

**FY14-19 PUBLIC SERVICES PROGRAM: FISCAL PLAN**

**Water Quality Protection Fund**

<b>FISCAL PROJECTIONS</b>	<b>FY13 Estimate</b>	<b>FY14 REC</b>	<b>FY15 PROJECTION</b>	<b>FY16 PROJECTION</b>	<b>FY17 PROJECTION</b>	<b>FY18 PROJECTION</b>	<b>FY19 PROJECTION</b>
<b>ASSUMPTIONS</b>							
Indirect Cost Rate	12.13%	15.69%	15.69%	15.69%	15.69%	15.69%	15.69%
CPI (Fiscal Year)	2.2%	2.3%	2.4%	2.7%	3.2%	3.5%	3.7%
Investment Income Yield	0.16%	0.19%	0.36%	0.75%	1.35%	1.80%	2.15%
Original Rate Structure: Number of Equivalent Residential Units (ERUs) Billed	248,930	0	0	0	0	0	0
New Rate Structure: Number of Equivalent Residential Units (ERUs) Billed	n/a	276,588	326,857	372,369	372,369	372,369	372,369
New Rate Structure: Hardship Program (reduction to revenue)	n/a	(\$400,000)	(\$400,000)	(\$400,000)	(\$400,000)	(\$400,000)	(\$400,000)
New Rate Structure: SWMF Incentives (reduction to revenue)	n/a	(\$756,580)	(\$1,005,791)	(\$1,255,000)	(\$1,397,547)	(\$1,444,573)	(\$1,759,058)
Number of Gaithersburg ERUs	14,500	0	0	0	0	0	0
Water Quality Protection Charge per ERU	\$92.60	\$85.40	\$85.40	\$85.40	\$95.10	\$98.30	\$119.70
Collection Factor for Charge	99.5%	99.5%	99.5%	99.5%	99.5%	99.5%	99.5%
<b>BEGINNING FUND BALANCE</b>	<b>4,322,845</b>	<b>5,450,252</b>	<b>5,561,447</b>	<b>7,899,309</b>	<b>12,487,445</b>	<b>14,789,790</b>	<b>16,999,923</b>
<b>REVENUES</b>							
Charges For Services	22,935,660	22,345,931	26,368,228	29,986,310	33,437,684	34,576,280	42,190,647
Bag Tax Receipts	2,290,000	1,832,000	1,465,600	1,172,480	937,984	750,387	600,310
<b>Subtotal Revenues</b>	<b>25,225,660</b>	<b>24,177,931</b>	<b>27,833,828</b>	<b>31,158,790</b>	<b>34,375,668</b>	<b>35,326,667</b>	<b>42,790,957</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>							
Transfers To General Fund	(3,849,590)	(4,213,509)	(4,203,776)	(4,149,390)	(8,561,540)	(8,559,240)	(8,560,340)
Indirect Costs	(972,950)	(1,196,509)	(1,184,576)	(1,129,140)	(1,129,140)	(1,129,140)	(1,129,140)
Technology Modernization	(835,140)	(1,129,140)	(1,129,140)	(1,129,140)	(1,129,140)	(1,129,140)	(1,129,140)
Pictometry	(85,810)	(67,369)	(55,436)	0	0	0	0
Pictometry	(52,000)	0	0	0	0	0	0
Transfers to Debt Service Fund (Non-Tax)	(2,876,640)	(3,017,000)	(3,019,200)	(3,020,250)	(7,432,400)	(7,430,100)	(7,431,200)
<b>TOTAL RESOURCES</b>	<b>25,698,915</b>	<b>25,414,674</b>	<b>29,191,499</b>	<b>34,908,709</b>	<b>38,301,573</b>	<b>41,557,217</b>	<b>51,230,540</b>
<b>CIP CURRENT REVENUE APPROPRIATION</b>							
	(1,400,000)	(1,400,000)	(1,400,000)	(1,400,000)	(1,400,000)	(1,450,000)	(1,450,000)
<b>PSP OPER. BUDGET APPROP/ EXPS.</b>							
Operating Budget	(17,437,098)	(18,453,227)	(18,831,747)	(19,490,467)	(20,271,487)	(21,146,497)	(22,103,527)
FFI - Inspection of New Facilities	0	0	(70,500)	(141,000)	(211,500)	(282,000)	(282,000)
FFI - Maintenance of New and Newly Transferred Facilities	0	0	(383,400)	(511,200)	(511,200)	(511,200)	(511,200)
FFI - Operating Impacts of CIP Projects	0	0	(62,000)	(241,000)	(430,000)	(430,000)	(430,000)
FFI - Program Growth	0	0	(350,000)	(400,000)	(450,000)	(500,000)	(500,000)
FFI - Labor Contracts	0	0	(194,543)	(237,597)	(237,597)	(237,597)	(237,597)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	<b>(17,437,098)</b>	<b>(18,453,227)</b>	<b>(19,892,190)</b>	<b>(21,021,264)</b>	<b>(22,111,784)</b>	<b>(23,107,294)</b>	<b>(24,064,324)</b>
<b>OTHER CLAIMS ON FUND BALANCE</b>	<b>(1,411,565)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(20,248,663)</b>	<b>(19,853,227)</b>	<b>(21,292,190)</b>	<b>(22,421,264)</b>	<b>(23,511,784)</b>	<b>(24,557,294)</b>	<b>(25,514,324)</b>
<b>YEAR END FUND BALANCE</b>	<b>5,450,252</b>	<b>5,561,447</b>	<b>7,899,309</b>	<b>12,487,445</b>	<b>14,789,790</b>	<b>16,999,923</b>	<b>25,716,216</b>
<b>END-OF-YEAR RESERVES AS A</b>							
<b>PERCENT OF RESOURCES</b>	<b>21.2%</b>	<b>21.9%</b>	<b>27.1%</b>	<b>35.8%</b>	<b>38.6%</b>	<b>40.9%</b>	<b>50.2%</b>
<b>NET REVENUE</b>	<b>4,819,452</b>	<b>4,528,195</b>	<b>6,951,605</b>	<b>9,245,983</b>	<b>11,372,341</b>	<b>11,327,830</b>	<b>17,835,090</b>
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>1.50</b>	<b>1.50</b>	<b>2.30</b>	<b>3.06</b>	<b>1.53</b>	<b>1.52</b>	<b>2.40</b>

**Assumptions:**

1. These projections are based on the County Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
2. In FY14, the Water Quality Protection Charge rate structure will change as outlined in Bill 34-12. Beginning in FY14, the Water Quality Protection Charge is applied to all residential and non-residential properties except for those in the cities of Gaithersburg, Rockville, and Takoma Park. The base unit for calculating the charge is the Equivalent Residential Unit (ERU), which is equal to 2,406 square feet of impervious surface (the median amount of impervious surface per single-family residential unit in Montgomery County).
3. Stormwater facilities transferred into the maintenance program will be maintained to permit standards as they are phased into the program.
4. Operating costs for new facilities to be completed or transferred between FY15 and FY19 have been incorporated in the future fiscal impact (FFI) rows.
5. The operating budget includes planning and implementation costs for compliance with the Municipal Separate Storm Sewer System (MS-4) permit issued by the Maryland Department of the Environment in February 2010. Debt service on bonds that will be used to finance the CIP project costs of MS-4 compliance has been shown as a transfer to the Debt Service Fund. The Department of Finance issued \$37.8 million in Water Quality Protection Charge Revenue Bonds dated July 18, 2012 (Series 2012A). The actual debt service costs for the Series 2012A bond issuance and projected debt service for bond issuances of \$55 million in FY2016 and a \$65 million bond issuance in FY2018 are included in the fiscal plan. Future WQPC rates are subject to change based on the timing and size of future debt issuance, State Aid, and legislation.
6. Charges are adjusted to fund the planned service program and maintain a fund balance sufficient to cover 1.5 times debt service costs.