

# FIVE-YEAR PLANNING

## The Connection between Operating & Capital Planning

The goal of a five-year financial plan is to measure future operating and capital costs and to fund those costs in the most efficient and responsible manner possible. The County implements five-year financial forecast models for all major funds to aid with both operating and capital budget plans. Five-year plans are used for its General Fund, Water & Sewer Fund and the Solid Waste Fund. Our financial models have the ability to adjust current and future revenues to fulfill the desired service level requirements. The outcome of compiling financial plans is to determine the amount of additional debt that the County can issue over a five-year period in order to make fiscally sound management decisions as it relates to future infrastructure.

## Trends and Assumptions for Estimates

Numerous assumptions are required in order to plan five years of revenues and expenditures. Financial forecasts can and will have many factors that affect the estimates. Two of the major factors are economic conditions and political policy. Few economists can accurately predict when the next major recession or the next recovery will occur, however, changes in the economy must be measured along with the growth in businesses and population of the community. Political policies and philosophies such as land use, smart growth, and "no new taxes," contribute significantly toward future estimates. The Comprehensive Plan is taken into consideration when developing assumptions for the five-year plans. The Comprehensive Plan is a long range plan that guides policy, investment, program, and land use decisions within the County. An update of the Comprehensive Plan is currently underway.

Revenue forecasts are generally based on recent historical data mixed with any known facts that may affect future revenues. For example, if the prior year growth rate for new property was 7%, but a policy adopting a 5% tax cap increase were to take effect, historical information is less important. If future rate or fee changes are unknown then it is assumed that they will remain at the current level. Revenue estimates are extremely important in our financial plans, as they tend to be the locomotive that pulls the Capital Improvement Program (CIP) and Operating Budget trains.

Expenditures are estimated by applying inflationary factors to base year budgets. Future salary and fringe estimates assume an annual COLA and a merit increase of approximately 3%. Operating costs assume the current baseline adjusted for inflation plus the operating impacts from the Capital Improvement Program which were reviewed with the Commissioners during the CIP process. Debt service is estimated based on what is required to pay the existing debt service, new capital leases, and the bonds required to complete the proposed CIP.

## Linking the County's Goals and Long Range Financial Plans

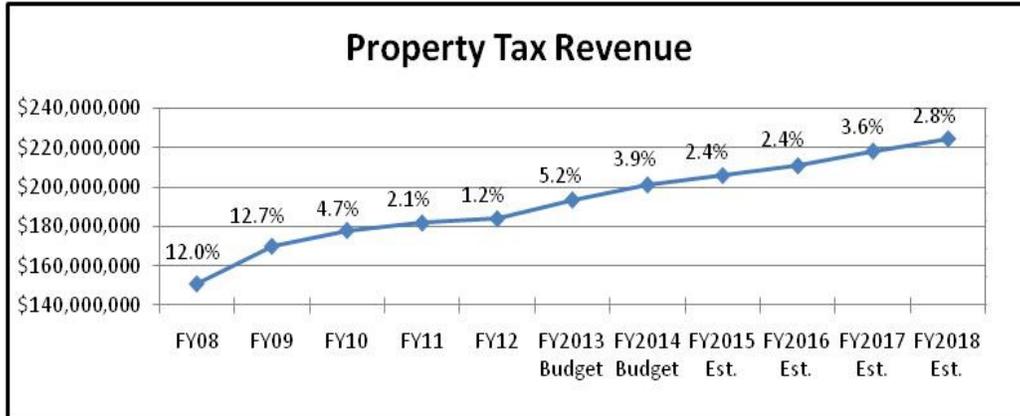
The goals of the County must be considered and incorporated into the County's Five Year Plans. These goals may have a direct impact on the operating budget or may impact the operating budget due to the increase in debt service related to bonds issued for capital projects.

<b>Fund:</b>	<b>Improve Economic Development &amp; Tourism</b>	<b>Enhance Infrastructure</b>	<b>Efficiency of Government Operations &amp; Services</b>	<b>Comprehensive Planning</b>	<b>Support Achievement of Education Benchmarks</b>	<b>Maintain a High Level of Public Safety</b>	<b>Environmental and Energy Awareness</b>
<b>General</b>	<b>Operating:</b> <ul style="list-style-type: none"> <li>Increased funding for Tourism &amp; Economic Development</li> <li>Waterfront Development Concept Implementation Plan</li> </ul> <b>Debt Service:</b> <ul style="list-style-type: none"> <li>Port Tobacco Historic District Revitalization</li> <li>Benedict Waterfront Village Revitalization</li> <li>Hughesville Streetscape</li> <li>Indian Head Tech Park</li> </ul>	<b>Operating:</b> <ul style="list-style-type: none"> <li>Local Share of VanGo program</li> <li>New Nuisance Abatement Fund</li> </ul> <b>Debt Service:</b> <ul style="list-style-type: none"> <li>Drainage Improvements</li> <li>Road Projects</li> <li>Welcome Signage</li> </ul>	<b>Operating:</b> <ul style="list-style-type: none"> <li>Vision 2020</li> </ul> <b>Debt Service:</b> <ul style="list-style-type: none"> <li>Multi-Generational Center</li> <li>Automation &amp; Technology</li> </ul>	<b>Operating:</b> <ul style="list-style-type: none"> <li>Zoning Update</li> <li>Various Planning Studies</li> <li>Housing Stock Study</li> </ul>	<b>Operating:</b> <ul style="list-style-type: none"> <li>New High School</li> </ul> <b>Debt Service:</b> <ul style="list-style-type: none"> <li>Continued support of the Sheriff's Office and Department of Emergency Services</li> </ul>	<b>Operating:</b> <ul style="list-style-type: none"> <li>Lighting Retrofits</li> <li>Agricultural Preservation</li> <li>Rural Legacy</li> </ul>	
<b>Water &amp; Sewer</b>	<b>Debt Service:</b> <ul style="list-style-type: none"> <li>Indian Head Tech Park</li> <li>Hughesville Package Treatment Plant</li> </ul>	<b>Operating:</b> <ul style="list-style-type: none"> <li>Water Model</li> </ul> <b>Debt Service:</b> <ul style="list-style-type: none"> <li>Patuxent Aquifer Study</li> </ul>	<b>Debt Service:</b> <ul style="list-style-type: none"> <li>Automation &amp; Technology</li> </ul>				<b>Operating</b>
<b>Solid Waste</b>		<b>Operating Reserves:</b> <ul style="list-style-type: none"> <li>New Landfill Cell</li> </ul>	<b>Debt Service:</b> <ul style="list-style-type: none"> <li>Automation &amp; Technology</li> </ul>				

# GENERAL FUND FIVE-YEAR PLAN

## General Fund:

The major revenue source for the General Fund is **Property Tax** which accounts for 59% of the County's General Fund revenue. Tax revenues are derived from the assessed values provided by the Maryland Department of Assessments and Taxation. The County takes the current data from the tri-annual assessment and estimates a future growth rate. Growth in property tax revenue is expected to range from 3.9% to 2.4% in FY2014 to FY2018. The increase in FY2014 includes a 7.9% increase in the Property Tax Rate which offset an overall decline in the assessable base of approximately 4%. The increase in FY2017 includes estimates for a natural gas generation facility. For planning purposes, the property tax rate is assumed to stay constant in FY2015 to FY2018.



**Income tax** is the County's second largest revenue source. The FY2014 Adopted Budget is estimated to be 8.3% greater than the FY2013 Adopted Budget and includes a tax rate increase of 4.5% effective Calendar Year 2014. The FY2015-FY2018 Income Tax revenue is estimated to increase from 4.0% to 5.0% in the out years due to increased wages and population growth in the County. It is assumed that the local income tax rate remains at 3.03% of an individual's Maryland taxable income. All other revenue sources are expected to grow at moderate rates. Operating revenue growth is expected to range from 2.9% to 4.2% between FY2015 to FY2018.

Total growth in expenditures is expected to range from 2.9% to 4.0% in the out years with the exception of FY2015 which is estimated to increase 6.7% due to the operating impact associated with opening a new high school. Other exceptions to the principle of inflating the baseline expenditure budgets are:

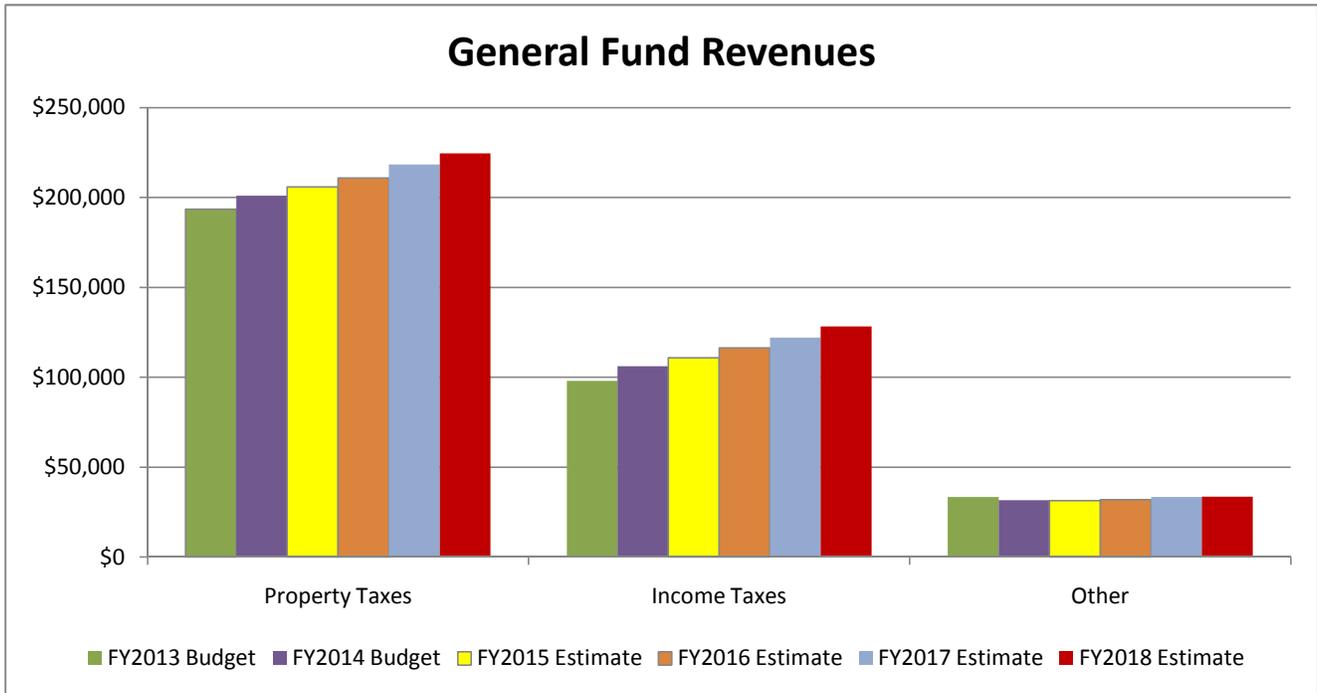
- **Board of Education:** In FY2014, the Board of Education funding includes \$4,989,600 due to the State shift of Teacher's pension and \$4,000,000 for a step/level salary increase for all eligible employees and other one-time funding. The FY2014 allocation includes \$2,000,000 for non-recurring costs that will not be part of the Maintenance of Effort. The State mandated Maintenance of Effort requires Counties to provide at least as much education per pupil as provided in the previous fiscal year and also requires that counties pay for the additional pension costs due to the pension shift. The phase-in period for pension began in FY2013 and reaches full funding in FY2016 (50/65/85/100%). Pension cost estimates were provided by the State for planning purposes. The FY2015-FY2018 estimates assume that the County continues to fund the Maintenance of Effort, the increase in pension costs, and provides additional funding for the opening of the new high school.
- **Debt Service:** The amount of operating revenues dedicated to debt service is currently 5.6%. FY2015-FY2018 estimates assume that debt service will begin to gradually increase to 7.0% of Operating Revenues. The maximum percentage of Operating Revenues allowed per the County's debt policy is 8.0%.
- **Tourism:** The County Commissioners approved the tourism destination plan recognizing the importance of the tourism industry as an economic engine that contributes to the economy in visitor spending and jobs. Additional funding for tourism is being phased in between FY2013-FY2016.
- **State's Attorney:** Funding for new positions to assist the agency in handling additional work load is planned to be phased in between FY2013-FY2015. This will increase the agency's staffing to a more comparable level to other local State's Attorney's Offices.
- **Operating Impacts:** The current Five Year plan also takes into consideration the operating cost impacts of the Capital Improvement Program.

The current model estimates deficits in the out years. Decisions will need to be made to bring the budget into balance.

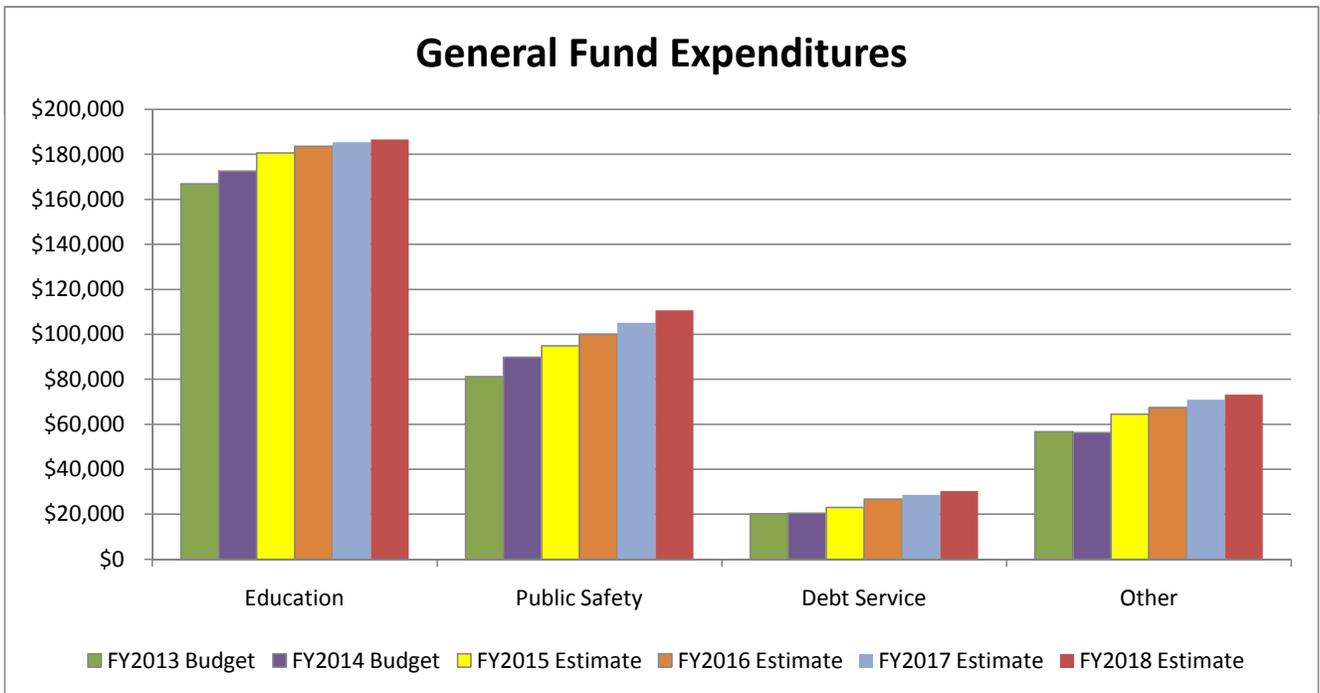
# GENERAL FUND FIVE-YEAR PLAN

<i>(\$ in thousands)</i>	FY2013 Budget	FY2014 Budget	FY2015 Estimate	FY2016 Estimate	FY2017 Estimate	FY2018 Estimate
<b><u>Revenues</u></b>						
Property Taxes	\$193,462	\$201,088	\$205,843	\$210,789	\$218,287	\$224,490
Income Taxes	98,113	106,240	110,803	116,343	122,160	128,268
Recordation Tax	10,500	10,500	10,500	10,500	10,500	10,500
Other Local Taxes	2,704	2,916	2,974	3,034	3,094	3,156
Service Charges	6,498	5,886	6,004	6,124	7,484	7,634
Intergovernmental	1,721	2,127	2,169	2,213	2,257	2,302
Licenses & Permits	926	930	949	968	987	1,007
Fines & Forfeitures	1,562	2,378	2,426	2,474	2,524	2,574
Rent/Miscellaneous	2,511	2,426	2,650	2,874	2,899	2,924
<b>Operating Revenues</b>	<b>\$317,998</b>	<b>\$334,491</b>	<b>\$344,316</b>	<b>\$355,318</b>	<b>\$370,192</b>	<b>\$382,855</b>
<i>Total Revenues % increase over prior year</i>		5.2%	2.9%	3.2%	4.2%	3.4%
<b><u>Expenditures</u></b>						
Education	\$166,910	\$172,594	\$180,607	\$183,666	\$185,305	\$186,626
Public Safety	81,248	89,792	94,912	99,967	105,170	110,664
Debt Service	20,223	20,430	23,044	26,667	28,686	30,303
Public Works	17,069	17,550	18,429	19,195	20,618	21,264
Fiscal & Administrative Services	5,528	5,788	6,047	6,315	6,591	6,881
Community Services	6,148	6,480	6,797	7,126	7,465	7,821
Planning & Growth Management	2,478	2,725	2,864	3,007	3,156	3,312
General Government	13,825	15,147	16,875	18,049	19,059	20,108
Health & Social Services	4,109	4,090	4,139	4,195	4,259	4,322
Conservation of Natural Resources	597	643	668	694	720	748
Economic Development	1,293	1,505	1,552	1,601	1,651	1,703
Reserve for Contingency	131	505	3,900	3,900	3,900	3,900
<b>Total Expenditures</b>	<b>\$319,559</b>	<b>\$337,249</b>	<b>\$359,835</b>	<b>\$374,381</b>	<b>\$386,581</b>	<b>\$397,652</b>
<i>Total Expenditures % increase over prior year</i>		5.5%	6.7%	4.0%	3.3%	2.9%
<b>Operating Surplus/(Deficit)</b>	<b>(\$1,561)</b>	<b>(\$2,759)</b>	<b>(\$15,519)</b>	<b>(\$19,064)</b>	<b>(\$16,389)</b>	<b>(\$14,797)</b>
<b><u>Financing Sources / (Uses)</u></b>						
Source: Fund Transfers In	350	1,050	1,000	1,000	1,000	1,000
Source: Lease Proceeds	1,729	609	2,415	2,463	2,513	2,563
Source: Fund Balance Appropriation	4,997	2,922	340	270	270	0
Use: Excise Tax Debt Subsidy	(2,686)	0	0	0	0	0
Use: Lease Purchase	(1,729)	(609)	(2,415)	(2,463)	(2,513)	(2,563)
Use: Capital Projects	(1,100)	(1,213)	(868)	(943)	(976)	(612)
<b>Projected Surplus/(Deficit)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$15,047)</b>	<b>(\$18,737)</b>	<b>(\$16,095)</b>	<b>(\$14,409)</b>

# GENERAL FUND FIVE-YEAR PLAN



Tax Revenue from Property and Income are the primary contributors now and in the foreseeable future.



The current budget can be broken down as approximately 51% Education, 26% Public Safety, 6% Debt Service, and the remaining 17% for all other functions.

# GENERAL FUND DEBT AFFORDABILITY

Debt Affordability represents the marginal amount of long term debt that can be added to current debt and still maintain a reasonable ratio of annual principal and interest expenditures to total operating revenue, exclusive of additional revenue sources. Per the County's Debt Policy, the five-year financial plan will help determine the amount of debt that can be issued while maintaining a debt service ratio to the operating revenues of less than 8%. The current tax structure is assumed in estimating future year revenues.

New bond issue with a : 15 year term and interest rates of:

2.50% 3.00% 3.50% 4.00% 4.50%

(\$ in thousands)

HOW MUCH CAN WE AFFORD?	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY14-FY18
Affordable Bond Issue	\$20,900	\$20,000	\$21,700	\$18,200	\$21,700		\$102,500
FY14-FY18 CIP	(20,637)	(28,400)	(20,438)	(17,428)	(14,671)		(101,574)
Variance per Fiscal Year (Affordable vs. Requested)	\$263	(\$8,400)	\$1,262	\$772	\$7,029		\$926

## ADDITIONAL AFFORDABLE DEBT

How we calculate the additional affordable debt:

Total Operating Revenue Projection	\$334,491	\$344,316	\$355,318	\$370,192	\$382,855	\$396,189
Less: Dedicated Revenues	(4,206)	(4,258)	(4,302)	(4,367)	(4,422)	(4,480)
Total Adjusted Operating Revenues	\$330,285	\$340,058	\$351,016	\$365,825	\$378,433	\$391,709
Multiply the Adjusted Operating Revenue by % of Debt Policy Target:	5.56%	6.05%	6.55%	6.75%	6.90%	7.00%
Subtotal	\$18,367	\$20,574	\$22,992	\$24,693	\$26,112	\$27,420
Dedicated Stadium & Courthouse Rent	912	912	912	912	912	912
<b>Total Available for Debt Service Payments</b>	<b>\$19,279</b>	<b>\$21,486</b>	<b>\$23,904</b>	<b>\$25,606</b>	<b>\$27,024</b>	<b>\$28,332</b>

Subtract: Existing Obligations and Future Planned Debt-

Existing Debt Service	\$19,279	\$19,652	\$19,467	\$18,749	\$18,458	\$17,745
Approved debt not issued		149	1,073	1,605	1,674	1,674
Annual Debt Service from Affordable FY14 Bond Issue			1,685	1,685	1,685	1,685
Annual Debt Service from Affordable FY15 Bond Issue				1,680	1,680	1,680
Annual Debt Service from Affordable FY16 Bond Issue					1,888	1,888
Annual Debt Service from Affordable FY17 Bond Issue						1,641

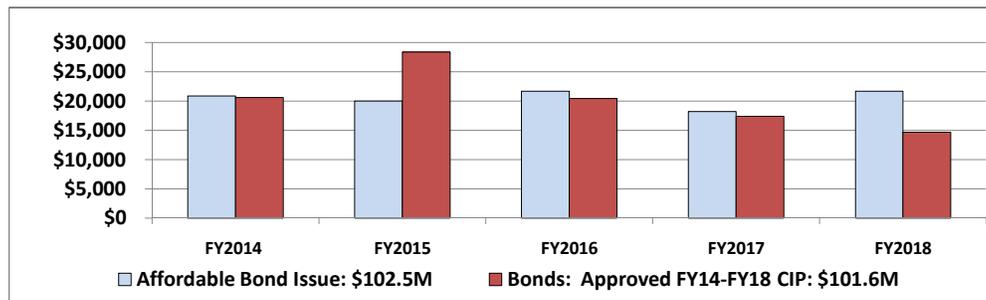
<b>Total Debt Service Payments</b>	<b>\$19,279</b>	<b>\$19,801</b>	<b>\$22,224</b>	<b>\$23,718</b>	<b>\$25,384</b>	<b>\$26,311</b>
<b>Amount of Funds Available for New Debt</b>	<b>\$0</b>	<b>\$1,685</b>	<b>\$1,680</b>	<b>\$1,888</b>	<b>\$1,641</b>	<b>\$2,021</b>

The annual debt service, reported one line above, would fund a bond issue in the amount of:

Affordable Bond Issue	\$20,900	\$20,000	\$21,700	\$18,200	\$21,700	FY14-FY18 \$102,500
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(Note: Bond Issues are estimated based on the Amount of Funds Available for New Debt in the subsequent year.)

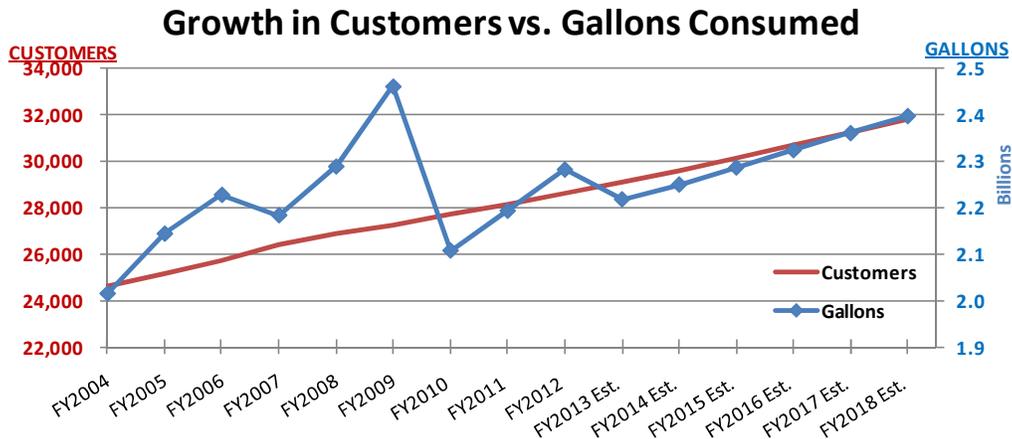
FY14-FY18 APPROVED CIP BOND FUNDING:	FY2014	FY2015	FY2016	FY2017	FY2018	FY14-FY18
Board of Education .....	\$2,297	\$5,283	\$0	\$2,659	\$1,056	\$11,295
College of Southern Maryland.....	3,518	667	2,217	232	2,997	9,631
General Government.....	6,347	11,852	7,015	4,014	2,357	31,585
Parks.....	82	84	671	290	196	1,323
Transportation.....	8,393	10,514	10,535	10,233	8,065	47,740
<b>Total Approved CIP Bond Funding</b>	<b>\$20,637</b>	<b>\$28,400</b>	<b>\$20,438</b>	<b>\$17,428</b>	<b>\$14,671</b>	<b>\$101,574</b>



# WATER & SEWER FUND FIVE-YEAR PLAN

## Water & Sewer Fund:

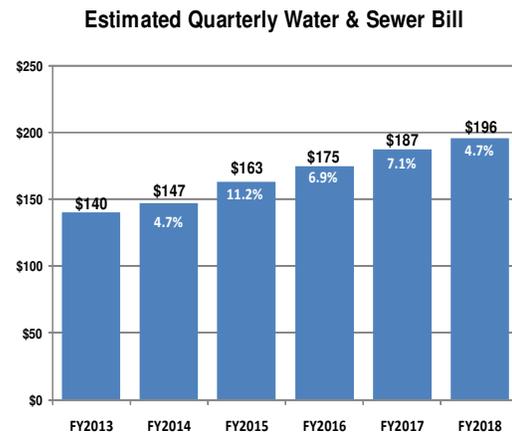
This fund is used to manage all water and sewer operations within the County. These efforts are supported primarily by user fees, connection fees, and front foot fees. The assumptions for revenue estimates are based on trend, population growth, weather conditions, and customer demand. The annual user fee revenue budget is based on an average flow per customer. The FY2014 was based on 164 gallons per day multiplied by the estimated number of customers. New customers are added to our existing base from historical data and estimated new construction. New residential customers are currently estimated to grow approximately 1.6% to 1.9% per year from FY2014 to FY2018. Per the 2006 Comprehensive Plan, the County shall maintain an effective growth management system that accommodates population growth at the rate of approximately 1.7 percent but less than 2.0 percent per year, and controls the type, location, and costs of growth. For planning purposes, the water rate, sewer rate, and customer account fee are assumed to remain constant.



This graph depicts that while growth in customers has remained consistent, growth in consumption has fluctuated mainly due to water conservation and weather conditions. Future growth in consumption is expected to keep pace with the growth in customers.

As for expenditures, in addition to inflating the baseline budget, operating expense estimates take into consideration the funding needs involving enterprise fund capital projects, the impact from customer growth, and future project operating costs. Future rate adjustments are calculated on a break-even basis and recommended to the Commissioners so current decisions regarding programs and infrastructures can be quantitatively measured for future fiscal impact.

The model on the next page shows expenditures out pacing revenues. The average gallons per day is assumed to remain at 164 gallons. Fee increases will be needed in future years in order to fund the existing program and absorb the costs related to capital projects placed in service, such as a new well or treatment plant. The various user fees increases ranged from 4.3% to 6.1% in FY2014. The combined water and sewer rate increase is projected to range from 4.7% to 11.2% in FY2014 to FY2018. A fee increase generally will be needed in this fund as expenses will continue to be greater than the growth in customer base. As depicted in the graph, the estimated increase to the average consumer's quarterly bill would range from a \$7 to \$16 quarterly increase between FY2014 to FY2018.



NOTE: % change reflected in graph above represents % increase in the estimated quarterly bill in comparison to the prior year.

# WATER & SEWER FUND FIVE-YEAR PLAN

	FY2013 Budget	FY2014 Estimate	FY2015 Estimate	FY2016 Estimate	FY2017 Estimate	FY2018 Estimate
<b>WATER</b>						
Revenues	\$8,584,300	\$9,072,000	\$9,234,800	\$9,388,300	\$9,542,100	\$9,695,900
Expenses	(8,584,300)	(9,013,000)	(9,810,600)	(10,226,000)	(10,702,600)	(11,032,200)
Net Income/(Loss)	\$0	\$59,000	(\$575,800)	(\$837,700)	(\$1,160,500)	(\$1,336,300)
Future Capital Projects		(59,000)	(412,500)	(670,900)	(836,200)	(1,105,000)
Total Income/(Loss)	\$0	\$0	(\$988,300)	(\$1,508,600)	(\$1,996,700)	(\$2,441,300)

*Expenditure Growth Rate Increase related to :*

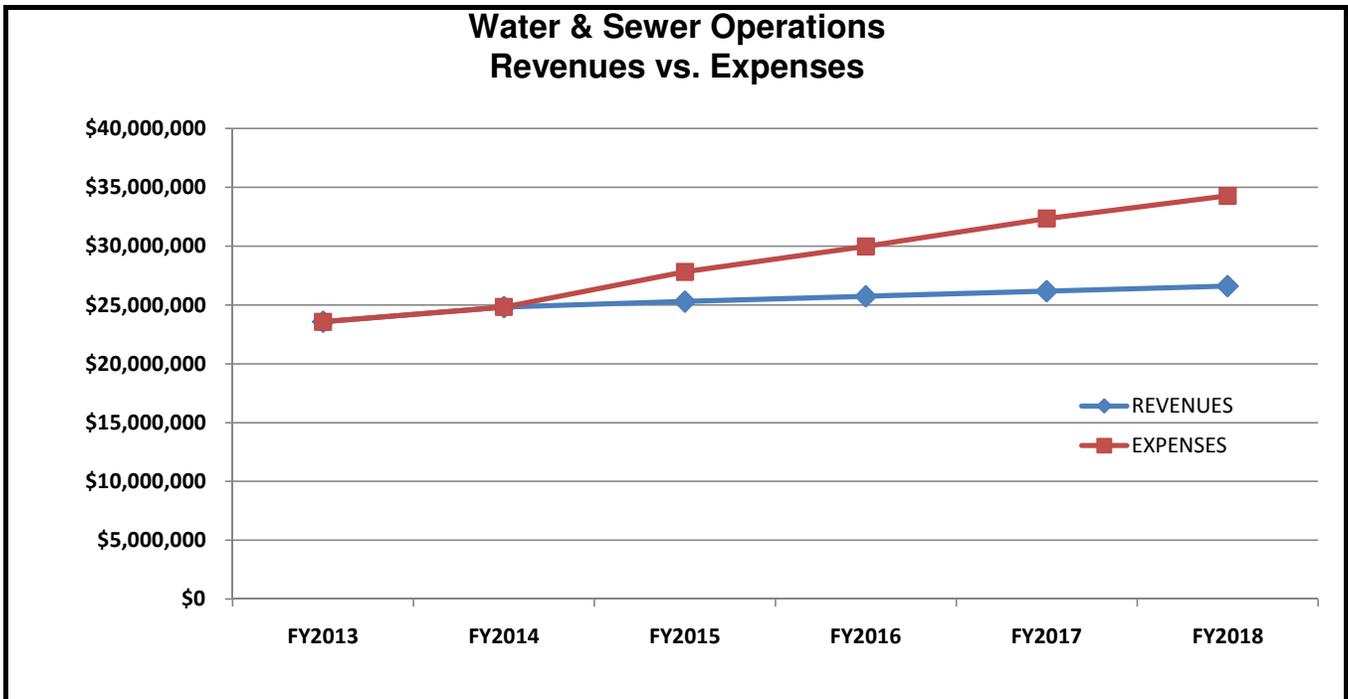
Operating Expenses	3.7%	7.4%	2.6%	3.0%	1.5%
FY14-FY18 Capital Project Expenses	0.7%	4.1%	2.6%	1.5%	2.4%
Total Annual Rate Increase	4.4%	11.5%	5.2%	4.5%	3.9%

**SEWER**

Revenues	\$14,984,500	\$15,748,600	\$16,058,100	\$16,343,300	\$16,630,700	\$16,920,200
Expenses	(14,984,500)	(15,715,600)	(17,017,400)	(17,867,200)	(18,816,200)	(19,500,000)
Net Income/(Loss)	\$0	\$33,000	(\$959,300)	(\$1,523,900)	(\$2,185,500)	(\$2,579,800)
Fund Balance	0	0	0	0	0	0
Future Capital Projects		(33,000)	(575,900)	(1,208,000)	(1,987,700)	(2,635,700)
Total Income/(Loss)	\$0	\$0	(\$1,535,200)	(\$2,731,900)	(\$4,173,200)	(\$5,215,500)

*Expenditure Growth Rate Increase related to :*

Operating Expenses	4.0%	7.4%	3.6%	3.8%	2.0%
FY14-FY18 Capital Project Expenses	0.3%	4.0%	4.1%	4.6%	3.4%
Total Annual Rate Increase	4.3%	11.5%	7.7%	8.4%	5.4%



NOTE: Revenues assume FY2014 user fee rates; no increase is assumed in the future years. User fee rates are reviewed and set annually as part of the Budget Process.

# WATER & SEWER FUND FIVE-YEAR PLAN

## Capital Improvement Program Operating Impact

An operating impact is required on all CIP projects. The impact of the future operating impacts on the existing Water and Sewer rate is listed on each project page in the Capital Budget section. Listed below is a summary of all projects impacting the Water and Sewer user fee rates and the affect of each project on the existing rate.

The required rate adjustment is calculated by taking the Total Cost per Year and dividing it by the estimated amount of money that one cent generates.

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
<b>Marginal Revenue generated from a one cent rate adjustment:</b>	<b>\$22,470</b>	<b>\$22,840</b>	<b>\$23,211</b>	<b>\$23,580</b>	<b>\$23,950</b>

<b>PROJECT IMPACT ON WATER USER FEE:</b>	Prior	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Impact on Rate	Impact on Qtrly. Bill
<b>DEBT SERVICE</b>								
Automation & Technology Master Plan	542,600	542,600	637,100	747,500	892,700	1,034,700	43.2¢	\$6.38
MWWTP Lab Renovation	2,100	2,100	2,900	2,900	2,900	2,900	0.1¢	\$0.02
Well Site Automation	0	0	15,100	25,700	25,700	25,700	1.1¢	\$0.16
Cliffton Water System Improvements	39,000	39,000	87,200	87,200	87,200	87,200	3.6¢	\$0.54
Underground Infrastructure Repairs	0	0	40,600	82,800	126,400	171,700	7.2¢	\$1.06
Benedict Water System Improvements	0	0	44,400	68,300	68,300	68,300	2.9¢	\$0.42
South County Water Transmission Main	0	0	8,500	17,300	17,300	17,300	0.7¢	\$0.11
Satellite Water Facility Upgrades	43,400	43,400	105,000	146,700	190,000	234,700	9.8¢	\$1.45
Contingency Inflation	0	0	10,800	27,600	52,800	89,600	3.7¢	\$0.55
<b>Total Debt Service</b>	<b>\$627,100</b>	<b>\$627,100</b>	<b>\$951,600</b>	<b>\$1,206,000</b>	<b>\$1,463,300</b>	<b>\$1,732,100</b>		
<b>OPERATING</b>								
Waldorf/Chapel Pt. Water System Interconnection Feasibility Study	0	57,000	83,000	83,000	0	0	0.0¢	
Contingency Inflation	0	2,000	5,000	9,000	0	0	0.0¢	
<b>Total Operating Costs</b>	<b>\$0</b>	<b>\$59,000</b>	<b>\$88,000</b>	<b>\$92,000</b>	<b>\$0</b>	<b>\$0</b>		
<b>Total Cost per Year:</b>	<b>\$627,100</b>	<b>\$59,000</b>	<b>\$353,500</b>	<b>\$258,400</b>	<b>\$165,300</b>	<b>\$268,800</b>	<b>72.3¢</b>	<b>\$10.67</b>
<b>FY14-FY18 Cumulative Cost:</b>		<b>\$59,000</b>	<b>\$412,500</b>	<b>\$670,900</b>	<b>\$836,200</b>	<b>\$1,105,000</b>		

### Required CIP Water Rate Adjustment Per Year:

	Prior	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Impact on Rate
Rate Adjustment per Year *	27.9¢	2.6¢	15.0¢	10.4¢	6.1¢	10.3¢	72.3¢
Estimated % change due to CIP:		0.7%	4.1%	2.7%	1.6%	2.6%	

\* Note: Rate Adjustment will vary due to tiered billing system for Residential Users.

# WATER & SEWER FUND FIVE-YEAR PLAN

## Capital Improvement Program Operating Impact

PROJECT IMPACT ON SEWER USER FEE:	Prior	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Impact on Rate	Impact on Qtrly. Bill
<b>DEBT SERVICE</b>								
Automation & Technology Master Plan	542,500	542,500	637,100	747,500	892,700	1,034,800	46.5¢	\$6.86
MWWTP Lab Renovation	2,000	2,000	2,900	2,900	2,900	3,000	0.1¢	\$0.02
Influent/Effluent Pump Station	80,400	80,400	148,600	184,600	184,600	184,600	8.3¢	\$1.22
MWWTP Electrical System Replacement	25,200	25,200	50,000	125,100	201,300	201,300	9.0¢	\$1.33
MWWTP Flow Equalization	8,300	8,300	11,300	62,400	116,900	116,900	5.2¢	\$0.77
Mattawoman Infiltration and Inflow	109,200	109,200	153,300	194,700	248,900	306,600	13.8¢	\$2.03
Mattawoman WWTP Automation	96,100	96,100	114,100	151,900	191,000	191,000	8.6¢	\$1.27
Pump Station Rehabs and Replacements	54,100	54,100	158,900	221,500	302,400	499,400	22.4¢	\$3.31
Satellite Wastewater Facility Upgrades	17,600	17,600	85,900	127,600	170,800	215,600	9.7¢	\$1.43
MWWTP Clarifier and Thickener Repairs	11,100	11,100	25,700	40,300	55,800	55,800	2.5¢	\$0.37
Cobb Island/Swan Point Interconnection	0	0	10,800	48,100	48,100	48,100	2.2¢	\$0.32
MWWTP Utility Water System Evaluation & Improvement	1,100	1,100	2,500	13,100	13,100	13,100	0.6¢	\$0.09
Cliffton Pump Station #4	0	0	7,300	58,000	58,000	58,000	2.6¢	\$0.38
Marshall Hall Road Gravity Sewer Replacement (Upper Reaches)	0	0	10,100	69,800	141,200	141,200	6.3¢	\$0.94
MD. Route 5 Pump Station Forcemain	0	0	2,000	15,800	25,500	25,500	1.1¢	\$0.17
WURC: Zekiah Pump Station Upgrade	0	0	2,400	2,400	9,900	17,900	0.8¢	\$0.12
WURC: Zekiah Pump Station Forcemain	0	0	5,500	5,500	24,700	42,000	1.9¢	\$0.28
WURC: Zekiah Interceptor Sewer Upgrade:	0	0	10,000	10,000	31,700	54,800	2.5¢	\$0.36
Cliffton WWTP Improvements	0	0	0	0	0	55,900	2.5¢	\$0.37
Contingency Inflation	0	0	27,400	96,100	195,900	297,900	13.4¢	\$1.97
<b>Total Debt Service</b>	<b>\$947,600</b>	<b>\$947,600</b>	<b>\$1,477,200</b>	<b>\$2,240,600</b>	<b>\$3,020,300</b>	<b>\$3,668,300</b>		
<b>OPERATING</b>								
MWWTP Biosolids Feasibility Study	85,000	115,000	0	0	0	0	0.0¢	\$0.00
Cobb Island Sewer Capacity & Feasibility Study	0	0	123,000	0	0	0	0.0¢	\$0.00
Contingency Inflation	0	3,000	8,300	0	0	0	0.0¢	\$0.00
<b>Total Operating Costs</b>	<b>\$85,000</b>	<b>\$118,000</b>	<b>\$131,300</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		
<b>Total Cost per Year:</b>	<b>\$1,032,600</b>	<b>\$33,000</b>	<b>\$542,900</b>	<b>\$632,100</b>	<b>\$779,700</b>	<b>\$648,000</b>	<b>\$1.65</b>	<b>\$24.31</b>
<b>FY14-FY18 Cumulative Cost:</b>		<b>\$33,000</b>	<b>\$575,900</b>	<b>\$1,208,000</b>	<b>\$1,987,700</b>	<b>\$2,635,700</b>		

### Required CIP Sewer Rate Adjustment Per Year:

	Prior	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Impact on Rate
Rate Adjustment per Year	49.4¢	1.6¢	24.7¢	28.1¢	33.9¢	27.0¢	\$1.65
Estimated % change due to CIP:		0.3%	4.1%	4.4%	5.1%	3.9%	

