

# St. Mary's County Metropolitan Commission

**Public Hearing**  
April 14, 2026



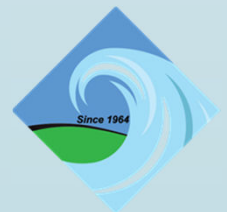
FY 2027 Operating Budget  
FY 2027 Capital Improvement Budget  
FY 2028 - FY 2032 Capital Improvement Plan  
FY 2027 Rate Changes

## **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 14, 2026 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 2027 Capital Improvement Budget, the proposed Fiscal Years 2028-2032 Capital Improvement Plan and the proposed Fiscal Year 2027 Operating Budget and proposed rate changes relating to each budget, to become effective July 1, 2026.

All interested persons are invited to attend in person or observe the Public Hearing via the live stream link found at [www.metcom.org](http://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

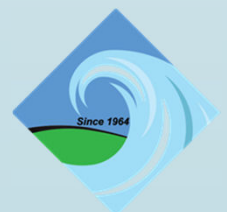
To construct, operate and maintain public water supply and public wastewater conveyance and treatment systems in a manner that is sustainable, reliable, economical and safe for the Commission's employees, the environment, and the citizens of St. Mary's County; and to ensure that construction is timely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



# SEWER DIVISION

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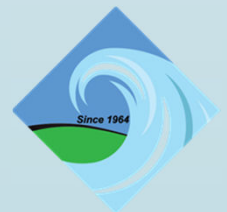
- Sewage Treatment Plants Owned & Operated by MetCom: **6 State Permitted Facilities**. Marlay-Taylor is one of 64 facilities in the State required to be ENR compliant.
- Private Sewage Treatment Plants Operated by MetCom, but owned by others: **2**
- Wastewater Samples Analyzed: **28,128** (lab) / **41,056** (total)
- Gravity Sewer Lines and Force Mains: **317 miles**
- Sewage Pumping Stations: **75**
- Sewer Customers: **18,394**
- # Manholes: **4,100**
- Residential grinder pumps: **1,819**
- Over **1.2 billion** gallons of wastewater treated in FY2025



# SEWER DIVISION

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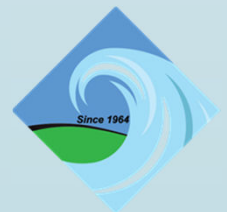
- If eligible, MetCom submits an Enhanced Nutrient Removal (ENR) grant application for up to \$210K each year for Marlay-Taylor Wastewater Treatment Plant / Water Reclamation Facility.
- Grants helps offset expenses that have increased due to the State mandated implementation of ENR:
  - ✓ Maintenance
  - ✓ 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.
- No new position (FTE's) are proposed in FY 2027.



# WATER DIVISION

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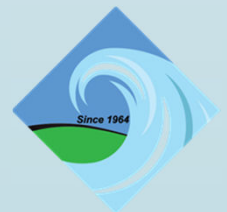
- Water Lines Maintained: **371 miles**
- Water Meters: **16,700**
- Water Storage Tanks: **39**
- Water Storage Towers: **18**
- Water Customers: **18,356**
- Fire Hydrants Maintained: **2,838**
- Pumping Stations: **55**
- Water Supply Systems: **28**
- Well sites: **62**
- Water Samples Analyzed: **1,210 (lab) / 5,900 (total)**
- Continuous Sampling: 3 samples every 6 minutes / water supply system
- 3<sup>rd</sup> Party Water Analyses: **400-1,400**



# WATER DIVISION

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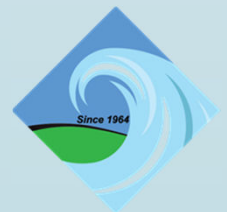
- MetCom continues to provide high quality water.
- MetCom operates a State Certified Water Quality Laboratory.
- Consumer Confidence (Water Quality) Reports are published at <https://www.metcom.org/operations> .
- All of the water samples met or exceeded EPA drinking water standards.
- Proposed cost of 1,000 Gallons of water will be \$1.98 compared to the cost of a bottle of water.
- **1.4 billion gallons** of water was supplied in FY 2025.
- No New FTE's are proposed in FY 2027.



# ENGINEERING DEPARTMENT



- Plat & Plan Reviews: **266**
- Connection Permits Issued: **152**
- Developer & Construction Projects Inspected: **50-60 per year**
- Miss Utility Locates: **13,632**  
3<sup>rd</sup> party privatized service
- Capital Projects Managed:  
**Over \$70 M w/ \$26.3M planned in FY 2027**
- Connection Incentive Programs: **Available for water and sewer connections**
- Capital Project Funding: **DHCD and MDE low interest loans and State grants**



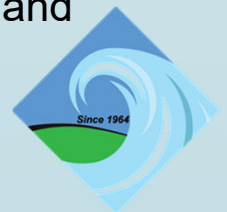
# ENGINEERING DEPARTMENT

- Review Fees are not proposed to change in FY 2026.
- 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:  $\leq 1\%$  - **89** new water and **147** new sewer EDUs.



## GENERAL & ADMINISTRATIVE DEPARTMENT

- Includes a Public Hearing Reserve to ensure ability to make adjustments following the formal hearing (e.g. *proposed legislation, insurance & pension premium increases, electricity and fuel costs increases, tariffs, etc.*).
- Includes a one-step merit equivalent to **2.7%** increase for all employees.
- Provides a **2%** cost of living (COLA) for all employees.
- Includes the addition of an intermediate **4<sup>th</sup> Tier** at 10,000 gallons per month in the Rate Structure.
- Monitor Family and Medical Leave Insurance (FAMLI) Mandate and other pending legislation
- 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: **63%** to sewer, **28%** to water and **9%** to engineering.
- Incorporate a **2%** Vacancy Adjustment Factor with **no new** FTE's.

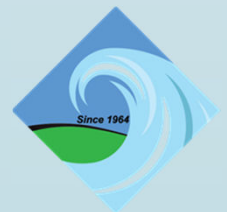


# FY 2027 BUDGET GOALS

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- ✓ **Adhere** to General Administrative Assumptions.
- ✓ **Target** Draft FY 2027 baseline budget w/ 2% max increase over FY 2026.
- ✓ **Incorporate** impacts of Merit, COLA & any FTE's for Board decision.
- ✓ **Maintain** employee beneficial suggestions from FY 2026 approved budget.
- ✓ **Identify** any potential legislative impacts (*i.e., Time to Care Act, etc.*).
- ✓ **Implement** Rate Study recommendations as a part of the FY 2027 budget.
- ✓ **Include** a Public Hearing Reserve @ 1-2% of budgeted expenses  
*Ensures ability to respond and make recommended adjustments following the formal Public Hearing. FY 2027 Consider reducing the level of emergency reserve level to  $\leq$  1%.*
- ✓ **Project** fiscal impact of any identified new mandates / initiatives.



# ESSENTIAL COST CHANGES, NEW REQUESTS & INITIATIVES

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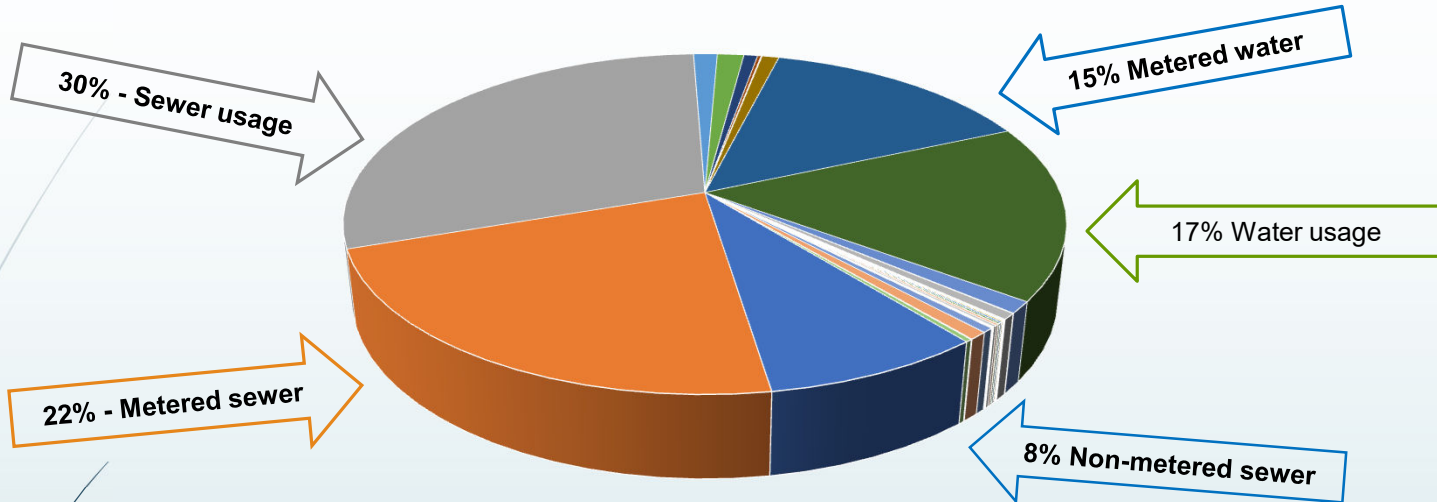
✓ Laboratory Supplies	Sewer Lab – Northern Plants	\$ 7,800
✓ NEOGOV- Learn Subscription	Human Resources	\$ 6,800
✓ NEOGOV Perform Subscription	Human Resources	\$ 5,400
✓ Vehicle Maintenance & Repair	Sewer – Grinder Pumps	\$ 5,000
✓ Water Sation Repairs (x52)	Water	\$15,000
✓ Materials and Contractor Fee increases	Water	\$10,000
✓ PFAS, Sludge, Influent, Biotoxicity Testing	MTWRF New Permit Requirement	\$23,000**
✓ MDE Mandatory PFAS testing	Water Department	\$35,000**
✓ Fire Hydrant painting, inspections, flow testing	Water Department	\$ 7,000
Subtotal:		\$115,000

\*\*New MDE Mandates

## FY 2027 Recommended Operating Budget

Budget Description	FY 26 estimate:	FY 26 mid-year:	Budget Notes:
<b>FY 26 Revenues: budget: \$20,593,599</b> <b>FY 26 Expenses: budget: \$20,181,599</b> Board Emergency Reserve: \$ 412,000	\$19,563,919 <u>\$ 19,172,519</u> @ 95% efficiency	\$ 19,582,636 <u>\$ 20,480,906</u> projected	
<b>Baseline:</b> use 95% efficiency if > mid-year est.  <b>Essential Cost Changes (ECCs):</b>  <i>NEOGOV, maintenance &amp; repair, materials, supplies, mandatory testing</i>  <b>New Mandates:</b> MDE Permit Requirements  <b>Personnel:</b> Increases, decreases, re-orgs  <b>New Initiatives:</b> Wellness Reimbursement Program	\$ 57,000 →  \$ 58,000 →  No New FTEs  n/a	\$ 20,480,906  \$ 20,537,906  \$ 20,595,906  \$ 20,595,906	See slide #12  See slide #12  0.01% above FY 26 Approved Budget
<b>Budget Subtotal:</b>  Merit Increase (2.7%) with 2% vacancy rate Cost of Living Adjustment (2%) with 2% vacancy rate  <b>Budget Subtotal:</b>	\$299,058 → \$221,524 →	\$20,894,964 <u>\$21,116,488</u>  \$21,116,488	2.5% above FY 26 Approved Budget
Public Hearing / Emergency Reserve (1-2%) <b>FY 27 Recommended Expenditures</b>	\$316,747 (1.5%) → <i>Decision to reduce after Public Hearing</i>	\$21,433,235 <b>\$21,433,235</b>  \$21,396,283	4 % above FY 26 Appvd Budget  Rate Study
<b>FY 27 Recommended Revenues</b>		<b>\$21,433,235</b>	Match expenses

# 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 INSP (ADD)
- ADMINISTRATIVE / APPLICATION FEE
- ADMINISTRATIVE / 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
- ADMINISTRATIVE / 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
- ADMINISTRATIVE / PUBLIC WORKS AGREEMENT
- ADMIN / FIRE HYDRANT METER PERMIT
- ADMINISTRATIVE / 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**



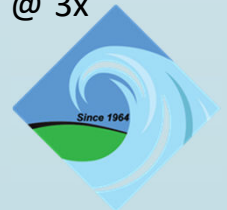
# PROPOSED RATE STRUCTURE

- The current rate structure was implemented on 7/1/2015 to bill customers based on actual water 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, residential 5/8" meter sewer usage was "capped" at a maximum of 10,000 gallons per month
- Between FY 19 & FY 25, under a new reduced rate of increase initiative, sewer and water usage rates increased an average of only **3.3%** (sewer) and **2.4%** (water) per year, respectively.
- In FY 2026, water and sewer service rates increased by **2.1%** and **2.7%**, respectively.
- Following a 2025 Rate Study, FY 27 proposes the introduction of an intermediate tier at 10,000 gallons per month and a reduction in gallons of use for determining non-metered charges from 7,500 to 6,000 gallons per month.
- Most customers will remain in the **first tier**. The **intermediate tier** captures typical peak household use. The **third tier** introduces a stronger price signal for high-volume customers, and the **upper tier** reflects discretionary or excessive use.



# IMPLEMENTING THE RATE STUDY

- ❑ The revenue collected at current rates is not sufficient to cover the revenue requirements throughout the entire five-year planning period for water and sewer, respectively. Under the current rate structure, shortfalls are anticipated as early as FY 2027.
- ❑ The current rate structure relies on a broad middle-tier that does not adequately distinguish between typical residential usage and higher-volume consumption. This limits the rate design's ability to align charges with observed usage patterns and cost causation.
- ❑ The alternative rate design better differentiates customer usage by introducing an intermediate tier at 10,000 gallons per month (for the base 5/8-inch meter size) and applying more graduated rate multipliers at higher usage levels. Modeling shows that the alternative more balanced structure improves equity among customers while maintaining revenue sufficiency / neutrality and moderating bill impacts for low- and median-usage customers.
- ❑ The alternative rate design supports conservation objectives, reduces cross-subsidization within the broad middle tier of the current structure, and enhances transparency. Estimated bill frequency and usage distribution indicate that most customers remain in the **first tier**. The **intermediate tier** captures typical peak household use. The **third tier** introduces a stronger price signal for high-volume customers, and the **upper tier** reflects discretionary or excessive use.
- ❑ Incorporating an assumed monthly usage of 6,000 gallons per EDU for non-metered customers improves consistency with typical household demand and aligns non-metered charges with the revised tier thresholds used in the alternative rate design.
- ❑ In FY 28, the Rate Study will be fully implemented with Tier 1 @ 1x, Tier 2 @ 1.5x, Tier 3 @ 3x and Tier 4 @ 4.5x.



# FY 2027 WATER SERVICE RATES

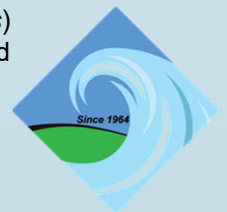
Water Service Rates	Current	Proposed
Non-metered Per EDU (based on 6,000 gallons)	\$ 20.52	\$ 18.65
Ready-To-Serve Metered Rate 5/8" **	\$ 10.82 *	\$ 11.03
Ready-To-Serve Metered Rate 1"	\$ 27.04 *	\$ 27.58
Ready-To-Serve Metered Rate 1-1/2"	\$ 54.07 *	\$ 55.15
Ready-To-Serve Metered Rate 2"	\$ 86.49 *	\$ 88.24
Ready-To-Serve Metered Rate 3"	\$ 173.02 *	\$ 176.48
Ready-To-Serve Metered Rate 4"	\$ 270.33 *	\$ 275.75
Ready-To-Serve Metered Rate 6"	\$ 540.67 *	\$ 551.50
Ready-To-Serve Metered Rate 8"	\$ 865.04 *	\$ 882.40
Ready-To-Serve Metered Rate 10"	\$ 1,243.53 *	\$ 1,268.45
Water Usage Rate – Tiers Vary by Meter Size		
Tier 1 – per 1,000 Gallons (0 - 5,000)	\$ 1.94	\$ 1.98
Tier 2 – per 1,000 Gallons (5,001 - 10,000)	\$ 3.89	\$ 3.50
Tier 3 – per 1,000 Gallons (10,001-20,000)	\$ 3.89	\$ 4.86
Tier 4 – per 1,000 Gallons (>20,000 )	\$ 7.78	\$ 8.43
Irrigation Usage Rate – Tiers Vary by Meter Size		
Tier 1 – per 1,000 Gallons (0 - 15,000)	\$ 3.89	\$ 4.86
Tier 2 – per 1,000 Gallons (>15,000)	\$ 7.78	\$ 8.43
Hydrant Meter Charge - per 1,000 gallons	\$ 3.89	\$ 4.86

NOTE: No Ready-To-Serve Charge for Residential Deduct Irrigation Meters

\* **Reduced non-metered rates.** A **9.1% reduction** in the water rate will also be realized in FY 27. For non-metered water customers, the alternative rate design assumes a monthly usage of 6,000 gallons per EDU based on a systemwide audit of the average use of all existing customers. This replaces the prior 7,500-gallon (*based on general EPA assumptions*) assumption and aligns non-metered charges with typical household demand and the usage patterns reflected in the revised tier thresholds.

Under the prior Rate Structure, FY 27 Tier 1 & Tier 2 rates would have been \$2.00 and \$4.00 per 1,000 gallons

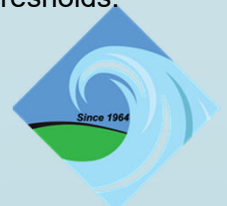
NOTE: Tier 1 represents **75% of users** and Tier 2 represents **22% of users**



# FY 2027 SEWER SERVICE RATES

<b>Sewer Service Rates</b>			
Non-metered Per EDU (based on 6,000 gallons)	\$	49.87	\$ 47.18
Ready-To-Serve Metered Rate 5/8" **	\$	21.14	\$ 22.19
Ready-To-Serve Metered Rate 1"	\$	51.46	\$ 55.48
Ready-To-Serve Metered Rate 1-1/2"	\$	105.70	\$ 110.95
Ready-To-Serve Metered Rate 2"	\$	169.13	\$ 177.52
Ready-To-Serve Metered Rate 3"	\$	338.19	\$ 355.04
Ready-To-Serve Metered Rate 4"	\$	528.44	\$ 554.75
Ready-To-Serve Metered Rate 6"	\$	1,056.90	\$ 1,109.50
Ready-To-Serve Metered Rate 8"	\$	1,691.00	\$ 1,775.20
Ready-To-Serve Metered Rate 10"	\$	2,432.09	\$ 2,551.85
Usage Rate – per 1,000 Gallons	\$	5.75 ***	\$ 6.29 ***
Navy - per 1,000 gallons	\$	4.19	\$ 4.44
* Tiered rate will depend upon meter size and usage			
** Standard Residential Meter is 5/8"			
*** Residential 5/8" Sewer Service Capped at a Max of 10,000 Gallons per Month			
<b>System Improvement Charge – per EDU per Month</b>			
Water – Residential	\$	16.68	\$ 18.62
Water – Commercial	\$	20.02	\$ 22.34
Sewer – Residential	\$	16.71	\$ 18.05
Sewer – Commercial	\$	20.05	\$ 21.66
<b>Capital Contribution per EDU at time of Connection</b>			
Water – Residential	\$	10,955.87	\$ 10,955.87
Water – Commercial	\$	13,147.04	\$ 13,147.04
Sewer – Residential	\$	8,980.87	\$ 10,919.03
Sewer – Commercial	\$	10,777.05	\$ 13,102.84
<b>Septage Hauler Rates per 1,000 Gallons</b>			
Holding Tank Waste	\$	18.89	\$ 19.44
Septic Tank Waste	\$	80.69	\$ 83.03
Portable Toilet Waste	\$	101.68	\$ 104.63
Grease Trap Waste	\$	159.87	\$ 164.51
Septage Hauler Processing Fee	\$		\$ 50.00

**\*Reduced non-metered rates.**  
**A 5.4% reduction** in the sewer rate will also be realized in FY 27. For non-metered sewer customers, the alternative rate design assumes a monthly usage of 6,000 gallons per EDU based on a systemwide audit of the average use of all existing customers. the usage patterns reflected in the revised tier thresholds.



# RECOMMENDED FY 2027 OPERATING BUDGET

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SEWER DEPARTMENT	FY 2027 RECOMMENDED BUDGET
<b>Operating Income</b>	
Service Charge - Metered	\$10,992,835
Service Charge - Non-Metered	\$1,305,221
Septage Haulers	\$325,414
ENR Grant	-
Other Revenue	\$1,222,864
<b>Total Operating Income</b>	<b>\$13,846,334</b>
<b>Operating Expenses (by Division)</b>	
Salaries	\$4,037,853
Contractual Labor	\$31,900
Maintenance	\$873,765
Leonardtown Plant	\$175,000
Power	\$963,400
Telephone/Dialers	\$9,700
Fuel (Diesel & Oil)	\$132,731
Lab & Soils Testing	\$31,200
Chemicals	\$1,203,500
Employee Related Expense	\$68,530
Materials & Supplies	\$225,050
Building Utilities	\$37,100
Miscellaneous	\$640
Vehicles	\$177,350
Sludge Removal Expense	\$290,000
Depreciation	\$302,000
SSO's & Penalties	\$10,000
<b>Total Direct Sewer Expenses</b>	<b>\$8,569,719</b>
Allocation of OH	\$4,837,746
Allocation of Engineering	\$1,171,500
<b>Total Operating Expenses</b>	<b>\$14,578,965</b>
<b>Net Direct Sewer Operating Income</b>	<b>(\$732,630)</b>

WATER DEPARTMENT	FY 2027 RECOMMENDED BUDGET
<b>Operating Income</b>	
Service Charge - Metered	\$5,695,802
Service Charge - Non-Metered	\$45,454
Water Tower Rental	\$198,294
Other Revenue - mostly turn on/off	\$717,586
<b>Total Operating Income</b>	<b>\$6,657,136</b>
<b>Operating Expenses (by Division)</b>	
Salaries	\$1,624,893
Maintenance	\$489,250
Meter Installation (net)	\$63,000
Fire Hydrant ISO Inspection (50%)	\$66,000
Power	\$614,500
Fuel (Diesel & Oil)	\$7,000
Water Testing	\$42,000
Chemicals	\$187,000
Employee Related Expense	\$37,225
Materials & Supplies	\$199,539
Building Utilities	\$23,900
Miscellaneous	\$375
Vehicles	\$100,700
Depreciation	\$188,000
Rec'ry of Cost	-
<b>Total Direct Water Expenses</b>	<b>\$3,643,382</b>
Allocation of OH	\$2,184,788
Allocation of Engineering	\$781,000
<b>Total Operating Expenses</b>	<b>\$6,609,170</b>
<b>Net Direct Water Operating Income</b>	<b>\$47,966</b>



# RECOMMENDED FY 2027 OPERATING BUDGET

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ENGINEERING DEPARTMENT	FY 2027 RECOMMENDED BUDGET
<b>Engineering Income</b>	
Review Fees	\$58,123
Inspection Fees	\$150,705
Admin & Other Fees	\$36,272
<b>Total Engineering Income</b>	<b>\$245,100</b>
<b>Engineering Expenses</b>	
Salaries	\$1,553,119
Salaries- Locates	-
Contractual Labor	\$5,000
Contractual Locates	-
Casual Labor	-
Professional Service	\$201,200
Vehicle Operation & Maintenance	\$4,450
Office Supplies & Expense	\$6,200
Building Utilities (power,cable,trash,fuel,clea	\$46,400
Phone	\$6,500
Employee Related Expense(training,physic	\$13,350
Depreciation	\$5,400
Miss/Utility Expense	-
Miscellaneous Expense	\$700
Recv'ry of Cost	(\$516,000)
Allocation of OH	\$780,282
Inspection Salaries	-
Inspection Vehicle Charges(Fuel/Mileage)	\$18,000
Inspection - Supplies	\$3,000
Inspection Overhead	\$70,000
<b>Total Engineering Expenses</b>	<b>\$2,197,600</b>
<b>Engineering Allocation</b>	
Allocation to Sewer (60%)	-\$1,171,500
Allocation to Water (40%)	-\$781,000
<b>Income From Engineering</b>	<b>-</b>

ADMINISTRATIVE DEPARTMENT	FY 2027 RECOMMENDED BUDGET
<b>Administrative Expenses</b>	
Administrative Salaries	\$2,385,835
Contractual Labor	\$5,000
Commissioner Stipend	\$14,500
Casual Labor	-
Payroll Taxes	\$688,617
Hospitalization	\$1,485,000
OPEB	\$158,000
Maryland State Pension Plan	\$1,217,007
Pension Loan	\$113,092
Benefits	\$22,500
Long Term Disability& Life Insurance	\$56,000
Tuition Reimbursement/Beneficial Suggest	-
Vehicle Operation	\$2,700
Office Supplies & Printing	\$119,000
Postage Expense	\$121,000
Insurance	\$400,000
Accounting & Audit	\$17,000
Computer & IT Services	\$260,000
Legal Services	\$165,000
Misc. Consultants	\$32,000
Building Utilities(power,cable,trash,fuel,clea	\$48,000
Phone & FAX	\$58,000
Employee Related Expense(training,physic	\$54,440
Advertising for Staff/Recruiting	\$2,500
Advertising - Other	\$2,500
Admin. Bond Expense	-
Bank Fees/On-Line Bill Payment Fees	\$260,000
Miscellaneous Expense	\$27,125
Dues & Subscriptions	\$13,000
Depreciation	\$75,000
Recv'ry of Cost (Grants & Projects)	-
Board Emergency Reserve	-
<b>Total G &amp; A Expenses</b>	<b>\$7,802,815</b>
<i>Administrative Department includes: Human Resources, Fiscal, Information Technology and benefits for all employees</i>	
<b>Allocation</b>	
To Sewer	-\$4,837,746
To Water	-\$2,184,788
To Engineering	-\$780,282
	(\$7,802,815)



# CAPITAL EQUIPMENT & EXPENDITURES

Project Description	FY 2026 Approved	FY 2027 Draft	FY 2028 Draft
<b><u>Water (555)</u></b>			
Replace Truck # 614 (3/4 ton)	\$ 65,000		
LKP Restroom/Lockeroom Upgrades (split cost)	\$ 22,500		
Exterior Parking Lot Paving at LKP (split cost)	\$ 30,000		
Materials Storage Facility at LKP (split cost)	\$ 30,000		
Replace Truck # 624 (3/4 ton, 4wd)		\$ 72,000	
Replace Truck # 625 (3/4 ton, 4wd)			\$ 74,000
Replace Truck # 621 (3/4 ton, 4wd)			
Portable Hydro Tank and Trailer (new)			
Replacement Hydro Excavator (split cost)			\$ 50,000
AMI register upgrades @\$250 each		\$ 50,000	
<b>Sub-total Water</b>	\$ 147,500	\$ 122,000	\$ 124,000
<b><u>Wastewater (504/506)</u></b>			
LKP Restroom/Lockeroom Upgrades (split cost)	\$ 22,500		
Exterior Parking Lot Paving at LKP (split cost)	\$ 30,000		
Materials Storage Facility at LKP (split cost)	\$ 30,000		
Replace Truck # 584 (1/2 to 3/4 ton, 2wd)	\$ 65,000		
Replace # 595 (4wd Tahoe)			\$ 68,000
Replace Truck # 631 (3/4 ton, 4wd)			
<b>Sub-total Wastewater Collections</b>	\$ 147,500	\$ -	\$ 68,000
<b><u>Marlay-Taylor (516)</u></b>			
Replace Truck # 626 (1/2 ton, 4wd)			
Replace Truck # 602 (1/2 ton, 4wd)		\$ 55,000	
<b>Sub-total Marlay-Taylor</b>	\$ -	\$ 55,000	\$ -



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

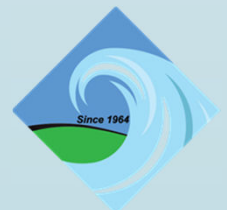


# CAPITAL EQUIPMENT & EXPENDITURES

Project Description	FY 2026 Approved	FY 2027 Draft	FY 2028 Draft
<b><u>Other Treatment Plants (517)(518)</u></b>			
Replace SCS Truck # 610 (3/4 ton, 4wd)			\$ 72,000
Replace SCS Truck # 609 (3/4 ton, 4wd w/ plow)		\$ 74,000	
Skid Steer Loader (new)			\$ 60,000
<b>Sub-total Other Treatment Plants</b>	\$ -	\$ 74,000	\$ 132,000
<b><u>Laboratory (530)(536)</u></b>			
TECTA Ecoli analyzer (non-subjective)			\$ 45,000
Replace Smartchem Wastewater Analyzer			\$ 60,000
<b>Sub-total Laboratory</b>	\$ -	\$ -	\$ 105,000
<b><u>Construction (501)(551)</u></b>			
Replace Box Van # 600 (2 ton, 2wd)	\$ 90,000		
Replace Truck # 606 (1ton, 4wd)			\$ 70,000
Replace Hydro Excavator (split w/ Water)		\$ 50,000	
<b>Sub-total Construction</b>	\$ 90,000	\$ 50,000	\$ 70,000
<b><u>Engineering &amp; Inspections (578)</u></b>			
Developer Cost Share Agreements	\$ 50,000	\$ 50,000	\$ 50,000
Large Format Scanner/Plotter		\$ 30,000	
Replace Truck # 585 (1/2 ton, 2wd)	\$ 65,000		
Replace Truck # 582 (1/2 ton 2wd)		\$ 66,000	
Replace Truck # 616 (1/2 ton 2wd)			
<b>Sub-total Engineering</b>	\$ 115,000	\$ 146,000	\$ 50,000



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



# CAPITAL EQUIPMENT & EXPENDITURES

Project Description	FY 2026 Approved	FY 2027 Draft	FY 2028 Draft
<b><u>Information Technology (568)</u></b>			
<b>Sub-total IT</b>	\$ -	\$ -	\$ -
<b><u>SCADA (phased upgrades for wastewater)</u></b>			
SCADA Enhancements to Northern WWTPs	\$ 40,000	\$ 40,000	
SCADA Upgrade at MTWTF	\$ 36,167		
Replace Truck # 603 (3/4 ton, 2wd utility body)		\$ 72,000	
Replace Truck # 591 (3/4 ton, 2wd utility body)			
<b>Sub-total SCADA</b>	\$ 76,167	\$ 112,000	\$ -
<b><u>Fiscal &amp; Administration</u></b>			
<b>Sub-total Fiscal &amp; Administration</b>	\$ -	\$ -	\$ -
<b>TOTAL</b>	<b>\$ 576,167</b>	<b>\$ 559,000</b>	<b>\$ 549,000</b>



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

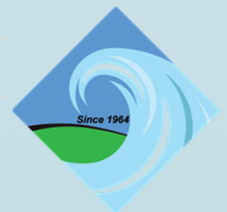
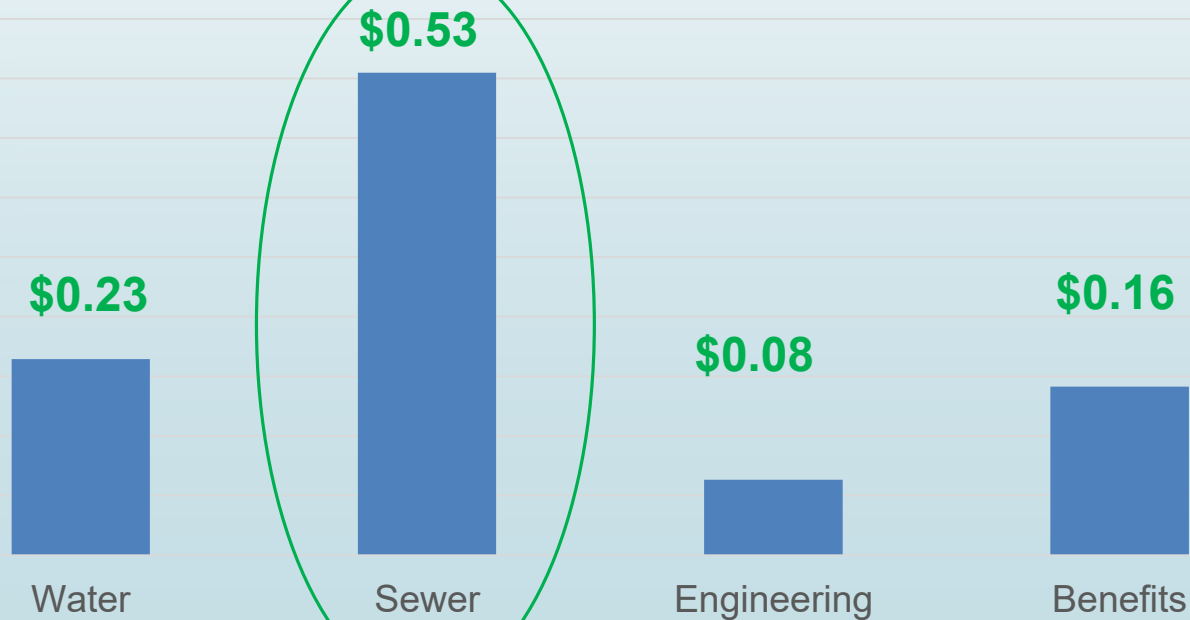
*"Technology is nothing. What's important is that you have a faith in people, that they're basically good and smart, and if you give them tools, they'll do wonderful things with them." - Steve Jobs*

*"The best investment is in the tools of one's own trade." - Benjamin Franklin*

*"Give us the tools, and we will finish the job." - Winston Churchill*



# HOW EACH DOLLAR IS ALLOCATED



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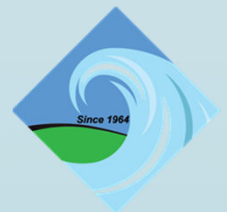
# CAPITAL IMPROVEMENT BUDGET/PLAN



**FY 2027- FY 2032**

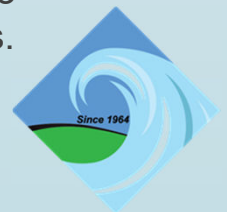
# CAPITAL IMPROVEMENT BUDGET

- ▶ 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 2026**
- ▶ Changes to the FY 27 Plan reflects **\$1.3M increase** from FY 26 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.
- Capital Contribution Charges for sewer **were projected to increase** in FY 2027 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 2032 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

St. Mary's County Metropolitan Commission  
 Capital Improvements Budget  
 FY 2027 - 2032 Sewer

With Escalation i=3.0%

Project Name	Status	Project ID	Prior Approved	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2027 - 2032 TOTAL
<b>System Upgrades / Expansion</b>										
Sewer Vehicle & Equipment Replacement/New	1	SM2722	\$180,000	\$230,000 <sup>E</sup>	\$230,000	\$230,000				\$690,000
Grinder Pump Replacements	4	SM2709	\$854,513	\$880,148	\$906,552	\$933,749	\$961,761	\$990,614	\$1,020,333	\$5,693,157
Marlay-Taylor Expansion	1			\$365,171				\$0 <sup>D</sup>	\$0 <sup>D</sup>	\$365,171
Enterprise Resource Planning-Sewer	1				\$337,653					\$337,653
Exterior Petty Bldg Upgrades-SEWER	2	8131BD	\$410,950	\$250,453 <sup>B</sup>	\$0 <sup>E</sup>					\$250,453
St. Clements Shores Service Area Public Sewer Extension		2281SF	\$351,000	\$437,091	\$3,720,000	\$347,782		\$2,066,188		\$6,571,061
<b>FY 2027 CIB (FY27-FY32) System Upgrades / Expansion =</b>			<b>\$1,796,463</b>	<b>\$2,162,863</b>	<b>\$5,194,205</b>	<b>\$1,511,531</b>	<b>\$961,761</b>	<b>\$3,056,802</b>	<b>\$1,020,333</b>	<b>\$13,907,495</b>
Approved FY 2026 CIB (FY26-FY31)				\$2,937,295	\$6,478,069	\$1,281,531	\$961,761	\$6,618,833	\$0	\$18,277,489
Change to Program from FY2026 CIB				-\$774,432	-\$1,283,864	\$230,000	\$0	-\$3,562,031	\$1,020,333	-\$4,369,994
<b>Totals</b>										
Rehabilitation / Replacement			\$15,939,003	\$7,741,502	\$2,610,869	\$1,841,646	\$2,764,660	\$1,953,800	\$2,224,083	\$19,136,560
Pump Stations			\$25,575,530	\$3,075,293	\$2,677,065	\$0	\$0	\$0	\$0	\$5,752,358
System Upgrades / Expansion			\$1,796,463	\$2,162,863	\$5,194,205	\$1,511,531	\$961,761	\$3,056,802	\$1,020,333	\$13,907,495
Subtotal			\$43,310,996	\$12,979,658	\$10,482,139	\$3,353,177	\$3,726,421	\$5,010,602	\$3,244,416	\$38,796,412
Capital Reserves		8.00%	\$3,465,000	\$1,038,000	\$839,000	\$268,000	\$298,000	\$401,000	\$260,000	\$3,104,000
<b>FY 2027 CIB (FY27-FY32) Totals =</b>			<b>\$46,775,996</b>	<b>\$14,017,658</b>	<b>\$11,321,139</b>	<b>\$3,621,177</b>	<b>\$4,024,421</b>	<b>\$5,411,602</b>	<b>\$3,504,416</b>	<b>\$41,900,412</b>
Approved FY 2026 CIB (FY26-FY31)				\$13,011,619	\$13,943,918	\$3,253,438	\$3,901,360	\$9,131,151	\$0	\$43,241,485
Change to Program from FY2026 CIB				\$1,006,039	-\$2,622,779	\$367,739	\$123,061	-\$3,719,549	\$3,504,416	-\$1,341,073

**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

Continuance of Vehicle / Equipment Replacement Program. Funding via reserves in lieu of 10-year loan (switch funding source with Wastewater System Renewal project).

Project scope reduced and funding reprogrammed to inflow and infiltration Manhole Rehabilitation project (Consent Decree).

Design deferred to FY 2035 due to available capacity achieved through successful inflow / infiltration programs. MDE approved capacity analysis in December 2025.

Yellow Highlights denote changes from the approved 2026 CIB.



# WATER PROJECT SUMMARY SHEETS

**St. Mary's County Metropolitan Commission**  
Capital Improvements Budget  
FY 2027 - 2032 Water

With Escalation i=3.0%

Project Name	Status	Project ID	Prior Approved	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2027 - 2032 TOTAL
<b>Wells</b>										
Well Rehabilitation, Replacement, Installation and Inspections	1	WO2701	\$1,173,765	\$55,000	\$1,245,247	\$55,000	\$1,321,083	\$55,000	\$1,401,537	\$4,132,867
<b>FY 2027 CIB (FY27-FY32) Wells =</b>			<b>\$1,173,765</b>	<b>\$55,000</b>	<b>\$1,245,247</b>	<b>\$55,000</b>	<b>\$1,321,083</b>	<b>\$55,000</b>	<b>\$1,401,537</b>	<b>\$4,132,867</b>
Approved FY 2026 CIB (FY26-FY31)				\$55,000	\$1,245,247	\$55,000	\$1,321,083	\$55,000	\$0	\$2,731,330
<b>Change to Program from FY2026 CIB</b>				<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,401,537</b>	<b>\$1,401,537</b>
<b>Water Storage Tanks (WST)</b>										
St. Clements Shores Water Storage Tank	1	2191WT	\$249,075	\$7,028,099						\$7,028,099
Water Tank Inspections, Painting and Replacement/Upgrades	4	WO2717	\$783,418	\$116,223	\$769,563	\$135,044	\$881,744	\$143,268	\$935,442	\$2,981,284
Great Mills Standpipe Extension - developer cost share		5270WT		\$655,636 <sup>A</sup>	\$5,402,442 <sup>A</sup>					\$6,058,078
<b>FY 2027 CIB (FY27-FY32) Water Storage Tanks (WST) =</b>			<b>\$1,032,493</b>	<b>\$7,799,958</b>	<b>\$6,172,005</b>	<b>\$135,044</b>	<b>\$881,744</b>	<b>\$143,268</b>	<b>\$935,442</b>	<b>\$16,067,461</b>
Approved FY 2026 CIB (FY26-FY31)				\$7,144,322	\$769,563	\$135,044	\$881,744	\$143,268	\$0	\$9,073,941
<b>Change to Program from FY2026 CIB</b>				<b>\$655,636</b>	<b>\$5,402,442</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$935,442</b>	<b>\$6,993,520</b>

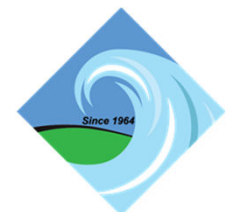
- Status:**
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  - 2 Design Phase
  - 3 Contract Phase
  - 4 Construction Phase
  - 5 Close-out Phase

**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

Yellow Highlights denote changes from the approved 2026 CIB.

Possible cost share project for improved elevated storage in the Lexington Park Development District.



# WATER PROJECT SUMMARY SHEETS

**St. Mary's County Metropolitan Commission**  
Capital Improvements Budget  
FY 2027 - 2032 Water

With Escalation i=3.0%

Project Name	Status	Project ID	Prior Approved	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2027 - 2032 TOTAL
<b>Miscellaneous</b>										
Generator Replacement-Water	2	WO2703	\$180,300	\$185,709	\$191,280	\$197,019	\$202,929	\$209,017	\$215,288	\$1,201,242
Enterprise Resource Planning-Water	1				\$337,853					\$337,853
Water Vehicle & Equipment Replacement/New	2	WO2522			\$190,000 <sup>E</sup>		\$150,000 <sup>E</sup>			\$340,000
Advanced Metering Infrastructure (AMI) Upgrade	1	8262SR	\$159,135		\$168,828		\$179,108		\$190,016	\$637,950
Exterior Petty Bldg Upgrades-WATER	2	8131BD	\$410,950	\$250,453 <sup>B</sup>						\$250,453
<b>FY 2027 CIB (FY27-FY32) Miscellaneous =</b>			<b>\$750,385</b>	<b>\$436,162</b>	<b>\$887,759</b>	<b>\$197,019</b>	<b>\$532,037</b>	<b>\$209,017</b>	<b>\$405,304</b>	<b>\$2,667,298</b>

Approved FY 2026 CIB (FY26-FY31)	\$1,191,095	\$233,899	\$1,848,019	\$230,753	\$316,033	\$0	\$3,819,800
Change to Program from FY2026 CIB	-\$754,933	\$653,860	-\$1,651,000	\$301,284	-\$107,016	\$405,304	-\$1,152,502

<b>Totals</b>										
Water Lines			\$19,345,110	\$3,160,489	\$8,181,753	\$3,156,415	\$6,328,941	\$3,573,203	\$3,710,500	\$28,111,299
Wells			\$1,173,765	\$55,000	\$1,245,247	\$55,000	\$1,321,083	\$55,000	\$1,401,537	\$4,132,667
Water Storage Tanks (WST)			\$1,032,493	\$7,799,958	\$6,172,005	\$135,044	\$881,744	\$143,268	\$935,442	\$16,067,461
Miscellaneous			\$750,385	\$436,162	\$887,759	\$197,019	\$532,037	\$209,017	\$405,304	\$2,667,298
Subtotal			\$22,301,753	\$11,451,609	\$16,486,764	\$3,543,478	\$9,063,805	\$3,980,488	\$6,452,783	\$50,978,925
Capital Reserves		8.00%	\$1,784,000	\$916,000	\$1,319,000	\$283,000	\$725,000	\$318,000	\$516,000	\$4,077,000
<b>FY 2027 CIB (FY27-FY32) Totals =</b>			<b>\$24,085,753</b>	<b>\$12,367,609</b>	<b>\$17,805,764</b>	<b>\$3,826,478</b>	<b>\$9,788,805</b>	<b>\$4,298,488</b>	<b>\$6,968,783</b>	<b>\$55,055,925</b>

Approved FY 2026 CIB (FY26-FY31)	\$12,044,211	\$13,868,615	\$1,428,516	\$9,941,163	\$1,093,047	\$0	\$40,375,550
Change to Program from FY2026 CIB	\$323,398	\$3,937,149	\$397,962	-\$152,358	\$3,205,441	\$6,968,783	\$14,680,375

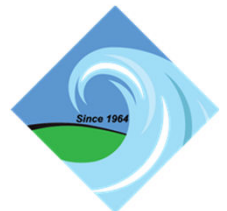
**Status:**  
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*Property Acquisition (to be initiated after Planning)*

A - New Project  
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 D - Timing Change (Moved Out)  
 E - Updated Estimate

Continuance of Vehicle / Equipment Replacement Program.  
 Funding via reserves in lieu of 10-year loan (switch funding source with AMI project).

Project scope reduced and funding reprogrammed to new Great Mills Standpipe (Stewarts Grant developer cost share project).

Yellow Highlights denote changes from the approved 2026 CIB.





# DEBT CEILING LIMIT ANALYSIS

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		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Debt Outstanding - Beginning of Year (1)	\$ -	\$ 94,777,192	\$ 87,861,545	\$ 79,950,954	\$ 71,462,215	\$ 63,115,469	\$ 54,538,200	\$ 45,866,339	\$ 39,797,538
Pending Applications MDE/MWIFA		\$ -							
Pending DHCD GOB Issue		\$ -							
Principal Payments - Existing Debt		(7,673,178)	(7,910,591)	(8,488,739)	(8,346,746)	(8,577,269)	(8,671,862)	(6,068,800)	(6,189,974)
Existing Debt		\$ 87,104,014	\$ 79,950,954	\$ 71,462,215	\$ 63,115,469	\$ 54,538,200	\$ 45,866,339	\$ 39,797,538	\$ 33,607,564
Proposed Debt (2):	908,600								
Beginning Balance		\$ -	\$ 40,936,922	\$ 62,163,785	\$ 86,284,202	\$ 109,932,473	\$ 114,037,120	\$ 122,177,817	\$ 130,741,335
Sewer Debt to be issued		25,091,677	10,226,736	12,798,487	8,931,912	2,675,398	2,246,754	6,105,031	4,156,404
Capital Reserves Sewer **		2,007,000	818,000	1,024,000	715,000	214,000	180,000	488,000	333,000
Estimated New Debt Prior Year's Sewer Projects									
Water Debt to be issued		13,408,804	10,356,286	10,859,286	14,688,074	2,918,432	7,155,574	3,925,488	4,861,230
Capital Reserves Water **		1,073,000	829,000	869,000	1,175,000	233,000	572,000	314,000	389,000
Estimated New Debt Prior Year's Water Projects									
Principal Payments -Proposed Debt		(643,559)	(1,003,159)	(1,430,356)	(1,861,715)	(1,936,184)	(2,013,631)	(2,269,000)	(2,455,292)
Proposed Debt		\$ 40,936,922	\$ 62,163,785	\$ 86,284,202	\$ 109,932,473	\$ 114,037,120	\$ 122,177,817	\$ 130,741,335	\$ 138,025,677
Ending Debt Balance	\$908,600	\$128,040,936	\$142,114,739	\$157,746,417	\$173,047,942	\$168,575,320	\$168,044,155	\$170,538,874	\$171,633,241
Estimated Actual equals 86% of Projected Debt			\$122,218,676	\$135,661,919	\$148,821,231	\$144,974,775	\$144,517,974	\$146,663,431	\$147,604,587
Ending Debt Balance Minus Consent Decree Projects (\$34,636,082)			\$115,272,346	\$130,904,024	\$146,205,549	\$141,732,927	\$141,201,762	\$143,696,481	\$144,790,848
Estimated Actual equals 86% of Projected Debt Less CD Projects			\$99,134,218	\$112,577,461	\$125,736,773	\$121,890,317	\$121,433,516	\$123,578,973	\$124,520,129
Debt Calculation Per Chapter 113 @ 2%									
Assessed Value Sanitary Districts with 4.2% Growth (3)	\$10,220,223,254	\$14,564,064,478	\$15,362,052,600	\$16,037,982,914	\$16,743,654,162	\$17,480,374,945	\$18,249,511,443	\$19,052,489,946	\$19,890,799,504
Legal Debt Limit (Chapter 113 at 2%)		\$291,281,290	\$307,241,052	\$320,759,658	\$334,873,083	\$349,607,499	\$364,990,229	\$381,049,799	\$397,815,990
Debt as a Percentage of Assessed Value CIB FY26-FY32	0.00%	0.88%	0.93%	0.98%	1.03%	0.96%	0.92%	0.90%	0.86%
Debt Margin on 2%		\$163,240,354	\$165,126,313	\$163,013,241	\$161,825,141	\$181,032,179	\$196,946,074	\$210,510,925	\$226,182,749
Debt Calculation Per HB862 Ch.510 @ 40% - 2021 Legislation @ 1.26%									
Assessed Value Real Property Base per County w/4.2% growth		\$15,194,606,552	\$15,219,385,262	\$16,344,737,297	\$17,031,216,263	\$17,746,527,346	\$18,491,881,495	\$19,268,540,518	\$19,268,540,518
Legal Debt Limit (Chapter 510 @ 40% - 2021 Legislation @ 1.26%)		\$191,452,043	\$191,764,254	\$205,943,690	\$214,593,325	\$223,606,245	\$232,997,707	\$242,783,611	\$242,783,611
Debt as a Percentage of Assessed Value CIB FY27-FY32		0.84%	0.93%	0.97%	1.02%	0.95%	0.91%	0.89%	0.89%
Debt Margin on 40%, 1.26% Rate equivalent		\$63,411,107	\$49,649,515	\$48,197,273	\$41,545,382	\$55,030,925	\$64,953,552	\$72,244,737	\$71,150,370
Debt as a Percentage of Assessed Value CIB FY26-FY32		90.00%	89.00%	8.84%	8.84%	8.80%	8.80%	8.80%	8.80%
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) FY2026 Update utilizes MD Dept of Planning 2025 data: Reduced by Sanitary Districts 7 and 9 (no facilities), and reduced by all public property (County/State/Federal). FY2026 growth rate was increase to 4.2% to be consistent with St. Mary's County Government FY 25 projected growth.			



# DEBT LIMIT

## Debt Outstanding and Proposed New Debt FY 2025-FY 2032

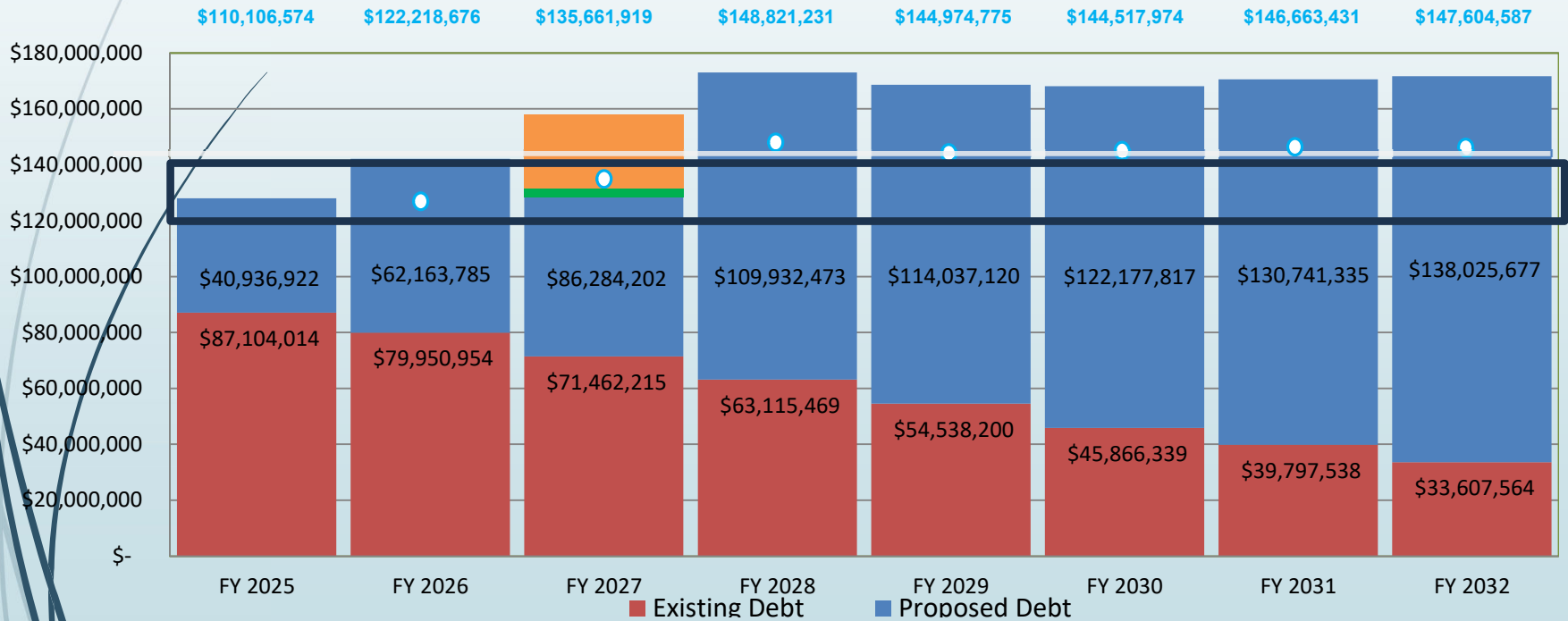
FY 2018 - FY 2023: Actual Debt to Programmed Debt %: **86% Experience Level**

Anticipated Actual Average FY 25-FY31: \$131,372,561 ≤ informal target range of \$120-\$140M

**Average debt retirement: \$7.9M per year (\$6.9M between FY 24/FY25)**

**Average programmed new debt: \$14.6 per year (or \$12.5M @ 86%)**

*Ideally, the ratio of new debt to debt retirement would be ≤ 1  
A debt margin in excess of \$40M remains available for the unanticipated*



Consent Decree sewer projects:  
**\$34,636,082**

St. Clements Shores Sewer Extension:  
**\$6.9M**

MetCom debt calculation includes an 8% CIB Reserve  
Legal Debt Limit (per Chater 113): \$291M - \$398M 2% of assessable base  
Legal Debt Limit (per Chapter 510): \$191M - \$242M 40% set aside

} "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%

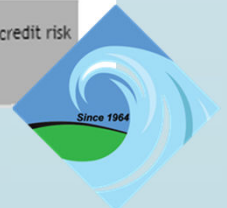


### Moody's rating scale

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	
		Aa	
	Aa	Aa2	High quality, subject to very low credit risk
		Aa3	
		A	
	A	A1	Upper-medium grade, subject to low credit risk
		A2	
		A3	
Baa	Baa1	Medium-grade, subject to moderate credit risk and may possess certain speculative characteristics	
	Baa2		
	Baa3		



# 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

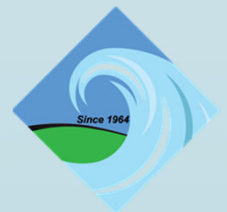
➤ **System Improvement Charges** (monthly charge per EDU)

FY 2027 System Improvement Charges for residential water and sewer are **\$0.11 / month more** and **\$0.11 / month more**, respectively than FY 2026 projections for FY 27.

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

**Residential water charges** were maintained at the same level between FY2019 - FY 2027.

FY 2027 Capital Contribution Charges for **residential sewer** are \$155 / month more than FY 2026 projections for FY 27.

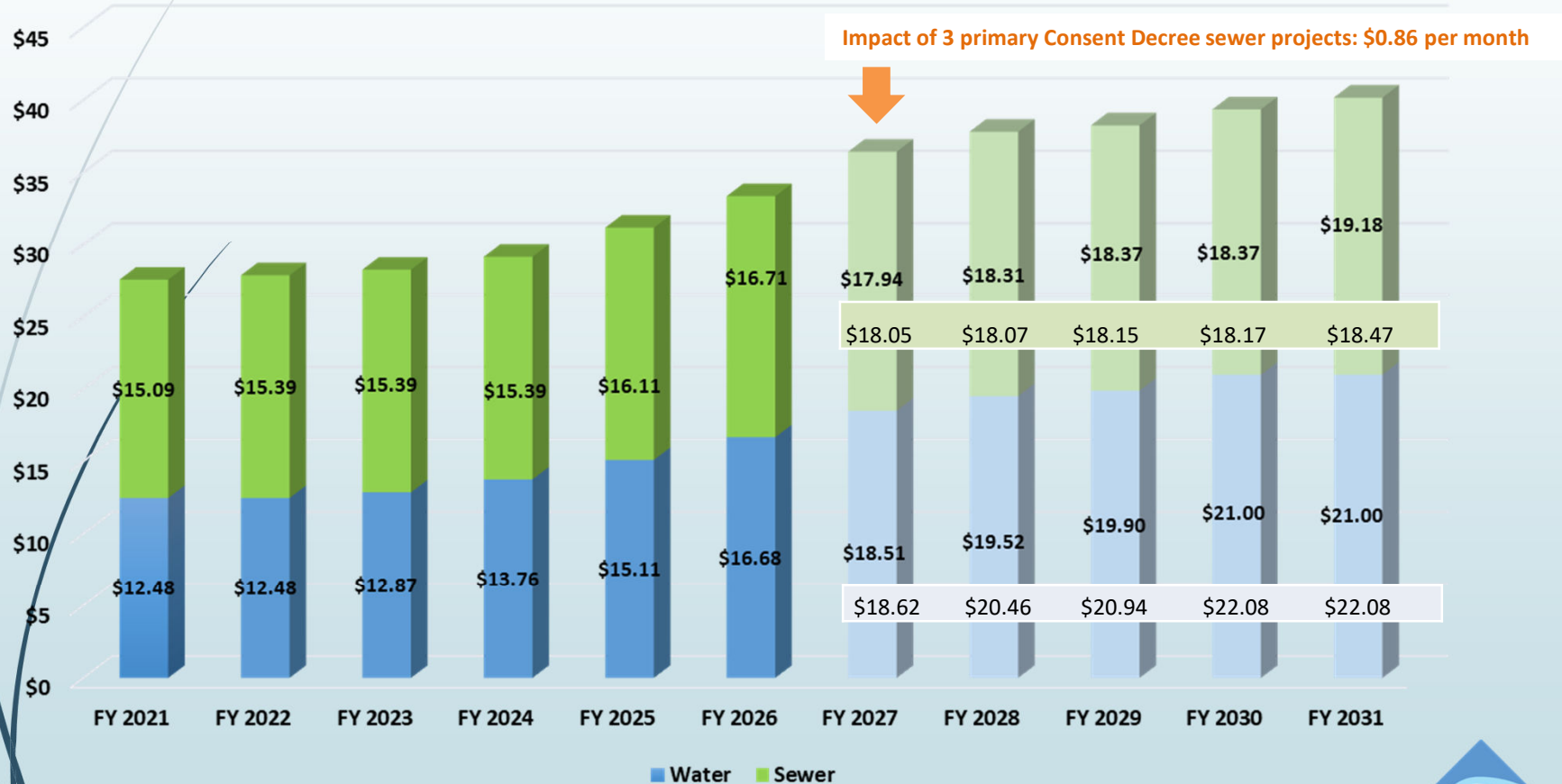


# CAPITAL COST RECOVERY

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



NOTE: Commercial charges are 1.25x

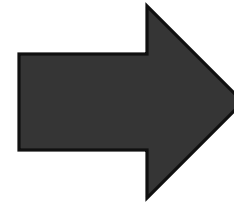


# SYSTEM IMPROVEMENT CHARGES

39

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

	<u>Current FY26</u>	<u>Proposed FY27</u>
<b>Residential Charges</b>		
Sewer	\$16.71	\$18.05 *
Water	\$16.68	\$18.62 **
<b>Commercial Charges</b>		
Sewer	\$20.05	\$21.66
Water	\$20.02	\$22.34



**NOTES:**

Commercial charges are 1.2x residential

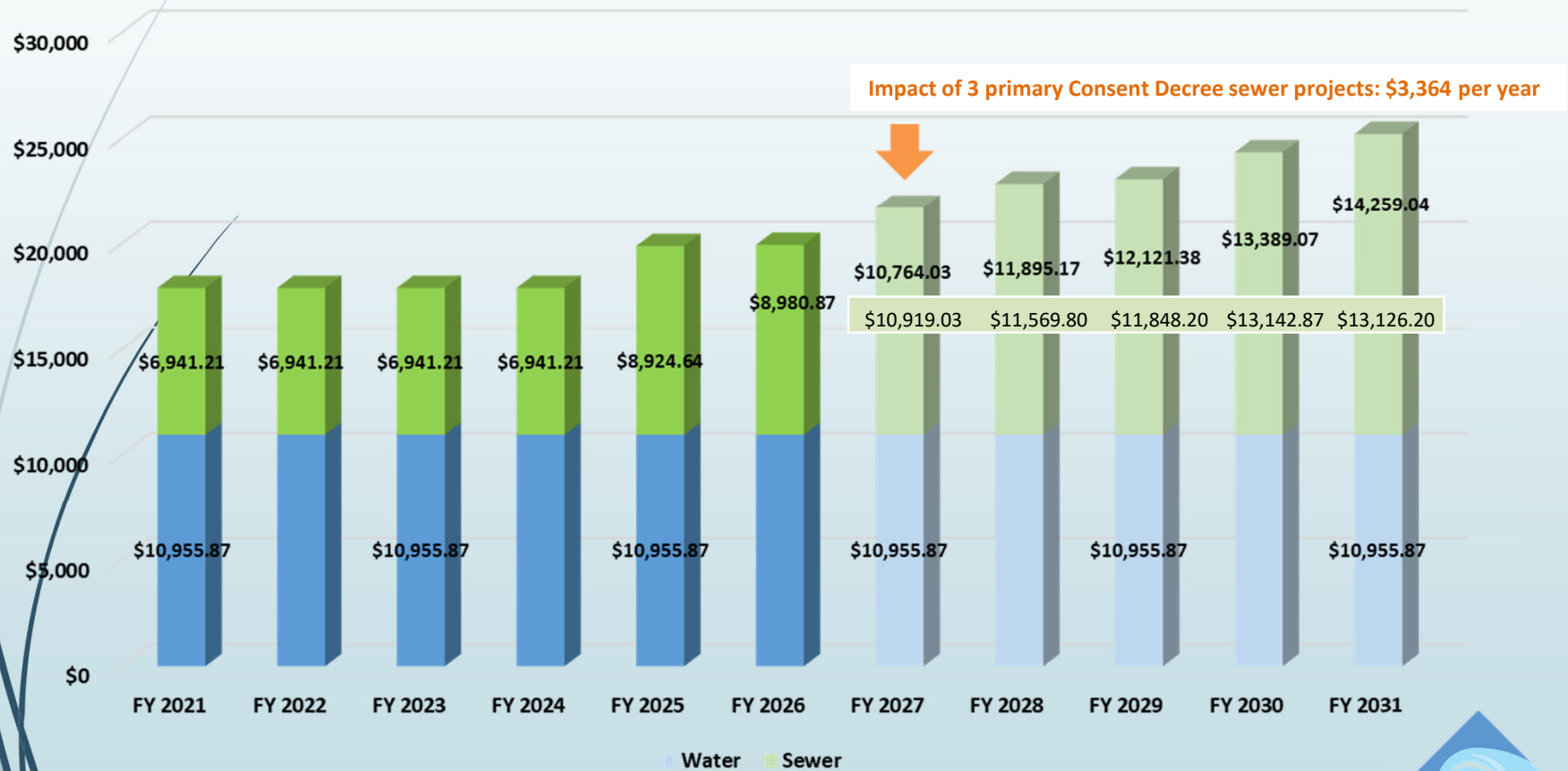
- \* As of FY 2023, no longer utilizing non-accumulating Sewer Debt Service Reserves as a rate stabilization fund.
- \*\* FY 2027 System Improvement Charges for residential water and sewer are \$0.11 / month more and \$0.11 / month more, respectively than FY 2026 projections for FY 27.



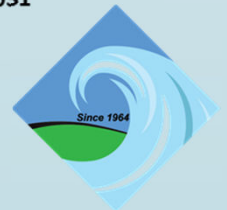
# CAPITAL COST RECOVERY

Capital Contribution Charges (effective 10-1-2007) 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



NOTE: Commercial charges are 1.25x



# CAPITAL CONTRIBUTION CHARGES

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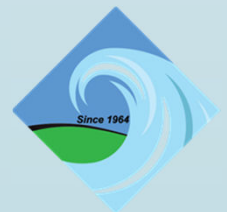
Paid per EDU at the time of connection: Covers the cost of projects that require extensions of water and sewer lines, wastewater pumping stations and new facilities undertaken for the primary purpose of serving new customers.

	<u>Current</u> <u>FY26</u>	<u>Proposed</u> <u>FY27</u>
<b>Residential Charges</b>		
Sewer	\$ 8,980.87	\$ 10,919.03
Water	\$10,955.87 *	\$ 10,955.87*
<b>Commercial Charges</b>		
Sewer	\$10,777.05	\$ 13,102.84
Water	\$13,147.04 *	\$ 13,147.04*

**NOTES:**

Commercial charges are 1.2x residential

- Water charges were maintained at the same level between FY2019 - FY 2027
- FY 2027 Capital Contribution Charges for residential sewer are \$155 / month more than FY 2026 projections for FY 27.



# PERFORMANCE MEASURES

<b>Debt Service Coverage Ratio =</b> (Total Revenue - Total O&M / Total Debt Service)	<b>Audit FY25</b>
Operating Revenues*	
Service Charges	\$ 17,902,671
Debt Service Charges	12,367,320
Miscellaneous	384,518
Total Operating Revenues	\$ 30,654,509
Operating Expenses**	
Direct Operating Expenses	11,657,917
Administrative Expenses	6,824,309
Total Operating Expenses	\$ 18,482,226
Net Revenues	\$ 12,172,283
Debt Service	
Principal	\$ 7,029,617
Interest	2,062,353
Total Debt Service	\$ 9,091,971
Debt Service Coverage Ratio	1.34
<b>Target Debt Service Coverage Ratio *</b>	<b>1.25-1.50</b>
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 within the target range of between 1.25 – 1.50. FY 2022 - FY 24 audited values were 1.5, 1.17 & 1.65.

This means MetCom can fund its debt service requirement 1.34 times after all operational expenses.

**MetCom’s 10-Year Principal Payout Ratio of 67.24% is over 27% above the national average for a Utility System of 40 % (Source: Fitch Ratings, Water and Sewer Medians).**



# PERFORMANCE MEASURES

<b>Debt to Revenue</b>	<b>Audit</b>
A Measure of the outstanding debt compared to the ability to pay it	<b>FY25</b>
<b>Total Debt:</b>	
Total Debt All DHCD & Drawn MDE	\$ 87,861,545
Total Debt Undrawn MDE	
Total Debt Drawn & Undrawn	\$ 87,861,545
<b>Operating &amp; Debt Service Revenue:</b>	
Service Charges	\$ 17,902,671
Debt Service Charges	12,367,320
Miscellaneous	384,518
Total Operating & Debt Service Revenues	\$ 30,654,509
<b>Outstanding Debt (Drawn &amp; Undrawn) to Operating &amp; Debt Service Revenues *</b>	<b>2.87 X</b>
<b>Target - 5X or Below</b>	<b>5X or Below</b>

## 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 2024 has proven to be even less than FY 2022 – FY 2024 audited values of 3.48x , 3.34x and 3.08x.



# PERFORMANCE MEASURES

<b>Days Cash on Hand =</b> Undesignated Cash Reserves / Total O&M Costs	<b>Audit</b> <b>FY25</b>
Unrestricted Reserves	
General Fund Reserves	\$ 18,448,251
Obligated Unrestricted Reserves	\$ 9,049,813
Other Unrestricted Reserves	2,285,950
<b>Total Unrestricted Reserves</b>	<b>\$ 29,784,014</b>
Restricted Reserves	\$ 13,758,482
<b>Total Reserves</b>	<b>\$ 43,542,496</b>
Total Operating Expenses	18,482,226
Operating Expenses Per Day	50,636
Days Cash on Hand	
General Fund Capital Liquidity	69
General Fund Remaining Operational	254
Other Unrestricted	45
<b>Total Unrestricted Reserves</b>	<b>368</b>
<b>Target Unrestricted Reserves - Days Cash On Hand *</b>	<b>90-180</b>
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 2025 measured at 368 days. Exceeding the target, allows for operational leeway in future budgeting. FY 2022 - FY 2024 audited values were 326, 289 and 374 days.



# PERFORMANCE MEASURES

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Service Affordability Rate To Median Household Income Performance Range Target = 1.5 - 1.59 (median)		FY25 Approved Budget	FY26 Recommended Budget
		5,000 Gallons/Month	5,000 Gallons/Month
<b>Water</b>			
Ready-To-Serve Charge		\$ 10.60	\$ 10.82
Water Usage		9.50	9.70
System Improvement Charge		15.11	16.68
Water - Estimated Monthly Service Charge		\$ 35.21	\$ 37.20
<b>Sewer</b>			
Ready-To-Serve Charge		\$ 20.58	\$ 21.14
Sewer Usage		28.00	28.75
System Improvement Charge		16.11	16.71
Sewer - Estimated Monthly Service Charge		\$ 64.69	\$ 66.60
Bay Restoration Fee		\$ 5.00	\$ 5.00
<b>Total Estimated Monthly Service Charge</b>		<b>\$ 104.90</b>	<b>\$ 108.80</b>
<i>Bill at Prior Approved Fiscal Year Rates</i>		<i>\$ 101.12</i>	<i>\$ 104.90</i>
St. Mary's County Median Household Income 2015-2019 US Census Bureau (American Community Survey)			
		\$ 113,717	\$ 114,580
MetCom Annual Bill % of Annual MHI		1.11%	1.14%
Adopted Target Annual Bill % of Annual MHI		1.50%	1.50%
AWWA Benchmark Performance Indicator (median)		1.59%	1.59%
Lexington Park Median Household Income 2011-2015 US Census Bureau 2015-2019 US Census Bureau (22 American Community Survey)			
		\$ 86,944	\$ 89,167
MetCom Annual Bill % of Annual MHI in Lexington Park		1.45%	1.46%
Annual Combined Bill % of MHI: National Median, All Credits (1)*			
		1.90%	1.90%
		National 'A' Median 2.90%	2.90%
		National 'AA' Median 2.00%	2.00%
		National 'AAA' Median 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 provides a measure of customer affordability / burden for cost of service as a % of MHI.

Approximately 72% of MetCom's residential customers use 0-5000 gallons per 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)



# PERFORMANCE MEASURES

Asset Condition		Audit FY25
Net Capital Assets / Current Year Depreciation		
Net Capital Assets		\$ 192,540,901
Depreciation (current year)		\$ 8,202,353
<b>Asset Condition</b>		<b>23.47</b>
<b>Target</b>	<b>National A Water &amp; Sewer Enterprise Median</b>	<b>24 years</b>
<i>Moody's Aa rating</i>		<i>25-75 years</i>

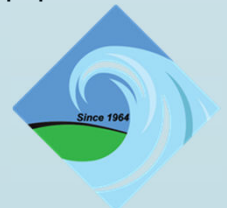
MetCom’s asset condition has consistently been at approximately 25-26 years over the last five year-period, which shows that MetCom is reinvesting to maintain its plant and other assets (**not deferring capital**).

Poorly maintained assets can lead to unexpected failures, increased costs and service disruptions.

## Asset Condition

This measures the organizations ability to maintain lifecycle optimization by making capital replacements and repairs of its assets. It is a measure of the “health” of the infrastructure.

This is **new** Metric that was adopted in 2025 (2024 value: 25 years) as a part of the Commission’s Debt Management Policy. It is an assessment of how utilities “fund depreciation,” meaning make capital replacements and repairs to address aging plant and equipment.



# METCOM RESERVES – AUDITED BALANCES

(Reserve Policy was adopted 9/11/2014)

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**NOTE:** FY 22 thru FY 25 unrestricted reserve totals do not include approx. \$6.9M in loan proceeds (cash) that have been placed in an obligated capital project account from prior refinancing of a loan (#52) borrowed to complete a specific list of approved projects. Restricted reserves may be used for capital expenses (*See page 11 of FY 25 audit*).

**Policy Target Levels:**

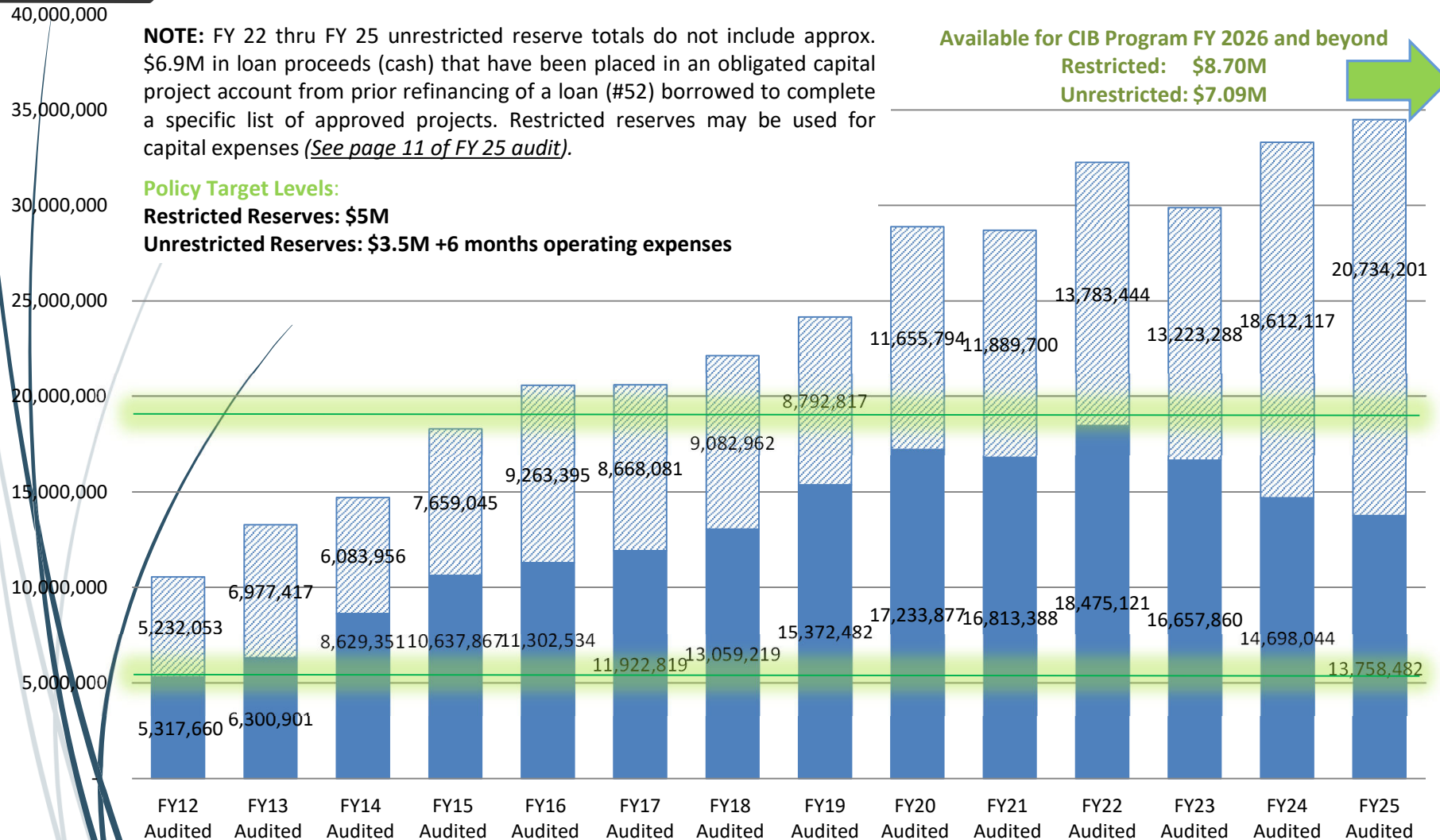
**Restricted Reserves: \$5M**

**Unrestricted Reserves: \$3.5M +6 months operating expenses**

Available for CIB Program FY 2026 and beyond

Restricted: \$8.70M

Unrestricted: \$7.09M



FY 25 Unrestricted Reserves: \$3.5M + \$10,143,878 = \$13,643,878

■ Restricted    ▨ Unrestricted

FY 25 Restricted and Unrestricted Reserves: \$18,643,878

# METCOM RESERVES – PROJECTED USES

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**Use of Audited Reserves.** The FY 2025 Audit was completed by SB & Company, LLC (*the same company that prepared the County’s audit*) and presented to the Board on 12-11-2025.

**Reserve Balances.** Page 11 of the Audit includes the FY 2025 restricted and unrestricted reserve balances of \$13.76M and \$29.78M, respectfully.

**Prior Loan Refinancing.** The unrestricted reserve total (above) includes approx. **\$6.9M** in loan proceeds (cash) that have been placed in an obligated capital project account from the refinancing of a prior loan (#52) borrowed to complete a specific list of approved projects (*see Piney Point and FDR projects below*). As such, MetCom treats these reserves as “restricted”.

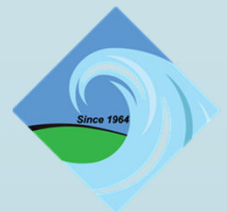
**Intended Use Plan.** As discussed with the Commissioners during the 4-22-2025 & 9-25-2025 presentations, MetCom has already obligated / committed: **\$6.76M** to the Piney Point WWPS/WS (*bid documents underway*); **\$6.4M** to St. Clements Shores WWTP expansion (*bid award pending State approval*); **\$301.8K** to FDR Boulevard Phase 3 (*construction underway*); and **\$18.5M** toward the approved FY 2026-FY 2031 Capital Improvement Plan. Unfortunately, these uses not recognized as “expenses” in a formal audit.

**Policy Target Levels.** For FY 2026, the recommended balance is \$18.51M per financial advisors Davenport & Company, LLC. Assuming no additional reserves are accumulated. The commitments listed above, alone, reduce that combined reserve level to about \$11.5M, which is below MetCom’s preferred operating Policy target level of \$18M.

## NEXT STEPS

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- ✓ 4/14/26 - Public Comment Period begins
- ✓ 4/21/26 - County Commissioners review the FY 2027 Capital Improvement Budget & FY 2028 - FY 2032 Plan
- ✓ 4/23/26 – MetCom Board will discuss any topical issues raised
- ✓ 4/25/25 – Public Hearing comment period closes at 4:30 pm
- ✓ 5/12/26 - County Commissioners scheduled to approve the FY 2027 Capital Improvement Budget & Plan
- ✓ 5/28/26 - MetCom Board to Approve FY 2027 Operating Budget and Capital Improvement Budget & Plan as required by Law



## PUBLIC COMMENT PERIOD BEGINS NOW

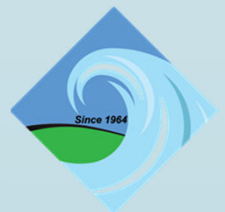
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All persons are invited to attend the Public Hearing. The hearing may be viewed by [live stream @ \[www.metcom.org\]\(http://www.metcom.org\)](#) .

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 @ [budget2027@metcom.org](#)



**The public record for this public hearing will remain open until close of business 4/24/2026**

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

**23121 Camden Way  
California, MD 20619**

**or email to:  
[budget2027@metcom.org](mailto:budget2027@metcom.org)**

