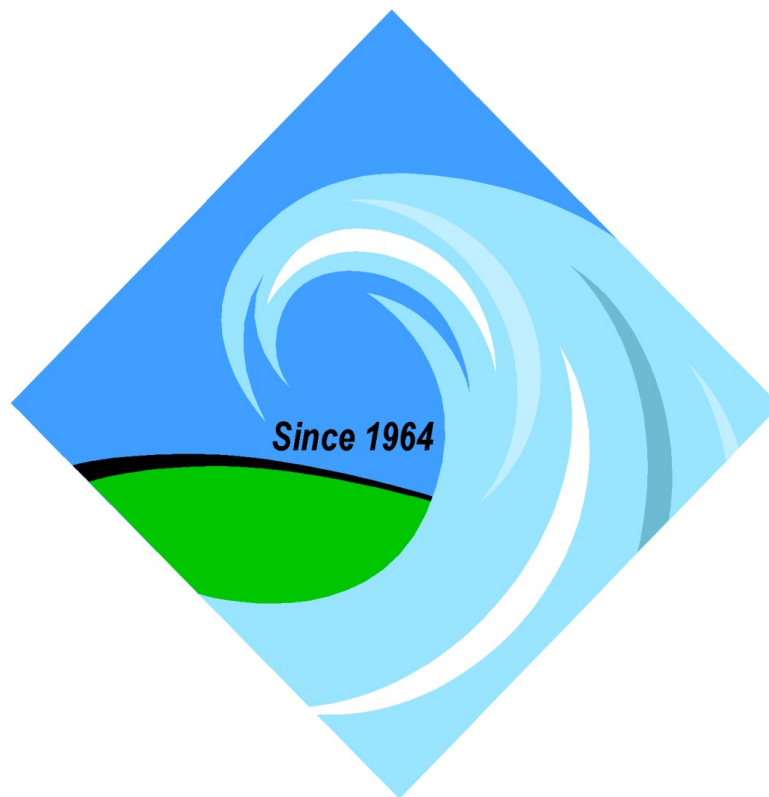


ST. MARY'S COUNTY METROPOLITAN COMMISSION



FISCAL YEAR 2018 ANNUAL REPORT

**Reporting Period:
July 1, 2017 to June 30, 2018**

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ST. MARY'S COUNTY METROPOLITAN COMMISSION

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. While fulfilling our mission, we strive to:

- *Conserve and protect our reliable, high quality water supply for present and future generations;*
- *Meet or surpass public health standards, environmental standards, and support fire protection;*
- *Operate, maintain, improve, and manage our water and wastewater infrastructure in a cost-effective manner;*
- *Manage finances to support Commission needs and maintain reasonable water and wastewater rates;*
- *Maintain and adequate, safe and professional workforce; and*
- *Understand and respond to customers' expectations for service.*

As we look back upon the events of the last year, there were several noteworthy capital improvement projects that were accomplished: The construction and upgrade of the Piney Point and St. Clements Shores water systems; the design, construction and testing of upgrades to the St. Clements Shores Wastewater Treatment Plant allowing possible discharge permit modification through MDE; continuing the joint design and construction efforts with the County's Department of Public Works and Transportation (DPW&T) on the FDR Boulevard and Patuxent Park Neighborhood Revitalization projects; and the completed construction of two new elevated water storage tanks in Hollywood and Charlotte Hall. You will read about these and other efforts throughout the following pages of this Report.

Other non-capital accomplishments in FY 2018 included: the continuation of our successful student Internship Program; completion of a Debt Study which evaluated the our financial health; formation of a Joint Task Force with the Commissioners of St. Mary's County to propose amendments to Chapter 113 of the St. Mary's County Code, which provides for the rights, authority and powers of the Metropolitan Commission; renewal of a Memorandum of Understanding between the Health Department, MetCom and the County Emergency Services & Technology Department to provide standard notification for Sanitary Sewer Overflows (*and we are proud to have reported zero (0) overflows during calendar year 2016*); implementation of a Salary Classification and Compensation Study; and our rigorous operations, maintenance, testing, and development review programs. Many other projects and initiatives will soon be underway and are outlined in the Plans and Objectives Section of this Report.

Our staff takes great pride in providing outstanding customer service while maintaining very high standards of environmental compliance and resource management. As the Metropolitan Commission looks forward to another year serving you, we will strive to find ways continue to better meet the needs of our customers as effectively as possible. ***"MetCom is people -- hard working public servants...they do it day in and day out—and I'm proud to be working with them!"***



George A. Erichsen, P.E.,
Executive Director



The Operations, Maintenance, Permits, Construction and Inspection Departments of the Commission are located at 43990 Commerce Avenue, Hollywood, Maryland 20636. Office hours are 7:30 a.m. to 4:30 p.m. Monday through Friday. Telephone: (301) 737-7400 / Website: www.metcom.org.



The Administrative Office of the Commission, which includes the Billing, Fiscal, Human Resources and Engineering Departments, is located in the First Colony Commercial Center at 23121 Camden Way, California, Maryland 20619. Office hours are 7:30 a.m. to 4:30 p.m. Monday through Friday. Telephone: (301) 737-7400 / Website: www.metcom.org.

GENERAL OVERVIEW

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.

BOARD MEMBERS

MetCom is governed by a Board of Commissioners consisting of seven voting members, and one non-voting member. Voting members represent the Election Districts of St. Mary's County and are appointed by the St. Mary's Board of County Commissioners to serve three year staggered terms. The eighth and non-voting member of the Commission is the Commanding Officer of the Naval Air Station Patuxent River, or his designated representative.

The Board Members during FY 2018, ending June 30, 2018, were:

Commissioners

Bryan M. Barthelme, Chairman
4th & 5th Election Districts

Robert A. Russell, Vice-Chairman
7th Election District

John J. Carey
2nd & 9th Election Districts

Alice A.M. Gaskin
1st Election District

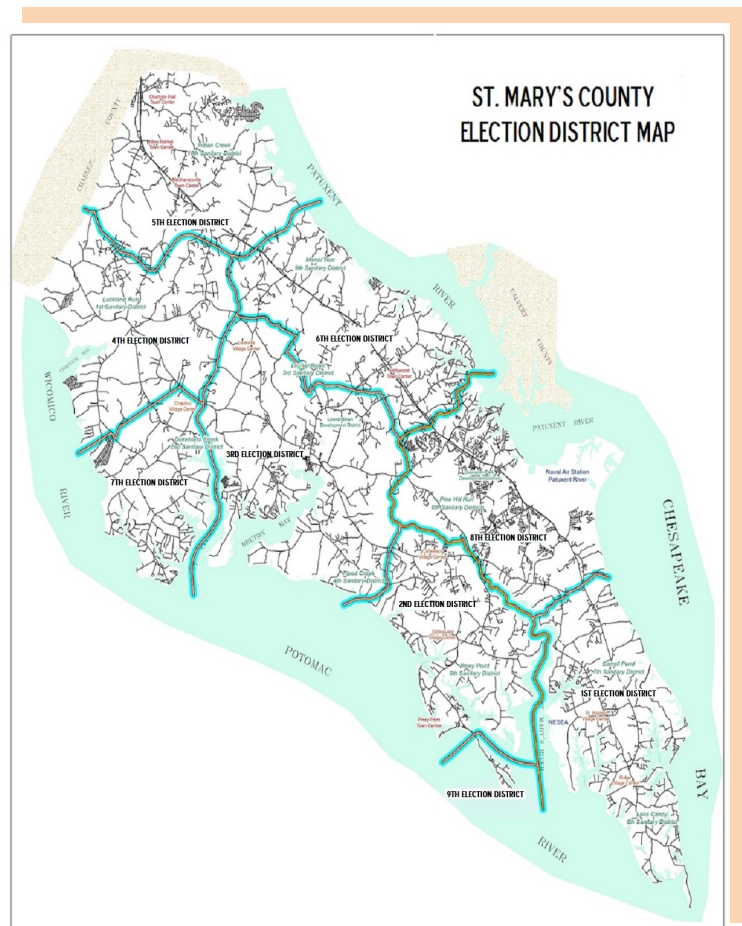
Michael J. Mummaugh
3rd Election District

George M. Thompson
6th Election District

Steven Willing (Term ended 12/31/17)
8th Election District

Keith Fairfax (Term began 1/1/18)
8th Election District

Captain Jason Hammond
Patuxent River Naval Air Station



KEY STAFF

The administrative leadership of the Commission is comprised of an Executive Director and five (5) Department Heads, as follows:

George A. Erichsen, P.E., Executive Director
Rebecca B. Shick, Chief Financial Officer
M. Christy Hollander, P.E., Chief Engineer
Michael W. Sullivan, Chief of Facilities and Operations
Anne Mary B. Cullins, P.H.R., SHRM-CP, Director of Human Resources
Robert J. Fehn, Sr., Director of Information Technology

Additional information about MetCom and its staff can be obtained at www.metcom.org.



George A. Erichsen, P.E.



M. Christy Hollander, P.E.



Anne Mary B. Cullins



Rebecca B. Shick



Michael W. Sullivan



Robert J. Fehn, Sr.

FACILITIES OVERVIEW

WASTEWATER FACILITIES

Marlay-Taylor Water Reclamation Facility

The Marlay-Taylor Water Reclamation Facility (MTWRF) is the largest treatment facility operated by MetCom and serves the Lexington Park, Hollywood and Piney Point areas of St. Mary's County. The facility is currently designed to treat 6.0 million gallons of wastewater per day. The average daily flow to the facility for Fiscal Year 2018 was 3.7 million gallons. At present, a little less than one-third of the facility's design capacity remains available to meet the needs of growth in the community, keeping in mind that some capacity has been allocated for approved projects, which have not yet been constructed. A \$39 million, 3-year Enhanced Nutrient Removal (ENR) upgrade to the facility was completed in Fiscal Year 2017. As mandated by the USEPA's Chesapeake Bay Agreement, this upgrade significantly reduces the amount of nitrogen and phosphorus discharged from the facility into the Chesapeake Bay. Because of the performance of the facility, our Operations and Maintenance Division is eligible for \$180,000 in grant funding from the State Bay Restoration Fund each year.



The Marlay-Taylor Water Reclamation Facility offers educational tours to groups of all sizes

In addition to the Marlay-Taylor facility, MetCom owns and operates four additional wastewater treatment facilities as follows:

- Wicomico Shores Wastewater Treatment Facility
- St. Clements Shores Wastewater Treatment Facility
- Forrest Farm Wastewater Treatment Facility
- Airedale Road Wastewater Treatment Facility

During Fiscal Year 2018, approximately 1.5 billion gallons of wastewater was conveyed to these wastewater treatment facilities, which treated a combined average of over 4,200,000 gallons of waste per day.

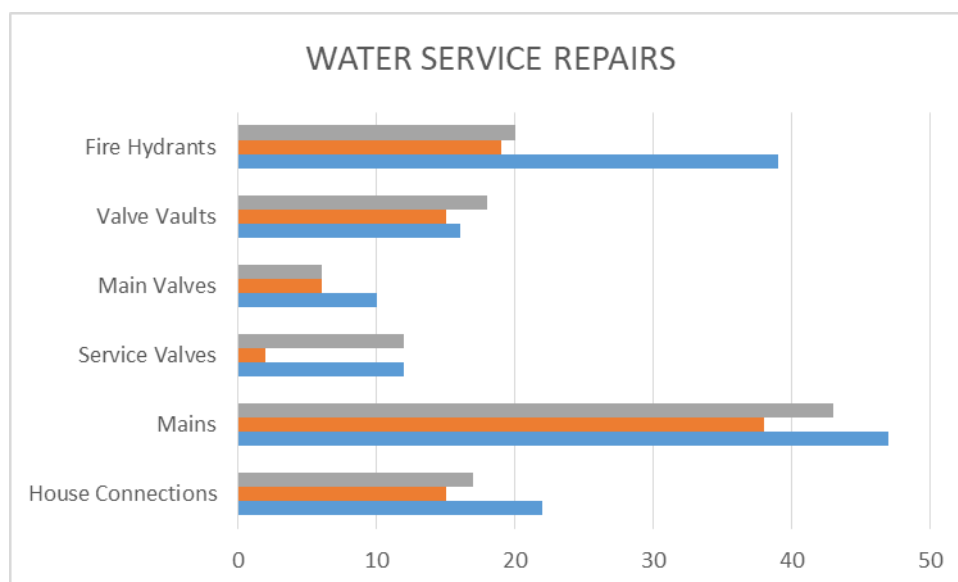
MetCom also manages two private sewage treatment facilities under operating agreements with the owners of the facilities. Those facilities are the Chopticon High School Treatment Facility and the Charlotte Hall Square Treatment Facility. The facilities' owners remain responsible for meeting all Maryland Department of the Environment permit requirements and the owners reimburse MetCom for all costs incurred as a part of providing the technical assistance and expertise.

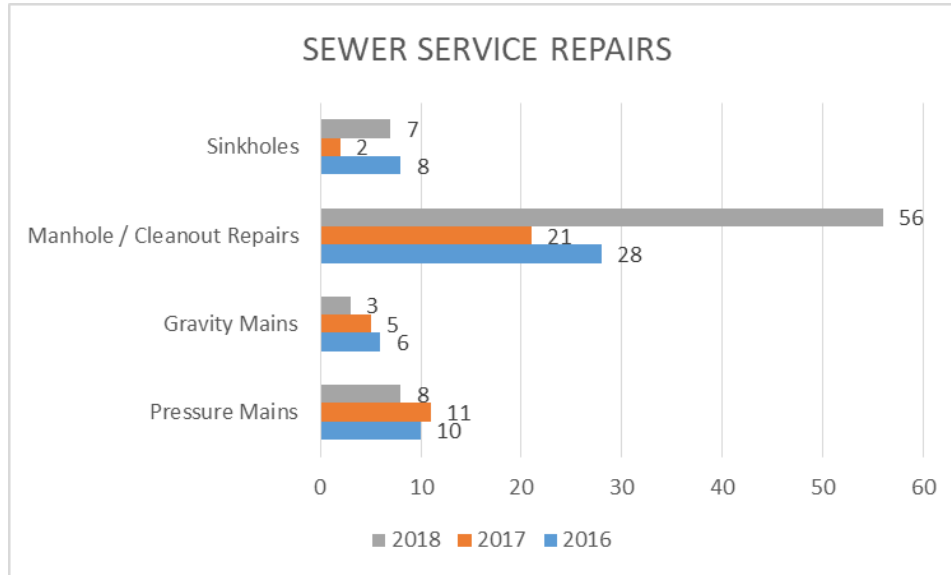
WATER DISTRIBUTION FACILITIES

MetCom operates 28 water supply and distribution systems throughout the County. The largest of the 28 water systems is the Lexington Park water system, which serves approximately 45,000 citizens of St. Mary's County, and consists of 18 wells and approximately 4.5 million gallons of water storage capacity in above ground storage tanks. The average daily demand for Fiscal Year 2018 was approximately 2.6 million gallons of water per day, with the ability to supply over 5.0 million gallons of water per day. The remaining 27 water systems consist of 53 wells located throughout the County, and provide an average of 1.9 million gallons of storage capacity, delivering an average of approximately 1.1 million gallons of water per day during Fiscal Year 2018, to over 6,200 homes (an estimated 17,000 citizens), for a total of approximately 1.4 billion gallons of water supplied.

OPERATIONS & MAINTENANCE

The operations and maintenance staff are available 24 hours a day, 7 days a week, to respond to and repair water / sewer service issues. In Fiscal Year 2018, they responded to 1200 water-related service calls and 1,690 sewer-related service calls.



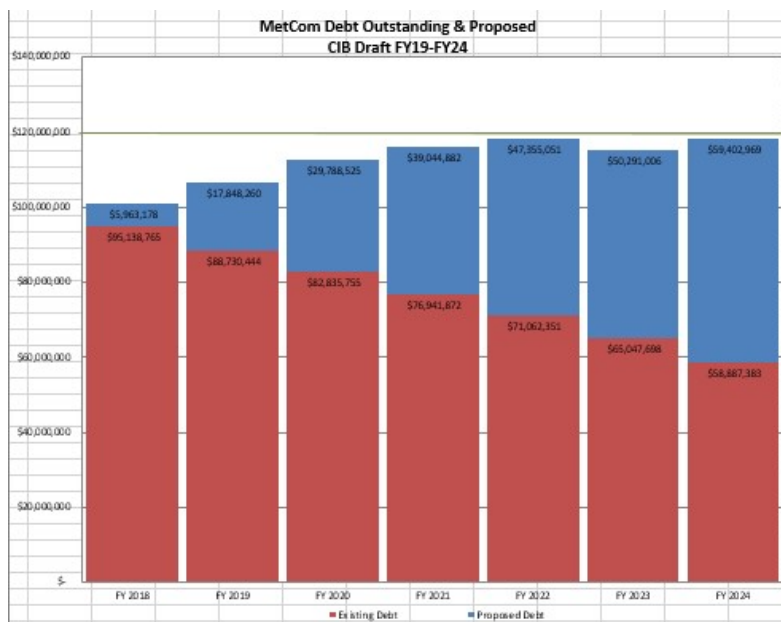


In addition to emergency response, dedicated staff also perform maintenance activities and upgrades to 281 miles of sewer and 286 miles of water lines/mains. The Commission utilizes asset management programs to clean, map and assess conditions of its assets in conjunction with Geographic Information System (GIS) capabilities

FINANCIAL OVERVIEW AND USER CHARGES

FINANCIAL OVERVIEW

MetCom is retiring its debt at between \$5.6M to \$6.1M per year. During the FY 2018 budget cycle, and continuing with the FY 2019 budget cycle, the Commission made a conscious decision to take advantage of the retiring of existing debt and the rate at which new debt was incurred by establishing an informal combined debt ceiling of \$120M. MetCom was able to reduce its projected outstanding debt as a



percentage of assessable base over the next six years to below 1% for the period of Fiscal Years 2018- 2024, well below the legal limit of 25%. In addition, legislation was

passed under House Bill 1055 / Senate Bill 737, which included the Metropolitan Commission's debt with the debt of the Commissioners of St. Mary's County and capped the combined debt at 2.15%.

FY 2017 AUDIT

Executive Summary

Every year the Metropolitan Commission is audited by an independent auditor. In FY17, it was the opinion of Murphy & Murphy, CPA, LLC, that the MetCom financial statements were presented fairly in accordance with accounting principles generally accepted in the U.S. of America. The financial highlights from the report are shown below:

- MetCom's total net position increased by \$3.6 million and \$1.1 million, or 3.4% and 1%, as a result of operations in FY 2017 and 2016, respectively.
- During the current year, MetCom's revenue from operations was \$13.8 million, representing a decrease of 4.5% over the prior year. The current year increase is mostly due to a 3.75% increase in sewer rates and a 1.75% increase in water rates. Operating revenues in FY 2016 were \$13.2 million, a 7.3% decrease. The decrease in FY 2016 was due to the implementation of a new rate structure composed of Water and Sewer Ready-To-Serve Charges based on meter size and tiered water usage rates based on the volume and size of the meter and a sewer usage rate based on water usage.
- MetCom's operating expenses excluding depreciation were \$13.2 million during FY 2017 and \$12.6 million in FY 2016.
- Depreciation Expense totaled \$6.2 million, a decrease of \$3.3 million over FY 2016. FY 2016 included extra depreciation on Marlay-Taylor Wastewater Treatment Plant and water meters that were retired before they were fully depreciated, which is a one-time expense.
- MetCom's non-operating revenue was \$8.0 million during the current year and \$6.4 million in FY 2016, representing an increase of 25.9% in the current year and a decrease of 7.4% in the prior year. The increase in the current year was mainly attributable to the increase in debt service charges. Most of the increase was due to an increase in the number of Capital Contribution Charges paid in FY 2017 compared to FY 2016. Capital Contribution Charges paid in FY 2016 were artificially low because many customers prepaid the charges in FY 2015 to take advantage of the lower FY 2015 rates.
- In FY 2008 MetCom established a trust fund for the management of assets and accounting for financial transactions associated with the provision of retiree health insurance coverage. In FY 2015 MetCom joined in the Maryland Association of Counties (MACO) Pooled Other Post Employment Benefit Plan (OPEB) Trust. The balance in trust was \$4.8 million as of 6/30/17 and \$4.1 million as of 6/30/16. In FY 2017 MetCom contributed \$526 thousand, to fully fund the annual required contribution.

To review audited Financial Statements from FY 2012-FY 2017 please see visit the Financial Report section of our website at <http://metcom.org/node/77>.

FY 2018 BUDGET

	<u>FY18 Original Budget</u>	<u>FY18 Actual Expenses*</u>
<u>Income</u>		
Sewer Income	\$9,349,107	\$8,912,204
Water Income	5,005,276	4,678,773
Engineering Income	245,100	171,822
Other Income	314,000	255,092
Sewer System Improvement Charges	4,940,977	5,041,946
Water System Improvement Charges	3,544,554	3,424,600
Sewer Capital Contribution Charges	934,347	1,019,103
Water Capital Contribution Charges	1,129,797	939,392
Total Budget Income	\$25,463,158	\$24,442,932
<u>Expenses</u>		
Sewer Expenses	\$9,659,871	\$8,012,868
Water Expenses	4,999,698	3,919,168
Engineering Expense	245,100	171,822
Debt Service Sewer	5,875,323	6,038,583
Debt Service Water	4,674,352	4,358,373
Total Budget Expenses	\$25,454,344	\$22,500,814
Income Allocated To Reserves	\$8,814	\$1,942,118

* Unaudited

USER CHARGES

The St. Mary's County Metropolitan Commission does not receive funding from St. Mary's County Government, or any other tax revenue. MetCom's operating and capital budgets are funded from the revenues collected from user service charges and debt service charges. The three primary charges authorized by Chapter 113 of the St. Mary's County Code are; Service Charges; System Improvement Charges; and Capital Contribution Charges, as described below.

Service Charges cover the daily operation and maintenance costs of MetCom facilities. These charges are billed monthly, on a per meter or EDU basis, to all MetCom customers who are either connected to, or required to be connected to, a MetCom water and/or sewer system. On July 1 2015, MetCom implemented a new rate structure, which included a Ready-to-Serve charge for both water and sewer based on meter size. The prior minimum monthly billed rate structure was eliminated and customers are now billed based on actual consumption for both water and sewer. The water usage fees are calculated based on meter size and actual usage, in accordance with a tiered structure, as shown on the next page.

Two additional changes were made effective July 1, 2016: 1) The Ready-To-Serve charge was eliminated for deduct irrigation meters for residential customers; and 2) Sewer usage was capped at a maximum of 10,000 gallons per month for residential customers with a 5/8" meter.

The new rate structure has encouraged conservation, which was one of the desired benefits, but has also resulted in less revenues than anticipated during the subsequent fiscal year(s).

The approved Water Service Rates for Fiscal Year 2018 were:

<u>Water Service Rates</u>	<u>FY18 Water Rates</u>
Non-Metered per EDU/Month	\$16.93
Metered Rate 5/8" *	\$8.92 **
Metered Rate 1"	\$22.30 **
Metered Rate 1-1/2"	\$44.59 **
Metered Rate 2"	\$71.35 **
Metered Rate 3"	\$142.70 **
Metered Rate 4"	\$222.96 **
Metered Rate 6"	\$445.94 **
Metered Rate 8"	\$713.49 **
Metered Rate 10"	\$1,025.65 **
Water Usage Rate per 1,000 Gallons	Tiered
Water Usage Rate - Tier 1	\$1.61
Water Usage Rate - Tier 2	\$3.20
Water Usage Rate - Tier 3	\$6.42
Irrigation Usage Rate per 1,000 Gallons	Tiered
Water Usage Rate - Tier 1	\$3.20
Water Usage Rate - Tier 2	\$6.42
Hydrant Meter Rate per 1,000 Gallons	\$3.20

* Standard Residential Meter is 5/8"

** Tiered rate will depend upon meter size and usage

*** Residential 5/8" Sewer Service Capped at a Max of 10,000 Gallons per Month

The approved Sewer Service Rates for Fiscal Year 2018 were:

<u>Sewer Service Rates</u>	<u>FY18 Sewer Rates</u>
Non-Metered per EDU/Month	\$39.07
Metered Rate 5/8" *	\$16.57
Metered Rate 1"	\$41.42
Metered Rate 1-1/2"	\$82.83
Metered Rate 2"	\$132.53
Metered Rate 3"	\$265.05
Metered Rate 4"	\$414.15
Metered Rate 6"	\$828.32
Metered Rate 8"	\$1,325.27
Metered Rate 10"	\$1,906.08
Usage Rate per 1,000 Gallons	\$4.50 ***

* Standard Residential Meter is 5/8"

*** Residential 5/8" Sewer Service Capped at a Max of 10,000 Gallons per Month

The last Rate Study was performed in 2014 and projected a 5-year rate implementation plan (FY 2015-FY 2019) that sought to meet the projected annual cost requirements of each respective system while establishing reserves to recommended levels by the end of the five-year period. Service rates increased annually at 3% for water and 3.75% for sewer. Upon completion of the five-year plan, it was projected that MetCom would be able to operate with very modest annual increases to keep pace with assumed cost inflation. In support of that effort, in FY 2018, MetCom initiated an update to the initial Study, to provide several options, and to allow for a more moderate rate of increase compared to the original 2014 Study. Moving forward, the Board will consider several rate options as they work through the FY 2020 budget process.

System Improvement Charges cover the debt service costs associated with upgrading and replacing existing water and sewer systems and the costs associated with upgrading wastewater treatment plants to serve current customers. Each class of customers pays the same System Improvement Charge per equivalent dwelling unit (EDU). All properties that abut a public water line and/or sewer line, and that have been allocated capacity on any such line, are required to pay this charge, even if a property is not yet connected to a public water or sewer system. This charge can be revised annually and replaces the former Benefit Assessment charges.

The approved System Improvement Charges for FY 2017 and FY 2018 were:

<u>Water:</u>	<u>FY 2017</u>	<u>FY 2018</u>
Residential / EDU / month	\$10.37	\$11.33
Commercial / EDU / month	\$12.44	\$13.60
<u>Sewer:</u>		
Residential / EDU / month	\$15.09	\$15.09
Commercial / EDU / month	\$18.11	\$18.11

Capital Contribution Charges cover the debt service costs associated with the expansion of existing facilities to serve new customers and the addition of new facilities to accommodate growth. This one-time charge is required to be paid at the time a property owner makes application or otherwise is required to connect to a public water or sewer system. Capital Contribution Charges are calculated on a per EDU basis.

The approved Capital Contribution Charges for FY 2017 and FY 2018 were:

<u>Water:</u>	<u>FY 2017</u>	<u>FY 2018</u>
Residential / EDU / Connection	\$ 8,892.67	\$10,666.91
Commercial / EDU / Connection	\$10,671.20	\$12,800.29
<u>Sewer:</u>		
Residential / EDU / Connection	\$ 6,348.98	\$ 6,533.89
Commercial / EDU / Connection	\$ 7,618.77	\$ 7,840.66

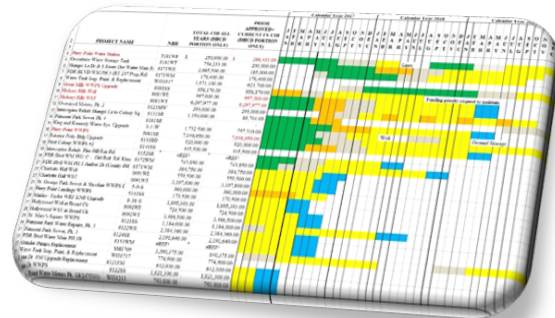
In addition to the above-referenced charges, **Bay Restoration Fees** are also collected monthly per EDU, as mandated by the State of Maryland. For FY 2018 the monthly Bay Restoration Fee was \$5.00.

NOTE: An EDU is an Equivalent Dwelling Unit and represents the amount of water usage by a residential home, typically 250 gallons per day. Commercial uses may be assigned more than one (1) EDU depending upon the nature of the specific commercial use.

ENGINEERING OVERVIEW

The Commission's Engineering Department completes 3 major functions: development review and permitting, capital project management, and construction & inspection. Engineering manages an array of tasks that include construction inspection, capital improvement budgeting, permitting, construction plan review, plat and easement reviews, capital project design and construction, along with keeping MetCom's GIS information up to date with the input of new infrastructure.

Engineering staff review new and redevelopment projects submitted for connection to the water and sewer systems as part of the County's development review process. In order to protect the integrity of the water and sewer systems, projects must comply with all applicable rules, regulations and standards. This year, approximately 100 development plans and plats were reviewed, ranging from large-scale capital projects to small, single family homes. Commission staff reviewed the designs and inspected the water and sewer services for several commercial and industrial sites, which are described in the Fiscal Year 2018 Accomplishments section of this Report. Additionally, developer projects are routinely monitored and inspected by staff, approximately \$4.86M in surety bonds remained in place during FY 2018 to ensure contract completion in the event of contractor default.



The capital improvement budgeting and planning includes scheduling, cost estimating, design, permitting, land acquisition, construction and inspection services. The approved FY 2018 capital improvement budget included 7 new water and 9 new sewer projects budgeted at \$4,592,833 and \$1,814,500, respectively.

In addition, the Department helps manage the 26 projects that are currently funded through Maryland Water Quality Financing Administration and Department of Housing and Community Development Loan programs.

HUMAN RESOURCES OVERVIEW

Human Resources is responsible for Employment, Recruiting, Compensation Administration, Benefits, Wellness, Training and Development, Employee Relations and Regulatory Compliance of all Metropolitan Commission staff. During FY 2018, the Human Resources Department:

- Received and processed 792 applications;
- Posted 29 employment notices;
- Filled 19 vacant positions; and
- Facilitated 7 employee promotions.

Results of the 2017 salary and compensation study were implemented in FY 2018.

STAFFING

As of June 30, 2018, MetCom employed 91 employees, as follows:

	<u>Male</u>	<u>Female</u>
Full Time	63	24
Part Time	0	1
Intern	2	2
Contract	0	0
TOTAL	65	26

As of June 30, 2018, MetCom's employees, classified by years of services, was as follows:

<u>Service Years</u>	<u>Employees</u>
30 + years	5
25-29 years	6
20-24 years	7
15-19 years	12
10-14 years	11
5-9 years	17
<5 years	33



MetCom Staff Members participating in a Length of Service Award Presentation

BENEFITS MANAGEMENT

The Human Resources staff attended several seminars, classes and training events throughout the year to keep abreast of the ever-changing compliance issues with regard to employee benefits and to stay current with benefit strategies.

Following are a few benefits-related activities that Human Resources has facilitated this year:

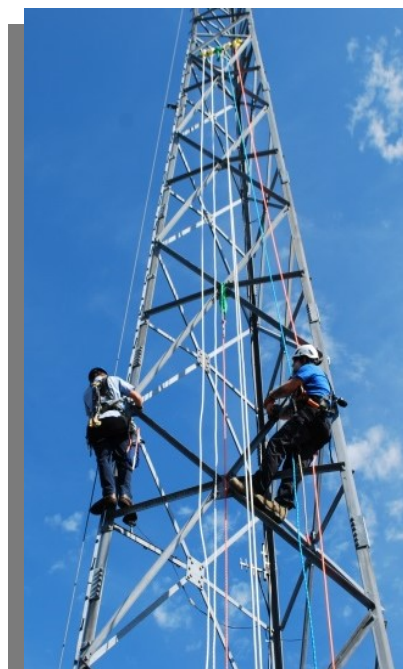
<u>Activity</u>	<u>Statistics</u>
<ul style="list-style-type: none"> • Nationwide Retirement Solutions Retirement Counseling Sessions • 2 Retirements & 1 Disability Retirement • 3 Worker's Compensation Claims • 7 Family Medical Leave Applications • Open Enrollment Information Session • Wellness Fair • Flu Shots • 3 Lunch & Learns • RetireWise Retirement Seminar 	<ul style="list-style-type: none"> • 82% of employees participate in MetCom's medical insurance • 83% of employees participate in MetCom's dental insurance • 55% of employees participate in the 457B Retirement Plan • 51% of employees are enrolled in the Short Term Disability • 45% of employees have additional life insurance • 19% of employees have ancillary insurance (AFLAC) • 1 employee participates the Tuition Reimbursement Program • 43% of employees participate in the Flexible Spending Account (FSA) • 100% employees participate in the State Retirement System (mandatory)

TRAINING & DEVELOPMENT

MetCom works diligently to meet all legal requirements for training as well as provide training that will enhance levels of service to our customers and limit our liability.

Human Resources (HR) helps facilitate and track all required classes for water / wastewater operator and Superintendent Licenses. We currently have 36 licensed employees, with 62 individual licenses and certifications between them. HR further tracks all Commercial Driver's Licenses (CDL's) and physicals associated with such licenses. We currently have 18 employees who hold a CDL license.

As of June 30, 2018, MetCom has 2 Professional Engineers on staff, one Professional Human Resources and Society for Human Resource Management (SHRM) - Certified Professional, and a Certified Professional Public Buyer.



Employees Participating in Tower Climbing Training

In Fiscal Year 2018, employees participated in a total of 269 safety training classes totaling 1783 hours of training. MetCom has received three 3 Training Grants from Local Government Insurance Trust (LGIT) in the amount of \$5,636.

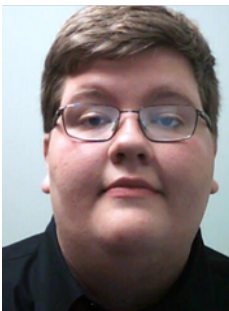


INTERNSHIP PROGRAM

The Metropolitan Commission (MetCom) maintains a paid internship program to assist college students. These programs help students gain industry knowledge they may not learn elsewhere; provides students with real, meaningful work that can be captured on their resumes; brings fresh, new ideas and perspectives; helps the staffing needs of the organization; and could lead to their hiring as a full-time employee with the organization.

Quotes from our recent interns:

- *"Working as an intern with MetCom was an excellent experience that helped me navigate my transition between college and the 'real world'. I was able to learn more about public water utilities than I ever would have imagined, met great coworkers, and the professional setting was beneficial in preparing me for my next career step."*
- *"My internship at MetCom has greatly enhanced my knowledge of a working laboratory and its procedures. I've furthered myself by making some excellent professional connections within the organization. I have enjoyed learning about water quality, a career field that I am very interested in."*
- *"The internship program has given me valuable experience and has helped me learn new skills that I can use in future jobs throughout my career."*
- *"Working at MetCom has been an interesting experience so far. I am hopeful to learn much in the remainder of my time here and very much looking forward to the months ahead. The employees are dedicated to working hard, showing respect for one another, and practicing integrity, and that is a solid basis for and incredibly effective work environment."*
- *"Working as a MetCom intern has given me the opportunity and insight into how a large business operates. I have enjoyed applying skills I have learned in the classroom as well as learning new skills I will be able to use once I graduate college."*
- *"MetCom's internship program has been an exceptionally good experience. Growing up in this area, I never realized all the work that goes in to assuring that drinking water is safely delivered to the community. It makes me take a step back and appreciate all the work that goes into giving me the ability to go home at night, turn the faucet on and have clean water available. While interning here at St. Mary's County Metropolitan Commission I have been able to dive into many projects and get hands-on with current issues, solutions and plans for the future. The fiscal internship is truly setting me up to be successful in my future endeavors. Everyone who has the chance should take full advantage of this opportunity and I can honestly say, I am truly grateful for the friendships, good times and opportunities presented to me through this internship."*



RISK MANAGEMENT

Risk Management is a collaborative effort between the HR Department and the Operations Department. HR and the Chief of Facilities and Operations work together to promote safety and protect the employees and property of MetCom. Several programs are in place to help us with that objective, including a worker's compensation program; drug and alcohol testing program, fully insured liability program and a risk management program. In FY 2018 there were 3 work related injuries reported with workers' compensation claims totaling only \$149.00 and two lost work days.



Employees Participating in Reasonable Suspicion Training

The HR Director and the Safety Officer coordinate MetCom's Drug and Alcohol Testing Program. The Program includes pre-employment, random, reasonable suspicion, post-accident, return-to-duty and follow-up testing. The program also involves coordination with Deer Oaks, MetCom's Employee Assistance Program provider, for substance abuse counseling when needed.

FISCAL YEAR 2018 ACCOMPLISHMENTS

SYSTEM CAPITAL IMPROVEMENTS

- The Construction of two elevated water storage towers and associated production wells located in Hollywood and Charlotte Hall were completed in Fiscal Year 2018. The Hollywood tower provides 500,000 gallons of storage and a 400 gallon per minute (gpm) well. The Charlotte Hall tower provides 400,000 gallons of storage and a 250 gpm well.



Inside the Hollywood Tower Control Room



- Upgrades to the original 1970's wastewater pump station (WWPS) located at St. Mary's Square that serves commercial businesses in and around the St. Mary's Square shopping center was completed in 2018. This project included the construction of a new wet well, control building, emergency generator and pumps.

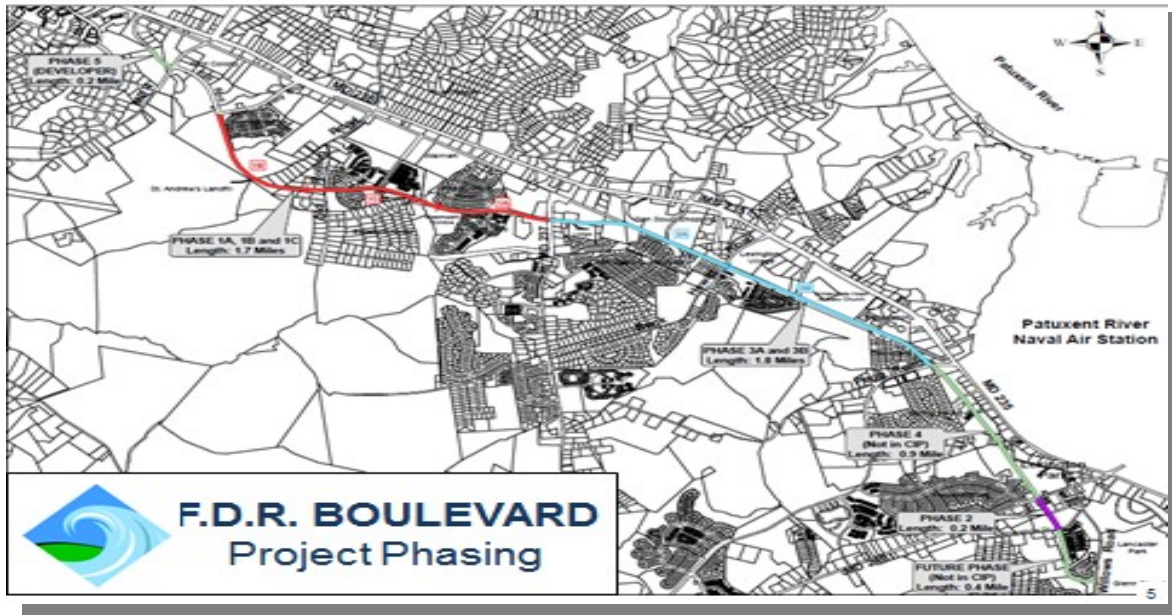


The old St. Mary's Square Wastewater Pumping Station prior to demolition



The new St. Mary's Square Wastewater Pumping Station

- MetCom has completed Phase 1 (in Red) of their portion of the Department of Public Works and Transportation's (DPW&T) FDR Boulevard Extension roadway project.
- In a joint venture via Memorandum of Understanding with the Commissioners of St. Mary's County, Phase 3A and 3B (in Blue) of the FDR Boulevard project from Chancellors Run Road to Pegg Road are currently under design and scheduled to begin construction in the Spring of 2020 for Phase 3A and in the Fall of 2020 for Phase 3B.

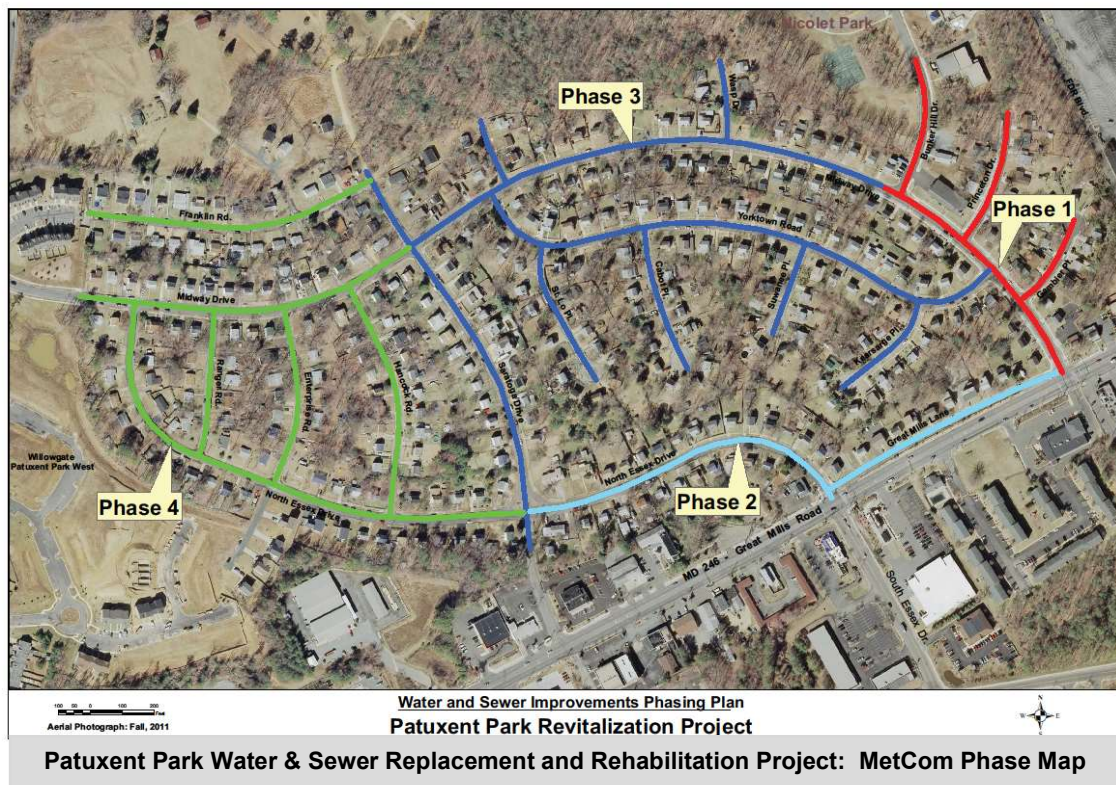


- MetCom is coordinating efforts with St. Mary's Department of Public Works and Transportation (DPW&T) to complete the Patuxent Park revitalization project for which MetCom is rehabbing and installing new water and sewer infrastructure. MetCom has completed Phases 1, 2 and 3 to date. Phase 4 construction notice to proceed should be granted in October 2018. Phase 4 will include the installation of new water mains and service lines, along with the rehabilitation of the existing sewer mains and laterals. A combination of relining efforts and direct replacement will allow for the sanitary sewer system, built in the 1940's, to be upgraded to current MetCom standards and reduce infiltration. DPW&T improvements include storm drain upgrades and replacements along with roadway



**Patuxent Park Water & Sewer Replacement
& Rehabilitation Project:
Phase 3 Water Line Replacement**

and sidewalk revitalization. MetCom's Phase 4 water and sewer underground construction is scheduled to be completed by winter 2019. DPW&T's work is expected to be complete in the spring of 2021.



- In an effort to improve the wastewater treatment and effluent disposal capabilities at the St. Clements Shores Wastewater Treatment Plant (WWTP) Phase A, the Commission completed the first phase of an upgrade project in Fiscal Year 2018. This phase replaced the aeration modules within the treatment bioreactor to improve nitrogen removal and installed sand trenches in two of the four rapid infiltration basins to improve percolation of treated effluent disposal. The treatment upgrades resulted in the facility being able to meet the Maryland Department of the Environment (MDE) guidelines for Biological Nutrient Removal, which will allow properties with failing septic systems in the area of the facility to become eligible for Bay Restoration Fund grants to connect to the facility's wastewater collection system. These upgrades also provide the capacity for additional connections to the facility.



Originally constructed in the 1980s, the St. Clements Shores Wastewater Treatment Plant was expanded in 2000 to serve 100,000 gallons per day (gpd), or approximately 400 EDUs, of wastewater from the surrounding developments. During the winter months, the plant approached the permitted Nitrogen limit (13mg/l) due to sub-optimal temperatures. This phase constructed improvements in the treatment system to improve treatment in the cold months and also improve primary screening to reduce process demands on the treatment system. This phase also was intended to serve approximately 36 newly flowing EDUs which includes 29 EDUs in the Plant's current capacity, but are not yet connected, plus 5 critical septic systems as determined by the Health Department.

An evaluation of disposal system was also completed by Dewberry Consultants and their sub consultant Earth Data. As recommended from these evaluations, improvements to the existing Rapid Infiltration Basins (RIBs), which includes the design, permitting and construction of sand trenches to help increase disposal capacities should be completed in the fall of 2018.

Following the testing and evaluation of the upgrades, MetCom staff along with Dewberry Consultants worked with MDE and were able to request modification of the Plant's discharge permit to qualify it as a Biological Nutrient Removal (BNR) facility with a Nitrogen limit of 8mg/l and qualify new connections to utilize Bay Restoration Funds for connection costs. Notice of these modifications and final approvals from MDE are anticipated by the winter of 2018/2019.



Installation of the sand trenches in the existing RIB facilities

- The Piney Point Water System Replacement project is nearing completion. The Water System was originally built in the mid 1940's as a stand-alone water system built by the Navy and was later taken over by MetCom. The water system serves 135 residential customers and the Lundeborg School. This project replaced the mains that serve 53 of those customers and also added 5 new customers. These upgrades will increase reliability of the system and improve fire flow.



Water Main Replacement

GEOGRAPHIC INFORMATION SYSTEM (GIS) EFFORTS

The Engineering Department also maintains MetCom's GIS database. This database includes the existing locations of the existing water and sewer facilities. In FY18 approximately 5,000 water main segments and 2,100 sewer and force main segments were added to the database. Using this data the engineering department completed a broad brush analysis using GIS. MetCom's billing data was used to analyze possible new connections of properties within close proximity to existing water and sewer facilities.

Property data, provided by the County, including parcel information and locations of structures were used along with MetCom billing information to determine an estimate of non-connected properties within a given distance from water and sewer facilities. This data could be used in the future to reach out to these properties for possible connection. This study will be expanded upon in the coming fiscal year.

Additionally, GIS can be used to illustrate growth in the County. MetCom's engineering staff worked with developers, engineers, and contractors to review and inspect the new water and sewer infrastructure to serve the growth within St. Mary's County.

The department also conducted a desktop GIS survey of the County to evaluate the number of properties within approximately 200 feet of an existing public water or sewer system. The exercise identified over 1,100 water and 1,400 sewer potential customers that might benefit from connecting to publicly maintained systems.

DEVELOPMENT REVIEW

In addition to MetCom funded or Capital Improvement projects, MetCom's Engineering Department reviews developer funded projects to ensure design and construction meet current standards & specifications. These projects range from single and multi-family residential developments to commercial developments including retail, industrial, and restaurants. This allows for a safe and maintainable countywide water & sewer system is achieved through design review and construction inspection performed by MetCom staff. The number of new EDUs are estimated annually as part of the budget process and are critical to the overall funding of the Commission. Some project that from last year include:

- The St. Mary's Marketplace, located on the corner of St. Andrew's Church Road and Three Notch Road, is an example of MetCom working closely with developers and builders to construct water and sewer facilities that will be utilized by the new shopping center. Phase 1 of St. Mary's Marketplace added a total of 29 water and sewer EDUs to the system. These EDUs were divided amongst the Harris Teeter, which is the anchor store of the development, and the other retail stores and restaurants. Phase 2 will consist of a mix of retail and restaurant spaces and will add an additional 22 water and sewer EDUs to the system.



St. Mary's Marketplace Phase 1 Complete and Phase 2 under construction

- Lot 3 of the Aviation Technology Park was also completed this year. The project includes three new buildings with a total of 38,920 square feet of office, production, and warehouse space. A total of 4 new water and sewer EDUs were allocated to this project. To handle the increased flow of the future development at the St. Mary's Airport, improvements are also being made to the existing pump station.

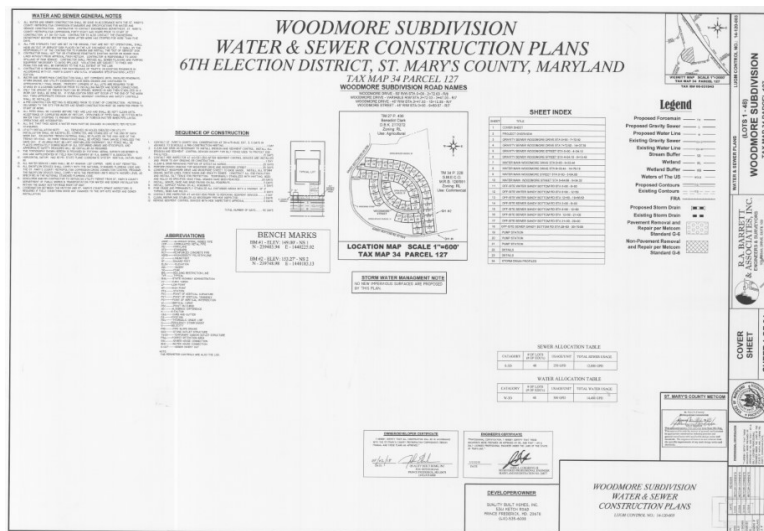


**Upgrades at St. Mary's Airport
Sewer Pump Station**



**Aviation Tech Park Lot 3
construction**

- There are also several residential projects reviewed this past year. Patuxent Cove Phase 1, a multi-family residential development that will consist of 60 residential units and 1 community building. The Woods at Myrtle Point Section 4, which is the recreation center for the development, consisting of a community pool and daycare center. The Woods at Myrtle Point Section 5, a townhome development, was approved for construction and will consist of 86 new townhomes. Woodmore, a new residential development off of Sandy Bottom Road, will be constructed in the future. This development will consist of 48 single family homes and will be served by a new sewer pump station. In all, a total of 207 new water and sewer EDUs will be added to the system with these new developments.



OPERATIONS & MAINTENANCE

SIGNIFICANT ACCOMPLISHMENTS FOR FY 2018 INCLUDE:

Water and Sewer Line Right-of-Way Clearing

In order to quickly access water and sewer lines in the event of an emergency, in Fiscal Year 2014, MetCom began a project to clear rights of way (ROW) for underground water and sewer lines, which are located in wooded areas. During Fiscal Year 2018, approximately 27,000 linear feet of right of way was maintained. Significant areas cleared in Fiscal Year 2018 include the California Run, St. Clements Shores and Wicomico Shores communities.



Saratoga Drive ROW Clearing in Progress



King & Kennedy WPS Clearing for new Well Site

Station Upgrades and Rehabilitation

During Fiscal Year 2018, MetCom completed numerous upgrades and rehabilitation projects on water and wastewater pumping stations. These projects ranged in scope from replacing pumps, fences, emergency generators and piping to complete overhaul of the stations with the ultimate focus on reliability, efficiency and environmental protection. Water stations that were addressed included Ben Oaks, Leonardtown Farms, Wild Goose Crest and Wicomico Shores. Wastewater stations that received upgrades in Fiscal Year 2018 included California Run, Glebe Run Hunting Quarters, Laurel Glen, Spring Valley, St. Mary's City and Waters Edge.



MetCom staff lowering a new packaged pump unit at the Glebe Run Wastewater Pumping Station

Water Tank Inspection and Rehabilitation

MetCom also continued the inspection and prioritized rehabilitation of existing water storage tanks. During Fiscal Year 2018, three water towers and four ground-based water storage tanks were rehabilitated and re-painted. This project will continue in future years in order to improve and maintain the reliability of MetCom's water storage facilities.



**Paw Paw Hollow
Water Tower
following
Rehabilitation**



**Forest Farm Repainted Water Pumping Station
Hydro-Pneumatic Tank**

Fire Hydrant Testing and Identification

MetCom owns and maintains over 1,600 fire hydrants within the 28 water systems. In order to ensure the hydrants are available in an emergency, and to meet the National Fire Protection Association (NFPA) and the Insurance Service Offices (ISO) guidelines, MetCom contracts with a third-party contractor to test and inspect each fire hydrant at least once every three years. In Fiscal Year 2018, 977 MetCom fire hydrants were inspected and tested by our contractor. Each fire hydrant is uniquely identified through a database, and GIS maps are used by local fire departments to quickly locate fire hydrants in an emergency. In FY2019, we hope these efforts will contribute to the successful upgrade to the Bay District Volunteer Fire Department's ISO Public Protection Classification from a Class 3 to a Class 2. This would be significant for the Fire Department and the surrounding community that it serves because virtually all U.S. insurers of homes and business property use ISO's Public Protection Classifications (PPC) in calculating their insurance premiums. In general, the price of fire insurance in a community with a good PPC is substantially lower than in a community with a poor PPC, assuming all other factors are equal.

Sewer Main Line Inspections

Upon review of the collected data, MetCom is able to initiate the most effective rehabilitation strategies. In order to focus and direct rehabilitation efforts on underground sewer mains, MetCom utilizes a series of technologies to help identify and prioritize maintenance and repair efforts. These technologies include Closed-Circuit Television (CCTV) of gravity sewer lines to inspect the inside of pipes, pipe connections and manholes; cellular-based water level monitoring in the pipelines and sewer gas monitoring.



Rover Camera used to conduct inspections

In Fiscal Year 2018, in addition to other smaller sewer line inspection projects, MetCom staff completed an evaluation of a portion of the Three Notch Road Main Interceptor from Wildewood to San Souci. In order to accommodate a Maryland State Department of Transportation storm water management project, near the intersection of Three Notch Road and Miramar Way, MetCom staff also supervised the bypass and re-section of a portion of this interceptor in Fiscal Year 2018.

Underground Sewer Asset Rehabilitation

In an effort to combat corrosion and groundwater infiltration, MetCom maintains ongoing Sewer Manhole / Wet Well Rehabilitation, and Sewer Main / Lateral Line Rehabilitation projects. In Fiscal Year 2018, 50 sewer manholes and 74 sewer lateral connections were rehabilitated, along with over 9,600 linear feet of gravity sewer lines. The primary focus of underground sewer rehabilitation this year was the Spring Valley community of Lexington Park.



Rehabilitated Manhole

Additional Operations and Maintenance Activities included the following:

- Added one (1) additional cellular contract / carrier to Wildewood #1 Water Tower.
- Developer upgrade / expansion to the Airport Wastewater pumping station.
- Completion of the Storm Water Pollution Prevention Plan for the Marlay-Taylor WRF.
- Assisted Insurance Services Office (ISO) by providing data on water systems and fire hydrant flows for the Bay District and Second District Fire Department service areas. ISO is a nationally-recognized organization that rates fire risks and these ratings are used by most insurance companies to determine insurance premiums.

LABORATORY: WATER QUALITY TESTING & ANALYSIS

At the Marlay-Taylor Water Reclamation Facility, the Commission owns and operates a state-of-the-art full services wastewater laboratory. This lab meets and exceeds all Maryland Department of the Environment (MDE) and U.S. Environmental Protection Agency (USEPA) requirements for wastewater laboratory testing, including accuracy testing on Discharge Monitoring Report Quality Assurance (DMRQA) and Standard Methods in the Examination of Water and Wastewater. The Commission is also awaiting final certification as a State Certified Drinking Water Laboratory designation from the MDE for our facility located at the Larry K. Petty Building. As a result, staff will have the capability to analyze nearly 90 total coliform and E.coli test samples in house, which will save the Commission approximately \$700 - \$800 each month.



**Laboratory Supervisor
Samantha Forrest
conducting BOD Analyses**

In fiscal year 2018, approximately 1,200 drinking water samples were collected and analyzed by MetCom staff to determine compliance with the federal Safe Drinking Water Act. These samples

were tested by a third party laboratory and monitor parameters such as bacteria (*coliform*), lead / copper (*triennially*), arsenic, fluoride, nitrates, metals and disinfection byproducts. pH levels are monitored monthly (*624 samples*) and chlorine concentrations are analyzed twice per week (*5,408 samples*) by in-house operations staff at each of our 52 water pumping stations for submission to the MDE. Turbidity is also analyzed only when the operators suspect the water to be cloudy or there are customer complaints regarding cloudy water.

In addition to drinking water sampling, over 28,000 wastewater analyses were conducted in FY 2018 at each of our 5 wastewater treatment plants and 2 facilities operated by MetCom to determine compliance with the federal Clean Water Act. Water quality tests are performed on water entering and leaving each treatment process at the plants and throughout the Commission's distribution system. These analyses consisted of parameters such as bacteria (*coliform*), bio-chemical oxygen demand, nitrogen, phosphorus, suspended solids, pH, dissolved oxygen, acids, alkalinity and chlorine concentrations. The state and federal testing and analyses requirements under the National Pollutant Discharge Elimination System (NPDES) permits helps ensure the quality of the effluent being released into receiving surface waters.

INFORMATION TECHNOLOGY

Last year, a complete upgrade and overhaul of the Supervisory Control and Data Acquisition (SCADA) System was approved. Work began on this project in July of 2017 for the Water system, which will be followed by the Wastewater system in August of 2018. The Water side was completed July 2018 and the Wastewater side is



Programming SCADA Radios

scheduled to be completed in November of 2018. These upgrades split water and sewer frequencies to reduce interference, which significantly decreased the time required to query and update individual stations from a system wide high of 20 minutes or more in poor conditions to approximately 2 to 5 minutes for each system, water and wastewater. We are now operating at a much higher speed and each system has its own clear channel frequency, no more sharing busy frequencies with others in diverse geographical

locations. The SCADA system provides constant monitoring and auto alarm notifications of line pressure, voltage, chlorine levels, water levels in towers / storage tanks, intrusion (security), wet well levels, generator power, pump and pump station status.

- New Enterprise Resources Planning (ERP) software was purchased and installed replacing Fiscal's mix of different programs for performing individual tasks such as Payroll, Time Keeping, Customer Billing, Accounting and Purchasing, etc. Instead of standalone programs from different vendors we now have one interconnected system with central databases to perform these tasks.



SCADA Tower Climb & Rescue Training

- Also getting an upgrade was Cityworks and ARC/GIS. These servers were brought up to the latest releases and integrated with each other which will allow sharing of information including work locations, asset locations and inventory in the field. Several departments including IT and Engineering are continuing to transform old data to the new GIS standard data formats. As these systems mature, our customers, and the public in general, will benefit from functions such as alerts and outages seen in real time on our website.
- MetCom's Website development and upkeep is now managed in house, as IT personnel were able to gain the required skills and knowledge to maintain it. Heather Thomas is our new Webmaster as well as handling IT service and maintenance issues as an IT Tech. MetCom no longer depends on outside contractors other than the actual hosting service itself.
- An initiative to upgrade key computers, servers and workstations has been ongoing through the year. We are redeploying resources and providing upgrades to areas that require special needs or computer power over and above routine use on a regular basis to support the mission, and personal, tasked with high tech, unique or heavy data loads in day to day operations.
- The Metropolitan Commission also negotiates leases with cellular and wireless providers on several of its water towers to generate additional revenue. In FY 2018, we maintained six (6) leases and received over \$143,000 in revenues.

FISCAL

The Fiscal Department completed the following initiatives during FY 2018:

DEBT STUDY PERFORMANCE MEASURES

As follow-up to the Draft Debt Policy Study commissioned in April 2017, and performed by Davenport & Company to provide an update on the financial health of MetCom, key ratios were identified, evaluated and measured during FY 2018.

The following represents four key measurements:

- Annual combined Customer Bill vs. Median Household Income:** The ratio indicates the annual burden for cost of service and bill affordability for ratepayers. This indicator was used in the development of the rates for FY 2019. The measurement is made on an average usage of 5,000 gallons of water per month and again on 7,500 gallons of water per month. The average bill is measurable far less, at 1.24% for 5,000 gallons and just over the 1.5% at 1.51% for 7,500 gallons.

Residential Customer With Both Water & Sewer Service							
FY19 Operating Budget							
		FY18 Actual	FY19 Proposed		FY18 Actual	FY19 Proposed	
		5,000 Gallons/Month			7,500 Gallons/Month		
Water							
Ready-To-Serve Charge		\$ 8.92	\$ 9.19		\$ 8.92	\$ 9.19	
Water Usage		8.05	8.30		16.05	16.55	
System Improvement Charge		11.33	11.71		11.33	11.71	
Water - Proposed Monthly Service Charge		\$ 28.30	\$ 29.20		\$ 36.30	\$ 37.45	
Sewer							
Ready-To-Serve Charge		\$ 16.57	\$ 17.19		\$ 16.57	\$ 17.19	
Sewer Usage		22.50	23.35		33.75	35.03	
System Improvement Charge		15.09	15.09		15.09	15.09	
Sewer - Proposed Monthly Service Charge		\$ 54.16	\$ 55.63		\$ 65.41	\$ 67.31	
Bay Restoration Fee		\$ 5.00	\$ 5.00		\$ 5.00	\$ 5.00	
Total Proposed Monthly Service Charge		\$ 87.46	\$ 89.83		\$ 106.71	\$ 109.76	
<i>Increase</i>			\$ 2.37			\$ 3.05	
<i>% Increase</i>			2.71%			2.85%	
St. Mary's County Median Household Income (In 2015 dollars), 2011-2015 US Census Bureau							
			\$ 86,987			\$ 86,987	
MetCom Annual Bill % of Annual MHI			1.24%			1.51%	
Target Annual Bill % of Annual MHI			1.50%			1.50%	

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 1.26 – 1.60. This means MetCom can fund its debt service requirement 1.28 times after all operational expenses.

Debt Service Coverage Ratio			
	FY17	FY18	FY19
	Actual	Actual	Budget
Operating Revenues*			
Service Charges	\$ 13,395,427	\$ 13,762,799	\$ 14,353,372
Debt Service Charges	10,129,405	10,396,956	10,421,130
Miscellaneous	362,484	255,092	448,518
Total Operating Revenues	\$ 23,887,316	\$ 24,414,847	\$ 25,223,020
Operating Expenses**			
Direct Operating Expenses	\$ 7,663,348	\$ 8,042,250	\$ 8,824,654
Administrative Expenses	5,542,092	5,027,202	5,608,783
Total Operating Expenses	\$ 13,205,440	\$ 13,069,452	\$ 14,433,437
Net Revenues	\$ 10,681,876	\$ 11,345,395	\$ 10,789,583
Debt Service			
Principal	\$ 6,231,799	\$ 6,028,408	\$ 6,545,072
Interest	2,366,572	2,814,809	2,989,985
Total Debt Service	\$ 8,598,371	\$ 8,843,217	\$ 9,535,057
Debt Service Coverage Ratio	1.24	1.28	1.13
Target Debt Service Coverage Ratio		1.25-1.50	1.25-1.50

- **MetCom's Sufficient Operational Reserves:** Measurement of liquidity that gauges flexibility to pay near term obligations. Operational reserves should be maintained between 90 and 180 days. FY 2018 measured at 254 days. Exceeding the target, allows for operational leeway in future budgeting.

Sufficient Operational Reserves				
	FY16	FY17	FY18	FY19
	Actual	Actual	Actual	Budget
Unrestricted Reserves				
General Fund Reserves				
Capital Liquidity Reserves	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000	\$ 3,500,000
Remaining Operational Reserves	2,544,416	1,904,898	2,275,575	2,339,402
Total General Fund Reserves	\$ 6,044,416	\$ 5,404,898	\$ 5,775,575	\$ 5,839,402
Other Unrestricted Reserves	3,218,979	3,263,183	3,307,387	3,133,235
Total Unrestricted Reserves	\$ 9,263,395	\$ 8,668,081	\$ 9,082,962	\$ 8,972,637
Restricted Reserves	\$ 11,302,534	\$ 11,922,819	\$ 13,059,219	\$ 7,819,511
Total Reserves	\$ 20,565,929	\$ 20,590,900	\$ 22,142,181	\$ 16,792,148
Total Operating Expenses	12,645,697	13,205,440	13,069,452	14,433,437
Operating Expenses Per Day	34,646	36,179	35,807	39,544
Days Cash on Hand				
General Fund Capital Liquidity	101	97	98	89
General Fund Remaining Operational	73	53	64	59
Other Unrestricted	93	90	92	79
Total Unrestricted Reserves	267	240	254	227
Target Unrestricted Reserves - Days Cash On Hand			90-180	90-180

- **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.

Outstanding Debt vs Operating & Debt Service Revenues						
		Audit		Audit		Budget
		FY17		FY18		FY19
Total Debt:						
Total Debt All DHCD & Drawn MDE		\$ 94,701,401		\$ 92,021,460		\$ 105,514,250
Total Debt Undrawn MDE		605,531		8,386,751		-
Total Debt Drawn & Undrawn		\$ 95,306,932		\$ 100,408,211		\$ 105,514,250
Operating & Debt Service Revenue:						
Service Charges		\$ 13,395,427		\$ 13,762,799		\$ 14,353,372
Debt Service Charges		10,129,405		10,396,956		10,421,130
Miscellaneous		362,484		255,092		448,518
Total Operating & Debt Service Reve		\$23,887,316		\$24,414,847		\$ 25,223,020
Outstanding Debt (Drawn & Undrawn) to Operating & Debt Service Revenues						
		3.99	X	4.11	X	4.18
Target - 5X or Below				5X or Below		5X or Below

MetCom has implemented best practices which have aligned project timing with future borrowing, set The Study further points out that we have recently implemented many best practices that have, better aligned project timing with future borrowing, and limited the amount of new debt to help reduce rate pressure on customers.

RATE STUDY UPDATE

As reported in the General Overview, MetCom requested an addendum to the 2014 Water and Sewer Rate Study, which was previously completed in 2015. The rate study consisted primarily of a revenue sufficiency and rate structure analysis, which provided specific recommendations related to the pricing of water and sewer service in the Commission's service area. The addendum added context, analysis, and narrative to a select set of issues relating to MetCom's operating utility rates since the completion of the 2014 study.

INTEGRATION OF A NEW ENTERPRISE SOFTWARE

As briefly reported in the Information Technology section, the MetCom Board budgeted for and obtained proposals for a new Enterprise Software. Edmunds & Associates, Inc. was awarded the project and through testing and implementation, the software went live in May, 2018. The Enterprise solution provides a finance super suite, personnel suite, utility & tax collections suite, permitting & code enforcement, accounts receivable, licensing & escrow suite, and finally web portals & applications suite.

HUMAN RESOURCES

HANDBOOK UPDATE AND REVISION

During Fiscal year 2019, a complete Personnel Handbook update was completed by the Human Resources Department. Over the years the Commission has adopted new policies or revised existing policies, which had never been formally added to the Personnel Handbook. Also, over the past several years federal and state laws have changed. For example, Maryland has mandated *Sick and Safe Leave* containing several provisions relating to how and organization must provide leave to its employees. These new laws have rendered some of the content of the old handbook outdated and out of legal compliance.

Legislative changes and recent workplace incidents led to the need for revisions and additions to the existing handbook. This was a comprehensive process, where input was sought from managers and supervisors and discussed among department heads. Updates, revisions, and additional policies to the Handbook were prepared in-house for review and adoption by the Board. This process will take place at least every five years.

SCHOLARSHIP FOR THE CHILDREN AND GRANDCHILDREN OF METCOM EMPLOYEES

A Scholarship for the Children and Grandchildren of MetCom Employees was established and was awarded for the first time at the St Mary's County Business, Education and Community Alliance (BECA) Scholarship Awards Celebration. This Scholarship program is funded by the generous donations of a Metropolitan Commission Board Member, Mr. Keith Fairfax, and is independently administered through the BECA. No customer/rate payer's monies being utilized to establish or supplement the Scholarship. Employees also have the opportunity to personally contribute to the Scholarship fund through payroll deduction. The Scholarship consists of a total award of \$2,500, shared among up to five applicants, not less than \$500 per applicant with a maximum of \$1,000 awarded per applicant. Eligible applicants include high school seniors, high school graduates or current college students who are children, step children or grandchildren of Metropolitan Commission employees, who have earned a minimum 2.5 cumulative high school or college Grade Point Average and plan to enroll full time in an accredited college or in an accredited vocational training program.



CHRISTMAS IN APRIL

On December 21, 2017, MetCom employees participated in an annual holiday pot-luck luncheon marking the completion of fundraising efforts for MetCom's selected charity, Christmas in April St. Mary's. The fundraising committee presented a check for \$2,726.00 to Darene Kleinsorgen, Executive Director, and



Howard Thompson, President, Christmas in April St. Mary's. Contributing to a local charity has been a longstanding tradition at the Metropolitan Commission. The Employees of MetCom also actively participated in the 2018 Christmas in April event and teamed up with several other volunteers to perform such chores such as light carpentry, painting, yardwork and landscaping on the assigned home. 2019 will be the second year employees have participated and they plan to keep up the tradition. To learn more, or to volunteer with Christmas in April St. Mary's, visit their website at www.christmasinaprilsmc.org.



2018 Christmas in April MetCom Team

ADMINISTRATIVE

CHAPTER 113 TASK FORCE

At the May 23, 2017 joint meeting between the Commissioners of St. Mary's County (CSMC) and Metropolitan Commission (MetCom), it was agreed to establish a Task Force to propose amendments to Chapter 113 – Sanitary Districts of the St. Mary's County Code and present recommendations for consideration in preparation for the 2018 Legislative Session. Beginning on July 12, 2017, the 14 member Task Force met no less than twice monthly. Meeting times and dates were posted (*onsite and webpage*) and distributed to the media / County PIO and minutes of the Task Force meetings were posted on MetCom's Public Meetings web page.

The recommended text amendments were submitted by the Task Force on October 4, 2017, which included a formal written endorsement by the Health Department, dated September 29, 2017, unanimous approval by both the Metropolitan Commission on November 7, 2017, and the Commissioners of St. Mary's County on November 7, 2017. The text amendments were then formally drafted in legislative format and tracked as HB 275. Testimony was to the Legislative Committee presented on February 13, 2018 by the Executive Director, George Erichsen, Commission member Keith Fairfax, MetCom's Legal Counsel Christopher Beaver

and Delegate Clarke in support of the Bill. The Commissioners of St. Mary's County and Metropolitan Commission also forwarded support letters to the Environment and Transportation Committee in March 2018.

The State Education, Health and Environmental Affairs Committee voted in favor of the Bill on March 30, 2018, which passed the Senate on April 4, 2018 and was eventually approved by the House and then signed by Governor Hogan on April 10, 2018. The text amendments, effective October 1, 2018, will benefit the citizens of St. Mary's County and provide the Metropolitan Commission with some additional flexibility and opportunity to better serve and expand its customer base.



Governor Hogan Signing House Bill 275

FISCAL YEAR 2019 PLANS & OBJECTIVES

OPERATIONS

Continue with technology upgrades and rehabilitation projects to sustain reliability and environmental protection, which include:

- Upgrading the water supply system in the Landings at Piney Point community by installing a hydro-pneumatic water storage tank, and re-piping this system. This upgrade will improve reliability by efficiency by stabilizing the water system pressure and reducing pumping cycles.
- Ensuring reliability at our remote pumping facilities by replacing five aged generators with new units equipped with the latest technology. Replacing our largest sewer cleaning truck with a new vehicle equipped with the latest technologies.
- Performing pump upgrades at three wastewater treatment facilities: Airedale Road Wastewater Treatment Facility, Marlay-Taylor Water Reclamation Facility and St. Clements Shores Wastewater Treatment Facility.
- Continuance of third-party inspections of water storage tanks in order to identify and plan for tank rehabilitation projects.
- Continuance of the sewer manhole and gravity sewer main rehabilitation projects.
- Update the Sewer Use Regulations (SUR) and develop Water Use Regulations (WUR).
- Assume ownership of the Charlotte Hall Square Treatment Facility.

INFORMATION TECHNOLOGY

This past year has seen an abundance of growth regarding our information technology systems and we look forward to the following projects in FY 2019:

- Improve Hydrant Locator Software with online accessibility.
- Create GIS.METCOM.ORG website in house.
- Install and configure new ERP software.
- Upgrade SCADA communications link to Microwave Relay.
- Consolidate and retire several file servers.
- Upgrade environmental cooling systems in server rooms.
- Increase online storage and streamline backup systems.
- Functionally merge GIS, Cityworks and ESRI.
- Upgrade to Windows 10 for workstations.
- Upgrade and install new monitors, specifically larger monitors for all technical users.

FISCAL

Software Upgrades. With the implementation of the new Enterprise Software, MetCom will continue to bring modules on-line, such as permitting, vendor access, and employee interface. These interfaces will improve employee efficiency and more importantly, enable MetCom to provide better financial processing, budget analyses, and improved customer service.

Investment Policy. MetCom's goal is to identify investment options to grow additional reserves to meet the established reserve policy. Working within the guidance of the investment policy while maintaining liquidity, we have implemented two new financial investment programs, Certificate of Deposit Account Registry Service (CDARS) and Insured Cash Sweep (ICS), which have realized improved rates of return and will be monitored during FY 2019. The interest earnings on our daily checking will also be under review and renegotiated for a possible increase in rates.

Legislation. With the approved Legislative amendments to Chapter 113 of the Code of St. Mary's County made effective on October 1, 2018, MetCom will proceed with the implementation of three connection incentive programs which will be designed to be self-sustaining and to help build MetCom's customer base; loans for individual connections, special assessment districts for community residential connections and the deferral of Capital Contribution Charges for new development. FY 2019 will be spent developing procedures, guidelines, and applications for these new programs. FY 2019 will also allow for the identification of funding sources to provide the connection loans and to compensate for the revenue impact of deferred capital contribution collections.

Rate Study Implementation. The rate study addendum was initiated in FY 2018 and finalized in FY 2019. MetCom's plan is to review the various options to potentially reduce the rate of increase of MetCom's rates and charges. One option is to transition a reduction in rate increase from the current 3.75% (sewer) to 2% and from 3% (water) to 1.5% over the subsequent five year planning period. The review and selected alternative will occur in FY 2019 for possible rate adjustment implementation in FY 2020.

SYSTEM CAPITAL IMPROVEMENTS

There are several previously approved capital projects that should be moving forward during the upcoming fiscal year:

- **Piney Point Water System** – Construction for the replacement of the existing water system originally built in the 1940's will be complete in the winter of 2018. The Project will have replaced over 3,200 linear feet of waterline and add approximately 2,500 linear feet of new water main to service 135 residential and 110 commercial customers.
- **Piney Point Wastewater Pumping Station and Water Station** – Design for the major upgrade and partial replacement of the existing wastewater pumping station built in 187 is approximately 75% completed with the water station design (*relocation of station and tanks*) to begin by Fall 2018.
- **Great Mills Wastewater Pumping Station Upgrade** – Design for the upgrade was completed and Board of Appeals approval was granted on July 26, 2018. The Notice To Proceed with construction was granted to the contractor on August 28, 2018.
- **Hickory Hills Water Storage Tower & Well** – Design is 90% complete. Construction is expected to be bid and awarded during fiscal year 2019. The original 1992 water storage tower will be replaced with a new 2 million gallon facility to serve the greater Lexington Park water system. The new production well will provide 700 gallons per minute which will balance production, increase efficiency as well as reduce the load on the Aquia Aquifer.
- **FDR Boulevard Phase 3** – The design for this Phase of FDR Boulevard is 90% complete, and has been coordinated with the County's roadway construction project. Approximately 9,750 linear feet of new waterline between MD 237 and Pegg Road will be installed in two phases. Design is anticipated to be competed with construction funding programmed in FY 2019 and FY 2020.
- **Pine Hill Run Interceptor Sewer Rehabilitation** – The Pine Hill Run Road Interceptor Sewer Rehabilitation project will rehabilitate approximately 1900 linear feet of existing 33" diameter sewer pipe to repair corrosion damage caused by hydrogen sulfide. The proposed 42" diameter pipe will provide increased capacity in this section of the interceptor sewer which is located

along Pine Hill Run Road adjacent to the Marlay-Taylor Water Reclamation Facility (MTWRF). This sewer main carries the sewer flow from all of Lexington Park, California and Hollywood to MTWRF for treatment. Construction is expected to begin in December 2018 and should be completed in the summer of 2019.

- **St. Clements Shores Water System Replacement** – Construction for Phase 1 is scheduled to be complete in the fall/winter of 2018. This phase included the replacement of the existing water system originally built in the 1940's were received in March 2017. Design of Phase 2 is scheduled to be complete in fiscal year 2019.
- **St. Clements Shores Wastewater Treatment Plant** – The design for Phase A is and construction for Phase A is complete and will allow MetCom to reliably treat and discharge up to 34 new connections consisting of 5 residential properties determined by the Health Department to be failing and 29 properties with allocated EDU's, but have not yet been connected. It is anticipated that MDE will approve a modified discharge permit making this a BNR facility in the winter of 2018. This will allow new connections to qualify for BRF to aid in connection costs.

Design of Phase B of the plant expansion will be starting in fiscal year 2019. Phase B will provide additional disposal capacity at this 30+ year old facility and ensure service to approximately 149 customers that are currently on the Plant's waiting list to receive capacity allocations (EDU's) at LUGM. The project will also increase the Plant's flow from 36,250 gallons per day.



St. Clements Shores WWTP: Existing Lagoon

- **Town Creek Water System** – Phase 1 construction is scheduled to begin for the replacement of the deteriorating water system that was originally built in the 1950's. Waterlines will be increased from 2 inches to 8 inches in diameter to improve flow, reliability, level of service for domestic and fire use. Design is near completion.
- **Hunting Quarter Well #1 Replacement** – This replacement project will replace the existing #1 well that was drilled in 1987 and should have had a useful life of 50 years but unexpectedly failed in July 2017. The new 8 inch well will be 650 feet deep and will draw off of the Aquia aquifer. Construction is expected to take about two months and should begin in the fall of 2018.

- **King Kennedy Water System Replacement** – Phase 1 will add a second production well and connection to the existing water system that serves the King Kennedy sub-division. The new 10 inch well will be drilled 800 feet into the Patapsco aquifer. Construction is expected to begin in the winter of 2019 and should take three months to complete.
- **Energy Audit** – An energy audit will be conducted by the Maryland Environmental Service to determine if there are any operational efficiencies for upgrade and/or replacement of conventional electrical equipment to more energy-efficient equipment. This includes lighting, pump motors, starters and variable speed drives with the primary goal to reduce operational energy costs.
- **Facilities Conditions Assessment** – An update to the prior 2009 5th and 8th District Facilities Plan will be prepared and should include all other systems in the remaining Districts. This study will evaluate the age and condition of all existing facilities and provide guidance for future capital improvement projects.

SUMMARY OF FY 2018 STATISTICS AND DATA

<u>Description</u>	<u>Number</u>
Replacement Value of Plants and Stations	\$99.6M
Sewage Treatment Plants	5
Population Served (Estimated)	57,577
Sewage Pumping Stations	64
Residential Grinder Pumps	1,700
Miles of Gravity Sewer Line	159
Miles of Sewer Force Main	122
Sewer Customers	13,332
New Sewer EDUs	155
Gallons Wastewater Conveyed	1.5 Billion
Water Systems	28
Population Served	61,858
Well Sites	52
Water Towers	18
Miles of Water Line	24
Miles of Water Main	262
Water Meters	15,166
Water Customers	15,581
New Water EDUs	103
Gallons Water Supplied	1.4 Billion
MDE Permits	
Water	43
Sewer	5
Full Time Employees (Funded)	95
Plans Reviewed	
Capital Project Review	28
Development Review	68
Plat Review	35
Connection Permits Issued	248

