2024 CIB (FY24-FY29) Miscellaneous =			\$120,000	\$183,600	\$459,808	\$131,127	\$135,061	\$476,766	\$143,286	\$1,529,648

Approved FY 2023 CIB (FY23-FY28)	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$0	\$600,000
Change to Program from FY2023 CIB	\$63,600	\$339,808	\$11,127	\$15,061	\$356,766	\$143,286	\$929,648

<b>Totals</b>										
Water Lines			\$11,569,176	\$7,699,171	\$2,753,552	\$7,575,484	\$537,323	\$7,728,013	\$3,034,528	\$29,328,070
Wells			\$498,669	\$60,100	\$303,887	\$63,760	\$322,394	\$67,643	\$342,028	\$1,159,812
Water Storage Tanks (WST)			\$413,841	\$738,446	\$321,731	\$2,290,533	\$3,024,987	\$831,128	\$123,301	\$7,330,126
Miscellaneous			\$120,000	\$183,600	\$459,808	\$131,127	\$135,061	\$476,766	\$143,286	\$1,529,648
Subtotal			\$12,601,686	\$8,681,317	\$3,838,978	\$10,060,904	\$4,019,765	\$9,103,550	\$3,643,143	\$39,347,656
Capital Reserves		8.00%	\$1,008,000	\$695,000	\$307,000	\$805,000	\$322,000	\$728,000	\$291,000	\$3,148,000
FY 2024 CIB (FY24-FY29) Totals =			\$13,609,686	\$9,376,317	\$4,145,978	\$10,865,904	\$4,341,765	\$9,831,550	\$3,934,143	\$42,495,656

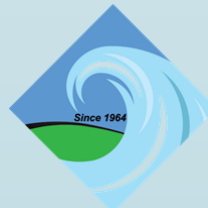
Approved FY 2023 CIB (FY23-FY28)	\$3,932,193	\$2,695,583	\$6,464,814	\$3,636,761	\$4,790,652	\$0	\$21,520,003
Change to Program from FY2023 CIB	\$5,444,124	\$1,450,395	\$4,401,090	\$705,004	\$5,040,898	\$3,934,143	\$17,041,510

### Status:

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Property Acquisition (to be initiated after Planning)





# DEBT CEILING LIMIT ANALYSIS

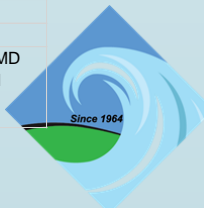
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	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Debt Outstanding - Beginning of Year (1) Various Water & Sewer Projects (DHCD)	\$ 96,275,218	\$ 89,503,031	\$ 82,713,480	\$ 75,836,059	\$ 69,098,627	\$ 62,220,244	\$ 55,925,213
Principal Payments - Existing Debt Existing Debt	(6,772,187) \$ 89,503,031	(6,789,551) \$ 82,713,480	(6,877,420) \$ 75,836,059	(6,737,432) \$ 69,098,627	(6,878,383) \$ 62,220,244	(6,295,031) \$ 55,925,213	(6,441,085) \$ 49,484,128
Proposed Debt (2): Beginning Balance	\$ -	\$ 22,298,587	\$ 40,800,324	\$ 60,470,928	\$ 71,576,802	\$ 75,512,956	\$ 86,756,956
Sewer Debt to be issued	6,650,705	9,921,871	16,572,085	2,333,506	2,269,840	4,212,776	4,734,260
Capital Reserves Sewer **	412,000	794,000	1,326,000	187,000	182,000	337,000	379,000
Estimated New Debt Prior Year's Sewer Projects							
Water Debt to be issued	14,556,897	7,945,891	2,791,753	9,344,345	2,908,764	8,005,698	2,587,784
Capital Reserves Water **	1,092,000	636,000	223,000	748,000	233,000	640,000	207,000
Estimated New Debt Prior Year's Water Projects							
Principal Payments -Proposed Debt	(413,015)	(796,024)	(1,242,234)	(1,506,977)	(1,657,450)	(1,951,474)	(2,164,269)
Proposed Debt	\$ 22,298,587	\$ 40,800,324	\$ 60,470,928	\$ 71,576,802	\$ 75,512,956	\$ 86,756,956	\$ 92,500,731
Ending Debt Balance	\$111,801,617	\$123,513,804	\$136,306,988	\$140,675,430	\$137,733,200	\$142,682,170	\$141,984,859
Debt Calculation Per Chapter 113 @ 2%							
Assessed Value Sanitary Districts with 1% Growth (3)	\$13,465,296,300	\$13,599,949,263	\$13,735,948,756	\$13,873,308,244	\$14,012,041,326	\$14,152,161,739	\$14,293,683,356
Legal Debt Limit (Chapter 113 at 2%)	\$269,305,926	\$271,998,985	\$274,718,975	\$277,466,165	\$280,240,827	\$283,043,235	\$285,873,667
Debt as a Percentage of Assessed Value CIB FY24-FY29	0.83%	0.91%	0.99%	1.01%	0.98%	1.01%	0.99%
Debt Margin on 2%	\$157,504,309	\$148,485,181	\$138,411,987	\$136,790,735	\$142,507,626	\$140,361,065	\$143,888,808
Debt Calculation Per HB862 Ch.510 @ 40% - 2021 Legislation @ 1.26%							
Assessed Value Real Property Base per County w/4.1% growth	\$13,835,874,000	\$14,540,250,499	\$15,136,400,769	\$15,756,993,201	\$16,403,029,922	\$17,075,554,149	\$17,775,651,869
Legal Debt Limit (Chapter 510 @ 40% - 2021 Legislation @ 1.26%)	\$174,332,012	\$183,207,156	\$190,718,650	\$198,538,114	\$206,678,177	\$215,151,982	\$223,973,214
Debt as a Percentage of Assessed Value CIB FY24-FY29	0.81%	0.85%	0.90%	0.89%	0.84%	0.84%	0.80%
Debt Margin on 40%, 1.26% Rate equivalent	\$62,530,395	\$59,693,352	\$54,411,662	\$57,862,685	\$68,944,977	\$72,469,813	\$81,988,355
Debt as a Percentage of Assessed Value CIB FY23-FY28	0.78%	0.78%	0.81%	0.81%	0.79%	0.80%	

NOTE (1) Debt Outstanding Beginning of Year updated for the current year from the Prior Year Audit. This is the cumulative total of Outstanding Debt, plus Undrawn.

NOTE (2) MetCom new debt calculation includes contingencies.

NOTE (3) FY2022 based on FY2019 rolled forward at 1%. FY2023 Update utilizes MD Dept of Planning 2022 data: Reduced by Sanitary Districts 7 and 9 (no facilities), and reduced by all public property (County/State/Federal).



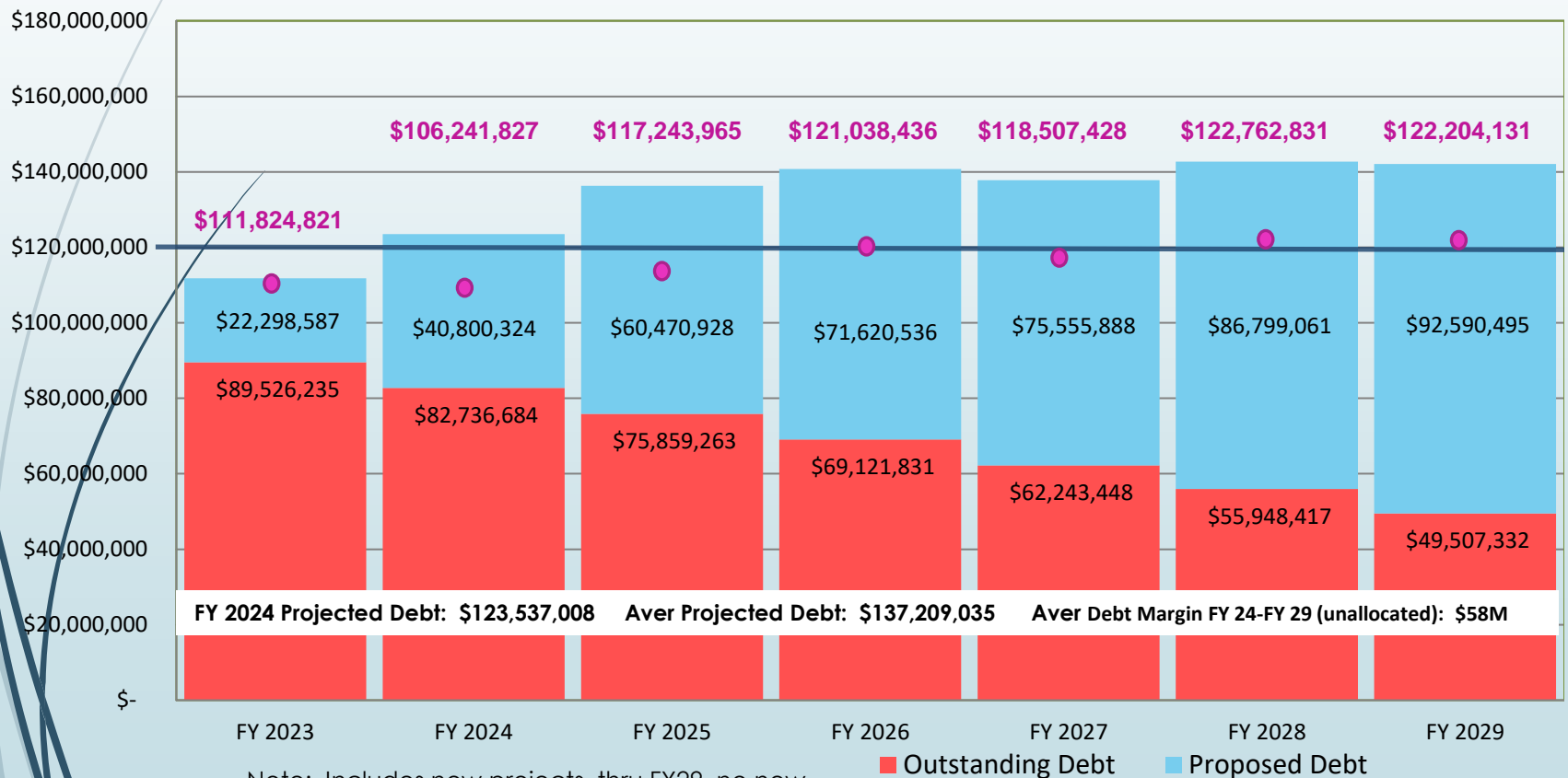
# Debt Limit

## Debt Outstanding and Proposed New Debt FY 2024-FY 2029

34



FY 2018 - FY 2022: Actual Debt to Programmed Debt %: 86%  
 Anticipated Actual Average FY 23-FY29: \$117,117,634 < informal cap of \$120M



Note: Includes new projects thru FY29, no new projects FY30-FY31

# MOODY'S CREDIT RATING

MetCom Moody's Investor Service. Moody's assigns initial A1 Issuer Rating to St. Mary's County Metropolitan Commission.

The A1 issuer rating remains active and refers to an opinion regarding the creditworthiness of an entity.

It reflects the Commission's satisfactory financial operations, including adequate liquidity and healthy debt service coverage.

"The rating is really a reflection of what MetCom's credit quality would be if you issued revenue bonds, instead of your debt being issued as a General Obligation of the County."

## Moody's rating scale

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### Moody's ratings

- American firm
- Date of foundation : 1900
- Turnover: 4.2 billion USD
- Net income : 1 billion USD
- Total staff: 12 300 staff members worldwide
- Presence in 42 countries
- Market share: 40%



### Moody's rating scale

Moody's rating scale, which ranges from a maximum Aaa to a minimum C, consists of 21 notches and two categories:

- Investment category for the financially sound companies.
- Speculative category for the companies with a higher risk of defaulting.

Categories	Rating symbols	Rating notches	Comments
Investment	Aaa		Highest quality, subject to the lowest level of credit risk
		Aa1	
		Aa2	
	Aa	Aa3	High quality, subject to very low credit risk
		A1	
		A2	
	A	A3	Upper-medium grade, subject to low credit risk
		Baa1	
		Baa2	
Speculative	Baa	Baa3	Medium-grade, subject to moderate credit risk and may possess certain speculative characteristics



# FUNDING THE CAPITAL BUDGET

MetCom projects are funded by revenue raised from collection of System Improvement Charges and Capital Contribution Charges

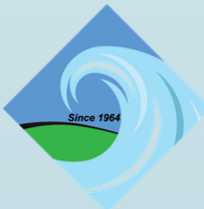
Both charges are required St. Mary's County Code Section 113

➤ **System Improvement Charges** (monthly charge per EDU)

System Improvement Charges remained flat for sewer and only slightly higher for water

➤ **Capital Contribution Charges** (one time charge per EDU at time of connection)

No changes in Capital Contribution Charges proposed in FY 2024 for water or sewer

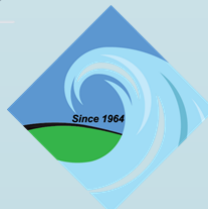
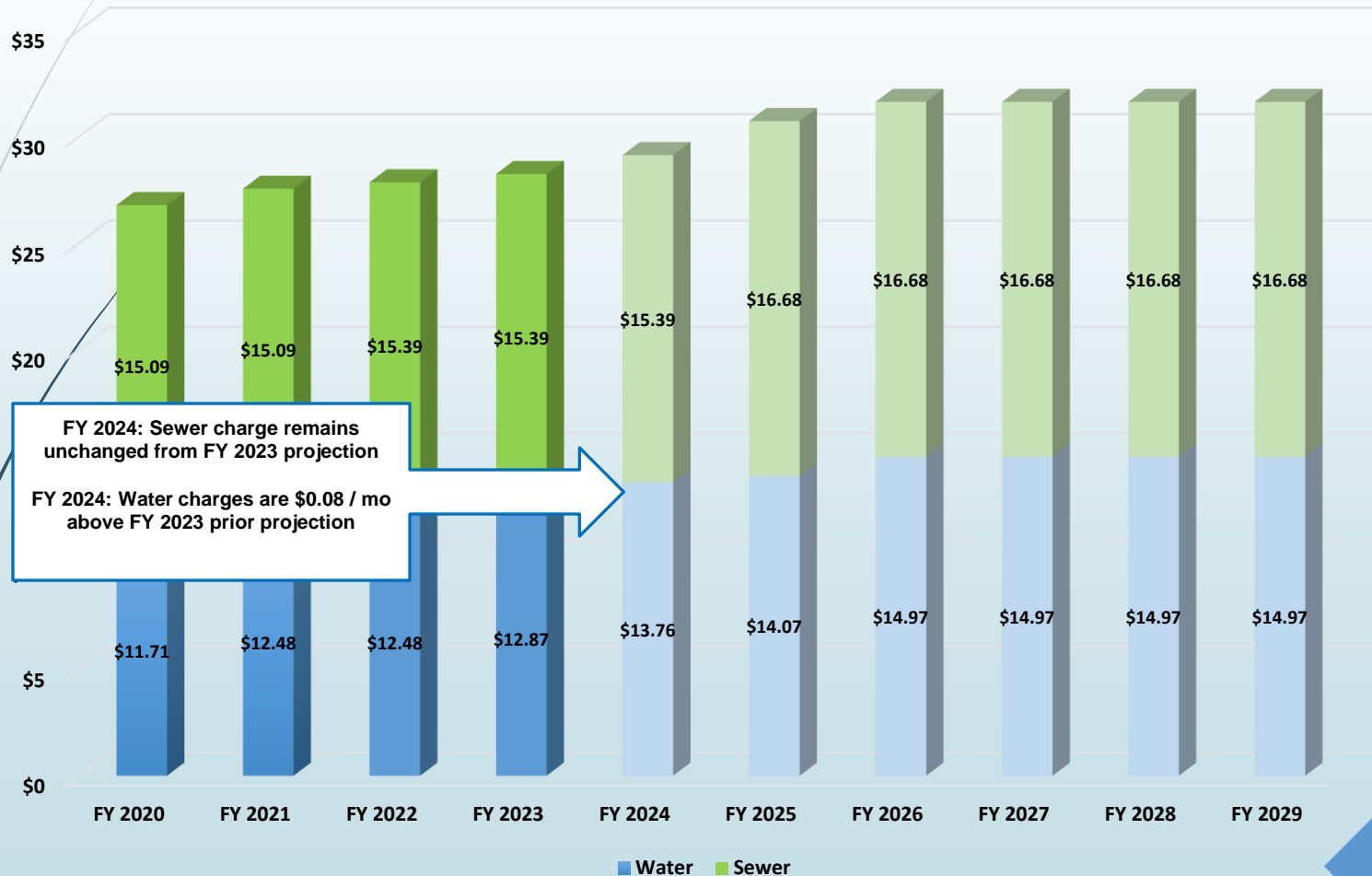


# CAPITAL COST RECOVERY

37

System Improvement Charges are monthly charges to cover the cost of projects for the upgrade, replacement and repair of existing facilities and systems (*residential rates shown below*).

## SYSTEM IMPROVEMENT CHARGES



# SYSTEM IMPROVEMENT CHARGES

38

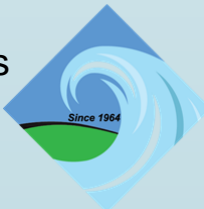
Monthly fee per EDU: Covers the cost of projects that require the upgrade and replacement of existing facilities and systems.

	<u>Current</u> <u>FY23</u>	<u>Proposed</u> <u>FY24</u>
<b>Residential Charges</b>		
Sewer	\$15.39	\$15.39*
Water	\$12.87	\$13.76**
<b>Commercial Charges</b>		
Sewer	\$19.24	\$19.24*
Water	\$16.09	\$17.20**

Commercial charges are 1.25x

## NOTES:

- \* As of FY 2023, no longer utilizing non-accumulating Sewer Debt Service Reserves as a rate stabilization fund.
- \*\* FY 2024 System Improvement Charges are \$0.08 / mo. above FY 2023 projections

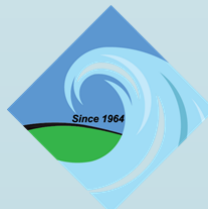
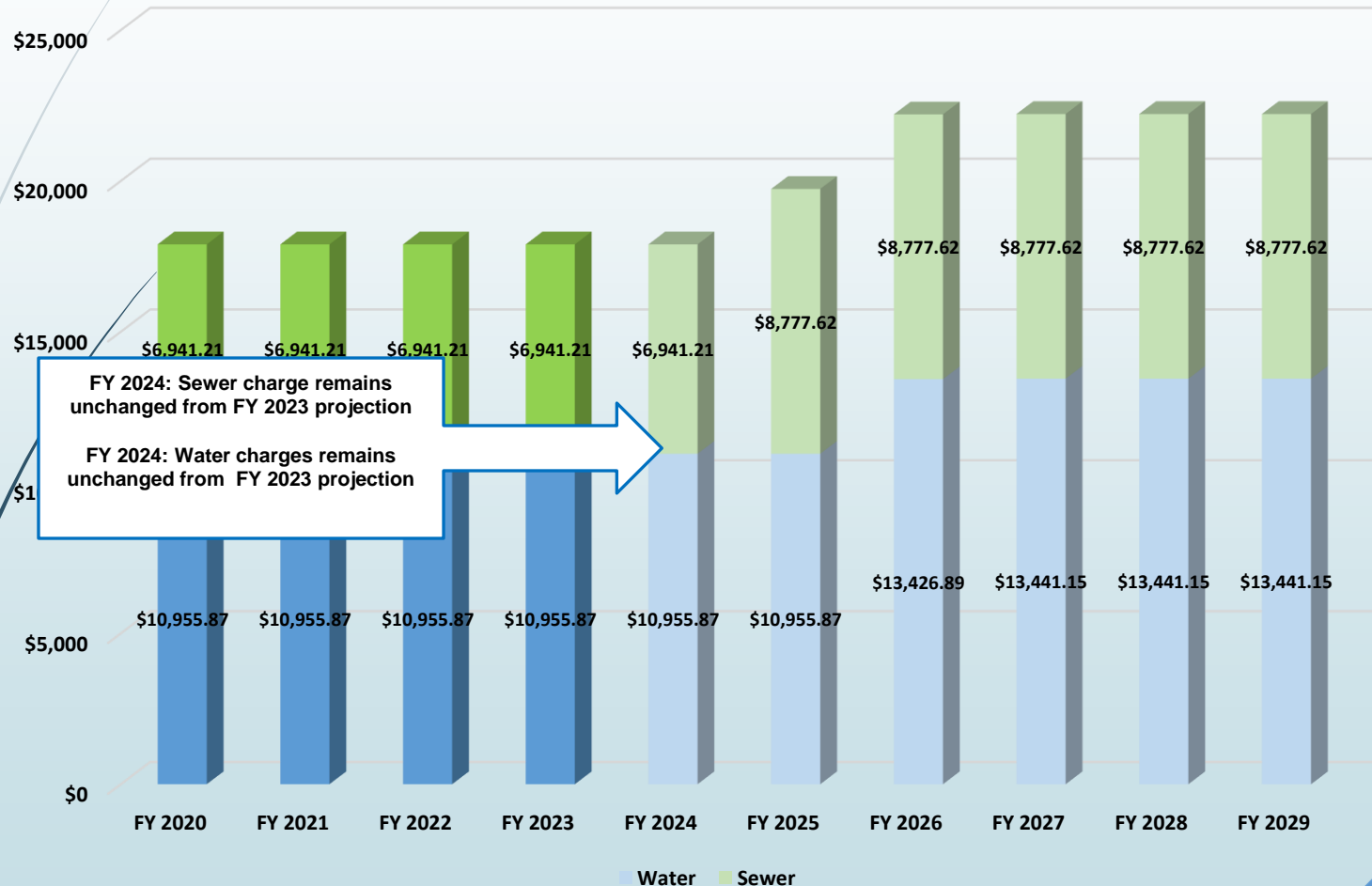


# CAPITAL COST RECOVERY

39

Capital Contribution Charges are one-time charges to cover cost of projects for extensions of water and sewer lines, wastewater pumping stations and new facilities undertaken for the primary purpose (*residential rates shown below*).

## CAPITAL CONTRIBUTION CHARGES





# CAPITAL CONTRIBUTION CHARGES

40

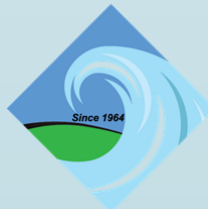
Paid per EDU at the time of connection: Covers the cost of projects that require extensions of water and sewer lines, wastewater pumping stations and new facilities undertaken for the primary purpose of serving new customers.

	<u>Current</u> <u>FY23</u>	<u>Proposed</u> <u>FY24</u>
<b>Residential Charges</b>		
Sewer	\$ 6,941.21	\$ 6,941.21*
Water	\$10,955.87	\$ 10,955.87*
<b>Commercial Charges</b>		
Sewer	\$ 8,329.44	\$ 8,329.44*
Water	\$13,147.04	\$ 13,147.04*

Commercial charges are 1.25x

## NOTES:

\* Rates have been maintained at this level since FY2019



# PERFORMANCE MEASURES

41

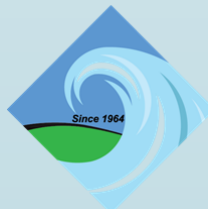
Debt Service Coverage Ratio = (Total Revenue - Total O&M / Total Debt Service	FY22 Audit
Operating Revenues*	
Service Charges	\$ 16,151,482
Debt Service Charges	11,151,076
Miscellaneous	353,252
Total Operating Revenues	\$ 27,655,810
Operating Expenses**	
Direct Operating Expenses	9,501,454
Administrative Expenses	5,630,262
Total Operating Expenses	\$ 15,131,716
Net Revenues	\$ 12,524,094
Debt Service	
Principal	\$ 6,479,013
Interest	1,848,373
Total Debt Service	\$ 8,327,386
Debt Service Coverage Ratio	1.50
<b>Target Debt Service Coverage Ratio *</b>	<b>1.25-1.50</b>
AWWA Benchmark Performance Indicator (median)	1.30

## Debt Service Coverage

This ratio measures MetCom's ability to meet its annual debt service requirements after all operational expenses.

MetCom is within the target range of between 1.25 – 1.50.

This means MetCom can fund its debt service requirement 1.50 times after all operational expenses.



# PERFORMANCE MEASURES

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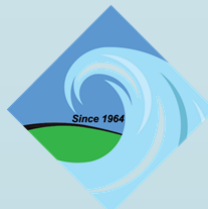
A Measure of the outstanding debt compared to the ability to pay it		Audit FY22
Total Debt:		
Total Debt All DHCD & Drawn MDE	\$ 96,275,218	
Total Debt Undrawn MDE		
Total Debt Drawn & Undrawn	\$ 96,275,218	
Operating & Debt Service Revenue:		
Service Charges	\$ 16,151,482	
Debt Service Charges	11,151,076	
Miscellaneous	353,252	
Total Operating & Debt Service Revenues	\$ 27,655,810	
Outstanding Debt (Drawn & Undrawn) to Operating & Debt Service Revenues *	3.48	X
<b>Target - 5X or Below</b>	<b>5X or Below</b>	

## Outstanding Debt vs. Operating & Debt Service Revenues

This ratio provides an indication of a system's overall leverage and fixed costs.

MetCom's target is to not exceed 5-times the operating and debt service revenues In any given year.

FY 2022 has proven to be even less than the prior three fiscal years.



# PERFORMANCE MEASURES

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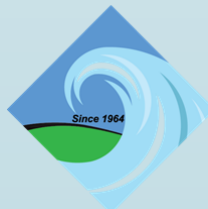
Days Cash on Hand = Undesignated Cash Reserves / Total O&M Costs	<b>FY22</b>
	<b>Audit</b>
Unrestricted Reserves	
General Fund Reserves	
Capital Liquidity Reserves	\$ 3,500,000
Remaining Operational Reserves	8,009,697
Total General Fund Reserves	\$ 11,509,697
Other Unrestricted Reserves	2,273,747
Total Unrestricted Reserves	\$ 13,783,444
Restricted Reserves	\$ 18,475,121
Total Reserves	\$ 32,258,565
Total Operating Expenses	15,475,295
Operating Expenses Per Day	42,398
Days Cash on Hand	
General Fund Capital Liquidity	83
General Fund Remaining Operational	189
Other Unrestricted	54
Total Unrestricted Reserves	326
<b>Target Unrestricted Reserves - Days Ca</b>	<b>90-180</b>
AWWA Benchmark Performance indicator	152-271

## Sufficient Operational Reserves

This ratio is a measurement of liquidity that gauges flexibility to pay near term obligations.

Operational reserves should be maintained between 90 and 180 days.

FY 2022 measured at 326 days. Exceeding the target, allows for operational leeway in future budgeting.



# PERFORMANCE MEASURES

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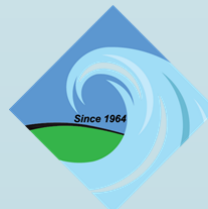
NOTE: Service Affordability provides a measure of the affordability of water and sewer service as a % of MHI. Approximately 66% of our customers use 0-5,000 gallons per month. Range: 1.27 (top quartile) - 1.59 (median)		FY21 Approved	FY22 Approved	FY23 Approved	FY24 Recomm Budget	FY24 Recomm Budget
		5,000 Gallons/Month	5,000 Gallons/Month	5,000 Gallons/Month	5,000 Gallons/Month	7,500 Gallons/Month
<b>Water</b>						
Ready-To-Serve Charge		\$ 9.67	\$ 9.87	\$ 10.14	\$ 10.38	\$ 10.38
Water Usage		8.70	8.90	9.10	9.30	18.63
System Improvement Charge		12.48	12.48	12.87	13.84	13.84
Water - Estimated Monthly Service Charge		\$ 30.85	\$ 31.25	\$ 32.11	\$ 33.52	\$ 42.85
<b>Sewer</b>						
Ready-To-Serve Charge		\$ 18.31	\$ 18.81	\$ 19.45	\$ 20.04	\$ 20.04
Sewer Usage		24.90	25.55	26.45	27.25	40.88
System Improvement Charge		15.09	15.39	15.39	15.39	15.39
Sewer - Estimated Monthly Service Charge		\$ 58.30	\$ 59.75	\$ 61.29	\$ 62.68	\$ 76.31
Bay Restoration Fee		\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
<b>Total Estimated Monthly Service Charge</b>		<b>\$ 94.15</b>	<b>\$ 96.00</b>	<b>\$ 98.40</b>	<b>\$ 101.20</b>	<b>\$ 124.16</b>
<i>Bill at Prior Approved Fiscal Year Rates</i>		<i>\$ 91.66</i>	<i>\$ 94.15</i>	<i>\$ 96.00</i>	<i>\$ 98.40</i>	<i>\$ 120.73</i>
St. Mary's County Median Household Income						
2011-2015 US Census Bureau						
2015-2019 US Census Bureau (American Community Survey)	\$	86,508	\$ 89,845	\$ 95,864	\$ 95,864	\$ 95,864
MetCom Annual Bill % of Annual MHI		1.31%	1.28%	1.23%	1.27%	1.55%
Adopted Target Annual Bill % of Annual MHI		1.50%	1.50%	1.50%	1.50%	1.50%
AWWA Benchmark Performance Indicator (median)		1.59%	1.59%	1.59%	1.59%	1.59%
Lexington Park Median Household Income						
2011-2015 US Census Bureau						
2015-2019 US Census Bureau (American Community Survey)	\$	67,097	\$ 74,598	\$ 74,598	\$ 74,598	\$ 74,598
MetCom Annual Bill % of Annual MHI in Lexington Park		1.68%	1.54%	1.58%	1.63%	2.00%
Annual Combined Bill % of MHI: National Median, All Credits (1)*		1.90%	1.90%	1.90%	1.90% (2)*	1.90%
National 'A' Median		2.90%	2.90%	2.90%	2.90%	2.90%
National 'AA' Median		2.00%	2.00%	2.00%	2.00%	2.00%
National 'AAA' Median		1.40%	1.40%	1.40%	1.40%	1.40%
(1) Source: 2015 Debt Study, page 35, Davenport & Company						
(2) Source: Fitch 2019 Median Report, Davenport & Company						

## Service Affordability Rate. Comparison To Median Household Income (MHI)

This ratio indicates the annual burden for cost of service vs affordability for customers.

It is a measure of the affordability of water and sewer service as a % of MHI. Range: 1.27 (top quartile) - 1.59 (median)

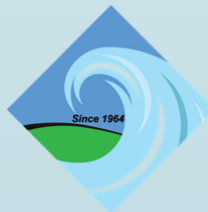
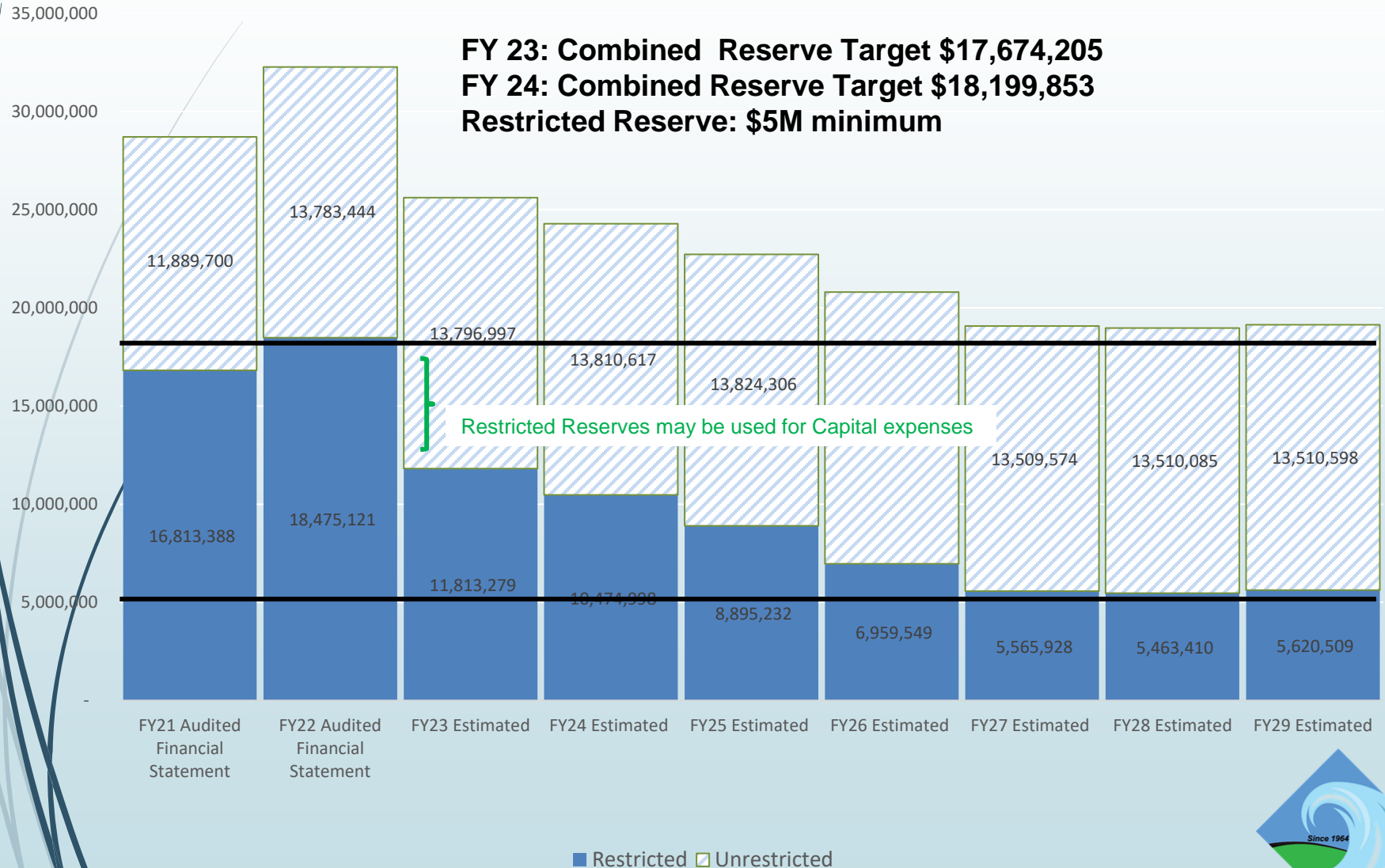
Average Increase between FY 21 and FY 24 is 2.44%. Target: **3% max**



# METCOM RESERVES – AUDITED AND PROJECTED

45

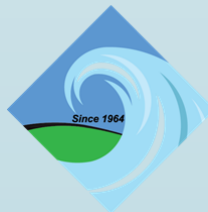
(Reserve Policy was adopted 9/11/2014)



# NEXT STEPS

46

- ✓ 4/18/23 - Public Comment Period begins
- ✓ 4/25/23 - County Commissioners plan to review the FY 2024 Capital Improvement Budget & FY 2025-FY 2029 Plan
- ✓ 4/27/23 – MetCom Board will discuss any topical issues raised
- ✓ 4/28/23 – Public Hearing comment period closes at 4:30 pm
- ✓ 5/23/23 - County Commissioners scheduled to approve the FY 2024 Capital Improvement Budget & Plan
- ✓ 5/23/23 - MetCom Board to Approve FY 2024 Operating Budget and Capital Improvement Budget & Plan as required by Law





# PUBLIC COMMENT PERIOD BEGINS NOW

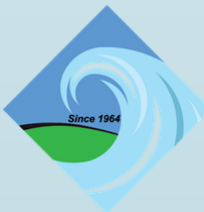
47

All persons are invited to attend the Public Hearing, but physical access is limited based on COVID capacity limits that remain in place. The hearing may be viewed by **live stream @ [www.metcom.org](http://www.metcom.org)** .

The opportunity to provide comment at this time is also available via a dedicated phone line.

Please ***call us at 301.298.1561*** extension 454043 to record your comment(s) during the next ten (10) minutes.

Written comments may also be submitted in person or via email @ ***[budget2024@metcom.org](mailto:budget2024@metcom.org)***



**The public record for this  
public hearing will remain  
open until close of business  
4/28/2023**

**Written comments may be  
submitted to MetCom's  
Administrative Office at:**

**23121 Camden Way  
California, MD 20619**

**or email to:  
[budget2024@metcom.org](mailto:budget2024@metcom.org)**

