

**MINUTES  
CHAPTER 113 - TASK FORCE**

**COMMISSIONERS of ST. MARY'S COUNTY &  
ST. MARY'S COUNTY METROPOLITAN COMMISSION**

**INITIAL MEETING - JULY 12, 2017**

The initial meeting of the Chapter 113 Task Force Meeting commenced at 2 p.m. Those in attendance are shown on the attached sign-in sheet. Ms. Kelly Jarboe, Metropolitan Commission, was identified as the Meeting Coordinator and Recording Secretary for this Task Force.

**OPENING**

George Erichsen opened the kick-off meeting by welcoming attendees to the Metropolitan Commission. Mr. Erichsen circulated an attendance sheet as well as a contact sheet. All members were asked to check off their attendance for today's meeting and instructed that a similar sheet will be distributed at each meeting. A contact sheet was also distributed in order for members to verify their personal/business contact information.

Members were advised that a tabbed binder of reference materials has been provided for each member. This binder contains the documents which were emailed to each member prior to today's meeting.

Attendees agreed that this is a working group. A quorum would not be necessary for conducting meetings however, recommendations from the majority of the Task Force will be made to the respective Boards by the group voting as a whole. If necessary, minority reports may be prepared and submitted so that all feel represented. In this manner, voting on each individual item will not be necessary. Minutes will be prepared from each meeting and the meetings will be audio recorded. The meeting is not being videotaped. Members of the public will be allowed to observe and speak with individual Task Force members, but should not be participating during the discussions.

The Public Notice of today's meeting was provided to the County Public Information Officer for distribution, posted on the Metropolitan Commission website and posted on the front door of this building. The meeting schedule for future meetings will be distributed in the same manner. Any changes to future meetings will be published at least forty-eight (48) hours in advance. For the purposes of flexibility, a set agenda will not be published for each meeting as the agenda will be rolling and will follow the discussion of the group.

**MEETING DATES**

Mr. Erichsen proposed future meeting dates for the seven remaining meetings to be held on July 19, August 2 and 16, September 6 and 20 and October 4 and 18. There was

general consensus that the dates are acceptable and were sensitive to the CSMC and MetCom board meeting schedules.

### **FOCUS and SCOPE**

It was identified that a complete re-write of Chapter 113 cannot be accomplished and is also not what the Delegation would support at this time. Del. Clark was asked for his opinion. Del. Clark responded that he believed several top items should be identified and focused on which will help MetCom operate better. It is unrealistic to contemplate a complete re-write of Chapter 113 at this time.

Mr. Erichsen noted that in October, 2014 there was a full re-write which never moved forward. It was a cumbersome document all in red-line. However this document can be used as reference material for this group. A review of specific subsections can be referenced from that October, 2014 re-write. Discussion ensued concerning the big picture and what could prove useful for MetCom to have better and more authority through the code. It was suggested that key topics should be identified to serve as the framework for any recommendations

Mr. Erichsen recommended that a matrix would be a more useful way to track changes. This matrix and the meeting minutes can then serve as reference materials for the recommendations from the committee to the respective Boards. The matrix will also serve as an explanation as to why alterations have been recommended.

### **GOALS and OBJECTIVES**

Mr. Erichsen advised that the primary goal is to effect amendments to Chapter 113 by consensus. There should be a Task Force report with recommendations to the respective boards by November, 2017 for the 2017 legislative session. Support letters to the Delegation from the boards and associated departments (Health Department, LUGM, Sheriff) if necessary, is also important to demonstrate local consensus.

### **DISCUSSION**

A discussion on possible homework, outside of the meeting times took place. Discussion continued concerning attendance by various members as well as the time slot to be determined for the meeting schedule going forward. Members were reminded that the Task Force is both limited in time and scope with a commitment of approximately eight meetings. This remains a working group and generally speaking, the group will meet consistently through October. It was acknowledged that there will be times that some members are not able to attend due to other commitments.

The floor was opened for discussion regarding the identification of key areas and topics of importance. It was agreed that in order to gain group consensus, that the Task Force focus on several key issues and several housecleaning items as part of the recommendation for

amendment. As such, an entire Chapter 113 re-write is not considered a goal of the Task Force at this time.

Mr. Erichsen pointed out the confusing and conflicting language contained in current mandatory connection language. For instance, in recent years, different sources have all recommended differing lengths of time for connections, i.e. two years, five years, ten years or whenever the property is sold. Additionally, proximity to existing service lines (i.e. abutting within 200', within 1,750') ability to create alternative financing programs, (for connections or special taxing districts for system expansions), and general agreement that those who do have working systems should not be required to perform mandatory connections remain outstanding.

In addition to these issues perhaps making connections more palatable through incentives should be a focus rather than continuing to discuss mandated connections. Recognizing that there are constraints such as federal and state requirements and failing systems, perhaps discussion could focus on incentives for connections. It was explained to the group that if a homeowner has a failing system, and that property abuts a public line, that Chapter 113 does contain a requirement to connect.

What would need to be changed in Chapter 113 to accomplish more connections was further discussed. The discussion then moved to MetCom's ability under Chapter 113 to incur debt. The phrase "or to incur other indebtedness" could have provided MetCom the ability to finance connections, such as benefit assessment charges and special taxing districts. As it stands today, Chapter 113 does not provide MetCom the ability to offer financing for those who need to connect. Special taxing district language could also be mirrored from the County code. It was suggested that capital contribution charges could be spread out over a short time period helping to incentivize connections. At this time, capital connection charges can be pre-paid allowing developers to lock in that fee. An alternative to full payment of capital connection charges at the time of connection should be explored.

Discussion ensued concerning special projects such as Wildewood and more recently, Smith Fields Park. Wildewood was developed under PUD regulations in the 1970's and does not pay capital contribution charges which was a negotiated arrangement during the PUD process. Smith Fields Park was permitted to pay capital connection fees from the time it was first permitted. The fees for Smith Field may be recaptured at such time the subject property is re-developed and additional EDUs will be assessed at full price and the difference will be paid on the EDUs currently held. The Wildewood PUD was approved by Ordinance and is nearing full build-out.

Further discussion touched on various financing mechanisms such as borrowing from the County general fund which Calvert County has done to stabilize rates for users. Should financial eligibility criteria be a component of financing? Should financing be extended to all customers or just those with failing systems or just properties in the development district?



It was generally acknowledged that mandatory connections would not be a good recommendation as similar recommendations have not been successful in the past. A recommendation of mandatory connections would not be favorably viewed by the Delegation or in the General Assembly. However, to grow the customer base, and encourage connections, options such as special taxing districts for expansions of systems where there is a need and/or financing for individuals to connect to the system where it is accessible needs to be explored. The authority giving MetCom the ability to extend such options is not currently present in Chapter 113.

Chapter 113 dictates how capital contribution charges must be calculated. Extensive discussion concerning income and debt projections as well as tapping into reserve funds ensued. It is thought that the current capital contribution charge calculation is too subject to the variables of development in any one year which affects the prediction of MetCom's charges. Future debt was addressed during the FY 18 budget process by retooling the timing of the capital improvement plan and projecting a more accurate number of projected EDUs, and reducing the need to tap in to reserve funds.

It was then outlined for the body that rates and the rate structure are examined each year following budgeting projections. Fees and charges collected cover all expenses and any surplus goes into reserve. Reserves can be used for rate stabilization as well as other earmarked items such as special projects. Chapter 113 defines how EDUs allocations are calculated. George Erichsen will provide the current EDU table as well as the sheet identifying and explaining various MetCom charges. Many agreed that MetCom's financial structure is complicated due in great part to Chapter 113 which dictates what fees are collected and how they are used.

Discussion briefly touched on the current Impact Fee focus group appointed by the County. Effective 07.01.2017, the Commissioners can now allocate Impact Fee monies collected for water and sewer projects. This could be a funding source for some financing assistance. It was noted that the fees collected are far below any actual charges assessed.

The topic then transitioned to encouraging those property owners who are not connected but who are within proximity to existing lines. There are changes to Chapter 113 which should be able to encourage those connections. There should be an assessment made of those potential customers (with EDUs allocated, developed, but not yet connected) for a more complete picture of this particular scenario. It is understood that growth in the system, in terms of new customers and connections, is helpful in stabilizing rates. Because many pre-pay capital contribution charges, those fees are not always coming in steadily or at the current rate. It was then suggested that the prepayment period be limited to 5-7 years.

Discussion then surrounded EDU allocations, changes in those allocations, how they are billed and if they are ever or consistently checked against actual consumption. These EDU issues however are not Chapter 113 related.

Attention was re-directed to what is contained under Chapter 113 such as uniform rates, incentives and providing non-uniform rate structures within service areas. Allowing non-uniform rates within a service area may provide MetCom some other possibilities. It seems that some flexibility to address communities with a need or interest could be beneficial and that authority could be provided in Chapter 113.

Additional topics of focus could be flexibility to establish a different way to calculate capital contribution charges and an improved framework to incentivize connections. Other forms of financing could also be incorporated into Chapter 113. Mr. Erichsen advised that the phrase "*incur other forms of indebtedness*" was removed from Section 113-6. A line of credit was one example of another form of indebtedness that could be pursued.

The possibility of eliminating the capital contribution charge was then discussed. Perhaps that charge should be removed and the revenues could be charged as system improvement charges spread out over a larger customer base.

Participants were asked what major complaints they hear from the public. Dramatic rate increases is a major complaint despite the fact that data and MetCom auditors have shown that MetCom rates are reasonable. It was acknowledged that some of these complaints may have been media driven. Other complaints have been from customers who don't like continuing to pay a portion of the bill for an empty residence; the ready to serve portion of the bill is also problematic for some. Many users do not understand the various charges shown on the bill.

Metered usage and decreased revenue while expenses continue to rise was briefly touched on. The new rate structure and meters have allowed users to better track consumption. As a result, overall consumption has decreased and low volume users are no longer subsidizing high volume users.

Participants acknowledged that this group may be more successful with its recommendations than the 2010 Task Force and the 2014 Connection Policy Study Group as various stakeholders are participating and proposing recommendations. Changing the language in Chapter 113 to incentivize connections may result in growing the customer base rather than simply mandating connections. The consensus was that the route to connections could be made more palatable with certain incentives (waivers, time extensions, installment payments, loans, etc.) rather than the harsh route of mandates.

The consensus was that a list should be created of potential customers who abut a line who could easily and should perhaps already be connected. This list would consist of developed commercial or residential lots with an EDU allocation where the infrastructure abuts. Once this information has been identified, one potential topic could be offering a waiver or a one-time loan of a certain amount of the connection fees.

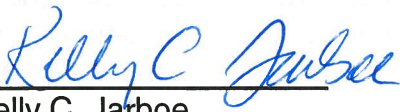
The prospective meeting dates were revisited and a meeting time of 4 to 7:00 p.m. was identified. There will be future discussion about potentially breaking into sub-committees to better explore certain topics. It was further proposed that the Boland Report (draft-

2005) be distributed prior to next week's meeting. This study is the basis of the current method for capital contribution charges. Becky Shick and George Erichsen will look at how capital contribution charges are calculated in other jurisdictions. John Carey also has research on this particular topic. Michael Mummaugh will provide the group with recently adopted Town of Leonardtown charges. George Erichsen will bring the data concerning potential new customers abutting lines as soon as that information is ready. Also the language for special taxing districts from the Annotated Code will be provided as a possible boiler plate. The consensus was that language for incentives to connect should replace mandatory language. Mr. Erichsen will provide initial draft language for Chapter 113 amendments for discussion on mandated connections, financing and connection charges.

George Erichsen reminded the group that they are encouraged to read Chapter 113 and identify additional key areas of interest. Lexington Park Development District is of particular interest because of the various infrastructures, including capacity at Marlay-Taylor, already in place.

Following a short discussion at the close of the meeting, George Erichsen and Joseph "Russ" Russell were identified via informal vote as the Co-Chairman of this Task Force Group.

The meeting was adjourned at approximately 4:50 p.m.

  
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Kelly C. Jarboe,  
Recording Secretary

**Metropolitan Commission**

John J. Carey, Chair  
 Bryan Barthelme, Vice-Chair  
 Alice Gaskin, Member  
 Mike Mummaugh, Member  
 Robert Russell, Member  
 George Thompson, Member  
 Steve Willing, Member



**Commissioners of St. Mary's County**

James R. Guy, President  
 Michael L. Hewitt, Commissioner  
 Tom Jarboe, Commissioner  
 Todd B. Morgan, Commissioner  
 John E. O'Connor, Commissioner

**July 12, 2017**

**Attendance Sheet - Chapter 113 Task Force**

<b>Name of Entity</b>	<b>Representative</b>	<b>Designee(s)</b>	<b>Check Here</b>
Citizen(s)	Community members	Joseph "Russ" Russell	JR
Citizen(s)	Community members	John Walters <i>JWT</i>	<del>JWT</del>
MetCom Board	Board Member	Michael Mummaugh	✓
MetCom Board	Board Member	John Carey	JC
CSMC	Commissioner	Tom Jarboe	TJ
CSMC	Commissioner	Mike Hewitt	MH
Health Department	Dr. Brewster, Health Officer	Daryl Calvano	DC
SMC Delegation	Chairman Deb Rey Representative	Delegate Jerry Clark	J.C.
MetCom Staff	Executive Director	George Erichsen	✓
MetCom Staff	CFO	Becky Shick	BS
MetCom Staff	MetCom Attorney	Christopher Beaver	CB
County Staff	CFO	Jeannett Cudmore	J.C.
County Staff	County Attorney	George Sparling	GS
County Staff	LUGM Director	Bill Hunt	WBH