

St. Mary's County Metropolitan Commission

Public Hearing
April 16, 2024



FY 2025 Operating Budget
FY 2025 Capital Improvement Budget
FY 2026 - FY 2030 Capital Improvement Plan
FY 2025 Rate Changes

PUBLIC HEARING NOTICE

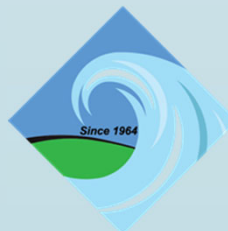
ST. MARY'S COUNTY

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 16, 2024 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 2025 Capital Improvement Budget, the proposed Fiscal Years 2026-2030 Capital Improvement Plan and the proposed Fiscal Year 2025 Operating Budget and proposed rate changes relating to each budget, to become effective July 1, 2024.

All interested persons are invited to attend in person or observe the Public Hearing via the live stream link found at 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

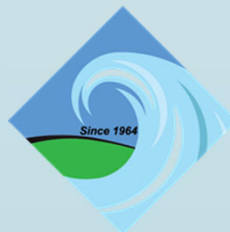
History

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

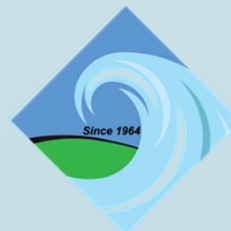
To construct, operate and maintain public water supply and public wastewater conveyance and treatment systems in a manner that is sustainable, reliable, economical and safe for the Commission's employees, the environment, and the citizens of St. Mary's County; and to ensure that construction is timely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



SEWER DIVISION

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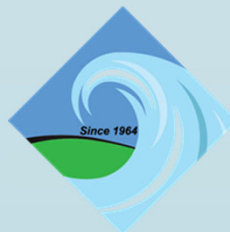
- Sewage Treatment Plants Owned & Operated by MetCom: **6 State Permitted Facilities**. Marlay-Taylor is one of 64 facilities in the State required to be ENR compliant.
- Private Sewage Treatment Plants Operated by MetCom, but owned by others: **2**
- Wastewater Samples Analyzed: **28,128**
- Gravity Sewer Lines and Force Mains: **307 miles**
- Sewage Pumping Stations: **71**
- Sewer Customers: **17,888**
- # Manholes: **4,030**
- Residential grinder pumps: **1,819**
- Over **1.34 billion** gallons of wastewater treated in FY2023



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 2025 to assist with facility and grounds maintenance



WATER DIVISION

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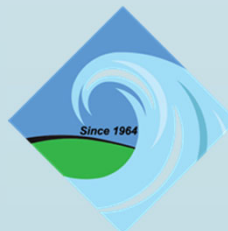
- Water Lines Maintained: **326 miles**
- Water Meters: **16,566**
- Water Storage Tanks: **39**
- Water Storage Towers: **18**
- Water Customers: **18,004**
- Fire Hydrants Maintained: **2,781**
- Pumping Stations: **55**
- Water Supply Systems: **28**
- Well sites: **62**
- Water Samples Analyzed: **5,900**
- 3rd Party Water Analyses: **1,350**
- Over **1.31 billion** gallons of water supplied in FY2023



WATER DIVISION

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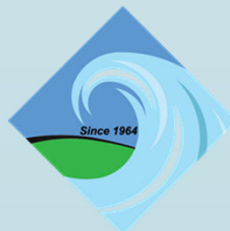
- MetCom continues to provide high quality water.
- MetCom operates a State Certified Water Quality Laboratory
- Consumer Confidence (Water Quality) Reports are published at <https://www.metcom.org/operations>
- All of the water samples met or exceeded EPA drinking water standards
- Proposed cost of 1,000 Gallons of water will be \$1.90 compared to the cost of a bottle of water
- **1.31 billion gallons** of water supplied in FY 2023
- No New FTE's proposed in FY 2025



ENGINEERING DEPARTMENT

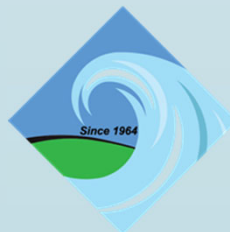


- Plat & Plan Reviews: **272**
- Connection Permits Issued: **118**
- Developer & Construction Projects Inspected: **50-60 per year**
- Miss Utility Locates: **8,464**
3rd party privatized service
- Capital Projects Managed:
Over \$64 M w/ \$15.7M planned in FY 2025
- Connection Incentive Programs: **Available for water and sewer connections**
- Capital Project Funding: **DHCD and MDE low interest loans and State grants**



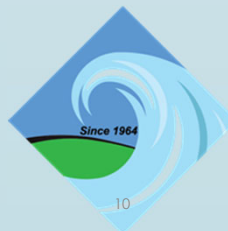
ENGINEERING DEPARTMENT

- Review Fees are not proposed to change in FY 2025
- 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 **1-2%** Public Hearing Reserve to ensure ability to make adjustments following the formal hearing
- Includes a one-step merit equivalent to **2.7%** increase for all employees
- Provides a **2%** cost of living (COLA) for all employees
- User charges proposed to increase by **2.70%** for sewer and **2.10%** 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: **62.50%** to sewer, **27.31%** to water and **10.10%** to engineering
- Incorporates a reduced **2%** Vacancy Adjustment Factor
- Accounts for liability of annual and sick leave accruals

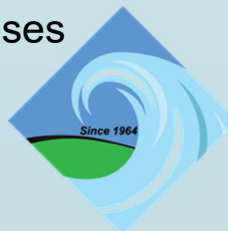


FY 2025 BUDGET GOALS

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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 increase as projected in FY 2024 ($\Delta = \$142.81$)
- ✓ System Improvement Charges increase as projected in FY 2024 ($\Delta = \$0.91 / month$)

- ✓ Target Draft FY 2025 Operating Budget with 2% maximum increase
- ✓ Incorporate Impacts of Merit and COLA for Board decision
- ✓ Present Possible Reclassifications and FTE requests
- ✓ Prepare budget to include a Public Hearing Reserve @ $\leq 1-2\%$ of budgeted expenses *ensures ability to be responsive following the formal Public Hearing.*
- ✓ Rate of Increase for Service Charges remain same % as FY 2024 or lower



ESSENTIAL COST CHANGES, NEW REQUESTS & INITIATIVES

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Operational w/ realignments	\$
Bank Fees and charges*	(145,000)
Postage (<i>despite E-billing efforts</i>)	7,000
Depreciation Expense	67,900
Generator Maintenance*	7,000
Grinder Pump Maintenance*	10,000
Sludge Removal*	(62,000)
Electric	(52,801)
Station Fuel Oil*	(20,000)
3rd Party Lab Testing*	(12,000)
Minor Equipment/Furniture (one-time)	(20,147)
Custodial Services (<i>in-house</i>)*	(16,400)
Consulting Services*	(5,000)
Uniform Services (<i>rent and clean</i>)*	3,160
Chemicals (<i>16% increase plus usage</i>)*	142,560
IT Overhead (<i>IT subscriptions</i>)	30,000
Miss Utility (<i>reflect actual experience</i>)*	(30,000)
Leonardtown Share of O&M (<i>reimbursement</i>)*	15,000
Various Realignments Identified Within	(47,159)
Subtotal:	(\$127,887)

* Denotes Contract changes

Overhead w/ realignments	\$
Salary Impacts (<i>w/ 2% vacancy reserve</i>)	(32,812)
Hospitalization (<i>6% and includes Everside</i>)	101,000
Pension (<i>includes Time to Care Act</i>)	60,800
OPEB contributions	12,000
Insurances (<i>property, liability, etc.</i>)	32,300
Subtotal:	\$173,288

New Requests w/ realignments	\$
Sewer Line/Water Line Realign	12,000
Septage hauling	25,000
Parts/Maint	40,885
IT equipment replacement & wireless devices	22,800
Subtotal:	\$100,685

New Initiatives	\$
Discretionary 401A retirement plan	0
Employee Health Insurance Stipend	19,200
Fleet Tracking Telemetrics w/ LGIT Grant	35,000
MORE (MetCom Oyster Revitalization Effort)	5,000
Subtotal:	\$59,200

Ready To Serve Charge for non-connected	Rate Study
Connection Incentive Program (water)	cost neutral
I&I Mitigation Fund loan program	cost neutral







FY 25 PERSONNEL RECOMMENDATIONS

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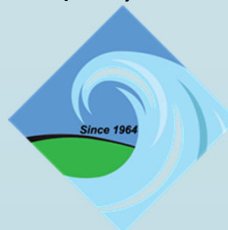
Reclassifications

New Positions (FTE's)

Since 2017 (to 2024), only 2 position have been added in 7 years = 0.29 positions per year.

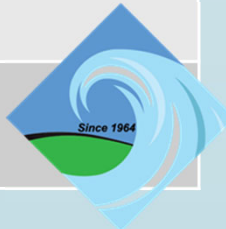
	Sr. WW Superintendent 119/13 to Licenced WW Operator MTWRF G110/4 Benefits (Tax/Pension)	(\$148,052) \$59,971 <u>(\$18,188)</u> (\$106,269)		SCADA Tech G114/4 Benefits (Health/Tax/Pension) Equip/Uniform/Training/Supplies/Unit #573	\$40,046 \$20,270 <u>\$3,653</u> \$63,969
	Sr. Operator MTWRF G112/10 to Assistant Superintendent MTWRF G115/4 Benefits (Tax/Pension)	(\$82,028) \$86,098 <u>\$940</u> \$5,010		Fiscal Specialist G108/4 Benefits (Health/Tax/Pension) Equip/Uniform/Training/Supplies <i>Cost neutral w/ merchant fee reductions</i>	\$25,948 \$17,358 <u>\$2,500</u> \$45,806
	Meter Tech G107/5 to Lead Meter Tech G108/4 Benefits (Tax/Pension)	(\$49,650) \$51,896 <u>\$465</u> \$2,711		Building Maintenance Laborer G105/4 Benefits (Health/Tax/Pension) Equip/Uniform/Training/Supplies/Unit #611	\$20,887 \$16,313 <u>\$3,653</u> \$40,853
	Total:	(\$98,548)		<i>Allows for reduction in Grounds Contract</i>	<u>(\$50,000)</u> (\$9,147)
				Total:	\$100,628

Assumes mid-year hire of 1-1-2025

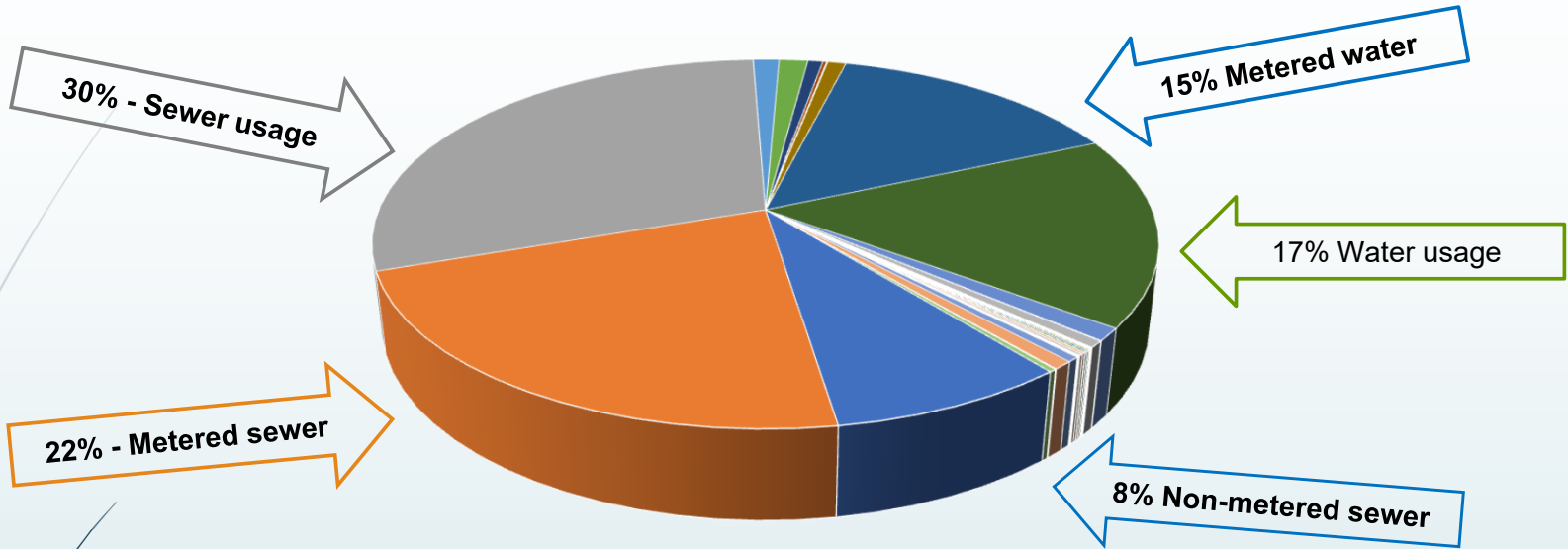


FY 2025 Recommended Operating Budget

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Budget Description FY 24 Revenues: <i>approved \$19,837,696</i> FY 24 Expenses: <i>approved \$19,447,696</i> Board Emergency Reserve: \$ 390,000	FY 24 estimate: \$19,242,565 ^{97%} <u>\$ 18,845,811</u> ^{95%} @ 95% efficiency	FY 24 mid-year: \$ 19,475,406 ^{98%} <u>\$ 18,805,621</u> ^{97%} projected	
Baseline: @ FY 2024 approved less reserve Essential Cost Changes (ECCs): Overhead. Includes costs of Time to Care Act & Everside Health Care Center Operational. Includes reduction in bank charges & Miss Utility costs, etc. New Requests: (Prioritized w/ realignments) Personnel: Reclassifications New FTE's (3) positions – effective 1-1-2025		\$19,447,696 \$19,620,984 \$19,493,097 \$19,593,782 \$19,495,234 \$19,595,862	See slide 12 See slide 12 See slide 13 See slide 13
New Initiative: Oyster Revitalization Program New Initiative: Health Insurance stipend (TBD) Fleet Tracking Telemetrics (w/ LGIT Grant)	\$5,000 \$19,200 <u>\$35,000</u>	Future decisions. Include in Public Hearing Reserve below	
Merit Increase Cost of Living Adjustment (2%) Draft Budget Subtotal:	\$241,112 \$178,602	\$19,836,974 <u>\$20,015,576</u> \$20,015,576	Below FY 24 <u>0.90 %</u> ≤ 1%
Public Hearing / Emergency Reserve (1-2%) FY 25 Recommended Expenditures	\$272,179 @ 1.4 %	\$20,287,755 \$20,287,755	2.27%
FY 25 Recommended Revenues	Rate of Increase decision (See slides 17-19)	\$20,287,755	

REVENUE ACCOUNT BREAKDOWN



- SEWER OPS / NON-METERED SEWER REVENUE
- SEWER OPS/ NOT CONNECTED SEWER REVENUE
- SEWER OPERATIONS / OTHER INCOME-SEWER
- WATER OPS / NON-METERED WATER REVENUE
- WATER OPS / WATER TOWER RENTAL FEES
- Water Operations/Warranty Income
- REVIEW PLANS / MAJOR SUB >5
- REVIEW PLANS / SKETCH PLAN
- INSPECTIONS / GRINDER PUMP INSPEC (ADD)
- ADMININSTRATIVE / APPLICATION FEE
- ADMININSTRATIVE / BOUNDARY LINE ADJ PLAT
- ADMIN / RESIDENTIAL TAP FEE SEWER
- REVENUE / INTEREST INCOME
- MISCELLANEOUS INCOME / DISCOUNTS EARNED

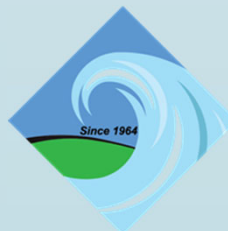
- SEWER OPERATIONS / METERED SEWER REVENUE
- SEWER OPERATIONS / ENR GRANT
- SEWER OPERATIONS / PLANT OPS FOR OTHERS
- WATER OPERATIONS / METERED WATER REVENUE
- WATER OPERATIONS / OTHER INCOME-WATER
- REVIEW PLANS / TEC REVIEW/CONCEPT PLAN
- REVIEW PLANS / MINOR SITE PLAN
- INSPECTIONS / WATER INSPECTION FOR C/O
- INSPECTIONS / SEWER INFRASTRUCTURE INSP
- ADMIN / REQUEST FOR INFO/COPIES
- ADMININSTRATIVE / RECORD PLAT
- ADMIN / RESIDENTIAL TAP FEE WATER
- REVENUE / LATE CHARGE INCOME
- MISC INCOME/FIXED ASSET DISPOSAL

- SEWER OPERATIONS / USAGE
- SEWER OPS / SEPTAGE HAULERS REVENUE
- Sewer Operations/Warranty Income
- WATER OPERATIONS / WATER USAGE
- WATER OPERATIONS / CUT-ON CUT-OFF FEES
- REVIEW PLANS / MINOR SUB (1-5)
- REVIEW PLANS / MAJOR SITE PLAN
- INSPECTIONS / SEWER INSPECTION FOR C/O
- INSPECTIONS / WATER INFRASTRUCTURE INSP
- ADMININSTRATIVE / PUBLIC WORKS AGREEMENT
- ADMIN / FIRE HYDRANT METER PERMIT
- ADMININSTRATIVE / WAIVER REQUESTS
- REVENUE / MISCELLANEOUS INCOME
- WATER CONNECTION REVENUE

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

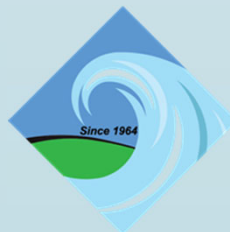
Of the 42 revenue sources, the majority of operating revenue is generated from water / sewer metered service and usage charges

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



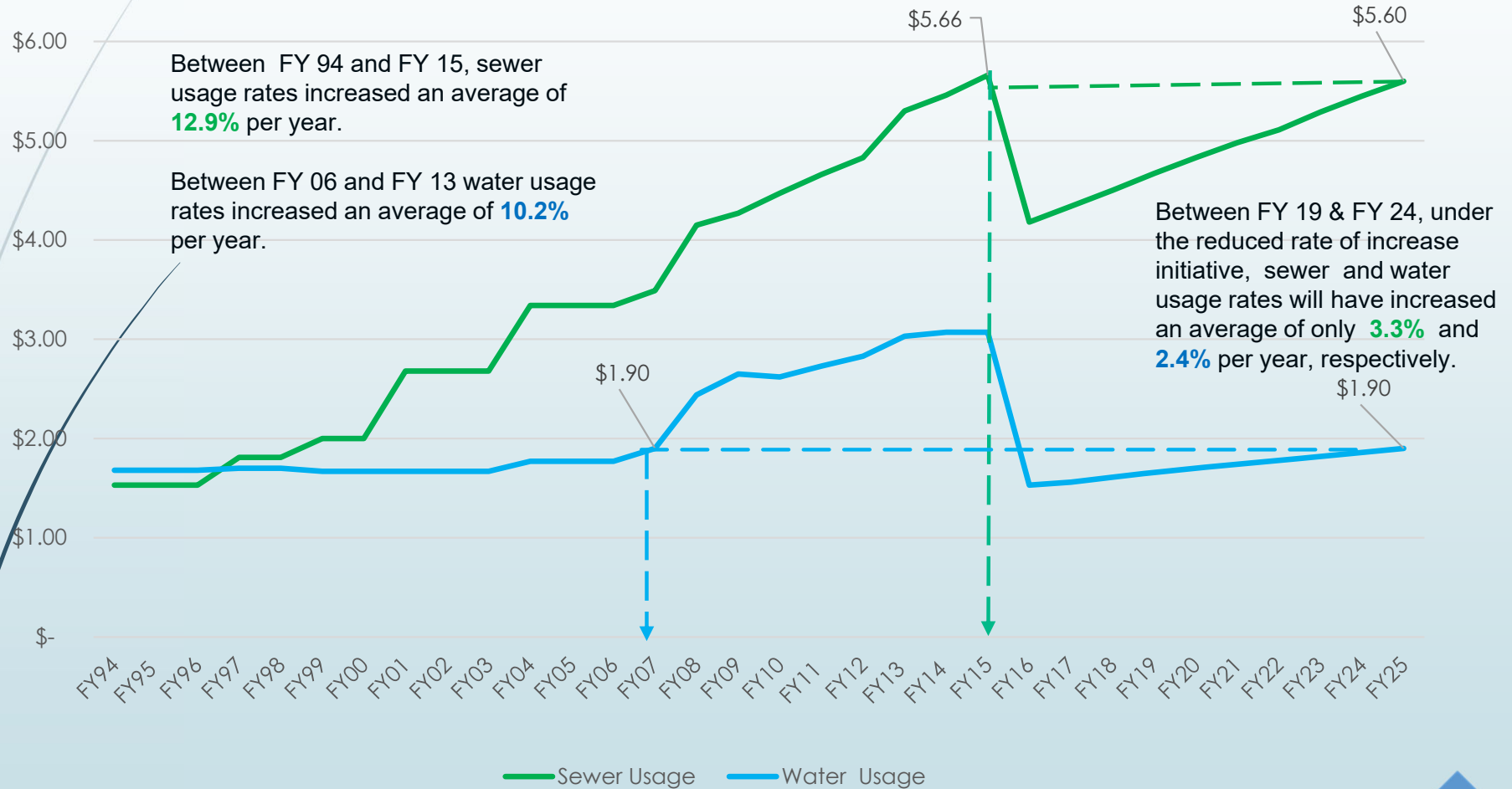
RATE STRUCTURE

- 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 2025 operating budget expenditures have incorporated cost escalations and inflationary impacts on goods & services
- Proposed Water Service Rate of increase is reducing: **2.1%**
 - prior year FY 2024 rate increase: 2.4%
 - previous FY 2019 rate increase: 3.0%
- Proposed Sewer Service Rate of increase is reducing: **2.70%**
 - prior year FY 2024 rate increase: 3.05%
 - previous FY 2019 rate increase: 3.75%

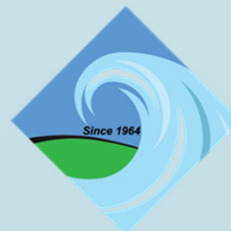


RATE HISTORY

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%**, respectively. 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.

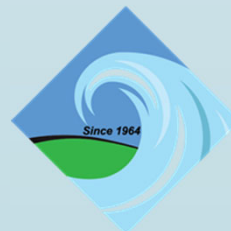


WATER SERVICE RATES

Water Service	2.40%	2.40%	Change	2.10%	Change	1.80%	Change	1.50%	Change
	FY 24 Rates		from FY24	from FY24	from FY24	from FY24	from FY24	from FY24	from FY24
Water									
Non-Metered per EDU/Month	\$ 19.61	\$ 20.16	\$ 0.47	\$ 20.10	\$ 0.41	\$ 20.04	\$ 0.35	\$ 19.99	\$ 0.30
Metered Rate 5/8"	\$ 10.63	\$ 10.63	\$ 0.25	\$ 10.60	\$ 0.22	\$ 10.57	\$ 0.19	\$ 10.54	\$ 0.16
Metered Rate 1"	\$ 25.91	\$ 26.56	\$ 0.62	\$ 26.48	\$ 0.54	\$ 26.41	\$ 0.47	\$ 26.33	\$ 0.39
Metered Rate 1-1/2"	\$ 51.87	\$ 53.11	\$ 1.24	\$ 52.96	\$ 1.09	\$ 52.80	\$ 0.93	\$ 52.65	\$ 0.78
Metered Rate 2"	\$ 82.97	\$ 84.96	\$ 1.99	\$ 84.71	\$ 1.74	\$ 84.46	\$ 1.49	\$ 84.21	\$ 1.24
Metered Rate 3"	\$ 165.97	\$ 169.95	\$ 3.98	\$ 169.46	\$ 3.49	\$ 168.96	\$ 2.99	\$ 168.46	\$ 2.49
Metered Rate 4"	\$ 259.32	\$ 265.54	\$ 6.22	\$ 264.77	\$ 5.45	\$ 263.99	\$ 4.67	\$ 263.21	\$ 3.89
Metered Rate 6"	\$ 518.66	\$ 531.11	\$ 12.45	\$ 529.55	\$ 10.89	\$ 528.00	\$ 9.34	\$ 526.44	\$ 7.78
Metered Rate 8"	\$ 829.82	\$ 849.74	\$ 19.92	\$ 847.25	\$ 17.43	\$ 844.76	\$ 14.94	\$ 842.27	\$ 12.45
Metered Rate 10"	\$ 1,192.90	\$ 1,221.53	\$ 28.63	\$ 1,217.95	\$ 25.05	\$ 1,214.37	\$ 21.47	\$ 1,210.79	\$ 17.89
Water Usage Rate per 1,000 Gallons	Tiered								
Water Usage Rate - Tier 1	\$ 1.81	\$ 1.90	\$ 0.04	\$ 1.90	\$ 0.04	\$ 1.89	\$ 0.03	\$ 1.89	\$ 0.03
Water Usage Rate - Tier 2	\$ 3.71	\$ 3.82	\$ 0.09	\$ 3.81	\$ 0.08	\$ 3.80	\$ 0.07	\$ 3.79	\$ 0.06
Water Usage Rate - Tier 3	\$ 7.41	\$ 7.64	\$ 0.18	\$ 7.62	\$ 0.16	\$ 7.59	\$ 0.13	\$ 7.57	\$ 0.11
Irrigation Usage Rate per 1,000 Gallons	Tiered								
Water Usage Rate - Tier 1	\$ 3.73	\$ 3.82	\$ 0.09	\$ 3.81	\$ 0.08	\$ 3.80	\$ 0.07	\$ 3.79	\$ 0.06
Water Usage Rate - Tier 2	\$ 7.46	\$ 7.64	\$ 0.18	\$ 7.62	\$ 0.16	\$ 7.59	\$ 0.13	\$ 7.57	\$ 0.11
Hydrant Meter Rate per 1,000 Gallons	\$ 3.73	\$ 3.82	\$ 0.09	\$ 3.81	\$ 0.08	\$ 3.80	\$ 0.07	\$ 3.79	\$ 0.06
*FY 24 Rates 2.4% over FY 23 Rates									

The tiered rate structure provides affordability for low/average users and promotes water conservation
 First tier: Essential domestic requirements for typical residence (lowest rate)
 Second tier: Reasonable amount of irrigation for typical residence (higher rate)
 Third tier: All remaining usage (highest rate)

NOTE: Proposed water service rate is proposed to be increased by 2.1% in FY 2025, compared to 2.4% in FY 2024 and 2.7% in FY 2023.



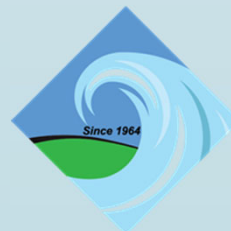
SEWER SERVICE RATES

Sewer Service Rates	3.05%	3.05%	Change	2.70%	Change	2.35%	Change	2.00%	Change
	FY 24 Rates		from FY24		from FY24		from FY24		from FY24
Sewer									
Non-metered per EDU per Month	\$ 47.18	\$ 48.72	\$ 1.44	\$ 48.56	\$ 1.28	\$ 48.39	\$ 1.11	\$ 48.23	\$ 0.95
Metered Rate 5/8"	\$ 20.65	\$ 20.65	\$ 0.61	\$ 20.58	\$ 0.54	\$ 20.51	\$ 0.47	\$ 20.44	\$ 0.40
Metered Rate 1"	\$ 51.64	\$ 51.64	\$ 1.53	\$ 51.46	\$ 1.35	\$ 51.29	\$ 1.18	\$ 51.11	\$ 1.00
Metered Rate 1-1/2"	\$ 100.21	\$ 103.27	\$ 3.06	\$ 102.92	\$ 2.71	\$ 102.56	\$ 2.35	\$ 102.21	\$ 2.00
Metered Rate 2"	\$ 160.35	\$ 165.24	\$ 4.89	\$ 164.68	\$ 4.33	\$ 164.12	\$ 3.77	\$ 163.56	\$ 3.21
Metered Rate 3"	\$ 320.64	\$ 330.42	\$ 9.78	\$ 329.30	\$ 8.66	\$ 328.18	\$ 7.54	\$ 327.05	\$ 6.41
Metered Rate 4"	\$ 501.02	\$ 516.30	\$ 15.28	\$ 514.55	\$ 13.53	\$ 512.79	\$ 11.77	\$ 511.04	\$ 10.02
Metered Rate 6"	\$ 1,002.05	\$ 1,032.61	\$ 30.56	\$ 1,029.11	\$ 27.06	\$ 1,025.60	\$ 23.55	\$ 1,022.09	\$ 20.04
Metered Rate 8"	\$ 1,603.95	\$ 1,652.15	\$ 48.90	\$ 1,646.54	\$ 43.29	\$ 1,640.93	\$ 37.68	\$ 1,635.32	\$ 32.07
Metered Rate 10"	\$ 2,376.22	\$ 2,376.22	\$ 70.33	\$ 2,368.15	\$ 62.26	\$ 2,360.08	\$ 54.19	\$ 2,352.01	\$ 46.12
Usage Rate per 1,000 Gallons *	\$ 5.62	\$ 5.62	\$ 0.17	\$ 5.60	\$ 0.15	\$ 5.58	\$ 0.13	\$ 5.56	\$ 0.11
* 5/8" Meter Residential Use									
Navy (per 1,000 gallons)	\$ 3.97	\$ 4.09	\$ 0.12	\$ 4.08	\$ 0.11	\$ 4.06	\$ 0.09	\$ 4.05	\$ 0.08
Septage Hauler Rates per 1,000 Gallons									
Holding Tank Waste	\$ 17.91	\$ 18.46	\$ 0.55	\$ 18.39	\$ 0.48	\$ 18.33	\$ 0.42	\$ 18.27	\$ 0.36
Septic Tank Waste	\$ 76.50	\$ 78.83	\$ 2.33	\$ 78.57	\$ 2.07	\$ 78.30	\$ 1.80	\$ 78.03	\$ 1.53
Portable Toilet Waste	\$ 96.41	\$ 99.35	\$ 2.94	\$ 99.01	\$ 2.60	\$ 98.68	\$ 2.27	\$ 98.34	\$ 1.93
Grease Trap Waste	\$ 151.58	\$ 156.20	\$ 4.62	\$ 155.67	\$ 4.09	\$ 155.14	\$ 3.56	\$ 154.61	\$ 3.03
FY 24 Rates 3.05% over FY 23 Rates									

\$0.07 less

\$0.02 less

NOTE: Proposed sewer service rate is proposed to be increased by 2.7% in FY 2025, compared to 3.05% in FY 2024 and 3.4% in FY 2023.

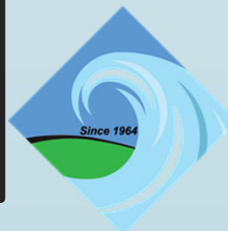


PROPOSED FY 2025 OPERATING BUDGET

20

SEWER DEPARTMENT	FY 25 RECOMMENDED BUDGET
Operating Income	
Service Charge - Metered	\$10,076,838
Service Charge - Non-Metered	1,536,807
Septage Haulers	363,192
ENR Grant	
Other Revenue	198,000
Total Operating Income	\$ 12,174,836
Operating Expenses	
Salaries	\$ 3,611,309
Contractual Labor	104,000
Maintenance	989,883
Leonardtown Plant	165,000
Power	870,558
Telephone/Dialers	11,796
Fuel (Diesel & Oil)	203,748
Lab & Soils Testing	23,600
Chemicals	1,036,560
Employee Related Expense	79,621
Materials & Supplies	208,207
Building Utilities	32,400
Miscellaneous	1,725
Vehicles	238,949
Sludge Removal Expense	270,000
Depreciation	275,000
SSO's & Penalties	
Allocation of OH	4,575,728
Allocation of Engineering	1,082,337
Total Operating Expenses	\$ 13,780,421
Net Direct Sewer Operating Income	\$ (1,605,585)

WATER DEPARTMENT	FY 25 RECOMMENDED BUDGET
Operating Income	
Service Charge - Metered	\$6,034,876
Service Charge - Non-Metered	159,594
Water Tower Rental	190,500
Other Revenue - mostly turn on/off	102,000
Total Operating Income	\$ 6,486,969
Operating Expenses	
Salaries	\$ 1,452,798
Maintenance	598,798
Meter Installation (net)	60,000
Fire Hydrant ISO Inspection (50%)	62,000
Power	586,000
Fuel (Diesel & Oil)	7,593
Water Testing	40,000
Chemicals	175,000
Employee Related Expense	34,625
Materials & Supplies	195,426
Building Utilities	25,026
Miscellaneous	3,375
Vehicles	115,500
Depreciation	188,000
Contingencies	
Recv'ry of Cost	
Allocation of OH	1,996,535
Allocation of Engineering	721,558
Total Operating Expenses	\$ 6,262,234
Net Direct Water Operating Income	\$ 224,735



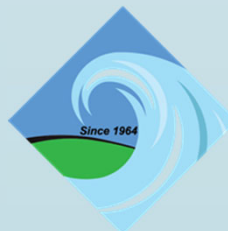
PROPOSED FY 2025 OPERATING BUDGET

21

ENGINEERING DEPARTMENT	FY 25 RECOMMENDED BUDGET
Engineering Income	
Review Fees	\$ 59,101
Inspection Fees	143,300
Admin & Other Fees	42,699
Total Engineering Income	\$ 245,100
Engineering Expenses	
Salaries	\$ 1,357,673
Salaries- Locates sub-total	\$ 1,357,673
Contractual Labor	\$ 15,000
Contractual Locates	
Casual Labor	
Professional Service	180,000
Vehicle Operation & Maintenance	7,000
Office Supplies & Expense	8,400
Building Utilities (power,cable,trash,fuel,cleaning)	33,200
Phone	5,948
Employee Related Expense(training,physicals)	12,794
Depreciation	5,400
Miss Utility Expense	
Miscellaneous Expense	1,000
Recv'ry of Cost	(410,000)
Allocation of OH	738,374
Allocation to Inspections	
Inspection Salaries	
Inspection Vehicle Charges(Fuel/Mileage)	17,500
Inspection - Supplies	6,706
Inspection Overhead	70,000
Inspection Total	\$ 94,206
Total Engineering Expenses	\$ 2,048,995
Allocation to Sewer (60%)	(1,082,337)
Allocation to Water (40%)	(721,558)
Income From Engineering	\$ -

ADMINISTRATIVE DEPARTMENT	FY 25 RECOMMENDED BUDGET
Administrative Salaries	\$ 2,006,804
Contractual Labor	25,000
Commissioner Stipend	14,500
Casual Labor	593,229
Payroll Taxes	1,836,894
Hospitalization	113,092
OPEB	5,000
Maryland State Pension Plan	140,000
Pension Loan	16,300
Long Term Disability& Life Insurance	23,000
Tuition Reimbursement/Beneficial Suggestions	931,108
Vehicle Operation	2,400
Office Supplies & Printing	119,000
Postage Expense	112,000
Insurance	397,000
Accounting & Audit	19,231
Computer & IT Services	190,000
Legal Services	131,200
Misc.Consultants	37,000
Building Utilities(power,cable,trash,fuel,cleaning)	45,200
Phone & FAX	60,000
Employee Related Expense(training,physicals, uniform)	33,350
Advertising for Staff/Recruiting	8,000
Advertising - Other	3,000
Admin. Bond Expense	
Bank Fees/On-Line Bill Payment Fees	75,000
Miscellaneous Expense	20,650
Dues & Subscriptions	14,000
Depreciation	66,500
Recv'ry of Cost (Grants & Projects)	
Board Emergency Reserve	272,179
Total G & A Expenses	\$ 7,310,637
FY 2025 Allocation	
To Sewer	62.59%
To Water	27.31%
To Engineering	10.10%
	\$ 4,575,728
	1,996,535
	738,374
	\$ 7,310,637

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

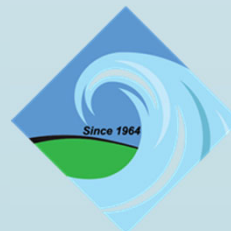


CAPITAL EQUIPMENT & EXPENDITURES

Project Description	FY25 Recommended	FY26 Draft	FY27 Draft
Water (555)			
Replacement for Truck 605 (4wd w/ snow plow)	\$ 65,000		
Replacement for Truck 586 (3/4 ton)	\$ 65,000		
Replacement for Truck 614 (3/4 ton)		\$ 65,000	
Sub-total Water	\$ 130,000	\$ 65,000	\$ -
Wastewater (504)			
Replacement for Truck 604 (4wd w/ utility body)	\$ 65,000		
Replacement for Truck 611 (4wd w/ utility body)	\$ 65,000		
Replacement for Truck 584 (3/4 ton)			\$ 65,000
Sub-total Wastewater Collections	\$ 130,000	\$ -	\$ 65,000
Maintenance (502)			
Replacement for Truck 630 (3/4 ton)			\$ 65,000
Sub-total Maintenance	\$ -	\$ -	\$ 65,000
Marlay-Taylor (516)			
Magnetite Air Compressor and Dryer *		\$ 55,000	
Replacement for Truck 593 (4wd 1/2 ton)			\$ 65,000
Replacement for Truck 570 (4wd 1/2 ton)			\$ 65,000
Sub-total Marlay-Taylor	\$ -	\$ 55,000	\$ 130,000



Range:
\$465K-\$620K
based on
15-20 % of
total depreciatio
n expended
annually @
\$3.1M

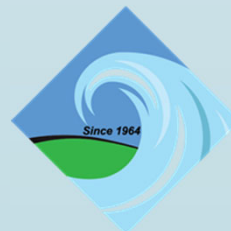


CAPITAL EQUIPMENT & EXPENDITURES

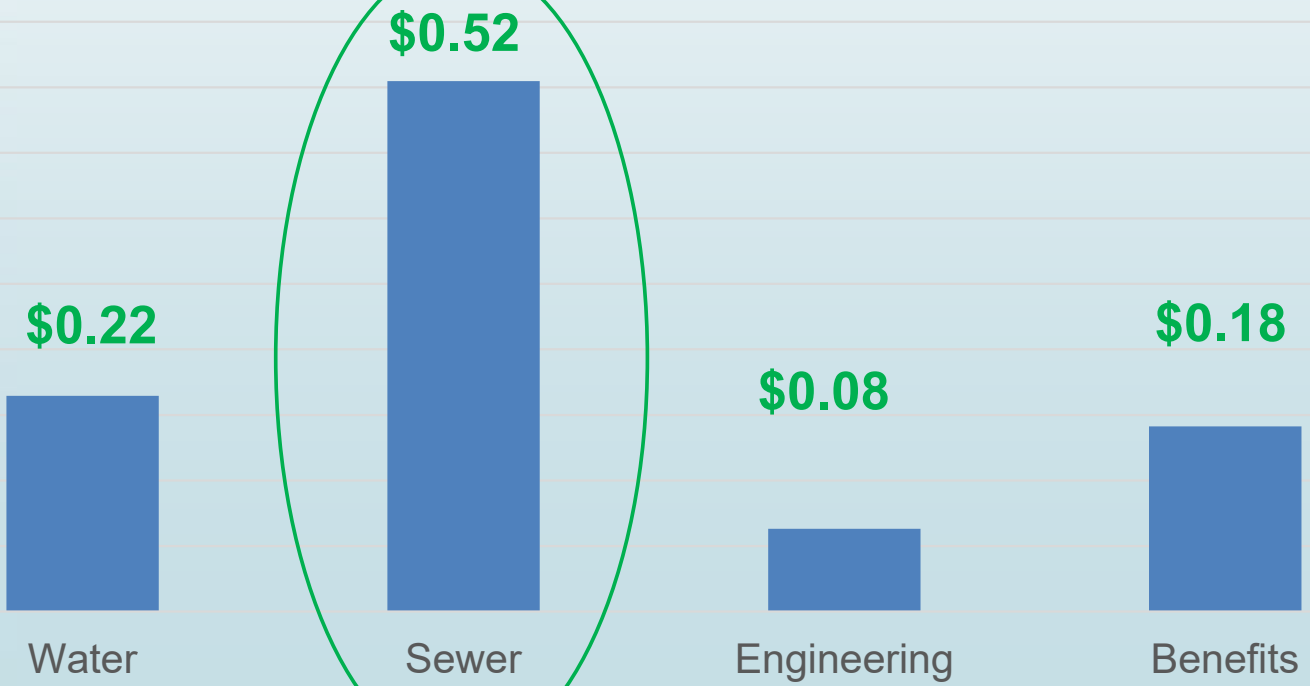
Project Description	FY25 Recommended	FY26 Draft	FY27 Draft
<u>Other Treatment Plants (517)(518)</u>			
SCS Replacement for Truck 610 (4wd w/ snow plow)		\$ 65,000	
Forest Farms Security Fencing (Phased in over 5	\$ 40,000	\$ 40,000	\$ 40,000
Sub-total Other Treatment Plants	\$ 40,000	\$ 105,000	\$ 40,000
<u>Laboratory</u>			
Deionized Water System (model discontinued, difficult to find parts) *		\$ 20,000	
Sub-total Laboratory	\$ -	\$ 20,000	\$ -
<u>Construction (501)(551)</u>			
Replacement for truck 606 (1-ton Utility body 4wd	\$ 65,000		
Replacement for Tool Body, Utility Truck 567	\$ 115,000		
Replace Box Van 600 (2-ton 2wd)		\$ 80,000	
Sub-total Construction	\$ 180,000	\$ 80,000	\$ -
<u>Engineering (578)</u>			
Developer Cost Share Agreements	\$ 50,000	\$ 50,000	\$ 50,000
Large Format Scanner/Plotter			\$ 30,000
Sub-total Engineering	\$ 50,000	\$ 50,000	\$ 80,000
<u>SCADA (phased upgrades for wastewater)</u>			
SCADA Upgrade at MTWTF	\$ -	\$ 36,167	
Sub-total SCADA	\$ -	\$ 36,167	\$ -
TOTAL	\$ 530,000	\$ 411,167	\$ 380,000



Range:
\$465K-\$620K
based on
15-20 % of
total depreciatio
n expended
annually @
\$3.1M



HOW EACH DOLLAR IS ALLOCATED



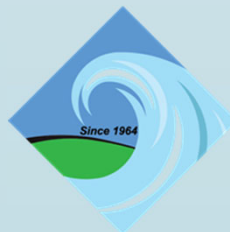
CAPITAL IMPROVEMENT BUDGET/PLAN



FY 2025- FY 2030

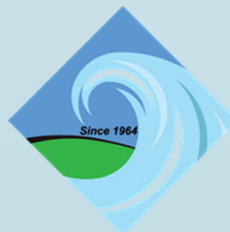
CAPITAL IMPROVEMENT BUDGET

- 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 were proposed to increase as projected in FY 2024**
- Changes to the FY 25 Plan reflects **\$3.7M decrease** from FY 24 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

- ▶ CCC and SIC cost recovery category eligibility review efforts **were beneficial** in determining and stabilizing rates for FY 2025.
- ▶ Capital Contribution Charges **were projected to increase** in FY 2025 after having been held flat since FY 2019. **Maintain priority on short-term critical projects.**
- ▶ Incorporate updated engineering cost estimates, maintain **increase in escalation and capital reserve** at 3% and 8% , respectively.
- ▶ **Maintain priority on funding** renewal, rehabilitation and resiliency capital programs.
- ▶ **Maintain zero % new EDU growth rate** thru FY 230 with water @ 147 and sewer @ 89 EDUs. Recent experience although it is not yet indicative of a long-term trend.
- ▶ **Remain forward-looking.** Continue utilizing reserves to fund programmed minor capital projects. Focus on accumulating reserves to avoid a large increase in CCC's from large scale planned future projects (ie. Marlay-Taylor WRF expansion).
- ▶ Continue front funding designs and **borrowing only as cash flow warrants.**
- ▶ **Recognize legal debt authority** has increased based on property assessments to approximately \$198M. **Maintain debt margin** for unexpected & emergency needs.



SEWER PROJECT SUMMARY SHEETS

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St. Mary's County Metropolitan Commission

Capital Improvements Budget
FY 2025 - 2030 Sewer

With Escalation i=3.0%

Project Name	Status	Project ID	Prior Approved	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2025 - 2030 TOTAL
Rehabilitation / Replacement										
Various Rehabilitation at MTWRF	2	SM2512	\$1,731,988		\$137,664 ^A		\$193,705 ^A		\$412,178 ^A	\$743,547
Piney Point Road Force Main Replacement	2	5171MS	\$6,954,607						\$455,588 ^A	\$455,588
Piney Point FM Booster Pump Station	1	5241MS	\$395,000			\$3,125,313 ^A				\$3,125,313
Southampton Sewer System Rehabilitation	2	8201SR	\$982,762		\$2,952,266					\$2,952,266
Inflow & Infiltration Sewer Replacement, Rehabilitation and Upgrade	4	SM2506	\$775,657		\$405,366	\$417,527	\$430,053	\$442,955	\$456,243	\$2,152,144
Manhole Rehabilitation	4	SM2505	\$113,749	\$116,838	\$120,343	\$123,953	\$127,672	\$131,502	\$135,447	\$755,755
Wastewater System Renewal & Rehabilitation	4	SM2510	\$750,000	\$772,500	\$795,675	\$819,545	\$844,132	\$869,456	\$895,539	\$4,996,847
Glenn Forest to NAS Interceptor	1					\$180,218				\$180,218
Generator Replacement-Sewer	4	SM2503	\$123,600	\$143,221	\$147,518	\$151,944	\$156,502	\$161,197	\$166,033	\$926,415
Stark Drive & Bloch Ave. Sewer Main Replacement	1				\$572,886					\$572,886
FDR Blvd Sewer Main Replacement	1						\$629,159			\$629,159
Spring Valley Drive Sewer Main Replacement	1			\$63,860	\$326,757					\$390,617
Wildewood Pkwy Force Main Replacement	1			\$79,310	\$389,350					\$468,660
MD 5 from MD 246 to MD 471-SEWER	2	8203SR	\$2,493	\$0 ^E	\$690,156					\$690,156
FY 2025 CIB (FY25-FY30) Rehabilitation / Replacement =			\$11,829,856	\$1,175,729	\$6,537,981	\$4,818,500	\$2,381,223	\$1,605,110	\$2,521,028	\$19,039,571

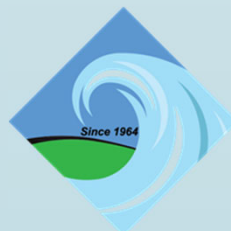
Approved FY 2024 CIB (FY24-FY29)	\$1,553,376	\$5,809,697	\$1,676,304	\$2,170,129	\$1,587,199	\$0	\$12,796,705
Change to Program from FY2024 CIB	-\$377,647	\$728,284	\$3,142,196	\$211,094	\$17,911	\$2,521,028	\$6,242,866

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)
- E - Updated Estimate

Property Acquisition (to be initiated after Planning)



SEWER PROJECT SUMMARY SHEETS

St. Mary's County Metropolitan Commission
Capital Improvements Budget
FY 2025 - 2030 Sewer

With Escalation i=3.0%

Project Name	Status	Project ID	Prior Approved	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2025 - 2030 TOTAL
Pump Stations										
Bradley Boulevard WWPS	1	8211SS	\$38,439	\$351,157						\$351,157
Forest Run WWPS	1	8221SS	\$1,844,130	\$9,597,421 ^E						\$9,597,421
Greenbrier WWPS	2			\$47,098	\$388,088					\$435,186
Hunting Quarters WWPS	1			\$398,564						\$398,564
Broad Creek WWPS	1					\$426,776	\$2,677,065			\$3,103,841
Piney Point WWPS Upgrade	2	5081SR	\$10,769,434	\$393,560						\$393,560
FY 2025 CIB (FY25-FY30) Pump Stations =			\$12,652,003	\$10,787,800	\$388,088	\$426,776	\$2,677,065	\$0	\$0	\$14,279,729

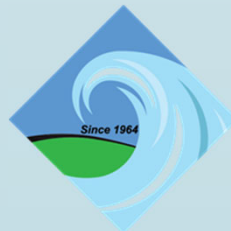
Approved FY 2024 CIB (FY24-FY29)	\$10,394,240	\$388,088	\$426,776	\$2,677,065	\$0	\$0	\$13,886,169
Change to Program from FY2024 CIB	\$393,560	\$0	\$0	\$0	\$0	\$0	\$393,560

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)
- E - Updated Estimate



SEWER PROJECT SUMMARY SHEETS

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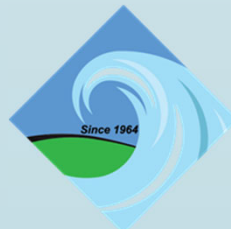
St. Mary's County Metropolitan Commission
 Capital Improvements Budget
 FY 2025 - 2030 Sewer

With Escalation i=3.0%

Project Name	Status	Project ID	Prior Approved	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2025 - 2030 TOTAL
System Upgrades / Expansion										
Sewer Vehicle & Equipment Replacement/New	1	SM2522	\$580,000	\$235,000 ^B	\$180,000 ^E	\$75,000 ^A		\$60,000 ^A		\$550,000
Grinder Pump Replacements	4	SM2509	\$805,460	\$829,624	\$854,513	\$880,148	\$906,552	\$933,749	\$961,761	\$5,366,347
Marlay-Taylor Expansion	1					\$365,171		\$3,357,556		\$3,722,727
Enterprise Resource Planning-Sewer	1						\$337,653			\$337,653
Exterior Petty Bldg Upgrades-SEWER	2	8131BD	\$410,950		\$1,043,577 ^B		\$1,353,864 ^B			\$2,397,442
St. Clements Shores Service Area Public Sewer Extension ^A	1				\$351,000 ^A		\$3,000,000 ^A			\$3,351,000
FY 2025 CIB (FY25-FY30) System Upgrades / Expansion =			\$1,796,410	\$1,064,624	\$2,429,090	\$1,320,319	\$5,598,069	\$4,351,305	\$961,761	\$15,725,169
Approved FY 2024 CIB (FY24-FY29)				\$3,001,935	\$1,044,513	\$1,245,319	\$1,244,205	\$4,291,305	\$0	\$10,827,277
Change to Program from FY2024 CIB				-\$1,937,311	\$1,384,577	\$75,000	\$4,353,864	\$60,000	\$961,761	\$4,897,892
Totals										
Rehabilitation / Replacement			\$11,829,856	\$1,175,729	\$6,537,981	\$4,818,500	\$2,381,223	\$1,605,110	\$2,521,028	\$19,039,571
Pump Stations			\$12,652,003	\$10,787,800	\$388,088	\$426,776	\$2,677,065	\$0	\$0	\$14,279,729
System Upgrades / Expansion			\$1,796,410	\$1,064,624	\$2,429,090	\$1,320,319	\$5,598,069	\$4,351,305	\$961,761	\$15,725,169
Subtotal			\$26,278,269	\$13,028,153	\$9,355,159	\$6,565,595	\$10,656,357	\$5,956,415	\$3,482,789	\$49,044,468
Capital Reserves		8.00%	\$2,102,000	\$1,042,000	\$748,000	\$525,000	\$853,000	\$477,000	\$279,000	\$3,924,000
FY 2025 CIB (FY25-FY30) Totals =			\$28,380,269	\$14,070,153	\$10,103,159	\$7,090,595	\$11,509,357	\$6,433,415	\$3,761,789	\$52,968,468
Approved FY 2024 CIB (FY24-FY29)				\$16,145,551	\$7,821,298	\$3,616,399	\$6,578,399	\$6,348,504	\$0	\$40,510,150
Change to Program from FY2024 CIB				-\$2,075,398	\$2,281,861	\$3,474,196	\$4,930,958	\$84,911	\$3,761,789	\$12,458,318

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)
 E - Updated Estimate



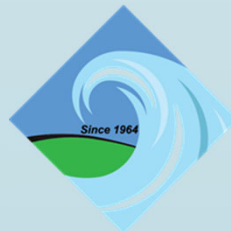
WATER PROJECT SUMMARY SHEETS

St. Mary's County Metropolitan Commission
 Capital Improvements Budget
 FY 2025 - 2030 Water

With Escalation i=3.0%

Project Name	Status	Project ID	Prior Approved	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2025 - 2030 TOTAL
Water Lines										
Water and Service Line Renewal & Rehabilitation	1	WO2502	\$491,727	\$506,479	\$521,673	\$537,323	\$553,443	\$570,046	\$587,148	\$3,276,110
Southampton Water System Rehabilitation	2	8201WL	\$2,158,038		\$2,129,744					\$2,129,744
MD247 Loveville Road Water Main Replacement	1	3231WL	\$1,721,200	\$179,360	\$2,309,263					\$2,488,623
Breton Bay Water System Replacement	2	2201WL	\$4,686,911		\$292,227		\$2,099,090	\$2,162,063		\$4,553,380
Town Creek Water System Phase 1 - 5	2	8161WL 8241WL	\$6,096,508		\$4,175,565		\$5,075,480		\$5,589,781	\$14,840,826
Various Fire Flow Enhancements	1				\$327,376 ^B	\$34,778 ^B	\$519,413 ^B	\$36,896 ^B	\$463,638 ^B	\$1,382,101
MD 5 from MD 246 to MD 471-WATER	2	8203WL	\$1,313	\$0 ^E	\$456,170					\$456,170
FY 2025 CIB (FY25-FY30) Water Lines =			\$15,155,696	\$685,839	\$10,212,018	\$572,101	\$8,247,426	\$2,769,005	\$6,640,567	\$29,126,954
Approved FY 2024 CIB (FY24-FY29)				\$685,839	\$9,705,228	\$537,323	\$7,728,013	\$3,034,528	\$0	\$21,690,930
Change to Program from FY2024 CIB				\$0	\$506,790	\$34,778	\$519,413	-\$265,524	\$6,640,567	\$7,436,024

- 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)
 - E - Updated Estimate



WATER PROJECT SUMMARY SHEETS

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St. Mary's County Metropolitan Commission
 Capital Improvements Budget
 FY 2025 - 2030 Water

With Escalation i=3.0%

Project Name	Status	Project ID	Prior Approved	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2025 - 2030 TOTAL
Wells										
Well Rehabilitation, Replacement, Installation and Inspections	1	WO2501	\$60,100	\$303,887	\$63,760	\$322,394	\$67,643	\$598,549	\$71,763	\$1,427,996
FY 2025 CIB (FY25-FY30) Wells =			\$60,100	\$303,887	\$63,760	\$322,394	\$67,643	\$598,549	\$71,763	\$1,427,996

Approved FY 2024 CIB (FY24-FY29)				\$303,887	\$63,760	\$322,394	\$67,643	\$342,028	\$0	\$1,099,712
Change to Program from FY2024 CIB				\$0	\$0	\$0	\$0	\$256,521	\$71,763	\$328,284

Water Storage Tanks (WST)										
St. Clements Shores Water Storage Tank	1	2191WT	\$249,075			\$7,028,099 ^E				\$7,028,099
Water Tank Inspections, Painting and Replacement/Upgrades	4	WO2517	\$903,212	\$109,551	\$783,418	\$116,223	\$769,563	\$135,044	\$881,744	\$2,795,543
FY 2025 CIB (FY25-FY30) Water Storage Tanks (WST) =			\$1,152,287	\$109,551	\$783,418	\$7,144,322	\$769,563	\$135,044	\$881,744	\$9,823,642

Approved FY 2024 CIB (FY24-FY29)				\$109,551	\$783,418	\$3,024,987	\$831,128	\$362,111	\$0	\$5,111,195
Change to Program from FY2024 CIB				\$0	\$0	\$4,119,335	-\$61,565	-\$227,067	\$881,744	\$4,712,447

- 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)
 - E - Updated Estimate



WATER PROJECT SUMMARY SHEETS

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St. Mary's County Metropolitan Commission
 Capital Improvements Budget
 FY 2025 - 2030 Water

With Escalation i=3.0%

Project Name	Status	Project ID	Prior Approved	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2025 - 2030 TOTAL
Miscellaneous										
Generator Replacement-Water	2	WO2503	\$123,600	\$143,221	\$147,518	\$151,944	\$156,502	\$161,197	\$166,033	\$926,415
Enterprise Resource Planning-Water	1						\$337,653			\$337,653
Water Vehicle & Equipment Replacement/New	2			\$240,000 ^B		\$81,955 ^A		\$69,556 ^A		\$391,511
Piney Point Water Station Upgrades	2	5161 WF	\$1,638,996							\$0
Advanced Metering Infrastructure (AMI) Upgrade	A 1								\$150,000 ^A	\$150,000
Exterior Petty Bldg Upgrades-WATER	2	8131BD	\$410,950		\$1,043,577 ^B		\$1,353,864 ^B			\$2,397,442
FY 2025 CIB (FY25-FY30) Miscellaneous =			\$2,173,546	\$383,221	\$1,191,095	\$233,899	\$1,848,019	\$230,753	\$316,033	\$4,203,021

Approved FY 2024 CIB (FY24-FY29)	\$1,922,203	\$131,127	\$135,061	\$476,766	\$143,286	\$0	\$2,808,443
Change to Program from FY2024 CIB	-\$1,538,982	\$1,059,968	\$98,838	\$1,371,253	\$87,467	\$316,033	\$1,394,578

Totals										
Water Lines			\$15,155,696	\$685,839	\$10,212,018	\$572,101	\$8,247,426	\$2,769,005	\$6,640,567	\$29,126,954
Wells			\$60,100	\$303,887	\$63,760	\$322,394	\$67,643	\$598,549	\$71,763	\$1,427,996
Water Storage Tanks (WST)			\$1,152,287	\$109,551	\$783,418	\$7,144,322	\$769,563	\$135,044	\$881,744	\$9,823,642
Miscellaneous			\$2,173,546	\$383,221	\$1,191,095	\$233,899	\$1,848,019	\$230,753	\$316,033	\$4,203,021
Subtotal			\$18,541,629	\$1,482,498	\$12,250,291	\$8,272,716	\$10,932,651	\$3,733,351	\$7,910,107	\$44,581,612
Capital Reserves		8.00%	\$1,483,000	\$119,000	\$980,000	\$662,000	\$875,000	\$299,000	\$633,000	\$3,568,000
FY 2025 CIB (FY25-FY30) Totals =			\$20,024,629	\$1,601,498	\$13,230,291	\$8,934,716	\$11,807,651	\$4,032,351	\$8,543,107	\$48,149,612

Approved FY 2024 CIB (FY24-FY29)	\$3,263,480	\$11,538,533	\$4,341,765	\$9,831,550	\$4,192,953	\$0	\$33,168,280
Change to Program from FY2024 CIB	-\$1,661,982	\$1,691,758	\$4,592,951	\$1,976,101	-\$160,603	\$8,543,107	\$14,981,332

Status:

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

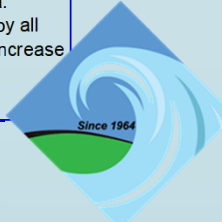
Property Acquisition (to be initiated after Planning)

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



DEBT CEILING LIMIT ANALYSIS

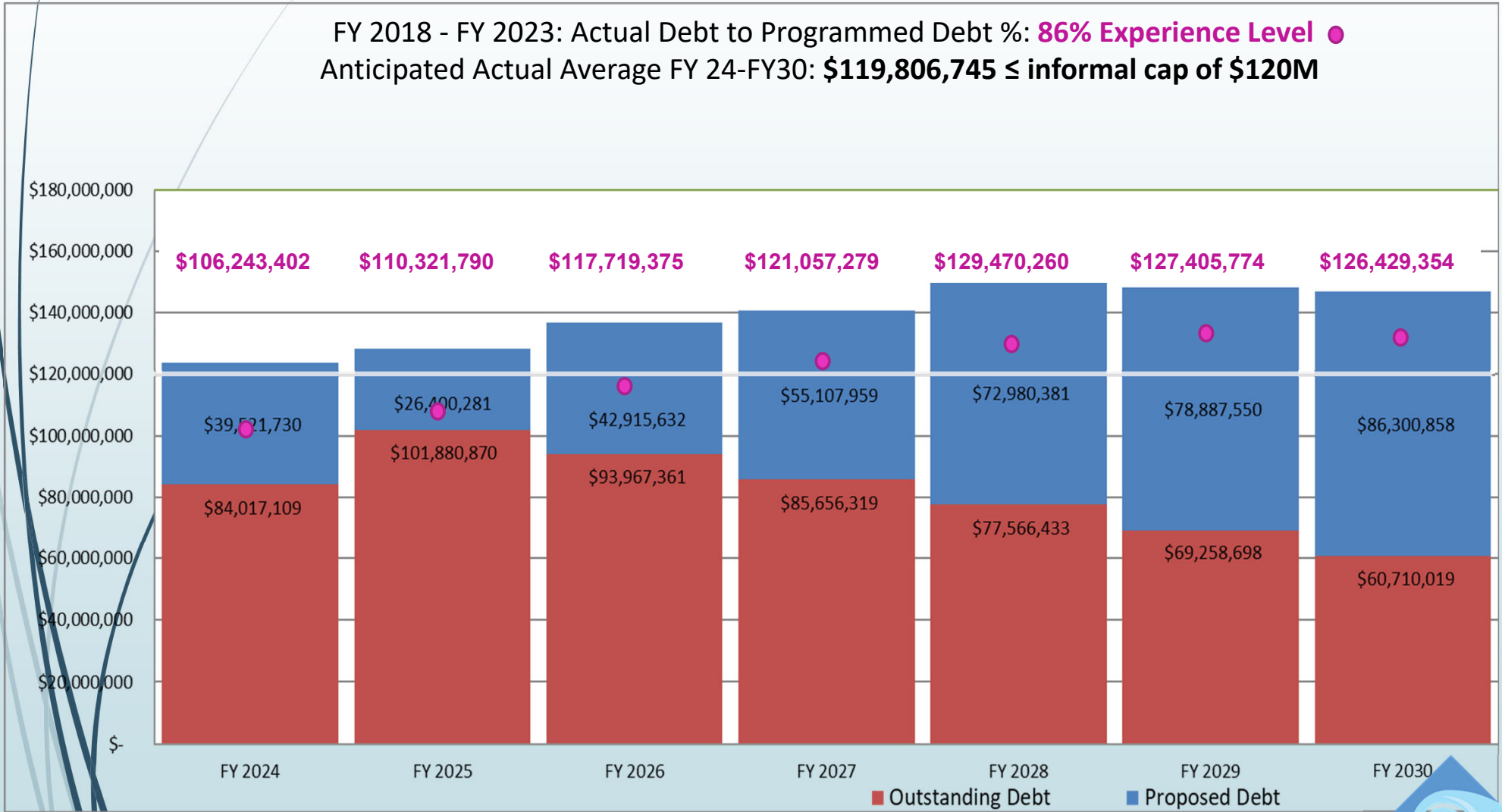
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Debt Outstanding - Beginning of Year (1)	\$ 90,806,660	\$ 84,017,109	\$ 101,881,250	\$ 93,968,136	\$ 85,657,505	\$ 77,568,046	\$ 69,260,755
Pending Applications MDE/MWIFA (Close in FY 25)		\$ 15,609,743					
Pending DHCD GOB Issue (Close in FY 25)		\$ 10,000,000					
Principal Payments - Existing Debt	(6,789,551)	(7,745,603)	(7,913,114)	(8,310,631)	(8,089,459)	(8,307,291)	(8,548,217)
Existing Debt	\$ 84,017,109	\$ 101,881,250	\$ 93,968,136	\$ 85,657,505	\$ 77,568,046	\$ 69,260,755	\$ 60,712,538
Proposed Debt (2):							
Beginning Balance	\$ -	\$ 13,911,987	\$ 26,401,661	\$ 42,917,407	\$ 55,110,144	\$ 72,982,994	\$ 78,890,607
Sewer Debt to be issued	14,657,203	11,948,496	7,266,928	5,470,153	8,480,254	4,794,260	1,873,592
Capital Reserves Sewer **	1,173,000	956,000	581,000	438,000	678,000	384,000	150,000
Estimated New Debt Prior Year's Sewer Projects							
Water Debt to be issued	22,502,788	419,360	9,114,500	7,144,832	9,731,024	2,403,559	6,935,163
Capital Reserves Water **	1,800,000	34,000	729,000	572,000	778,000	192,000	555,000
Estimated New Debt Prior Year's Water Projects							
Principal Payments -Proposed Debt	(611,261)	(868,182)	(1,175,682)	(1,432,248)	(1,794,428)	(1,866,206)	(2,099,986)
Proposed Debt	\$ 39,521,730	\$ 26,401,661	\$ 42,917,407	\$ 55,110,144	\$ 72,982,994	\$ 78,890,607	\$ 86,304,376
Ending Debt Balance	\$123,538,839	\$128,282,911	\$136,885,543	\$140,767,649	\$150,551,040	\$148,151,362	\$147,016,914
Debt Calculation Per Chapter 113 @ 2%							
Assessed Value Sanitary Districts with 4% Growth (3)	\$14,003,908,152	\$14,564,064,478	\$15,146,627,057	\$15,752,492,139	\$16,382,591,825	\$17,037,895,498	\$17,719,411,318
Legal Debt Limit (Chapter 113 at 2%)	\$280,078,163	\$291,281,290	\$302,932,541	\$315,049,843	\$327,651,837	\$340,757,910	\$354,388,226
Debt as a Percentage of Assessed Value CIB FY25-FY30	0.88%	0.88%	0.90%	0.89%	0.92%	0.87%	0.83%
Debt Margin on 2%	\$156,539,324	\$162,998,379	\$166,046,998	\$174,282,194	\$177,100,797	\$192,606,548	
Debt Calculation Per HB862 Ch.510 @ 40% - 2021 Legislation @ 1.26%							
Assessed Value Real Property Base per County w/4.1% growth	\$14,582,156,000	\$15,194,606,552	\$15,832,780,027	\$16,497,756,788	\$17,190,662,573	\$17,912,670,402	\$18,665,002,558
Legal Debt Limit (Chapter 510 @ 40% - 2021 Legislation @ 1.26%)	\$183,735,166	\$191,452,043	\$199,493,028	\$207,871,736	\$216,602,348	\$225,699,647	\$235,179,032
Debt as a Percentage of Assessed Value CIB FY25-FY30	0.85%	0.84%	0.86%	0.85%	0.88%	0.83%	0.79%
Debt Margin on 40%, 1.26% Rate equivalent	\$60,196,326	\$63,169,132	\$62,607,485	\$67,104,087	\$66,051,309	\$77,548,285	\$88,162,118
Debt as a Percentage of Assessed Value CIB FY24-FY29	0.85%	90.00%	89.00%	0.84%	0.84%	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) FY2024 Update utilizes MD Dept of Planning 2023 data: Reduced by Sanitary Districts 7 and 9 (no facilities), and reduced by all public property (County/State/Federal). FY2025 growth rate was increase to 4% to be consistent with St. Mary's County Government FY 24 projected growth.				



DEBT LIMIT

Debt Outstanding and Proposed New Debt FY 2024-FY 2029

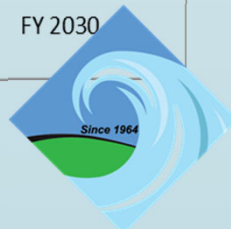
FY 2018 - FY 2023: Actual Debt to Programmed Debt %: **86% Experience Level** ●
 Anticipated Actual Average FY 24-FY30: **\$119,806,745 ≤ informal cap of \$120M**



2% of assessable base
40% set aside

MetCom debt calculations include an 8% CIB Reserve
 Legal Debt Limit (*per Chapter 113*): \$280M - \$354M
 Legal Debt Limit (*per Chapter 510*): \$184M - \$235M

“De-coupling”
Legislation HB 862



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



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%

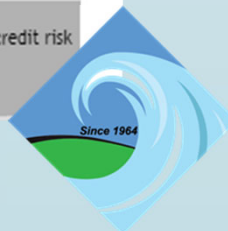


Moody's rating scale

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	
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

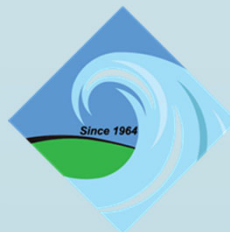
Both charges are required St. Mary's County Code Section 113

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

System Improvement Charges reflect a 10% for water and a 4.7% increase for sewer

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

No changes in Capital Contribution Charges proposed in FY 2025 for water and slightly higher for sewer

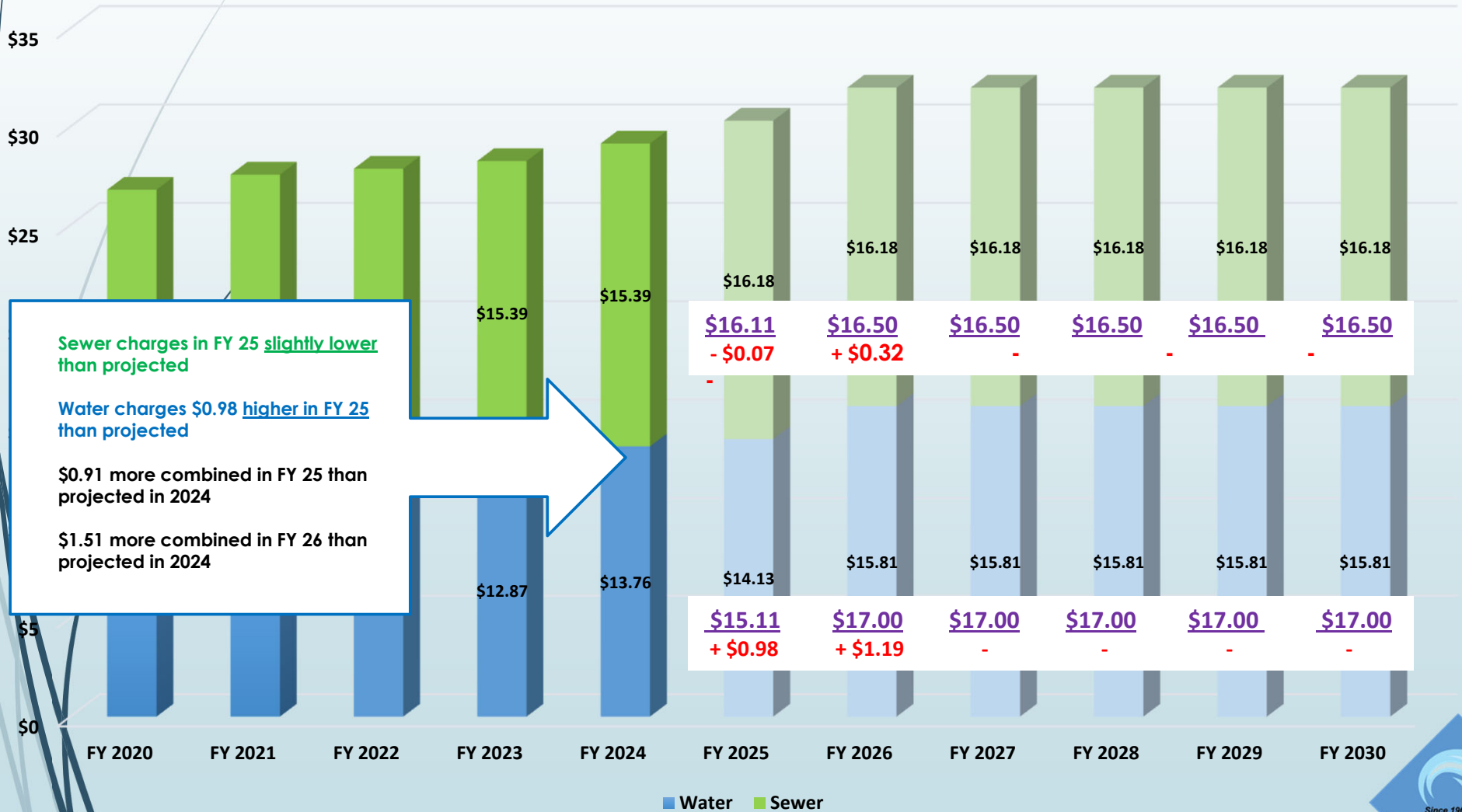


CAPITAL COST RECOVERY

38

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

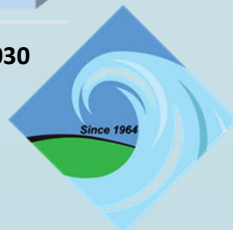


Sewer charges in FY 25 slightly lower than projected

Water charges \$0.98 higher in FY 25 than projected

\$0.91 more combined in FY 25 than projected in 2024

\$1.51 more combined in FY 26 than projected in 2024



SYSTEM IMPROVEMENT CHARGES

39

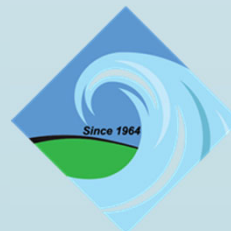
Monthly fee per EDU: Covers the cost of projects that require the upgrade and replacement of existing facilities and systems.

	<u>Current</u> <u>FY24</u>	<u>Proposed</u> <u>FY25</u>
Residential Charges		
Sewer	\$15.39	\$16.11 *
Water	\$13.76	\$15.11 **
Commercial Charges		
Sewer	\$18.47	\$19.33
Water	\$16.51	\$18.13

NOTES:

Commercial charges are 1.2x residential

- * As of FY 2023, no longer utilizing non-accumulating Sewer Debt Service Reserves as a rate stabilization fund.
- ** FY 2025 System Improvement Charges for residential are \$0.98 / month above FY 2024 projections.

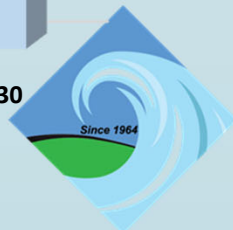
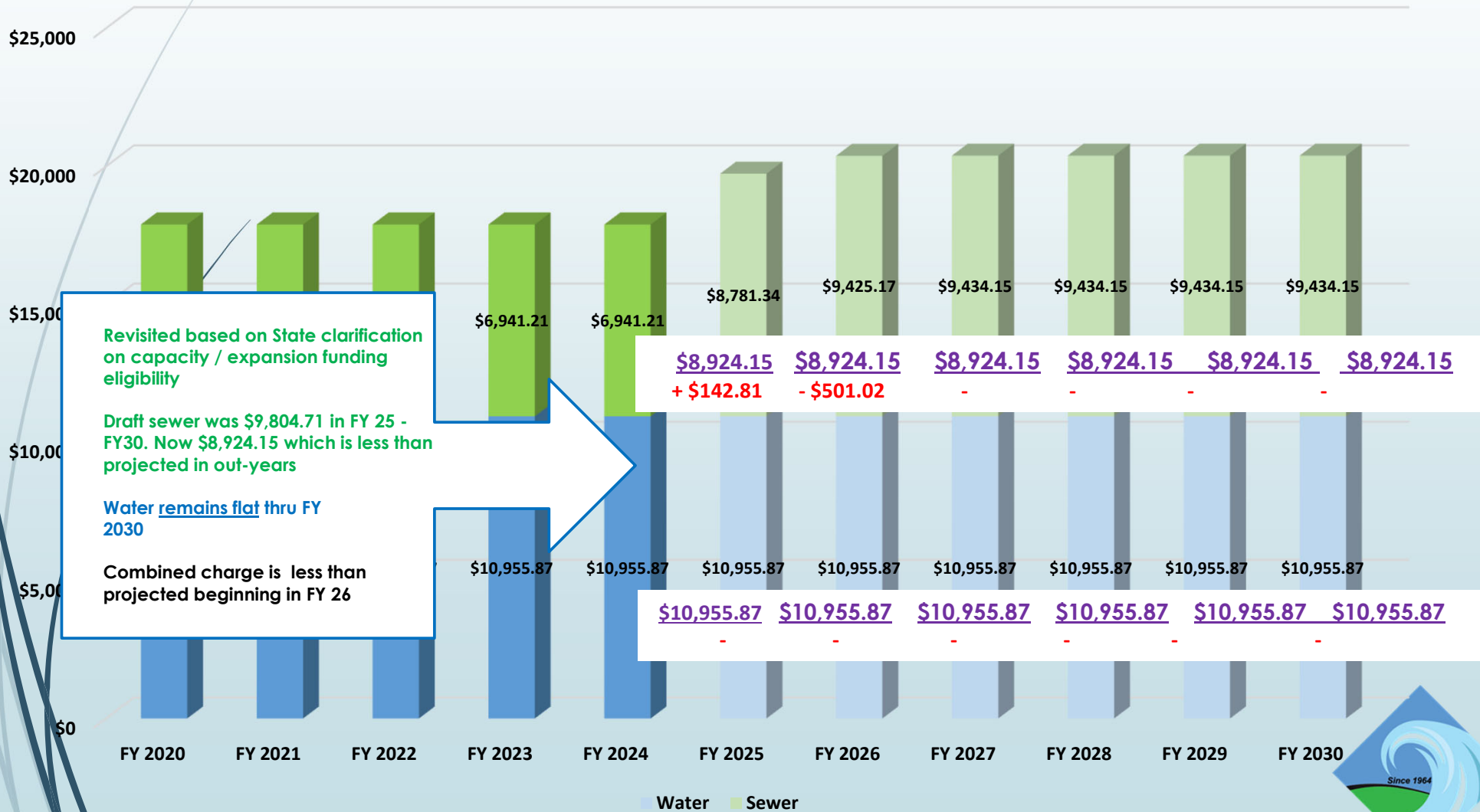


CAPITAL COST RECOVERY

40

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

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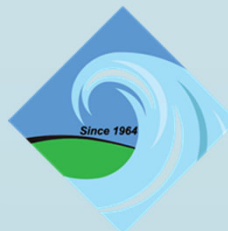
Paid per EDU at the time of connection: Covers the cost of projects that require extensions of water and sewer lines, wastewater pumping stations and new facilities undertaken for the primary purpose of serving new customers.

	<u>Current</u> <u>FY24</u>	<u>Proposed</u> <u>FY25</u>
Residential Charges		
<i>Sewer</i>	\$ 6,941.21 *	\$ 8,924.15
<i>Water</i>	\$10,955.87 *	\$ 10,955.87*
Commercial Charges		
<i>Sewer</i>	\$ 8,329.44 *	\$ 10,708.96
<i>Water</i>	\$13,147.04 *	\$ 13,147.04*

NOTES:

Commercial charges are 1.2x residential

* Rates were maintained at the same level between FY2019 - FY 2024



PERFORMANCE MEASURES

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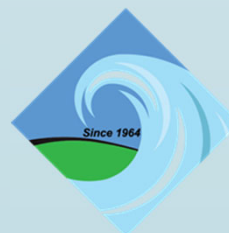
Debt Service Coverage Ratio = (Total Revenue - Total O&M / Total Debt Service)	FY 23 Audit
Operating Revenues*	
Service Charges	\$ 16,664,004
Debt Service Charges	10,137,566
Miscellaneous	395,010
Total Operating Revenues	\$ 27,196,580
Operating Expenses**	
Direct Operating Expenses	10,718,344
Administrative Expenses	5,985,399
Total Operating Expenses	\$ 16,703,743
Net Revenues	\$ 10,492,837
Debt Service	
Principal	\$ 6,772,181
Interest	2,167,909
Total Debt Service	\$ 8,940,090
Debt Service Coverage Ratio	1.17
Target Debt Service Coverage Ratio *	1.25-1.50
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 just below the target range of between 1.25 – 1.50. FY 2022 audited value was 1.5.

This means MetCom can fund its debt service requirement 1.17 times after all operational expenses.



PERFORMANCE MEASURES

A Measure of the outstanding debt compared to the ability to pay it	Audit FY23
Total Debt:	
Total Debt All DHCD & Drawn MDE	\$ 90,806,660
Total Debt Undrawn MDE	
Total Debt Drawn & Undrawn	\$ 90,806,660
Operating & Debt Service Revenue:	
Service Charges	\$ 16,664,004
Debt Service Charges	10,137,566
Miscellaneous	395,010
Total Operating & Debt Service Revenues	\$ 27,196,580
Outstanding Debt (Drawn & Undrawn) to Operating & Debt Service Revenues *	3.34 X
Target - 5X or Below	5X or Below

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 2023 has proven to be even less than FY 2022 audited value of 3.48x and the prior three fiscal years.



PERFORMANCE MEASURES

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Days Cash on Hand = Undesignated Cash Reserves / Total O&M Costs	FY 23 Audit
Unrestricted Reserves	
General Fund Reserves	
Capital Liquidity Reserves	\$ 3,500,000
Remaining Operational Reserves	7,437,338
Total General Fund Reserves	\$ 10,937,338
Obligated Unrestricted Reserves	\$ 9,895,831
Other Unrestricted Reserves	2,285,950
Total Unrestricted Reserves	\$ 23,119,119
Restricted Reserves	\$ 16,657,860
Total Reserves	\$ 39,776,979
Total Operating Expenses	16,703,743
Operating Expenses Per Day	45,764
Days Cash on Hand	
General Fund Capital Liquidity	76
General Fund Remaining Operational	163
Other Unrestricted	50
Total Unrestricted Reserves	289
Target Unrestricted Reserves - Days Cash On Hand *	90-180
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 2023 measured at 289 days. Exceeding the target, allows for operational leeway in future budgeting. FY 2022 audited value was 326 days.



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)	FY22 Approved	FY23 Approved	FY24 Approved Budget
	5,000 Gallons/Month	5,000 Gallons/Month	5,000 Gallons/Month
Water			
Ready-To-Serve Charge	\$ 9.87	\$ 10.14	\$ 10.38
Water Usage	8.90	9.10	9.30
System Improvement Charge	12.48	12.87	13.84
Water - Estimated Monthly Service Charge	\$ 31.25	\$ 32.11	\$ 33.52
Sewer			
Ready-To-Serve Charge	\$ 18.81	\$ 19.45	\$ 20.04
Sewer Usage	25.55	26.45	27.25
System Improvement Charge	15.39	15.39	15.39
Sewer - Estimated Monthly Service Charge	\$ 59.75	\$ 61.29	\$ 62.68
Bay Restoration Fee	\$ 5.00	\$ 5.00	\$ 5.00
Total Estimated Monthly Service Charge	\$ 96.00	\$ 98.40	\$ 101.20
<i>Bill at Prior Approved Fiscal Year Rates</i>	<i>\$ 94.15</i>	<i>\$ 96.00</i>	<i>\$ 98.40</i>
St. Mary's County Median Household Income 2015-2019 US Census Bureau (American Community Survey)	\$ 89,845	\$ 95,864	\$ 113,717
MetCom Annual Bill % of Annual MHI	1.28%	1.23%	1.07%
Adopted Target Annual Bill % of Annual MHI	1.50%	1.50%	1.50%
AWWA Benchmark Performance Indicator (median)	1.59%	1.59%	1.59%
Lexington Park Median Household Income 2011-2015 US Census Bureau 2015-2019 US Census Bureau (Am Community Survey)	\$ 74,598	\$ 74,598	\$ 86,944
MetCom Annual Bill % of Annual MHI in Lexington Park	1.54%	1.58%	1.40%
Annual Combined Bill % of MHI: National Median, All Credits (1)*	1.90%	1.90%	1.90%
National 'A' Median	2.90%	2.90%	2.90%
National 'AA' Median	2.00%	2.00%	2.00%
National 'AAA' Median	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. Average use: 4,675 gallons / month

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 monthly service charge increase between FY 21 and FY 24 is 2.35%. Target: 3% max

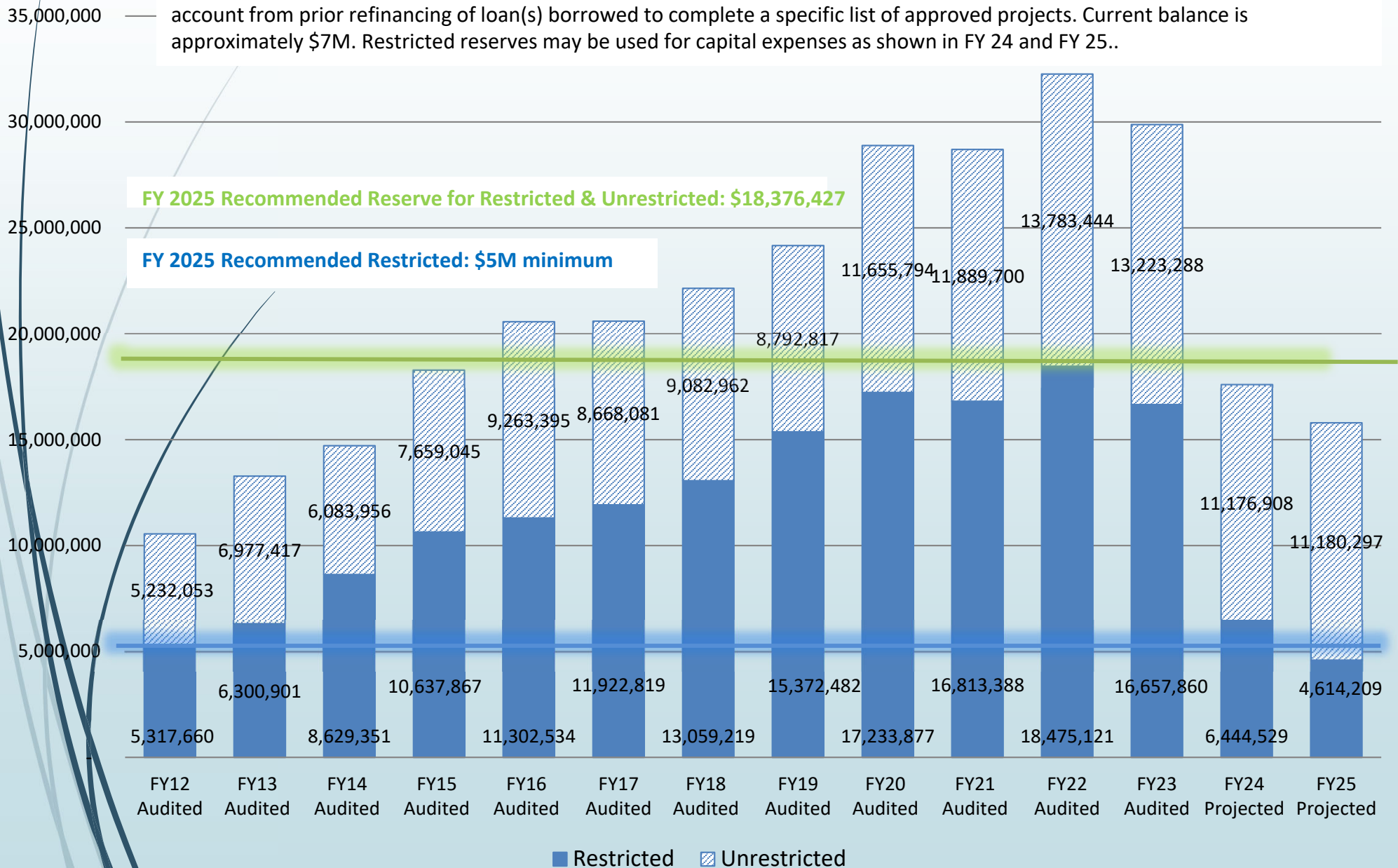


METCOM RESERVES – AUDITED AND PROJECTED

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(Reserve Policy was adopted 9/11/2014)

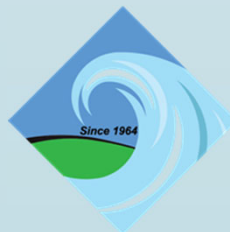
NOTE: Between FY 22 & FY 25 unrestricted reserve totals do not include cash that has been placed in an obligated capital project account from prior refinancing of loan(s) borrowed to complete a specific list of approved projects. Current balance is approximately \$7M. Restricted reserves may be used for capital expenses as shown in FY 24 and FY 25..



NEXT STEPS

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- ✓ 4/16/24 - Public Comment Period begins
- ✓ 4/25/24 – MetCom Board will discuss any topical issues raised
- ✓ 4/26/24 – Public Hearing comment period closes at 4:30 pm
- ✓ 4/30/24 - County Commissioners plan to review the FY 2025 Capital Improvement Budget & FY 2026-FY 2030 Plan
- ✓ 5/21/24 - County Commissioners scheduled to approve the FY 2025 Capital Improvement Budget & Plan
- ✓ 5/21/24 - MetCom Board to Approve FY 2025 Operating Budget and Capital Improvement Budget & Plan as required by Law



PUBLIC COMMENT PERIOD BEGINS NOW

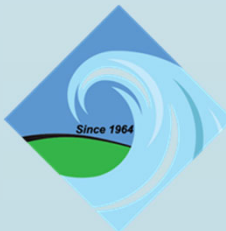
48

All persons are invited to attend the Public Hearing. 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 @ [\[budget2025@metcom.org\]\(mailto:budget2025@metcom.org\)](mailto:budget2025@metcom.org)



The public record for this public hearing will remain open until close of business 4/26/2024

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

**23121 Camden Way
California, MD 20619**

**or email to:
budget2025@metcom.org**

