

## CUSTOMER DEBT SERVICE RATES

### 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)

### SYSTEM IMPROVEMENT CHARGES

- 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
- 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
- Used to pay the debt-service (or pay-go) on the comprehensive replacement and improvement of existing facilities (not day-to-day maintenance or small repair)
- Replaced the former Benefit Assessment Charge (2007)
  - Not uniform
  - Not paid in perpetuity
  - Did not provide funds for system improvement/replacement

### CAPITAL CONTRIBUTION CHARGES

- Required by St. Mary's County Code Section 113-12
- Paid by every property to which one or more EDU's are allocated by LUGM
- Paid at the time a property is connected to a public water or sewer system
- Paid one time only, per EDU connected
- Uniform Rate (one rate for residential; one rate for commercial)
- Used to pay the debt-service (or pay-go) on system expansion/construction of new facilities (including capacity expansions at WWTP's)
- 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<sup>(1)</sup> regarded to serve only the Developer's project and not the properties along the way

(1) Which properties should be "served" and/or required to connect is currently the subject of the Connection Policy Work Group, established by the BoCC and appointed by LUGM staff (unfinished business)

	<b>SYSTEM IMPROVEMENT CHARGE</b>	<b>CAPITAL CONTRIBUTION CHARGE</b>
<b>What is the authority for the fee?</b>	St. Mary's County Code Section 113-29	St. Mary's County Code Section 113-12
<b>Who pays the fee?</b>	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
<b>When is the fee assessed?</b>	At the time any EDU is <i>allocated</i> to a property by LUGM (regardless of whether the property is connected)	At time a newly served property is <i>connected</i> to a public water/sewer line
<b>How frequently is the fee paid?</b>	Monthly, in perpetuity	One time
<b>What is the basis for the fee?</b>	Per EDU	Per EDU
<b>What is the purpose of the fee?</b>	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>
<b>Other Information</b>	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 MetCom capital project (i.e. Chancellor's Run Rd)