St. Mary's County Metropolitan Commission

FY 2018 Operating Budget

ST. MARY'S COUNTY METROPOLITAN COMMISSION
FY 2018 OPERATING BUDGET
BUDGET MESSAGE

GENERAL COMMENTS:

The Fiscal Year 2018 Operating Budget was prepared from data and input obtained from staff conferences, Commission meetings, cost analysis, prior years' water and sewer flows, comparative figures, operation policies, and regulations from the US Environmental Protection Agency and the Maryland Department of the Environment (MDE). This budget was prepared as a consolidated budget for the whole of St. Mary's County Metropolitan Commission. Water flow estimates used in establishing rates are based upon recorded withdraws from all water pumping stations in the County. The basis of wastewater flow estimates is a combination of the recorded influent to all MetCom treatment plants.

MetCom implemented a new rate structure on July 1, 2015 which established a Ready-To-Serve charge based on meter size. The minimum monthly billed amount was eliminated and customers are now billed based on actual consumption. The water usage rates are set up on an inclining block usage rate structure with tiers based on meter size. Sewer usage is based on metered water volume for both commercial and residential customers.

Two additional changes were made effective July 1, 2016: 1) The Ready-To-Serve charge was eliminated for irrigation meters for residential customers with deduct irrigation meters; and 2) Sewer usage is capped at a maximum of 10,000 gallons per month for residential customers with a 5/8" meter.

REVENUES:

The rate structure includes a Ready-To-Serve charge for both sewer and water service and usage fees for all water and sewer used. The water usage fees are on an increasing block rates basis, which means as the usage goes up the rates are tiered based on meter size.

The new rate structure has encouraged conservation, but has had a negative affect on revenues. The budget includes a 3% increase in water service rates and a 3.75% increase in sewer service rates. Even with the proposed rate increases, revenues are projected to be $619,499 less than FY 2017 budgeted revenue.

ST. MARY'S COUNTY METROPOLITAN COMMISSION
FY 2018 OPERATING BUDGET

Budget Message - Continued

MetCom expects to receive an Enhanced Nutrient Removal (ENR) grant of $180,000 in FY 2018 for the Marlay-Taylor Wastewater Treatment plant. The grant will help offset increased expenses as a result of the State mandated implementation of ENR including additional maintenance, power, chemicals, and sludge handling.

Service Rates:

	FY17 Rates	FY18 Rates
Sewer		
Non-metered per EDU per Month	$37.66	$39.07
Rates Continued:		
Metered Rate 1"	$39.92	$41.42
Metered Rate 1-1/2"	$79.84	$82.83
Metered Rate 2"	$127.74	$132.53
Metered Rate 3"	$255.47	$265.05
Metered Rate 4"	$399.18	$414.15
Metered Rate 6"	$798.38	$828.32
Metered Rate 8"	$1,277.37	$1,325.27
Metered Rate 10"	$1,836.22	$1,906.08
Usage Rate per 1,000 Gallons	$4.34 *	$4.50 *
* 5/8" Meter Residential Use Capped at 10,000 Gallons/Month		
Navy (per 1,000 gallons)	$3.26	$3.50
Septage Hauler Rates per 1,000 Gallons		
Septic Tank Waste	$65.61	$65.61
Portable Toilet Waste	$82.69	$82.69
Grease Trap Waste	$230.94	$130.00

ST. MARY'S COUNTY METROPOLITAN COMMISSION
FY 2018 OPERATING BUDGET

Budget Message - Continued

	FY17 Rates	FY18 Rates
Water		
Non-Metered per EDU/Month	$16.44	$16.93
Metered Rate 5/8"	$8.66	$8.92
Metered Rate 1"	$21.65	$22.30
Metered Rate 1-1/2"	$43.29	$44.59
Metered Rate 2"	$69.27	$71.35
Metered Rate 3"	$138.54	$142.70
Metered Rate 4"	$216.47	$222.96
Rates Continued:		
Metered Rate 8"	$692.71	$713.49
Metered Rate 10"	$995.78	$1,025.65
Water Usage Rate per 1,000 Gallons	Tiered	Tiered
Water Usage Rate - Tier 1	$1.56	$1.61
Water Usage Rate - Tier 2	$3.11	$3.20
Water Usage Rate - Tier 3	$6.23	$6.42
Irrigation Usage Rate per 1,000 Gallons	Tiered	Tiered
Water Usage Rate - Tier 1	$3.11	$3.20
Water Usage Rate - Tier 2	$6.23	$6.42
Hydrant Meter Rate per 1,000 Gallons	$3.06	$3.20

ST. MARY'S COUNTY METROPOLITAN COMMISSION
FY 2018 OPERATING BUDGET

EXPENSES:

FY 2018 operating expenses have been reduced by $570,955 below the approved FY 2017 budget to offset the reduced revenue projections.

Salaries:

The budget eliminates the funding, but not position authorization, for the Assistant Director, Database Administrator and $211,460 which may be utilized for a COLA, Step increase or to address the results of the salary study that is currently in progress.

The budget includes paying the Senior Inspector as a merit employee instead of as a contractual employee.

Sewer Department Expenses:

- Maintenance budgeted at $634,935, to provide sufficient funds for both preventative maintenance and emergency repairs
- Power continues to be one of the larger expenses, budgeted at $596,800 (MetCom's Capital Improvement Budget includes a project in FY 2018 for an Energy Audit/Energy Efficiency Upgrades to reduce the cost of power in the future)
- The Sewer Department budget includes $20,000 for possible MDE fines and penalties

Water Department Expenses:

- Water Maintenance budgeted at $471,967, to provide sufficient funds for both preventative maintenance and
- Power is one of the Water Department largest expenses, budgeted at $529,800 (See Energy Audit comment above)

ST. MARY'S COUNTY METROPOLITAN COMMISSION
FY 2018 OPERATING BUDGET

Budget Message - Continued

Engineering Department Expenses:

- As has been the budgeting practice in prior years, Engineering costs in FY 2018 that are not completely covered by revenues are allocated 60% to the Sewer Department and 40% to the Water Department

General & Administrative Expenses:

- Hospitalization of $1,628,006 includes an anticipated 12% increase in health insurance premiums and a 5% contingency for self-insurance
- The Other Post-Employment Benefit expense (OPEB) is being fully funded at $412,000.
- General and Administrative Expenses are allocated to operations: 60.8% to Sewer, 30.9% to Water and 8.3% to Engineering

CAPITAL EQUIPMENT AND EXPENDITURES:

- New capital equipment and replacement capital equipment are budgeted at $561,460
- Two developer cost share agreements to upsize waterlines are included in the budget

Rebecca B. Shick, Chief Financial Officer

Approved by the
St. Mary's County Metropolitan Commission

Bryan M. Barthelme, Chairperson

4/27/17
Date Approved

ST. MARY'S COUNTY METROPOLITAN COMMISSION

FY 2018 OPERATING BUDGET

	FY15 ACTUAL	FY15 ACTUAL	FY17 BUDGET AS OF 4/6/17	FY18 PROPOSED BUDGET
Sewer Income	$8,868,499	$9,513,826	$9,877,393 *	$9,349,107
Sewer Expenses	(7,690,005)	(9,513,826)	(10,033,885)	(9,659,871)
Water Income	5,043,986	5,215,084	5,257,097	5,005,276
Water Expenses	(4,326,486)	(5,255,084)	(5,209,647)	(4,999,698)
Engineering Income	287,058	255,500	232,092	245,100
Engineering Expense	(287,058)	(255,500)	(232,092)	(245,100)
Other Income	166,300	161,000	166,400	314,000
Total Income	$14,365,843	$15,145,410	$15,532,982	$14,913,483
Total Expense	(12,303,549)	(15,024,410)	(15,475,624)	(14,904,669)
Net Income From Service Charges	$2,062,294	$121,000	$57,358	$8,814
Less: From Reserves *			($409,000)	
Less Capital Expenditures	(664,000)	(739,500)	(625,400)	(561,460)
Plus Depreciation	600,867	761,000	706,000	686,000
Net To/From Reserves	$1,999,161	$142,500	$(271,042)	$133,354

General & Administrative Costs are allocated to sewer, water and engineering based on department expenses.

SURPLUS:

Net Income from Service Charges plus depreciation is used to fund Capital Expenditures each year, any end of of year overage goes to reserves and any shortfall comes out of reserves.

***** Includes $409,000 from Reserves for additional costs for St. Clements Shores WWTP maintenance and Leonardtown.

ST. MARY'S COUNTY METROPOLITAN COMMISSION
PROPOSED OPERATING BUDGET - FY 2018
SEWER DIVISION

	FY15 ACTUALS	FY16 ACTUALS	FY17 BUDGET AS OF 4/6/17	FY17 AS OF 12/31/16	FY18 PROPOSED BUDGET
Operating Income					
Service Charge - Metered	$ 1,349,218	$ 6,891,075	$ 7,858,834	$ 3,624,635	$ 7,660,134
Service Charge - Non-Metered	7,321,309	1,222,203	1,429,159	626,098	1,291,573
Septage Haulers	146,579	150,753	135,000	88,105	167,300
ENR Grant				0	180,000
Other Revenue	51,393	41,368	45,400	37,362	50,100
From Reserves			409,000	-	-
Total Operating Income	$ 8,868,499	$ 8,305,399	$ 9,877,393	$ 4,376,200	$ 9,349,107
Operating Expenses					
Salaries	$ 2,289,943	$ 2,326,080	$ 2,526,050	$ 1,132,791	$ 2,642,881
Contractual Labor	2,768	21,721	14,976	5,570	14,976
Maintenance	567,162	618,400	934,330	243,005	634,935
Leonardtown Plant	109,622	202,721	294,000	62,013	180,000
Power	483,458	584,177	661,200	338,696	596,800
Telephone/Dialers	46,884	48,504	52,000	26,088	52,900
Fuel (Diesel & Oil)	71,920	47,206	83,100	28,318	78,229
Lab & Soils Testing	8,975	11,399	14,000	5,441	11,600
Chemicals	177,079	216,500	372,200	201,787	391,000
Employee Related Expense	29,764	41,713	82,414	20,924	76,100
Materials & Supplies	117,539	125,658	140,852	47,302	140,544
Building Utitlities	22,488	20,527	30,160	11,736	25,870
Miscellaneous	1,982	2,982	3,550	1,513	3,550
Misc Consultants	2,109	2,309	1,733	716	2,885
Vehicles	91,266	69,257	104,750	36,878	81,927
Sludge Removal Expense	129,499	146,057	229,000	73,991	255,000
Depreciation	239,166	250,756	282,000	106,482	282,000
SSO's & Penalties	17,700	32,500	30,000	-	20,000
Contingencies	-	-	-00	-	-
Recv'ry of Cost	(2,735)	(3,204)	-	-	-
Allocation of OH	2,891,415	3,039,087	3,611,165	1,589,484	3,570,262
Allocation of Engineering	392,001	413,096	566,405	190,394	598,412
Total Operating Expenses	$ 7,690,005	$ 8,217,446	$ 10,033,885	$ 4,123,129	$ 9,659,871
Net Direct Sewer Operating Income	$ 1,178,494	$ 87,953	$ (156,492)	$ 253,071	$ (310,764)

ST. MARY'S COUNTY METROPOLITAN COMMISSION
PROPOSED OPERATING BUDGET - FY 2018
WATER DIVISION

	FY15 ACTUALS	FY16 ACTUALS	FY17 BUDGET AS OF 4/6/17	FY17 AS OF 12/31/16	FY18 PROPOSED BUDGET
Operating Income					
Service Charge - Metered	$ 4,510,117	$ 4,246,745	$ 4,862,269	$ 2,401,796	$4,644,580
Service Charge - Non-Metered	240,041	168,581	174,828	82,853	169,177
Water Tower Rental	163,562	163,914	174,000	70,423	150,019
Ready-to-Serve	77,716	-	-	-	-
Other Revenue - mostly turn on/offs	52,550	50,790	46,000	20,855	41,500
Total Operating Income	$ 5,043,986	$ 4,630,030	$ 5,257,097	$ 2,575,927	$5,005,276
Operating Expenses					
Salaries	$ 1,012,434	$ 1,055,319	$ 1,110,013	$ 509,956	$1,158,384
Meter Reading Expense	21,293	7,966	-	-	-
Maintenance	425,042	465,979	509,150	177,216	471,967
Meter Installation (net)	15,243	(30,913)	60,000	18,199	23,000
Fire Hydrant ISO Inspection (50%)	44,770	38,968	45,000	-	45,000
Power	542,159	501,288	512,000	255,284	529,800
Telephone/Dialers	10,662	10,644	9,300	4,559	9,200
Fuel (Diesel & Oil)	1,771	1,031	6,000	1,479	3,600
Water Testing	25,787	21,979	26,000	10,540	23,628
Chemicals	104,370	104,413	125,000	57,434	119,500
Employee Related Expense	9,976	11,811	19,000	3,088	16,564
Materials & Supplies	63,649	70,864	97,800	36,264	74,203
Building Utitlities	15,779	14,873	20,000	8,289	14,456
Miscellaneous	229	-	3,000	-	3,000
Vehicles	39,635	30,982	45,500	16,586	31,732
Depreciation	214,718	218,655	264,000	99,870	264,000
Contingencies	-	-	43,506	-	-
Recv'ry of Cost	(2,644)	(8,756)	-	(5,083)	-
Allocation of OH	1,520,279	1,581,515	1,936,776	851,794	1,812,722
Allocation of Engineering	261,334	275,397	377,602	126,929	398,942
Total Operating Expenses	$ 4,326,486	$ 4,372,015	$ 5,209,647	$ 2,172,404	$4,999,698
Net Direct Water Operating Income	$ 717,500	$ 258,015	$ 47,450	$ 403,523	$5,578

ST. MARY'S COUNTY METROPOLITAN COMMISSION
PROPOSED OPERATING BUDGET - FY 2018
ENGINEERING DEPARTMENT

	FY15 ACTUALS	FY16 ACTUALS	FY17 BUDGET AS OF 4/6/17	FY17 AS OF 12/31/16	FY18 PROPOSED BUDGET
Engineering Income					
Review Fees	$ 44,385	$ 59,020	$ 65,857	$ 29,560	$ 59,100
Inspection Fees	166,207	142,383	151,434	72,498	143,300
Admin & Other Fees	76,466	28,112	14,801	35,923	42,700
Total Engineering Income	$ 287,058	$ 229,515	$ 232,092	$ 137,981	$ 245,100
Engineering Expenses					
Salaries	$ 531,188	$ 550,281	$ 558,452	$ 231,198	$ 621,140
Salaries- Locates	84,806	104,591	100,466	46,232	110,969
sub-total	$ 615,994	$ 654,872	$ 658,918	$ 277,430	$ 732,109
Contractual Labor	$ 13,692	$ 9,426	$ 20,250	$ 195	$ -
Contractual Locates	348	3,517	5,105	-00	-00
Casual Labor	-	-	1,500	-00	1,500
Professional Service	14,919	22,491	38,000	6,089	30,000
Vehicle Operation & Maintenance	-	460	8,000	3,137	12,400
Office Supplies & Expense	9,094	8,978	8,500	2,617	9,750
Building Utilities (power,cable,trash,fuel,c	9,180	8,263	11,100	5,113	9,400
Phone	4,921	4,846	5,000	2,423	4,900
Mileage	-	-	200	-00	200
Employee Related Expense(training,pag	9,212	10,895	17,200	3,472	12,832
Depreciation	37,128	32,606	35,000	6,546	35,000
Miss Utility Expense	6,583	7,226	9,000	4,081	8,500
Miscellaneous Expense	-	60	500	-00	500
Recv'ry of Cost	(300,545)	(290,075)	(274,046)	(123,197)	(258,141)
Allocation of OH	399,314	337,125	481,288	212,285	489,533
Allocation to Sewer (60%)	(392,001)	(413,096)	(566,405)	(190,394)	(598,412)
Allocation to Water (40%)	(261,334)	(275,397)	(377,602)	(126,929)	(398,942)
Allocation to Inspections	(91,379)	(77,780)	(113,926)	(41,371)	(130,530)
Inspection Salaries	104,722	94,303	106,453	47,929	134,971
Contractual Inspections	-	108	20,131	-00	-00
Inspection Vehicle Charges(Fuel/Mileage	15,305	12,038	23,000	7,159	15,000
Inspection - Supplies	526	870	1,000	25	4,000
Inspection Overhead	91,379	77,779	113,926	41,371	130,530
Inspection Total	$ 211,932	$ 185,098	$ 264,510	$ 96,484	$ 284,501
Total EngineeringExpenses	$ 287,058	$ 229,515	$ 232,092	$ 137,981	$ 245,100
Income From Engineering	$ -	$ -	$ -	$ -	$ -

ST. MARY'S COUNTY METROPOLITAN COMMISSION
PROPOSED OPERATING BUDGET - FISCAL YEAR 2018
General & Administrative Expenses

		FY15 ACTUALS	FY16 ACTUALS	FY17 BUDGET AS OF 4/6/17	FY17 THRU 12/31/16	FY18 PROPOSED BUDGET
Administrative Salaries		$ 1,417,327	$ 1,397,033	$ 1,521,692	$ 674,928	$ 1,431,078
Contractual Labor		96,250	99,674	62,691	25,866	52,481
Commissioner Stipend		12,083	12,500	14,500	7,250	14,500
Casual Labor		4,473	4,809	10,000	-	5,000
Payroll Taxes		423,279	430,360	495,719	218,758	480,363
Hospitalization		975,948	1,178,715	1,577,145	711,718	1,628,006
OPEB		455,846	379,604	411,000	205,500	412,000
Maryland State Pension Plan		457,694	430,859	512,686	256,952	497,204
Pension Loan		113,088	113,090	113,092	56,544	113,092
Long Term Disability& Life Insurance		22,727	23,311	27,254	12,198	25,824
Tuition Reimbursement/Beneficial Suggestions		(1,827)	1,924	6,000	(1,500)	6,000
Vehicle Operation		1,559	771	2,000	529	1,241
Office Supplies & Printing		92,737	83,412	96,335	42,394	87,437
Postage Expense		107,296	95,747	120,000	38,848	97,567
Insurance		207,769	241,622	305,376	119,478	315,087
Accounting & Audit		16,590	16,920	17,800	17,360	17,900
Computer & IT Services		94,863	96,662	127,840	55,663	131,834
Legal Services		945	-	120,414	43,169	154,000
Misc.Consultants		4,441	23,478	79,840	9,768	13,500
Building Utilities(power,cable,trash,fuel,cleaning)		31,235	31,770	36,677	18,330	35,923
Phone & FAX		53,417	52,308	56,881	26,593	55,300
Employee Related Expense(training,physicals, uniforms)		25,955	27,553	61,120	7,156	48,215
Advertising for Staff/Recruiting		5,817	2,442	6,000	3,909	6,000
Advertising - Other		7,632	11,729	10,000	3,422	9,175
Admin. Bond Expense		775	775	1,550	1,370	2,750
Public Relations		12,255	3,600	14,500	1,800	14,500
Bank Fees/On-Line Bill Payment Fees		62,098	82,108	101,000	49,537	101,000
Miscellaneous Expense		5,124	4,404	7,500	3,167	7,500
Dues & Subscriptions		8,585	10,149	12,605	4,914	13,953
Depreciation		109,855	109,394	125,000	43,146	105,000
Recv'ry of Cost (Grants & Projects)		(14,828)	(8,996)	(24,988)	(5,204)	(10,913)
Total G & A Expenses		$ 4,811,008	$ 4,957,727	$ 6,029,229	$ 2,653,563	$ 5,872,517
To Sewer	60.8%	$ 2,891,415	$ 3,039,087	$ 3,611,165	$ 1,589,484	$ 3,570,262
To Water	30.9%	1,520,279	1,581,515	1,936,776	851,794	1,812,722
To Engineering	8.3%	399,314	337,125	481,288	212,285	489,533
		$ 4,811,008	$ 4,957,727	$ 6,029,229	$ 2,653,563	$ 5,872,517

ST. MARY'S COUNTY METROPOLITAN COMMISSION

PROPOSED OPERATING BUDGET - FISCAL YEAR 2018

OTHER INCOME & EXPENSES

	FY15 ACTUALS	FY16 ACTUALS	FY17 BUDGET AS OF 4/6/17	FY17 AS OF 12/31/16	FY18 PROPOSED BUDGET
OTHER INCOME AND EXPENSE :					
Interest Income	$ 15,643	$ 24,869	$ 20,100	$ 20,049	$ 172,000
Late Charge Income	129,371	131,961	136,300	68,624	132,000
Miscellaneous	21,286	9,535	10,000	13,653	10,000
Total Other Income and Expense	$ 166,300	$ 166,365	$ 166,400	$ 102,326	$ 314,000
NET INCOME FROM SERVICE CHARGES	$ 2,062,294	$ 512,333	$ 57,358	$ 758,920	$ 8,814
Total Revenue	$ 14,365,843	$ 13,331,309	$ 15,532,982 *	$ 7,192,434	$ 14,913,483
Total Expenses	12,303,549	12,818,976	15,475,624	6,433,514	14,904,669
Net Income From Service Charges	$2,062,294	$512,333	$57,358	$758,920	$8,814

* Includes $409,000 from Reserves for additional costs for St. Clements Shores WWTP maintenance and Leonardtown.

ST. MARY'S COUNTY METROPOLITAN COMMISSION		
CAPITAL EQUIPMENT & EXPENDITURES		
PROPOSED OPERATING BUDGET		
FY 2018		
	Project Description	**Proposed**
	Water	
	Spray Insulation of Stations and Towers	$ 37,000
	Right of Way Clearing	25,000
	Repipe Charlotte Hall #1 Well	7,500
	Metal Storage Building for Portable Hydro Tank at WW	6,000
	Luminometer	5,000
	Mapping Sofware for Neptune Meter Reading Equipment	5,000
	Sub-total Water	**$ 85,500**
	Wastewater	
	California Run WWPS Generator Replacement	$ 50,000
	Hunting Quarters WWPS Generator Replacement	50,000
	Laurel Glen WWPS Generator Replacement	40,000
	Cecil's Mill WWPS Pumps	23,000
	Sub-total Wastewater Collections	**$ 163,000**

ST. MARY'S COUNTY METROPOLITAN COMMISSION		
CAPITAL EQUIPMENT & EXPENDITURES		
PROPOSED OPERATING BUDGET		
FY 2018		
	Project Description	**Proposed**
	Maintenance	
	Rolling Chassis for Truck 607 - replaces everything but tool body	$ 50,000
	Portable pump piping	8,000
	Sub-total Maintenance	$ 58,000
	Marlay-Taylor	
	Mower	$ 9,000
	Sub-total Marlay-Taylor	$ 9,000
	Laboratory	
	Spectrophotometer	$ 12,000
	Index Quantitray System	7,700
	Lab Water Filtration System	6,200
	Total Dissolved Solids Equipment	5,000
	Sub-total Laboratory	$ 30,900

ST. MARY'S COUNTY METROPOLITAN COMMISSION		
CAPITAL EQUIPMENT & EXPENDITURES		
PROPOSED OPERATING BUDGET		
FY 2018		
	Project Description	**Proposed**
	Fiscal & Administration	
	Furniture	$ 21,450
	Copier	9,500
	Replace Exterior Doors at Petty Building	15,000
	Upgrade Fire and Burglar Alarm at Petty Building	25,000
	Sub-total Fiscal & Administration	$ 70,950
	IT	
	Dell Computers	$ 31,880
	Laboratory Information Management Database for lab data	30,000
	Dell Laptops	8,956
	Security Software	13,200
	EMI Test Receiver	5,000
	Training Records Management System	10,000
	Sub-total IT	$ 99,036

ST. MARY'S COUNTY METROPOLITAN COMMISSION		
CAPITAL EQUIPMENT & EXPENDITURES		
PROPOSED OPERATING BUDGET		
FY 2018		
	Project Description	**Proposed**
	Engineering	
	Smith Fields Park Developer Cost Share upsize water line from 8" to 12"	$ 30,474
	Barristers Landing Cost Sharing Project 8" to 12"	14,600
	Sub-total Engineering	**$ 45,074**
	TOTAL	**$ 561,460**