



Legislation Review

Review of the Fiscal Year 2025 Proposed Capital Budget and Program Water (W Class)

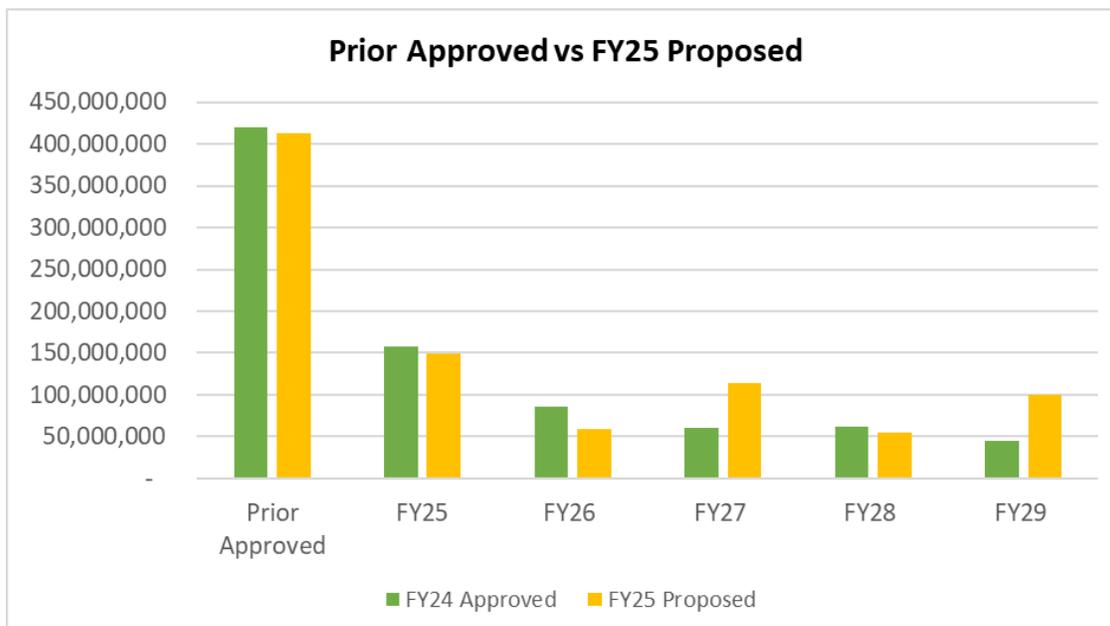
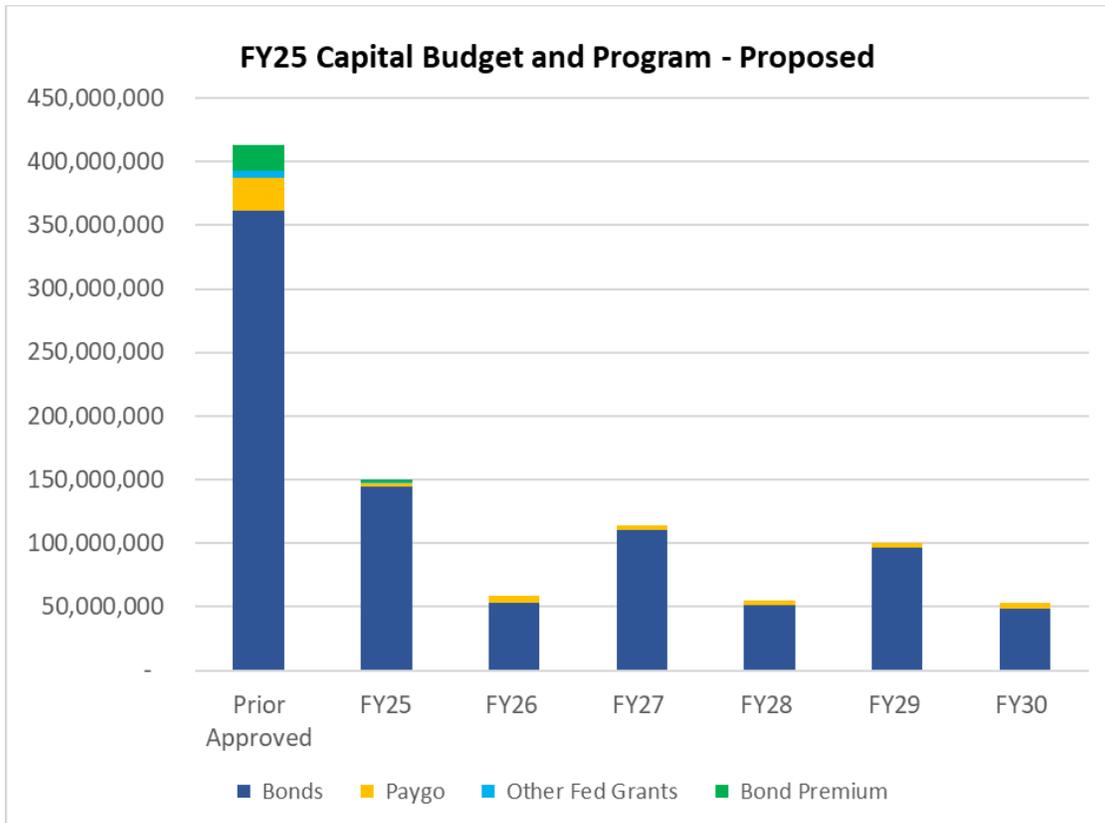
Report Date: May 15, 2024
Hearing Date: May 16, 2024

Questions Sent to Agency:	April 25, 2024
Responses Received from Agency:	May 2, 2024

This analysis considers all agency responses.

Water (W Class)

Capital Budget Summary



Note: Chart data provided in the Appendix

Analysis of the FY25 Proposed Capital Budget and Program

- The five projects receiving the largest FY25 funding amounts in the FY25 Proposed Capital Budget are:
 - \$42,041,000 for AMI Water Meter Program (Project #W809100, p 453 of the capital budget book),
 - \$33,510,000 for Crofton Meadows II Exp Ph 2 (Project #W801400, p. 443),
 - \$20,000,000 for East/West TM – North (Project #W803600, p. 447),
 - \$15,492,000 for Elevated Water Storage (Project #W799600, p. 442), and
 - \$12,200,000 for Water Main Repl/Recon (Project #X733700, p. 460).
- The Proposed Capital Budget and Program includes 43 projects: 30 stand-alone/one-time and 13 multi-year/recurring.
- Two projects replace previously approved FY25 funding amounts with new funds from different sources. Specifically, the Water Main Repl/Recon (Project #X733700, p. 460) replaces \$1,244,000 in Water Bonds with Bond Premium (\$1,200,000) and Water PAYGO (\$44,000) and the Lead Service Line Repl. (Project #W810500, p. 458) replaces \$959,752 in Water Bonds with Other Fed Grants (further described below).
- New project funding is provided for Heritage Harbor WM Interconnec (Project #W810800, p. 459) for \$960,000 in FY25 Water Bonds for installation of a new water main to interconnect portions of the existing Heritage Harbor area.
- Significant changes in project scheduling:
 - TM-MD Rte 32 @ Meade (Project #W801600, p. 444) construction costs have moved from FY25 to FY27 (\$9,346,000) and FY29 (\$46,519,000) due to challenges encountered during the easement process. The Administration is currently working on the easement process with Fort George G. Meade but is no longer pursuing easements with Patuxent Wildlife Refuge and are currently pursuing an alternative alignment to avoid the Refuge.
 - AMI Water Meter Program (Project #W809100, p. 453) project costs for FY25 increased by \$33,841,000 mainly due to an accelerated installation approach (replacement installation timeline was reduced from five years to three years) based on feedback from prospective vendors prior to procurement. The accelerated timeline moved the previously approved annual costs of \$8,200,000 budgeted in FY25 through FY28 to FY25.
- Federal infrastructure funding assumptions: Lead Service Line Repl. (Project #W810500, p. 458) has FY25 Other Fed Grants funding \$959,752 from the FY24 federal funding bill via the US Environmental Protection Agency to support the identification and replacement of water service lines.

Capital Budget – Key Observations and Recommendations

1. **Project Schedule Changes – Heritage Harbor WM Interconnec (Project #W810800, p. 459)** – The cost estimate shows the bid advertising date for the construction contract in FY27. As a result, construction costs of \$710,000 in FY25 and \$955,000 in FY26 should potentially be moved to FY26 and/or FY27; however, we are still working with the Administration to understand the procurement timeline and related funding requirements.
2. **Calculation Error – Crofton Meadows II WTP Upgr (Project #W778600, p. 438)** – Due to errors in the cost estimate calculation, the Administration revised the project budget resulting in excess project funds of \$1,339,000. **We recommend reducing FY25 Water Bonds by \$1,339,000.**
3. **Change in Scope – Water Strategic Plan (Project #W778800, p. 439)** – The proposed budget increases \$500,000 in FY25 over the planned amount. The \$500,000 is an allowance to support the procurement of a new utility allocation software system. There is a corresponding allocation of \$500,000 in the Wastewater Strategic Plan (Project #S776700) for a total of \$1,000,000 for this system.
4. **Change in Scope – Water Meter Replace/Upgrade (Project #W806300, p. 451)** – Project costs for FY25 totaling \$2,502,000 were removed due to water meter replacement costs now being programmed in the AMI Water Meter Program (Project #W809100).
5. **Change in Scope – Arnold WTP Upgrades (Project #W809600, p. 454)** – Construction has moved from FY25 to FY26 and project costs have increased by \$10,033,000 (from \$5,636,000 to \$15,669,000) due to the project scope addition of electrical power distribution equipment replacement and upgrades to the facility's fire alarm system.
6. **Change in Scope – Routine Water Extensions (Project #Y514200, p. 463)** – Changes the project scope cost limit for the construction of minor extensions and minor projects from \$250,000 to \$1,500,000. The construction of major extensions will be programmed and budgeted as separate capital projects when the projects are estimated to exceed the new threshold change. The Administration advised that the current limit significantly constricts the work that can be performed under this project.

Appendix: Chart Data

FY25 Proposed Capital Budget and Program vs FY24 Approved

Funding Source	Prior Approved	FY25	FY26	FY27	FY28	FY29	FY30	Total Proposed
Bonds	361,043,086	144,261,248	53,286,000	109,936,000	51,453,000	96,942,000	48,935,000	504,813,248
Paygo	26,202,038	3,225,000	5,428,000	4,186,000	3,350,000	3,350,000	3,850,000	23,389,000
Impact Fees	-	-	-	-	-	-	-	-
Other Fed Grants	5,350,000	959,752	-	-	-	-	-	959,752
Bond Premium	20,240,000	1,200,000	-	-	-	-	-	1,200,000
FY25 Proposed	412,835,124	149,646,000	58,714,000	114,122,000	54,803,000	100,292,000	52,785,000	530,362,000
FY24 Approved	420,363,309	158,287,000	86,530,000	60,411,000	61,447,000	44,852,000		411,527,000