

METROPOLITAN COMMISSION

CHARGES & RESERVES

OVERVIEW

- MetCom's Annual Capital Improvement Budget (CIB) is funded by:
 - System Improvement Charge Revenue
 - Capital Contribution Charge Revenue
 - Pay-Go (out of pocket funding from other available reserves)
- MetCom's Annual Operating Budget is funded by Service Charge Revenue

BAY RESTORATION FUND

- Collected by MetCom and remitted to the State Comptroller
 - Residential customers: \$5.00 per month
 - Commercial customers: Based on average daily water consumption at a rate of \$5.00 per unit
 - Calculated as: $(\text{consumption}/\# \text{ of days}/250)*\5.00
- Monthly charges begin at time of connection and EDU allocation

SYSTEM IMPROVEMENT CHARGES (began charging 10/1/07)

- Required by St. Mary's County Code Section 113-29
- Paid by every property to which one or more EDU's are allocated by LUGM
- Owed as soon as an EDU is allocated by LUGM
- Paid on a monthly, per-EDU basis
- Uniform rate (one rate for residential; one rate for commercial)
- Owed whether or not a property is connected to the public water/sewer system
- Paid in perpetuity----unless/until an allocated EDU is de-allocated by LUGM
- FIN 18-01 Policy for deferral of payments based on income eligibility for residential customers
- Used to pay the debt-service (or pay-go) on the comprehensive repair, replacement and upgrade of *existing facilities* (not day-to-day maintenance or small repair)
- Calculated based on the total of all debt service on bonds and the total amortized costs of all projects in the CIB for the given year, excluding costs included in the capital improvement charge, divided by the number of allocated EDU's expected for the year
- Replaced the former Benefit Assessment Charge (2007)
 - Not uniform
 - Not paid in perpetuity
 - Did not provide funds for system improvement/replacement

CAPITAL CONTRIBUTION CONNECTION CHARGES (began charging 10/1/07)

- Required by St. Mary's County Code Section 113-12
- Paid at the time a property owner makes application or otherwise is required to connect to a public water or sewer system
- Paid one time only, per EDU connected
- Chapter 113 new authority effective 10-1-2018. 50% at time of application option with interest

METROPOLITAN COMMISSION

CHARGES & RESERVES - CONTINUED

- Uniform Rate (one rate for residential; one rate for commercial) throughout designated service area
- Used to pay the debt-service (or pay-go) on system expansion/construction of new facilities and capacity expansion
- Most often paid by Developers (for newly constructed/connected properties)
- Paid by property owner when a new public water or sewer line is constructed to serve a property not previously served (when such properties are within the designated service area of the newly constructed public line)
 - Typically MetCom Capital Projects which extend service areas (i.e. Chancellor's Run Road)
 - Not typically Developer-built lines as such lines are currently regarded to serve only the Developer's project and not the properties along the way
- FIN 10-02 Policy for 24 month deferral of payments based on income eligibility for residential customers
- Charges can be exempt, pre-paid or grandfathered (prior to 10/1/07)
- Based on the capital costs of construction in the six (6) year CIB
- Calculated based on the total of all debt service on bonds and the total amortized costs of all system expansion and capacity expansion projects in the CIB for the given year, divided by the number of EDU's expected to connect in the year, may be revised annually per 113-12C.(3)(B)
- Could waive if home is uninhabitable, burned or condemned. Likewise, during a declared disaster, MetCom could waive and recoup thru County FEMA reimbursement process

SERVICE CHARGES

- Required by St. Mary's County Code Section 113-14
- Paid by every property connected to a public water or sewer system
- Paid beginning at time property is connected to a water or sewer system **OR** are otherwise required to connect
- Paid on a monthly basis
- Uniform rates:
 - Ready-To-Serve charge for both water and sewer based on meter size
 - Water usage and irrigation rates set up on an inclining block usage rate structure
Tier 1: 1-5,000 gallons ...Tier 2: 5001-20,000 gallons ...Tier 3: 20,000+ gallons
 - Sewer usage based on water volume, per 1,000 gallons
 - Sewer volume capped at 10,000 gallons/month for residential customers with a 5/8" meter
 - Non-metered rates for accounts without meters per EDU
- Used to fund the costs of the day-to-day operation and maintenance of the water and sewer utility
- Funding source for the Annual Operating Budget

REMOTE AREA SERVICE CHARGES

When MetCom provides service to property in an area in which it is economically not feasible to provide service at the uniform rate because of the distance of the area from the principle facilities of the Commission, the Commission may add an additional remote area service charge to meet the additional cost of providing service to the property, per Section 113-14.

METROPOLITAN COMMISSION

CHARGES & RESERVES - CONTINUED

LATE CHARGES

Late charges not to exceed 1.5% per month may be imposed for unpaid charges in excess of thirty (30) days.

TAX LEVY

With CSMC approval, an annual tax may be levied against all assessable property within the sanitary districts per Section 113-7.

RESERVES (A Reserve Policy was adopted by the Commission on 9/11/14)

RESTRICTED RESERVES:

Capital Project Fund – Upgrade/Replacements

- Two Reserve funds: Water & Sewer
- Used to pay for projects for the comprehensive repair, replacement and upgrade of existing facilities (not day-to-day maintenance or small repair)
- Source of funds – System Improvement Charges in excess of Debt Service payments in the year are transferred to this fund

Capital Project Fund – Expansion – New Customers

- Two Reserve funds: Water & Sewer
- Used to pay for projects for system expansion/construction of new facilities and capacity expansion
- Source of funds - Capital Contribution Charges in excess of Debt Service Payments in the year are transferred this fund

Marlay-Taylor Sinking Fund

- To upgrade the capacity of Marlay-Taylor
- Source – old Marlay-Taylor fee, non-renewing

Forrest Farms Replacement

- To upgrade/replace Forrest Farms sewer system
- Source – old Forrest Farms fee, non-renewing

Davnor Equity

- To upgrade/replace Davnor water system
- Source – old Davnor fee, non-renewing

UNRESTRICTED RESERVES

General Fund

- Any use authorized by MetCom Board
- Source – operating revenues in excess of operating expenses

METROPOLITAN COMMISSION

Debt Service Reserves – Sewer & Water

- Used for sewer debt service payments
- Source – old benefit assessment charges in excess of debt, non-recurring

Water Supply & Storage

- Used for Water Capital Contribution debt service
- Source – old Water Supply & Storage Fees, non-recurring

	CAPITAL BUDGET		OPERATING BUDGET
	SYSTEM IMPROVEMENT CHARGE	CAPITAL CONTRIBUTION CHARGE	SERVICE CHARGES
What is the authority for the fee?	St. Mary’s County Code Section 113-29	St. Mary’s County Code Section 113-12	St. Mary’s County Code 113-14
Who pays the fee?	All properties to which an EDU has been allocated by LUGM	All newly connected properties which have not previously been connected to a public water/sewer system	All properties connected to a public water or sewer system
When is the fee assessed?	At the time any EDU is <i>allocated</i> to a property by LUGM (regardless of whether the property is connected)	At the time a newly served property is <i>connected</i> to a public water/sewer system or at connection deadline	At the time a property is connected to a public water/sewer system <i>OR</i> at connection deadline
How often is the fee paid?	Monthly, in perpetuity	One time	Monthly, in perpetuity
What is the purpose of the fee?	To fund the costs of capital projects to replace/improve <i>existing facilities</i>	To fund the costs of capital projects to construct <i>new facilities</i> & expand capacity	To fund the day-to-day operation and maintenance of the water and sewer utility
Other Information	Replaced the former Benefit Assessment Charge in 2007 to provide funds for comprehensive replacement/improvement of existing facilities	Most often paid by developers (new construction); only paid by property owner if new line constructed as a MetCom capital project (i.e. Chancellor’s Run Rd)	Funding source to support the Annual Operating Budget