



Legislation Review

Review of the Fiscal Year 2025 Proposed Current Expense Budget Department of Public Works

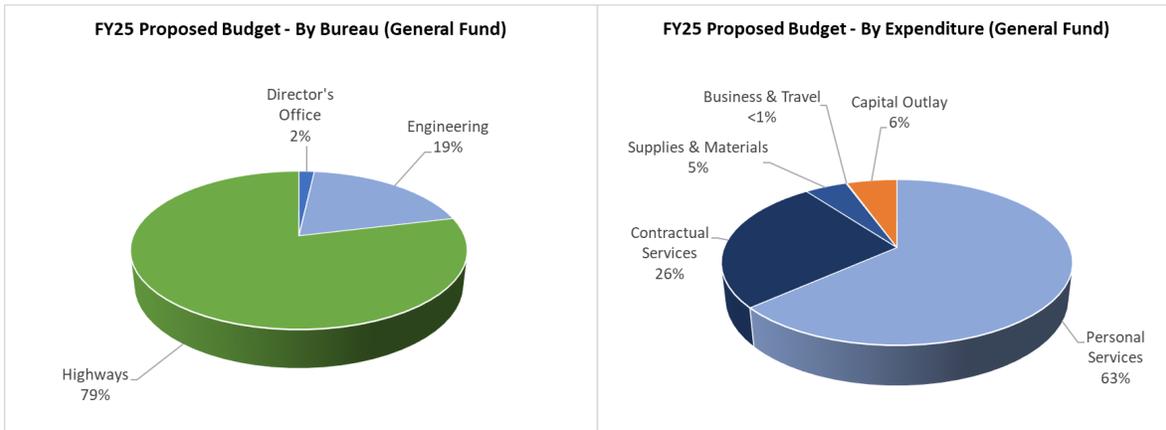
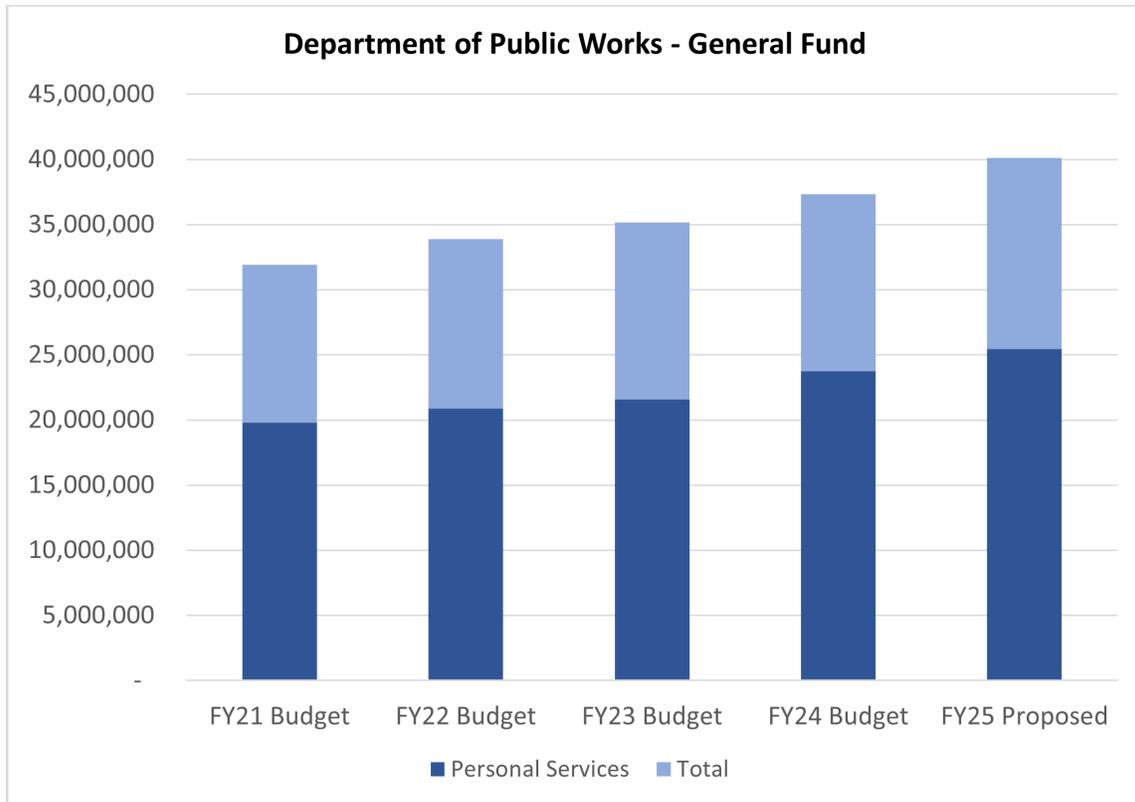
Report Date: May 15, 2024
Hearing Date: May 16, 2024

| | |
|--|---------------------------------|
| Questions Sent to the Agency: | May 3, 2024; May 4, 2024 |
| Responses Received from the Agency: | May 8, 2024; May 9, 2024 |

This analysis considers all agency responses.

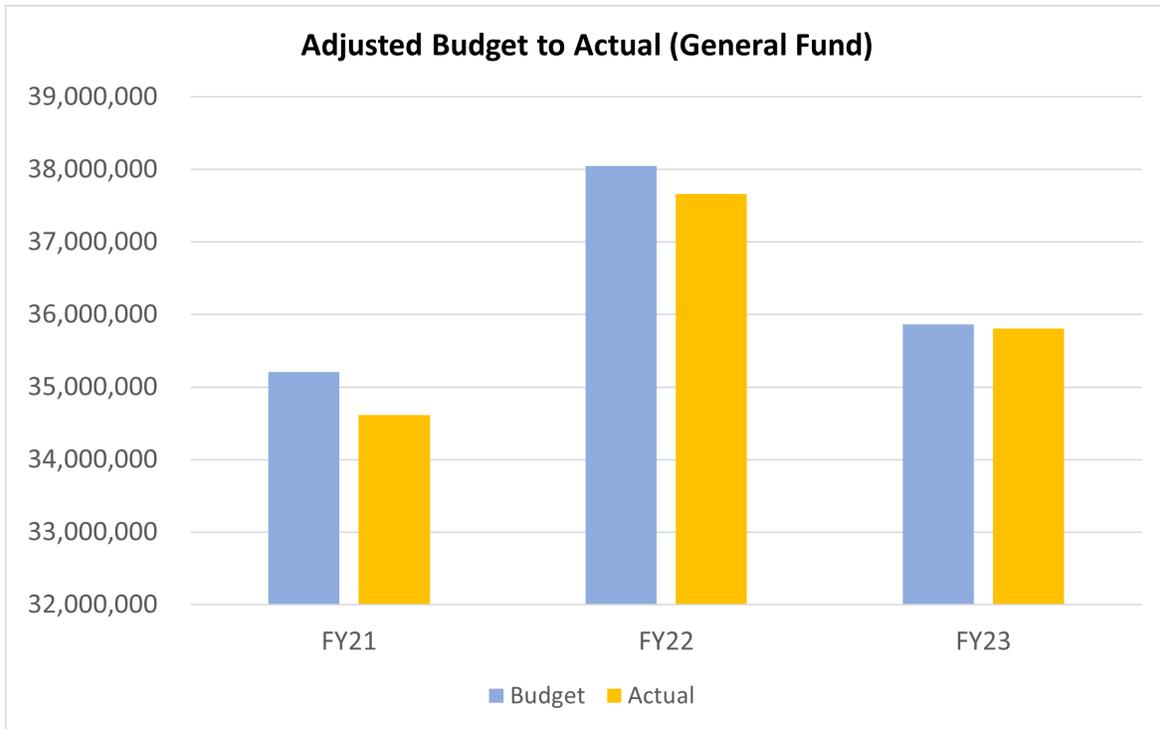
Department of Public Works (DPW) – General Fund

Operating Budget Summary



Note: Chart data is provided in Appendix 1

Analysis of the FY25 Proposed Current Expense Budget



Note: Chart data is provided in Appendix 1. Adjusted Budget includes supplemental appropriations of \$3,282,800 for FY21, \$4,157,700 in FY22, and \$701,900 in FY23 and, therefore, does not match the Original Budget used in Chart 1.

Proposed Budget Changes

| | |
|-----------------------------|---------------------|
| FY24 Original Budget | \$37,344,200 |
| FY25 Proposed Budget | \$40,118,400 |

| | |
|--|---------------|
| Where It Goes – Highlighted Changes | Change |
|--|---------------|

| | |
|--|-----------|
| County pay package and benefits adjustments (cost of living and step/merit increases) | 1,699,000 |
| Traffic congestion reduction strategic plan implementation | 150,000 |
| Street lights maintenance contract with Baltimore Gas and Electric | 160,000 |
| Reduction in highway heavy equipment purchases from FY24 purchases | (290,000) |
| Supplies and materials associated with the traffic facility building fire (see #1 below) | 114,600 |
| Furniture and fixtures associated with the traffic facility building fire (see #1 below) | 485,300 |

Personnel Data

| Full-Time Equivalent Positions as of April 10, 2024 | | | | | |
|--|--------------------|--------------------|--------------------|----------------------|---------------------|
| Positions | FY22 Actual | FY23 Actual | FY24 Actual | FY25 Proposed | FY24 v. FY25 |
| General Fund | 245 | 243 | 247 | 247 | 0 |
| Filled | 200 | 209 | 219 | | |
| Vacant | 45 | 34 | 28 | | |

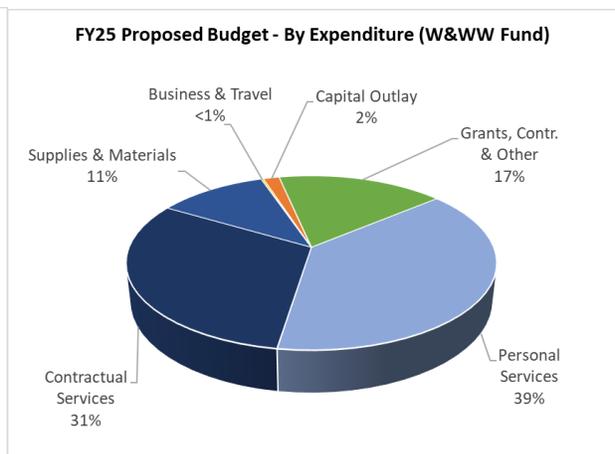
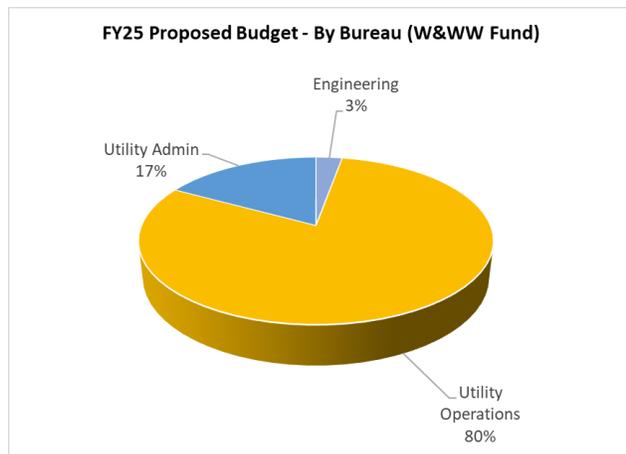
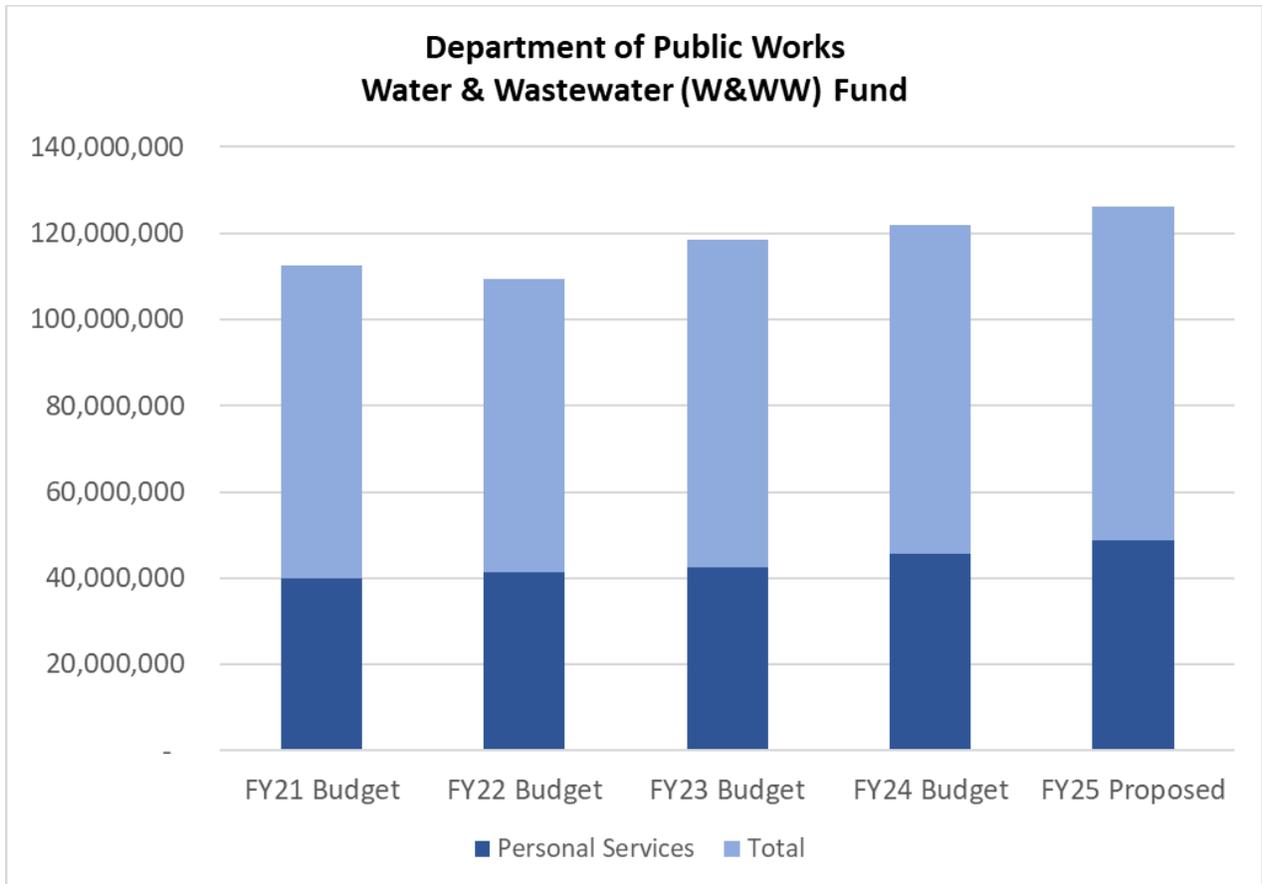
- **Four reclassifications are proposed –**
 - One vacant Engineer III position to a Senior Engineer, reclassing the position one grade from a NR-18 to NR-19. The Department of Public Works (DPW) advised that a Senior Engineer will provide the skills, experience, and training needed to lead the Traffic Engineering Division's Traffic Signal Operations Section.
 - Three filled Mason positions are reclassified three grades from LM-7 to LM-10. DPW advised that these reclassifications were recommended pursuant to a desk audit evaluation of this classification.

Key Observations

1. **Highway Maintenance Facility Fire Recovery** – The Bureau of Highways experienced a fire at its traffic maintenance facility in Millersville on March 18, 2024. Bill 24-24 proposes to transfer \$204,000 from the Chief Administrative Officer's contingency account to DPW to replace equipment lost due to the fire. The FY25 Proposed Current Expense Budget includes an additional \$600,000 to replace sign fabrication equipment, supplies, computers and related equipment, office furniture, and uniforms destroyed in the fire. DPW anticipates that before the end of FY25, the County will be reimbursed for much of the fire-related costs through insurance recoveries. The FY25 Proposed Capital Budget and Program provides the Traffic Maint Fac Upg Relo (Project #C589000, p.45 of the capital budget book) with \$1,000,000 in FY25 Insurance Recoveries funding for costs associated with providing temporary facilities.

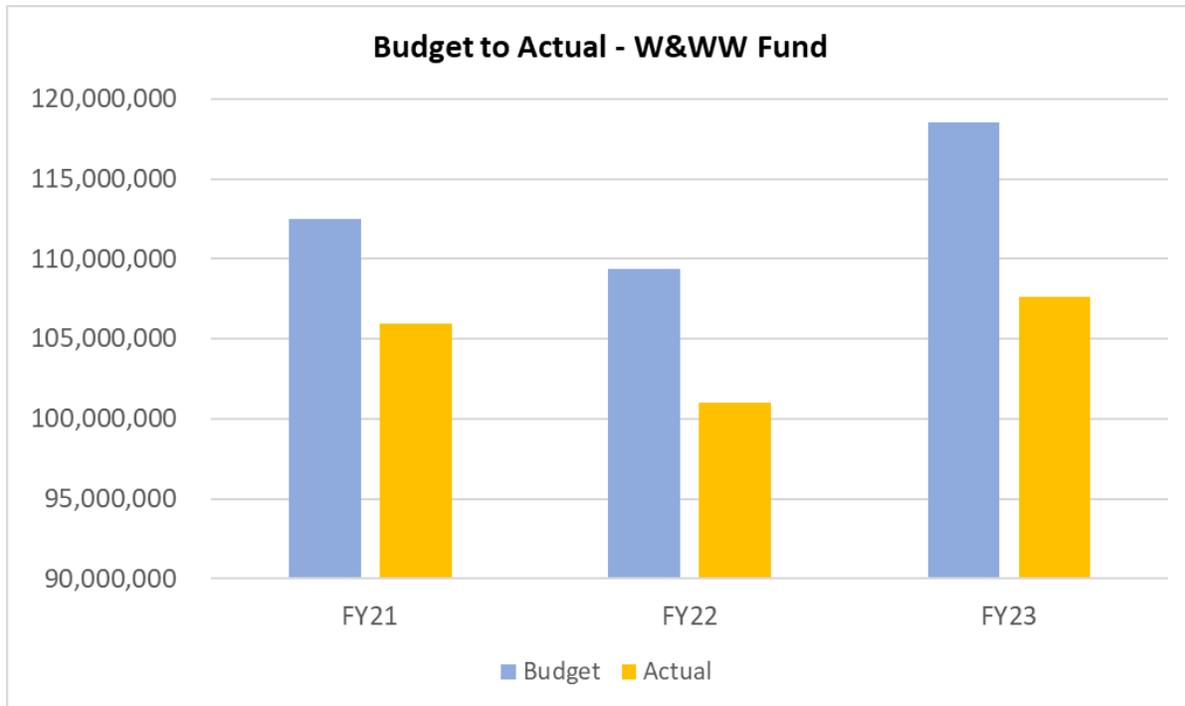
DPW – Water and Wastewater Operating Fund

Operating Budget Summary



Note: Chart data is provided in Appendix 2

Analysis of the FY25 Proposed Current Expense Budget



Note: Chart data is provided in Appendix 2

Proposed Budget Change

| | |
|-----------------------------|----------------------|
| FY24 Budget | \$122,031,800 |
| FY25 Proposed Budget | \$126,145,500 |

| Where It Goes – Highlighted Changes | Change |
|--|---------------|
| County pay package and benefits adjustments (cost of living and step/merit increases) | 1,655,900 |
| Overtime increase due to vacant positions and pay increases | 336,500 |
| Increased electricity costs for existing water and wastewater facilities | 1,449,400 |
| Increase due to consultant support to handle stormwater permits and temporary secretarial services | 310,000 |
| Rate increases for water and sewer service purchases from other jurisdictions | 453,100 |
| Chemicals for water and wastewater treatment systems | 300,200 |
| Price increases for equipment repair parts for water and sewer systems | 577,200 |
| Replacing fewer vehicles (4 rather than 15) and heavy equipment | (637,600) |
| Decrease in County administrative overhead (pro rata) payment | (1,390,000) |

Personnel Data

| Full-Time Equivalent Positions as of April 10, 2024 | | | | | |
|--|--------------------|--------------------|--------------------|----------------------|---------------------|
| Positions | FY22 Actual | FY23 Actual | FY24 Actual | FY25 Proposed | FY24 v. FY25 |
| Water & Wstwtr Op Fund | 380 | 380 | 383 | 383 | 0 |
| Filled | 339 | 336 | 340 | | |
| Vacant | 41 | 44 | 43 | | |

- **Two reclassifications, both vacant positions, are proposed –**
 - One vacant Engineer II position to a Program Manager, which is reclassing the position two grades from a NR-17 to NR-19. This reclassified position will be responsible for program management associated with overseeing infrastructure asset control, data management, and preventative maintenance.
 - One vacant Utility Systems Technician II position to a Utility Systems Technician III, which is reclassing the position two grades from a LM-8 to LM-10. DPW advised that this change is consistent with the position’s duties, which includes quarterly stormwater inspections at County-owned wastewater treatment plants, pump out inspections of marinas, and compliance inspections.
- **Proposed Turnover Rate** – The FY25 Proposed Current Expense Budget assumes 4.05% turnover, which is below the 11.26% vacancy rate on April 10, 2024, and below the actual rate in previous years, including an estimated 8.08% in FY24, actual 6.66% in FY23 and actual 7.12% in FY22.

Key Observations

- 1. Service Rate Changes** – The FY25 Proposed Current Expense Budget reflects increases in metered water and wastewater charges. Bill 45-24 increases water usage charges from \$3.23 to \$3.45 per 1,000 gallons of water usage and wastewater charges from \$5.67 to \$6.06 for each 1,000 gallons of water usage on July 1, 2024. For the fiscal year beginning July 1, 2025, any increase in charges in an amount greater than 5% must be set by the County Council by ordinance. As noted below, rates are lower than previously anticipated for FY25 and FY26, but increase more than previously anticipated in FY27 through FY29.

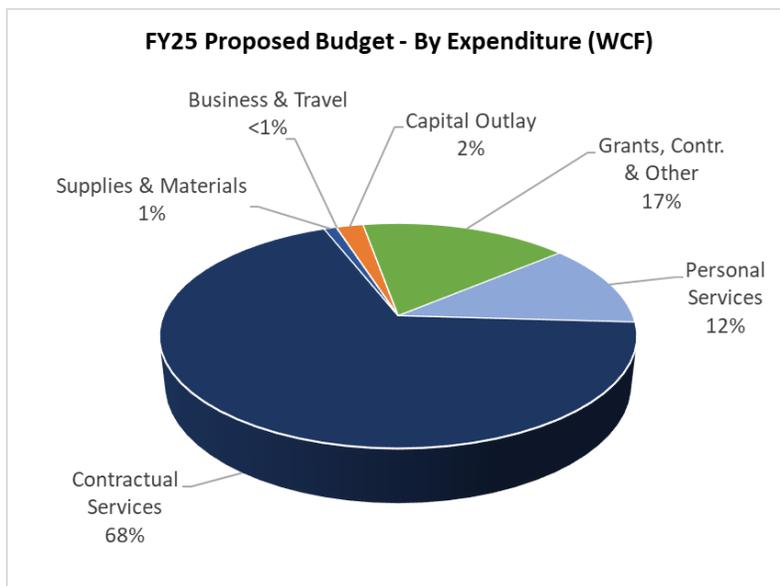
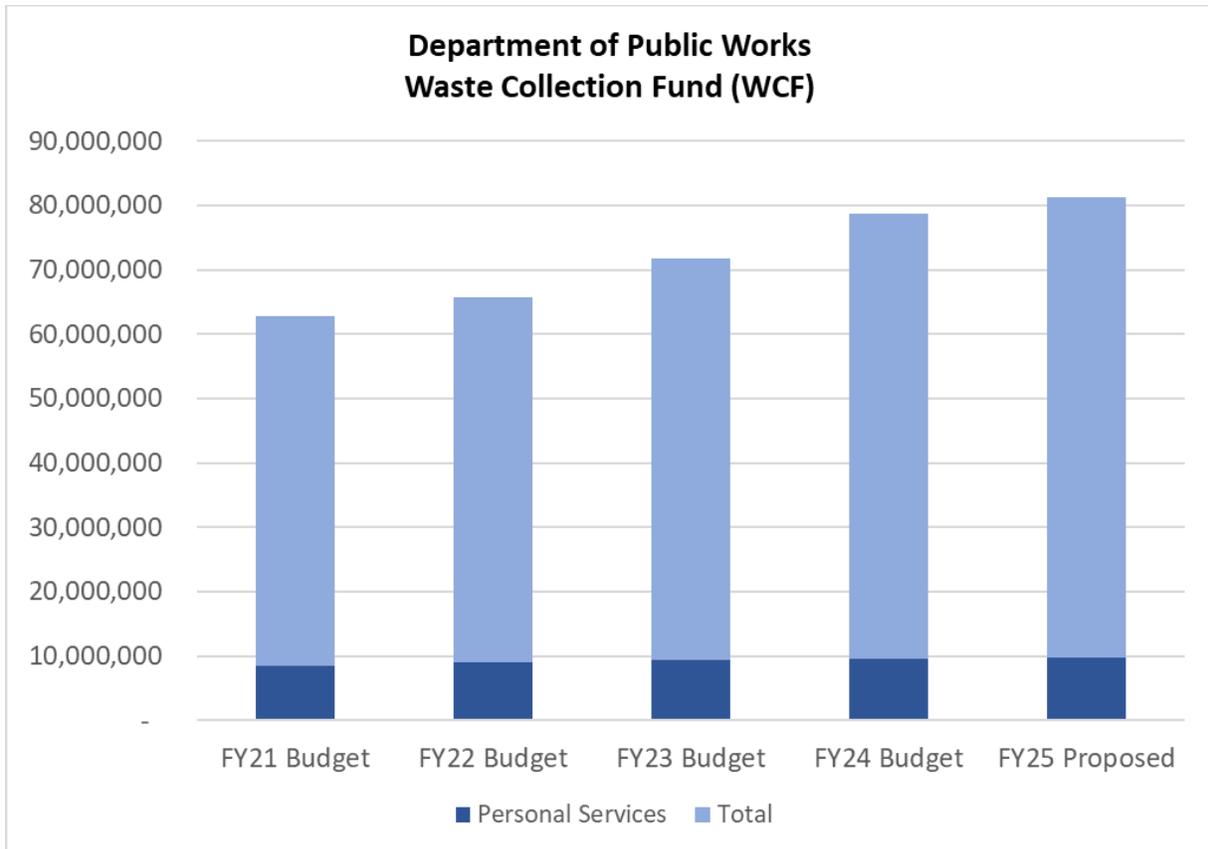
| Water and Sewer | FY24 | FY25 | FY26 | FY27 | FY28 | FY29 |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| FY24 Budget | 9.0% | 9.0% | 7.0% | 1.0% | 1.5% | 1.0% |
| FY25 Budget | -- | 7.0% | 5.0% | 5.0% | 4.0% | 2.0% |

We have performed an initial review of the Utility Operating Fund rate model data, assumptions, and FY25 calculation. The model adjusts rates to cover estimated costs and reflects a \$32,155,780 estimated ending FY25 fund balance, which is \$11,131,530 higher than the target balance of \$21,024,250 that represents two months of operating costs. However, in FY28, the estimated rate increase of 4% results in an estimated fund balance that exceeds the target balance by only \$193,575. To the extent Water and Wastewater operations spend less than budgeted, smaller rate increases may be possible and/or more PAYGO funding may be available for water and wastewater capital projects.

- 2. Unanticipated Needs Funding** – The FY25 Proposed Current Expense Budget includes \$515,000 for unanticipated operating costs. DPW advised this funding was used in the past for treatment plant chemicals, replacement parts, and contractor costs.

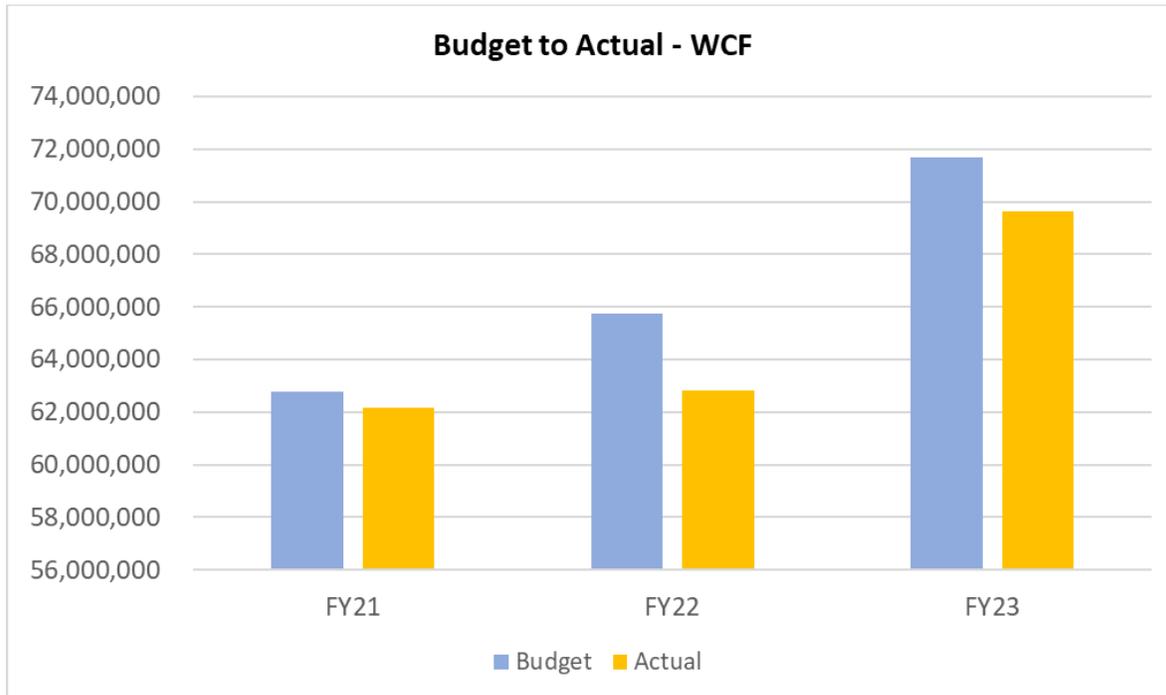
DPW – Waste Collection Fund

Operating Budget Summary



Note: Chart data is provided in Appendix 3

Analysis of the FY25 Proposed Current Expense Budget



Note: Chart data is provided in Appendix 3

Key Observations

- 1. Service Rate Changes** – The FY25 Proposed Current Expense Budget reflects increases in solid waste services charges. Bill 46-24 increases solid waste services charges from \$380 to \$404 on July 1, 2024. For the fiscal year beginning July 1, 2025, any increase in these charges in an amount greater than 5% must be set by the County Council by ordinance. Bill 46-24 also increases charges at County-owned or operated landfills and solid waste disposal facilities from \$85 to \$100 per ton for solid waste delivered by a commercial business and in certain trucks and trailers. This bill also increases certain charges based on weight.

We have performed an initial review of the Solid Waste Fund rate model data, assumptions, and FY25 calculation. The model adjusts rates to cover estimated expenses and reflects a \$12,225,423 estimated ending FY25 fund balance, which exceeds the target fund balance of at least 10% of operating expenses. However, in FY27, the estimated rates increase of 12.9% results in an estimated ending fund balance that is approximately 10% of operating expenses, which is the target fund balance. The model includes adjustments in the curbside collection estimated expenditures to reflect expected trash collection procurements in FY26 and FY27. To the

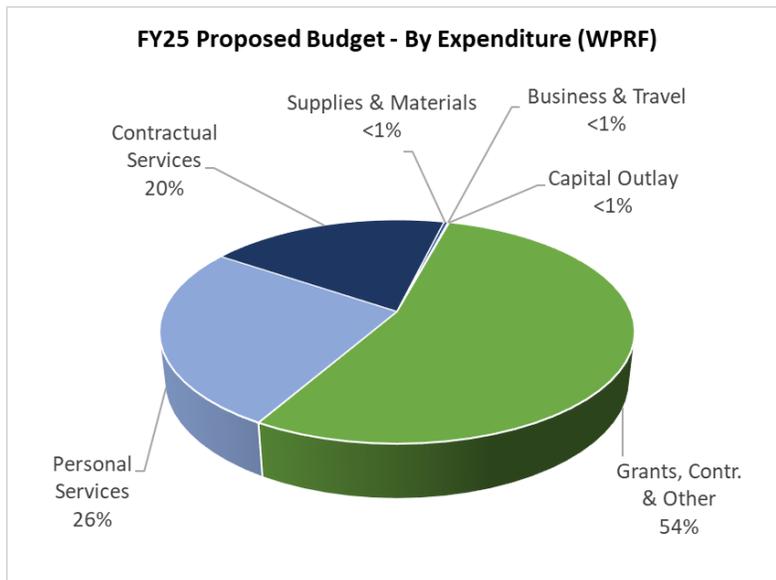
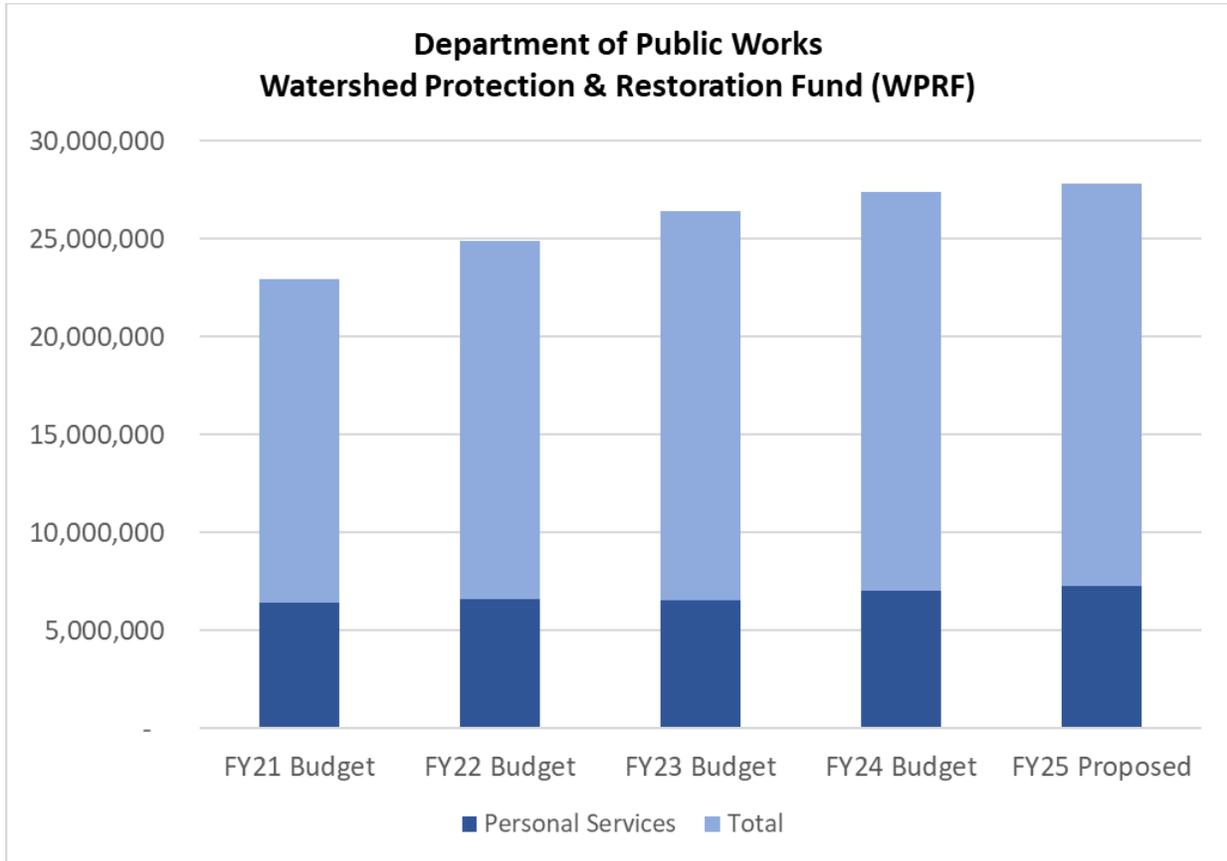
Analysis of the FY25 Proposed Current Expense Budget

extent Waste Management operations spend less than budgeted, smaller rate increases and/or more PAYGO funding for water and wastewater capital projects may be possible.

- 2. Capital Facility Connection Charges** – The FY25 Proposed Current Expense Budget reflects increases in the capital facility recoupment charge, water system capital facility connection charge, and the wastewater system capital facility connection charge. Bill 53-24 increases the capital facility recoupment charge from \$3.81 to \$4.00, water system capital facility connection charge from \$10,286 to \$10,800, and the wastewater system capital facility connection charge from \$10,286 to \$10,800. This bill also authorizes the County Executive to increase these charges by up to 5% per year beginning July 1, 2025 without Council approval.
- 3. Unanticipated Needs Funding** – The FY25 Proposed Current Expense Budget includes \$300,000 for unanticipated operating costs.
- 4. Residential Trash Collection** – The FY25 Proposed Current Expense Budget provides a total of \$35,331,800 for residential trash contracts, a \$1,053,000 (3.1%) increase over the Approved FY24 Current Expense Budget. This increase reflects inflationary adjustments for all 14 existing trash collection contracts. DPW intends to re-bid 5 residential trash contracts in FY25 that will take effect in FY26. The outcome of these procurements will help determine future residential trash collection rates.
- 5. Federal Grant Funding Adjustment** – The FY25 Proposed Current Expense Budget reflects a \$2,536,800 decrease in federal grant funding from the FY24 Approved Current Expense Budget due to the US Environmental Protection Agency grant funding request for infrastructure improvements not being awarded.

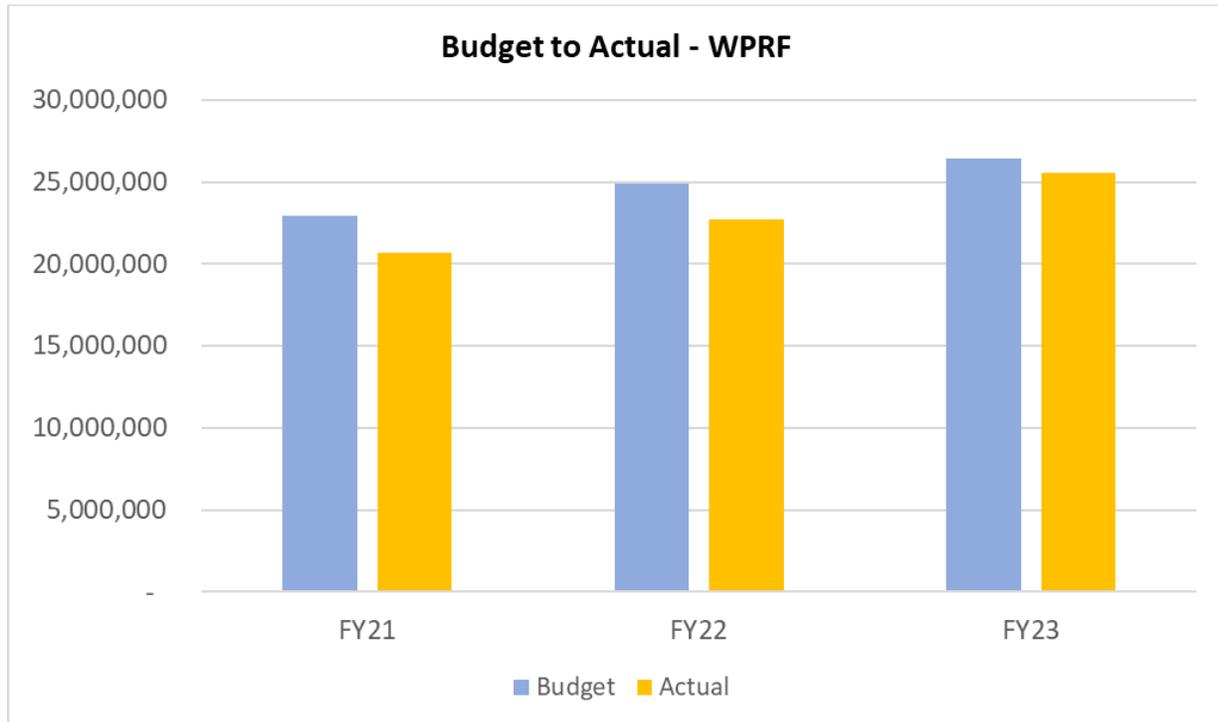
DPW – Watershed Protection and Restoration Fund

Operating Budget Summary



Note: Chart data is provided in Appendix 4

Analysis of the FY25 Proposed Current Expense Budget



Note: Chart data is provided in Appendix 4

Key Observations

- 1. One reclassification of a vacant position is proposed** – One vacant Engineer III position (NR-18) is being reclassified to a Program Specialist II (NR-17). This Program Specialist II will support the Ecological Assessment and Evaluation Program.
- 2. Service Rate Changes** – Stormwater remediation fees for residential units increase 5% to \$98.40 per unit. We have performed an initial review of the Watershed Protection and Restoration Fund Financials and Affordability rate model data, assumptions, and FY25 calculation. The model projects a 5% annual fee increase for the FY25-FY30 period. An ending fund balance of \$42,998,703 in FY25 is projected to decrease annually to \$7,417,679 in FY30.

Appendix 1: Chart Data

Department of Public Works – General Fund Budget

| | FY21 Budget | FY22 Budget | FY23 Budget | FY24 Budget | FY25 Proposed |
|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Personal Services | 19,790,000 | \$ 20,883,100 | \$ 21,602,600 | \$ 23,758,000 | \$ 25,456,900 |
| Contractual Services | 9,641,800 | \$ 9,593,800 | \$ 10,066,000 | \$ 9,809,700 | \$ 10,565,800 |
| Supplies & Materials | 1,841,300 | \$ 1,818,900 | \$ 1,703,900 | \$ 1,715,900 | \$ 1,847,800 |
| Business & Travel | 49,300 | \$ 48,300 | \$ 47,600 | \$ 46,800 | \$ 46,800 |
| Capital Outlay | 603,800 | \$ 1,545,300 | \$ 1,738,300 | \$ 2,013,800 | \$ 2,201,100 |
| Grants, Contr. & Other | - | \$ - | \$ - | \$ - | \$ - |
| Total | \$ 31,926,200 | \$ 33,889,400 | \$ 35,158,400 | \$ 37,344,200 | \$ 40,118,400 |

FY25 Proposed Budget - By Bureau - General Fund

| Name | FY25 Proposed |
|-------------------|----------------------|
| Director's Office | \$ 707,100 |
| Engineering | \$ 7,797,800 |
| Highways | \$ 31,613,500 |
| Total | \$ 40,118,400 |

FY25 Proposed Budget - By Expenditure - General Fund

| Object | FY25 Proposed |
|----------------------|----------------------|
| Personal Services | \$ 25,456,900 |
| Contractual Services | \$ 10,565,800 |
| Supplies & Materials | \$ 1,847,800 |
| Business & Travel | \$ 46,800 |
| Capital Outlay | \$ 2,201,100 |
| Total | \$ 40,118,400 |

Adjusted Budget* to Actual - General Fund

| | FY21 | FY22 | FY23 |
|---------------|------------|---------------|---------------|
| Budget | 35,209,000 | \$ 38,047,100 | \$ 35,860,300 |
| Actual | 34,611,447 | \$ 37,660,806 | \$ 35,808,149 |

*Adjusted Budget includes supplemental appropriations of \$3,282,800 for FY21, \$4,157,700 in FY22, and \$701,900 in FY23 and, therefore, does not match the Original Budget used in Chart 1.

Appendix 2: Chart Data

Department of Public Works Water & Wastewater (W&WW) Fund

| | FY21 Budget | FY22 Budget | FY23 Budget | FY24 Budget | FY25 Proposed |
|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Personal Services | 39,935,600 | \$ 41,224,800 | \$ 42,592,900 | \$ 45,621,100 | \$ 48,675,600 |
| Contractual Services | 36,630,400 | \$ 35,646,100 | \$ 37,399,100 | \$ 36,919,000 | \$ 39,095,700 |
| Supplies & Materials | 9,543,300 | \$ 9,652,400 | \$ 10,676,900 | \$ 13,232,800 | \$ 14,268,800 |
| Business & Travel | 262,000 | \$ 249,300 | \$ 260,400 | \$ 294,500 | \$ 294,500 |
| Capital Outlay | 1,736,000 | \$ 1,437,400 | \$ 1,541,200 | \$ 2,717,800 | \$ 2,080,200 |
| Grants, Contr. & Other | 24,387,200 | \$ 21,171,000 | \$ 26,090,900 | \$ 23,246,600 | \$ 21,730,700 |
| Total | \$ 112,494,500 | \$ 109,381,000 | \$ 118,561,400 | \$ 122,031,800 | \$ 126,145,500 |

FY25 Proposed Budget - By Bureau - W&WW Fund

| Name | FY25 Proposed |
|--------------------|-----------------------|
| Engineering | \$ 3,579,700 |
| Utility Operations | \$ 101,030,000 |
| Utility Admin | \$ 21,535,800 |
| Total | \$ 126,145,500 |

FY25 Proposed Budget - By Expenditure - W&WW Fund

| Object | FY25 Proposed |
|------------------------|-----------------------|
| Personal Services | \$ 48,675,600 |
| Contractual Services | \$ 39,095,700 |
| Supplies & Materials | \$ 14,268,800 |
| Business & Travel | \$ 294,500 |
| Capital Outlay | \$ 2,080,200 |
| Grants, Contr. & Other | \$ 21,730,700 |
| Total | \$ 126,145,500 |

Budget to Actual - W&WW Fund

| | FY21 | FY22 | FY23 |
|---------------|-------------|----------------|----------------|
| Budget | 112,494,500 | \$ 109,381,000 | \$ 118,561,400 |
| Actual | 105,943,266 | \$ 101,005,742 | \$ 107,648,181 |

Appendix 3: Chart Data

Department of Public Works Waste Collection Fund (WCF)

| | FY21 Budget | FY22 Budget | FY23 Budget | FY24 Budget | FY25 Proposed |
|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Personal Services | 8,449,300 | \$ 8,960,300 | \$ 9,334,400 | \$ 9,493,000 | \$ 9,781,900 |
| Contractual Services | 39,789,300 | \$ 40,621,600 | \$ 46,249,500 | \$ 52,397,400 | \$ 55,399,900 |
| Supplies & Materials | 767,800 | \$ 802,800 | \$ 880,100 | \$ 1,034,100 | \$ 805,100 |
| Business & Travel | 23,900 | \$ 21,500 | \$ 21,900 | \$ 21,800 | \$ 21,600 |
| Capital Outlay | 1,694,400 | \$ 1,655,800 | \$ 1,818,800 | \$ 2,020,800 | \$ 1,758,900 |
| Grants, Contr. & Other | 12,072,000 | \$ 13,667,300 | \$ 13,400,400 | \$ 13,756,700 | \$ 13,586,300 |
| Total | \$ 62,796,700 | \$ 65,729,300 | \$ 71,705,100 | \$ 78,723,800 | \$ 81,353,700 |

FY25 Proposed Budget - By Expenditure - WCF

| Object | FY25 Proposed |
|------------------------|----------------------|
| Personal Services | \$ 9,781,900 |
| Contractual Services | \$ 55,399,900 |
| Supplies & Materials | \$ 805,100 |
| Business & Travel | \$ 21,600 |
| Capital Outlay | \$ 1,758,900 |
| Grants, Contr. & Other | \$ 13,586,300 |
| Total | \$ 81,353,700 |

Budget to Actual - WCF

| | FY21 | FY22 | FY23 |
|---------------|-------------|---------------|---------------|
| Budget | 62,796,700 | \$ 65,729,300 | \$ 71,705,100 |
| Actual | 62,162,070 | \$ 62,825,421 | \$ 69,622,641 |

Appendix 4: Chart Data

Department of Public Works Watershed Protection & Restoration Fund (WPRF)

| | FY21 Budget | FY22 Budget | FY23 Budget | FY24 Budget | FY25 Proposed |
|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Personal Services | 6,445,200 | \$ 6,600,100 | \$ 6,566,500 | \$ 7,020,800 | \$ 7,273,900 |
| Contractual Services | 5,709,200 | \$ 5,745,600 | \$ 5,750,600 | \$ 5,707,100 | \$ 5,385,700 |
| Supplies & Materials | 89,800 | \$ 87,800 | \$ 84,900 | \$ 95,900 | \$ 88,800 |
| Business & Travel | 30,200 | \$ 30,200 | \$ 31,900 | \$ 28,300 | \$ 26,800 |
| Capital Outlay | 15,400 | \$ 15,400 | \$ 5,700 | \$ 5,700 | \$ 5,700 |
| Grants, Contr. & Other | 10,652,600 | \$ 12,399,800 | \$ 13,979,700 | \$ 14,550,500 | \$ 15,067,900 |
| Total | \$ 22,942,400 | \$ 24,878,900 | \$ 26,419,300 | \$ 27,408,300 | \$ 27,848,800 |

FY25 Proposed Budget - By Expenditure - WPRF

| Object | FY25 Proposed |
|------------------------|----------------------|
| Personal Services | \$ 7,273,900 |
| Contractual Services | \$ 5,385,700 |
| Supplies & Materials | \$ 88,800 |
| Business & Travel | \$ 26,800 |
| Capital Outlay | \$ 5,700 |
| Grants, Contr. & Other | \$ 15,067,900 |
| Total | \$ 27,848,800 |

Budget to Actual - WPRF

| | FY21 | FY22 | FY23 |
|---------------|-------------|---------------|---------------|
| Budget | 22,942,400 | \$ 24,878,900 | \$ 26,419,300 |
| Actual | 20,713,078 | \$ 22,717,958 | \$ 25,560,611 |