

SUBJECT

FY21 Department of Environmental Protection General Fund Budget

EXPECTED ATTENDEES

Adam Ortiz, Director, Department of Environmental Protection (DEP)
 Patty Bubar, Deputy Director (DEP)
 Stan Edwards, Chief, Division of Energy, Climate and Compliance, DEP
 Rich Harris, Office of Management and Budget

EXECUTIVE RECOMMENDATION

FY21 Executive Recommendation	\$3,540,770	16.3 FTE
Increase (Decrease) from FY20	\$416,625 13.34%	(0.41) FTE (2.5%)

COUNCIL STAFF RECOMMENDATION – CONTINUITY OF SERVICES BUDGET

FY21 Council Staff Recommendation	\$3,361,962	16.3 FTE
Increase (Decrease) from FY20	\$237,817 7.61%	(0.41) FTE (2.5%)
Increase (Decrease) from CE FY21 Rec	(\$178,808) (5.0%)	0.00 FTE 0.0%

EXECUTIVE RECOMMENDED ITEMS NOT INCLUDED IN CONTINUITY OF SERVICES

- Pesticide Outreach and Education Campaign (\$121,000):** With the court case on the County’s [pesticide law](#) (Bill 52-14 enacted in October 2015) concluded last year, DEP has been educating the public and lawn care companies during FY20. However, no specific funding for this effort was included in the FY20 base budget. Because of the [major changes affecting lawn care](#) under the pesticide law, the Executive recommended \$125,000 in additional funding for education and outreach efforts in FY21. Some of this funding (\$4,000) would be for signs in retail establishments mandated by the law. That funding is included in Council Staff’s recommended continuity of services budget for DEP (discussed later). The rest of the funding (\$121,000) would be for mailings to property owners and other efforts. However, this enhanced outreach is not legally mandated and therefore not included in the continuity of services budget for DEP. If this funding is not approved, engagement would be limited to information on the DEP and other County websites, social media, various County newsletters, and other existing tools that are designed to reach residents, as well as direct communications with entities like lawn care providers through existing industry-related events like recertification trainings for licensed pesticide applicators.

- **Outreach to Owners of Well and Septic Systems (\$20,000):** In the Council’s comprehensive update to the County’s Ten-Year Water and Sewer Plan (approved by the Council in October 2018), several recommendations were included regarding on-site (well and septic) systems. DEP has been working with DPS to update and automate the County’s inventory private well and septic systems with a goal of better targeting residents through education and outreach on best practices for operating and maintaining their systems. However, this increased effort is an enhancement and not legally mandated and therefore not included in the continuity of services budget for DEP.
- **Increased Cost for Noise Waiver Public Notifications (\$4,500):** Costs for public notifications have increased due to growth in the number of waiver applications. However, DEP recently developed an alternative method for public notification (requiring the applicant to distribute a DEP-created notice to all residents and businesses within 500 feet of the noise source). This new process has turned out to be both cheaper than putting notices in the newspaper as well as more effective in generating public comments on requests. Therefore, this increase is no longer needed.
- **FY21 Compensation Adjustment (\$33,308):** Compensation adjustments will be considered for all of County Government separately and are not included in the “continuity of services” budget calculated by Council Staff.

CONTINUITY OF SERVICES FROM FY20

- **Pesticide Outreach and Education (+\$4,000):** The County [Pesticide law](#) requires retailers to display signage, with language approved by DEP, where prohibited pesticides are sold informing buyers of the County law and identifying pest control options permissible for lawn applications under the law.
- **Increased Tree Planting (+\$250,000):** This is an enhancement to DEP’s General Fund budget. However, it is included within Council Staff’s “continuity of services” calculation since the funding for this program is supported by the Tree Canopy Fund, established by [Bill 35-12: Trees – Tree Canopy Conservation](#) (enacted on July 23, 2013). Revenue from this fund is required by this law to be spent on tree planting. The increased expenditures assumed for FY21 are offset by increased Tree Canopy Fund revenue.
- **Other Items**

• IT Equipment for Wheaton Building	+\$12,888
• Annualizations of FY20 Personnel Costs, FY20 Compensation Increases, and FY20 MLS Pay for Performance Increases	+\$11,349
• Motor Pool Savings	(\$10,867)
• Printing and Mail Adjustments	\$+365
• Retirement Adjustment Savings	(\$29,918)

POTENTIAL REDUCTIONS - None

POTENTIAL ITEMS RELATED TO COVID-19

- DEP has some “front-facing” positions who are earning COVID-19-related pay differentials agreed upon by the County Executive and the employee unions. This will result in lower than previously projected personnel cost savings in the FY20 budget.

This report contains:

CE Recommended FY21 Budget (DEP Excerpt)

Pages 66-1 – 66-10

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Environmental Protection

RECOMMENDED FY21 BUDGET

\$33,111,860

FULL TIME EQUIVALENTS

108.40

ADAM ORTIZ, DIRECTOR

MISSION STATEMENT

The mission of the Department of Environmental Protection (DEP) is to enhance the quality of life in our community by protecting and improving Montgomery County's air, water, and land in a sustainable way while fostering smart growth, a thriving economy, and healthy communities.

BUDGET OVERVIEW

The total recommended FY21 Operating Budget for the Department of Environmental Protection is \$33,111,860, an increase of \$1,161,328 or 3.63 percent from the FY20 Approved Budget of \$31,950,532. Personnel Costs comprise 36.13 percent of the budget for 92 full-time position(s) and one part-time position(s), and a total of 108.40 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 63.87 percent of the FY21 budget.

The debt service for the Water Quality Protection Fund is appropriated in the Debt Service Fund and is, therefore, not displayed in this section. To pay for the debt service, a transfer of funds from the Water Quality Protection Fund to the Debt Service Fund of \$8,172,350 is required in FY21 for Water Quality Protection Bonds.

In addition, this department's Capital Improvements Program (CIP) requires Current Revenue funding.

COUNTY PRIORITY OUTCOMES

While this program area supports all seven of the County Executive's Priority Outcomes, the following are emphasized:

- A Greener County**
- Effective, Sustainable Government**

INITIATIVES

- Expand the use of grants issued through the Chesapeake Bay Trust to local watershed organizations. These grants provide funds to many local partners to implement watershed improvement projects that target the reduction of pollutants from private properties.
- Increase funding from the Tree Canopy Fund to allow an additional 550 trees to be planted on private property through the Tree Montgomery Program. This initiative allows for credit under the MS4 permit as well as helps address issues related to

adapting to climate change impacts.

- ★ Provide funding for targeted outreach to property owners with wells or septic systems, reminding them of proper maintenance and informing them of what County services are available.
- ★ Add funding for outreach surrounding the County's pesticide law, which restricts what kinds of pesticides may be used in the County.

INNOVATIONS AND PRODUCTIVITY IMPROVEMENTS

- ★ Successfully reorganized the Department of Environmental Protection (DEP) with a focus on operational efficiency. This includes integrating all watershed management functions within DEP into the Watershed Restoration Division, centrally managing enterprise functions such as procurement, IT and budget, and reorienting the focus of the previous Solid Waste Division to be focused on movement towards zero waste.
- ★ Developed a Geographic Information System (GIS) Suitability Model to create science-based geographic targeting maps for implementing stormwater management best management practices (BMPs) and other DEP programs. These targeting maps will guide the County's efforts to meet future MS4 permit requirements, achieve biological uplift, ensure project longevity, and address environmental justice issues.
- ★ Re-developed the Tree Montgomery database to manage all aspects of the Tree Montgomery Program, including customer applications, planting locations and tree species, ordering with the planting contractor, inspections and invoicing, and coordinating after-care services. The total number of trees planted through the program increased significantly by mid-year, earning impervious area restoration credits under the MS4 permit.
- ★ Relocate Department of Environmental Protection offices to Wheaton as part of a Countywide initiative to centralize government services to support business growth and development. This move was planned as part of the Wheaton Redevelopment Program, which will encourage private reinvestment in Wheaton through targeted, complementary public investment.

PROGRAM CONTACTS

Contact Patrice Bubar of the Department of Environmental Protection at 240.777.7786 or Richard H. Harris of the Office of Management and Budget at 240.777.2795 for more information regarding this department's operating budget.

PROGRAM PERFORMANCE MEASURES

Performance measures for this department are included below (where applicable), with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY20 estimates reflect funding based on the FY20 Approved Budget. The FY21 and FY22 figures are performance targets based on the FY21 Recommended Budget and funding for comparable service levels in FY22.

PROGRAM DESCRIPTIONS

★ Administration

The Office of the Director provides for overall management of departmental programs to ensure safe and efficient operations, including contract administration management for the department, continuity of operations, and oversight of operational programs

at the County's waste management facilities (including the Transfer Station and Resource Recovery Facility). The Director's Office manages the revenue from the Water Quality Protection Charge, which funds many environmental programs around the County. The Director's Office also oversees the development of the fee for services charges to County residents related to recycling and trash collection services.

The Office provides strategic direction and support on IT systems and infrastructure for departmental operations and programs, oversees the human resources and human capital programs for the department, and manages other supporting functions such as fleet vehicles. The Office provides for management of partnerships with multiple county departments with which DEP cooperates, including DPS, DOT, and DGS, as well as external groups including faith-based institutions, MNCPCP and WSSC. The Office develops water and wastewater policies and updates the County's comprehensive water and sewer plan.

FY21 Recommended Changes	Expenditures	FTEs
FY20 Approved	1,073,960	5.26
Add: Outreach to Owners of On-site Water and Wastewater Treatment Systems (Wells and Septic Systems)	20,000	0.00
Increase Cost: IT Equipment for Wheaton Building	12,888	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	284,518	1.59
FY21 Recommended	1,391,366	6.85

Energy, Climate and Compliance

The Energy, Climate and Compliance Division enforces County laws and regulations related to air and water pollution, illegal dumping, noise control, pesticides and other environmental laws. The division implements programs that educate and assist County residents with ensuring their properties are energy efficient. These programs include extensive outreach and assistance with understanding tools and financing available to increase energy efficiency. The Division is responsible for oversight and implementation of the Benchmarking Law which requires certain commercial property owners to benchmark the energy efficiency of their properties and report that to the County. The Division develops programs that will assist with reducing greenhouse gas emissions in the County, including support to the working groups for clean energy and building efficiency, created as part of the initiative to develop a Climate Action and Resiliency Plan. It also oversees programs that provide financial support to property owners to improve energy efficiency such as PACE and the Green Bank, and manages the Green Business Certification Program which recognizes businesses that adapt practices that enhance sustainability.

Program Performance Measures	Actual FY18	Actual FY19	Estimated FY20	Target FY21	Target FY22
Number of outreach impressions to educate residents on Energy Efficiency and Renewable Energy	7,872	8,283	9,000	9,500	10,000
Percent of commercial buildings in compliance with the building benchmarking law ¹	N/A	N/A	85%	95%	95%
Average days to close environmental cases	31	27	30	30	30
Percent of customers rating themselves as satisfied with DEP's response to environmental complaints	75%	84%	80%	80%	80%

¹ CY18 data are still being submitted, and CY19 data is not yet available. CY17 is County buildings = 50,000 sf + private buildings = 50,000 sf (58%). The total number of buildings required to comply is uncertain due to inaccurate/conflicting data sources. Figures for buildings in compliance include buildings filing exemptions/waivers as authorized under the law.

FY21 Recommended Changes	Expenditures	FTEs
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FY21 Recommended Changes	Expenditures	FTEs
FY20 Approved	2,116,885	11.44
Increase Cost: Increase Cost of Noise Waiver Public Notifications	4,500	0.00
Shift: Move Tree Montgomery Program from Energy, Climate, and Compliance program to Watershed Restoration Program	(66,700)	0.00
Shift: Move Tree Montgomery Program from Energy, Climate, and Compliance program to Watershed Restoration Program	(500,000)	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(155,281)	(2.00)
FY21 Recommended	1,399,404	9.44

Watershed Restoration

The Watershed Restoration Division leads the County's efforts to improve stream health and water quality through the targeted planning, design, construction, inspection and maintenance of best management practices (BMP) built to manage stormwater runoff. The Watershed Restoration Division supports watershed-based monitoring and reporting to achieve County stream protection goals (Montgomery County Code Chapter 19, Article IV) and comply with the Federal Clean Water Act NPDES Municipal Separate Storm Sewer System (MS4) permit. Staff conducts baseline stream monitoring, storm drain discharge monitoring, and public outreach activities that increase awareness and promote citizen involvement in stream stewardship. The program also assesses land development impacts on water resources and the effectiveness of BMPs that mitigate those impacts within the County's designated "Special Protection Areas". The Division implements programs to extend stewardship and BMPs beyond streams and facilities by targeting private property owners. These programs include Tree Montgomery (Chapter 55, Article 3), RainScapes, and pet waste. The Division oversees the carry out bag tax program, which helps address issues with litter in streams.

The Watershed Restoration Division successfully implements these programs through extensive partnerships with the Maryland Department of Natural Resources, Maryland Department of the Environment, Maryland Department of Agriculture, Montgomery County Public Schools, Montgomery County Departments of Transportation and General Services, Maryland National Capital Park and Planning Commission, the Towns of Chevy Chase, Kensington, Somerset and Poolesville, and the Villages of Chevy Chase and Friendship Heights, watershed organizations, home-owner associations, businesses, and private property owners. The long-term goal is to protect and improve water resources for Montgomery County residents and the Chesapeake Bay.

Revenue for this program is generated by the Water Quality Protection Charge, applied to all residential and non-residential properties except for those owned by the State and County government and those in the cities of Gaithersburg, Rockville, and Takoma Park. Revenue from the carry out bag tax is also provided to support these programs.

Program Performance Measures	Actual FY18	Actual FY19	Estimated FY20	Target FY21	Target FY22
Pounds of sediment reduced (thousands) ¹	N/A	532	984	1,830	2,212
Pounds of nitrogen reduced ²	N/A	463	1,274	2,170	3,000
Percent of stormwater management triennial inspections completed ³	95%	64%	95%	95%	95%
Percent of stormwater management facility maintenance work orders completed	93%	82%	99%	100%	100%

¹ FY19 shows the beginning of an anticipated new MS4 Permit requirement for nitrogen reduction. Past performance data no available as this is a new permit requirement. MDE does not anticipate issuing a permit until Summer 2020. However, DEP continues to implement restoration projects

based on the approved CIP budget. These projects will contribute to the success of the new permit when it is issued.

² FY19 shows the beginning of an anticipated new MS4 Permit requirement for nitrogen reduction. Past performance data no available as this is a new permit requirement. MDE does not anticipate issuing a permit until Summer 2020. However, DEP continues to implement restoration projects based on the approved CIP budget. These projects will contribute to the success of the new permit when it is issued.

³ Does not include triennial inspections of BMPs on Single Family Residential (SFR) properties, which are covered under a separate inspection program.

FY21 Recommended Changes	Expenditures	FTEs
FY20 Approved	28,759,687	93.17
Increase Cost: Wheaton Redevelopment Project Operating Budget Impacts	537,343	0.00
Shift: Move Tree Montgomery Program from Energy, Climate, and Compliance program to Watershed Restoration Program	500,000	0.00
Enhance: Additional Tree Planting Funded Through the Tree Montgomery Program (Tree Canopy Fund)	250,000	0.00
Increase Cost: Watershed Montintoring	151,350	0.00
Add: Outreach and Education Campaign for County Pesticide Law	125,000	0.00
Enhance: Increase in Rainscapes Program to Meet Program Demand	100,000	0.00
Shift: Move Tree Montgomery Program from Energy, Climate, and Compliance program to Watershed Restoration Program	66,700	0.00
Add: Countywide Anti-Litter Outreach Campaign	50,000	0.00
Enhance: Watershed Grant Funding to Non-Profits	50,000	0.00
Increase Cost: IT Equipment for Wheaton Building	26,588	0.00
Increase Cost: Storm Drain Maintenance	25,506	0.00
Enhance: Pet Waste Station Implementation	10,000	0.00
Technical Adj: Property Tax Billing Chargeback from Finance	(9,920)	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(321,164)	(1.06)
FY21 Recommended	30,321,090	92.11

BUDGET SUMMARY

	Actual FY19	Budget FY20	Estimate FY20	Recommended FY21	%Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	1,178,617	1,584,064	1,418,054	1,636,408	3.3 %
Employee Benefits	411,191	505,077	431,608	467,472	-7.5 %
County General Fund Personnel Costs	1,589,808	2,089,141	1,849,662	2,103,880	0.7 %
Operating Expenses	756,243	1,035,004	1,211,924	1,436,890	38.8 %
County General Fund Expenditures	2,346,051	3,124,145	3,061,586	3,540,770	13.3 %
PERSONNEL					
Full-Time	46	46	46	46	—
Part-Time	0	0	0	0	—
FTEs	16.50	16.70	16.70	16.29	-2.5 %
REVENUES					
Other Charges/Fees	3,137	60,400	60,400	60,400	—
Other Fines/Forfeitures	15,900	15,000	15,000	15,000	—

BUDGET SUMMARY

	Actual FY19	Budget FY20	Estimate FY20	Recommended FY21	%Chg Bud/Rec
Other Licenses/Permits	20,025	10,000	20,000	20,000	100.0 %
Tree Canopy	847,000	500,000	500,000	500,000	—
County General Fund Revenues	886,062	585,400	595,400	595,400	1.7 %

WATER QUALITY PROTECTION FUND

EXPENDITURES

Salaries and Wages	6,533,355	7,476,220	6,961,451	7,543,768	0.9 %
Employee Benefits	1,925,643	2,456,943	2,122,272	2,316,419	-5.7 %
Water Quality Protection Fund Personnel Costs	8,458,998	9,933,163	9,083,723	9,860,187	-0.7 %
Operating Expenses	16,920,414	18,893,224	19,093,224	19,710,903	4.3 %
Water Quality Protection Fund Expenditures	25,379,412	28,826,387	28,176,947	29,571,090	2.6 %

PERSONNEL

Full-Time	45	46	46	46	—
Part-Time	0	1	1	1	—
FTEs	91.47	93.17	93.17	92.11	-1.1 %

REVENUES

Bag Tax	2,566,990	2,471,921	2,471,921	2,500,000	1.1 %
Investment Income	808,871	934,070	934,070	750,000	-19.7 %
Other Charges/Fees	391,310	50,000	50,000	47,500	-5.0 %
Water Quality Protection Charge	38,307,412	37,515,190	37,767,816	39,175,960	4.4 %
Water Quality Protection Fund Revenues	42,074,583	40,971,181	41,223,807	42,473,460	3.7 %

DEPARTMENT TOTALS

Total Expenditures	27,725,463	31,950,532	31,238,533	33,111,860	3.6 %
Total Full-Time Positions	91	92	92	92	—
Total Part-Time Positions	0	1	1	1	—
Total FTEs	107.97	109.87	109.87	108.40	-1.3 %
Total Revenues	42,960,645	41,556,581	41,819,207	43,068,860	3.6 %

FY21 RECOMMENDED CHANGES

	Expenditures	FTEs
COUNTY GENERAL FUND		
	FY20 ORIGINAL APPROPRIATION	3,124,145 16.70
<u>Changes (with service impacts)</u>		
Enhance: Additional Tree Planting Funded Through the Tree Montgomery Program (Tree Canopy Fund) [Watershed Restoration]	250,000	0.00
Add: Outreach and Education Campaign for County Pesticide Law [Watershed Restoration]	125,000	0.00

FY21 RECOMMENDED CHANGES

	Expenditures	FTEs
Add: Outreach to Owners of On-site Water and Wastewater Treatment Systems (Wells and Septic Systems) [Administration]	20,000	0.00
<u>Other Adjustments (with no service impacts)</u>		
Shift: Move Tree Montgomery Program from Energy, Climate, and Compliance program to Watershed Restoration Program [Watershed Restoration]	500,000	0.00
Increase Cost: FY21 Compensation Adjustment	33,308	0.00
Increase Cost: Annualization of FY20 Compensation Increases	19,427	0.00
Increase Cost: IT Equipment for Wheaton Building [Administration]	12,888	0.00
Increase Cost: MLS Pay for Performance (Increase to Base Pay)	4,810	0.00
Increase Cost: Increase Cost of Noise Waiver Public Notifications [Energy, Climate and Compliance]	4,500	0.00
Increase Cost: Print and Mail Adjustment	365	0.00
Decrease Cost: Motor Pool Adjustment	(10,867)	0.00
Decrease Cost: Annualization of FY20 Personnel Costs	(12,888)	(0.41)
Decrease Cost: Retirement Adjustment	(29,918)	0.00
Shift: Move Tree Montgomery Program from Energy, Climate, and Compliance program to Watershed Restoration Program [Energy, Climate and Compliance]	(500,000)	0.00
FY21 RECOMMENDED	3,540,770	16.29

WATER QUALITY PROTECTION FUND

	FY20 ORIGINAL APPROPRIATION	28,826,387	93.17
<u>Changes (with service impacts)</u>			
Enhance: Increase in Rainscapes Program to Meet Program Demand [Watershed Restoration]	100,000		0.00
Add: Countywide Anti-Litter Outreach Campaign [Watershed Restoration]	50,000		0.00
Enhance: Watershed Grant Funding to Non-Profits [Watershed Restoration]	50,000		0.00
Enhance: Pet Waste Station Implementation [Watershed Restoration]	10,000		0.00
<u>Other Adjustments (with no service impacts)</u>			
Increase Cost: Wheaton Redevelopment Project Operating Budget Impacts [Watershed Restoration]	537,343		0.00
Increase Cost: Watershed Monitoring [Watershed Restoration]	151,350		0.00
Increase Cost: FY21 Compensation Adjustment	125,961		0.00
Shift: Move Tree Montgomery Program from Energy, Climate, and Compliance program to Watershed Restoration Program [Watershed Restoration]	66,700		0.00
Increase Cost: Annualization of FY20 Compensation Increases	65,168		0.00
Increase Cost: Annualization of FY20 Lapsed Positions	33,460		0.00
Increase Cost: IT Equipment for Wheaton Building [Watershed Restoration]	26,588		0.00
Increase Cost: Storm Drain Maintenance [Watershed Restoration]	25,506		0.00
Increase Cost: MLS Pay for Performance (Increase to Base Pay)	9,099		0.00
Decrease Cost: Print and Mail Adjustment	(4,249)		0.00
Technical Adj: Property Tax Billing Chargeback from Finance [Watershed Restoration]	(9,920)		0.00
Shift: Move Tree Montgomery Program from Energy, Climate, and Compliance program to Watershed Restoration Program [Energy, Climate and Compliance]	(66,700)		0.00

FY21 RECOMMENDED CHANGES

	Expenditures	FTEs
Decrease Cost: Retirement Adjustment	(68,242)	0.00
Decrease Cost: Motor Pool Adjustment	(82,653)	0.00
Decrease Cost: Annualization of FY20 Personnel Costs	(274,708)	(1.06)
FY21 RECOMMENDED	29,571,090	92.11

PROGRAM SUMMARY

Program Name	FY20 APPR Expenditures	FY20 APPR FTEs	FY21 REC Expenditures	FY21 REC FTEs
Administration	1,073,960	5.26	1,391,366	6.85
Energy, Climate and Compliance	2,116,885	11.44	1,399,404	9.44
Watershed Restoration	28,759,687	93.17	30,321,090	92.11
Total	31,950,532	109.87	33,111,860	108.40

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY20 Total\$	FY20 FTEs	FY21 Total\$	FY21 FTEs
WATER QUALITY PROTECTION FUND					
CIP	Capital Fund	2,580,971	19.20	2,494,750	18.35

FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY21	FY22	FY23	FY24	FY25	FY26
COUNTY GENERAL FUND						
EXPENDITURES						
FY21 Recommended	3,541	3,541	3,541	3,541	3,541	3,541
No inflation or compensation change is included in outyear projections.						
Elimination of One-Time Items Recommended in FY21	0	(138)	(138)	(138)	(138)	(138)
Items recommended for one-time funding in FY21 will be eliminated from the base in the outyears. In FY21, this represents IT equipment for the Wheaton Office Building and outreach related to the County's pesticide law.						
Labor Contracts	0	3	3	3	3	3
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Stormwater Management Retrofit: Countywide (P808726)	0	0	150	150	150	150
Subtotal Expenditures	3,541	3,406	3,556	3,556	3,556	3,556
WATER QUALITY PROTECTION FUND						

FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY21	FY22	FY23	FY24	FY25	FY26
EXPENDITURES						
FY21 Recommended	29,571	29,571	29,571	29,571	29,571	29,571
No inflation or compensation change is included in outyear projections.						
Elimination of One-Time Items Recommended in FY21	0	(27)	(27)	(27)	(27)	(27)
Items recommended for one-time funding in FY21 will be eliminated from the base in the outyears. In FY21, this represents IT equipment for the Wheaton Office Building.						
Building Lease Operating Budget Impacts	0	(733)	(733)	(733)	(733)	(733)
Reduction of lease costs in FY21 - FY25 to reflect move to Wheaton in Fall 2020						
Wheaton Building Operating Costs	0	7	7	7	14	14
Labor Contracts	0	28	28	28	28	28
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Subtotal Expenditures	29,571	28,846	28,846	28,846	28,853	28,853

FY21-26 PUBLIC SERVICES PROGRAM: FISCAL PLAN Water Quality Protection Fund							
FISCAL PROJECTIONS	FY20 ESTIMATE	FY21 CE REC	FY22 PROJECTION	FY23 PROJECTION	FY24 PROJECTION	FY25 PROJECTION	FY26 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	20.45%	18.64%	18.64%	18.64%	18.64%	18.64%	18.64%
CPI (Fiscal Year)	2.32%	1.59%	1.61%	1.60%	1.58%	1.56%	1.54%
Investment Income Yield	2.45%	1.40%	1.35%	1.35%	1.35%	1.35%	1.35%
Number of Equivalent Residential Units (ERUs) Billed	365,000	367,400	367,400	368,000	368,000	369,000	369,000
Water Quality Protection Charge (\$/ERU)	\$104.25	\$108.10	\$113.50	\$117.50	\$120.00	\$125.00	\$125.00
Collection Factor for Charge	99.5%	99.5%	99.5%	99.5%	99.5%	99.5%	99.5%
BEGINNING FUND BALANCE	15,833,546	10,121,767	3,777,548	1,885,647	1,793,463	2,795,295	4,290,259
REVENUES							
Charges For Services	37,767,816	39,175,960	41,137,400	42,657,200	43,559,900	45,499,380	45,499,380
Bag Tax Receipts	2,471,921	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Miscellaneous	984,070	797,500	797,500	797,500	797,500	797,500	797,500
Subtotal Revenues	41,223,807	42,473,460	44,434,900	45,954,700	46,857,400	48,796,880	48,796,880
INTERFUND TRANSFERS (Net Non-CIP)							
Transfers To General Fund	(8,187,380)	(11,040,589)	(11,749,415)	(12,186,525)	(12,256,429)	(12,262,336)	(12,259,923)
Indirect Costs	(2,037,980)	(1,837,940)	(1,837,940)	(1,837,940)	(1,837,940)	(1,837,940)	(1,837,940)
Transfers to Debt Service Fund (Non-Tax)	(6,149,400)	(9,202,649)	(9,911,475)	(10,348,585)	(10,418,489)	(10,424,396)	(10,421,983)
TOTAL RESOURCES	48,869,973	41,554,638	36,463,032	35,653,822	36,394,434	39,329,838	40,827,216
CIP CURRENT REVENUE APPROPRIATION							
PSP OPER. BUDGET APPROP/ EXP'S.	(4,334,000)	(8,206,000)	(4,856,000)	(3,786,000)	(3,146,000)	(4,196,000)	(3,206,000)
Operating Budget	(28,176,947)	(29,571,090)	(29,288,947)	(29,656,397)	(30,035,177)	(30,425,617)	(30,828,057)
Annualizations and One-Time (PC)	0	0	(164,476)	0	0	0	0
Labor Contracts	0	0	(49,779)	(49,779)	(49,779)	(49,779)	(49,779)
Labor Contracts Other	0	0	21,817	21,817	21,817	21,817	21,817
FFI - Rainscapes Rebates Program	0	0	(140,000)	(140,000)	(140,000)	(140,000)	(140,000)
FFI - Watershed Restoration Grant Program for Non-Profits	0	0	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Operating Impacts of CIP Projects (CE Recommended FY21-26 PDFs)	0	0	0	(150,000)	(150,000)	(150,000)	(150,000)
Subtotal PSP Oper Budget Approp / Exp's	(28,176,947)	(29,571,090)	(29,721,385)	(30,074,359)	(30,453,139)	(30,843,579)	(31,246,019)
OTHER CLAIMS ON FUND BALANCE	(6,237,259)	0	0	0	0	0	0
TOTAL USE OF RESOURCES	(38,748,206)	(37,777,090)	(34,577,385)	(33,860,359)	(33,599,139)	(35,039,579)	(34,452,019)
YEAR END FUND BALANCE	10,121,767	3,777,548	1,885,647	1,793,463	2,795,295	4,290,259	6,375,197
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	20.7%	9.1%	5.2%	5.0%	7.7%	10.9%	15.6%
NET REVENUE	11,008,880	11,064,430	12,875,575	14,042,401	14,566,321	16,115,361	15,712,921
DEBT SERVICE COVERAGE RATIO	1.79	1.20	1.30	1.36	1.40	1.55	1.51

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. Stormwater facilities transferred into the maintenance program will be maintained to permit standards as they are phased into the program.
3. Operating costs for new facilities to be completed or transferred and Operating Budget Impacts of Stormwater CIP projects between FY22 and FY26 have been incorporated in the future fiscal impact (FFI) rows.
4. The operating budget includes planning and implementation costs for compliance with the Municipal Separate Storm Sewer System (MS-4) permit, which was issued by the Maryland Department of the Environment in February 2010 and remains administratively extended until a new permit is in place (expected at the end of 2020). Debt service on bonds and loans 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) and \$46.5 million dated April 6, 2016 (Series 2016A). In December 2019, the County closed on \$50.7 million in Water Quality State Revolving Fund (WQSRF) Loans from the MD Department of the Environment (MDE). The actual debt service costs for the Series 2012A and 2016A bond issuances and the anticipated MDE Water Quality Revolving Loan debt service in years FY21-26 are included in the fiscal plan. Actual debt service costs may vary depending on the size and timing of future loan and bond issues. Current revenue may be used to offset future borrowing requirements. Future WQPC rates are subject to change based on the timing and size of future debt issuance, State Aid, and legislation.
5. Charges are adjusted to fund the planned service program and maintain net revenues sufficient to cover 1.25 times debt service costs (1.20 in FY21).
6. The Water Quality Protection fund balance minimum policy target is 5% of resources.