

CHAPTER 5

FINANCIAL IMPLEMENTATION PLAN

5.1 PURPOSE AND SCOPE OF CHAPTER

Over the past decade, reduced Federal funding levels and limited State and Federal revenue sources have placed more of the burden of funding infrastructure improvements on local government. This has created the need to develop alternative financing approaches capable of generating the capital necessary to fund extensions and improvements of the County's public water supply and sewer systems. Today's financial environment is far different than it was in the past. Therefore, a wide range of possible funding alternatives is considered, as no single source can fully fund the County's water and sewer infrastructure needs. Consequently, this Water and Sewer Plan presents a financial implementation plan to implement its water and sewer needs programs.

This chapter presents information on Charles County's existing financing programs, those financing sources available to the County, as well as a discussion of financing strategies which may be useful in the future. This chapter also provides a connection between the County's water supply and sewer system needs and their implementation. Thus, it is an important link between the Water Plan (Chapter 3) and the Sewer Plan (Chapter 4). Also included is information on the capital improvements planning and budgeting process, explaining how water and sewer projects are selected and prioritized for presentation to the County Commissioners for decisions regarding funding and implementation. This Financial Implementation Plan also provides coordination between the Water and Sewer Plan and other County plans and programs, in particular, programs and policies developed as a result of the County's Comprehensive Plan.

5.2 CHARLES COUNTY'S EXISTING FINANCING PROGRAMS

5.2.1 Water and Sewer Enterprise Fund

Charles County's Water and Sewer Enterprise Fund was established in 1976 as a self-supporting financing mechanism to assure that the users of the system, who directly benefit from public water and sewer service, bear the total local share of the costs of financing and operating the program. (Formerly, the water and sewer system were operated by the Charles County Sanitary Commission, a quasi-public organization similar to St. Mary's County Sanitary Commission). Many counties finance their water and sewer programs through their property tax system and general fund revenues; this system has a major disadvantage as the actual usage of a water or sewer facility is not directly tied to the user's property value. Therefore a property with high value, but low service potential, pays a disproportionate share. For these reasons, Charles County developed a system which assures that those receiving service pay appropriate amounts and that the financial burden is not placed on the general population of the County.

The Charles County Department of Planning and Growth Management (formerly the Department of Public Works) and the Department of Fiscal Services established a multi-faceted financing system. The various component fees, and their intended funding targets, are as follows:

- A. User Fees - Cover operation and maintenance costs of the system. These are in the form of quarterly bills to the users of the County's public water and sewer systems. Charles County has a combined rate structure and charges its water and sewer customers a uniform volume charge. The rate structure is reassessed periodically and is adjusted. Non-metered sewer customers are charged a flat fee based on the equivalent meter size.

- B. Connection Fees - Cover capital costs and debt retirement for the County's major public water supply and sewer treatment facilities, and capacity planning and expansion at those facilities. Costs are based on actual expenditures, planned capital project costs, debt principal amounts on bond issues associated with debt financed projects, as well as administrative costs. Connection fees serve as impact fees for the public water and sewer system; these were the first impact fees charged by the County. Connection fees are assessed to new customers paying for new capacity, and are reassessed and adjusted periodically.

- C. Front Foot Assessment - Levied on a per linear foot of frontage on water and sewer line right-of-ways. Front foot assessments are levied on those having frontage on water and sewer lines, and thus the potential for receiving public service. Fees are levied on those lines that the County builds or purchases and are intended to cover the costs of constructing those lines.

5.2.2 Rebate Program

The County provides a rebate program to the private sector to supplement the County's needs for water and sewer infrastructure development. Through the rebate program, the private sector is reimbursed for the costs attributed to the over-sizing of facilities in excess of the project needs. The County will reimburse off-site improvements through third-party connection fees. This program provides another means by which the County's facility needs are met for both current and future needs and conditions.

Within a fifteen year period from the date of dedication of the off-site improvement, the developer shall be entitled to a payment or credit from the County in an amount up to the certified construction cost of the on-site or off-site improvement which has capacity available to serve other off-site County customers. All agreements to construct facilities, subject to these regulations, and to become beneficiary to this program, shall be codified within a developer agreement between the Department of Planning and Growth Management and the developer and may include subsidiary agreements with the Department of Fiscal Services. The number of connections shall be limited to the available excess capacity of the off-site improvements over and above that which is required by the developer who constructed and dedicated the improvement.

The amount of reimbursement shall be limited to the amount of pre-determined and agreed upon cost of the excess capacity of the developer constructed improvement.

The County customer connecting to an off-site improvement will be required to pay to the County a system expansion fee (SEF), in addition to the County's standard connection fee, at the time a utility permit is issued. No system expansion fee will be charged after fifteen years from dedication of an on-site improvement. The SEF will be assessed to each customer based on the amount of available capacity to serve future development and the customer's meter size. Further details may also be found in Chapter One of this document and County Commissioner Resolution 92-91, which is the official governing document for the rebate policy.

5.2.3 Bonds

The primary method that Charles County uses to fund its capital construction needs related to the expansion of water and sewer capacity and the provision of public facilities related to capacity expansion, is through the issuance of bonds. The County Commissioners utilize bonds only for projects associated with these conditions. Bonds have also been used for major repairs or replacements which enhance the useful life of the system-at-large and projects which have a useful life beyond the terms of the bond. The Commissioners have developed a multi-faceted approach, whereby the Enterprise Fund covers a substantial portion of the debt retirement associated with bonding, operation and maintenance costs, line extensions, and other projects deemed necessary by the County Commissioners. The private sector also provides facilities associated with trunk line and lateral extensions off the County's interceptors and other projects with a primary use by the affected property or properties.

The County Commissioners, as the governing body of Charles County, issue "Consolidated Public Improvement and Refunding Bonds" on a regular basis. The County currently has three bond ratings: Moody's Investors Service rates the County at "Aa2"; Standard and Poors Corporation rating is "AA+"; and a third rating comes from Finch, which rates the County "AA+".

The types of bonds which could be used by the County are as follows:

5.2.3.1 Other Bonds

General obligation bonds are, by far, the most common type of bond used by the County. These are secured by the full faith and credit of the County. Such bonds are secured by a pledge of the issuer's general revenues and are largely borne on the monies collected as part of the County's property tax. General obligation bonds constitute debts of the issuer and normally require approval by the state legislature or approval by referendum election prior to issuance. In the event of default, holders of general obligation bonds have the right to compel a tax levy or legislative appropriation to satisfy the obligations on the defaulted bonds.

5.2.3.2. Revenue Bonds

Revenue bonds differ from general obligation bonds in that the revenue projected to be derived from a particular public service facility (i.e. park, wastewater treatment plant) is utilized to retire the bond. Thus, the operation of a particular public service facility is used generate funds over the active term of the bond. Under Maryland law, counties and municipalities are authorized to sell revenue bonds to finance specific projects. Maryland law also allows counties and municipalities to utilize revenue bonds for industrial and public service companies. The proceeds of such bond issues have been used to purchase or construct "industrial buildings or port facilities." Machinery and equipment for industrial purposes, including water quality or pollution control, can also be financed.

5.2.3.3. Other Bond Types

Double-barreled bonds pledge multiple sources of revenue against the retirement of the bond issue. Two or more sources of funds may be used. This may allow financing flexibility in situations where the construction of facilities may have a repayment which is beyond the active term of the bond. These sources are defined as part of the bond issue. Generally, net revenues from a utility and an assessment or tax are pledged in a double-barreled issue. The County utilized General Obligation Bonds to provide funds for the Phase III upgrade of the Mattawoman Sewer Treatment Facility. This project is one of the County's largest capital construction projects ever undertaken.

5.2.4 Adequate Public Facilities Provisions

Another important means of implementing or supplementing the County's water and sewer needs program is through the adequate public facilities program, as established in the Charles County Zoning Ordinance. As traditional funding sources are limited or unavailable, the County is increasingly dependant on the private sector for some of the needed extensions, expansions and improvements. The County, through the Comprehensive Plan and the Zoning Ordinance, has to assure that development pays its share and that needed facilities are in place prior to development.

At the present time, the Adequate Public Facilities Manual (APF) contains limited provisions for adequate public facilities for water services. The policies and intent of the Comprehensive Plan clearly established the foundation for the APF program. The Zoning Ordinance further developed the program and included provisions for roads, schools, and groundwater impacts. The Ordinance included categories for water and sewer facilities, but indicated that details would be developed in the future. There are provisions for groundwater supply, in that a development must demonstrate that it will not have an adverse impact on adjacent users.

This Comprehensive Water and Sewer Plan establishes the framework and parameters for APF provisions for water and sewer, by establishing defined levels of service in Chapters 3 and 4. The technical aspects of this Plan are particularly important as projects requiring private sector participation through the APF program must be justified and legally defensible.

The APF element of the Zoning Ordinance provides a means by which the development process can assure that sufficient infrastructure and services exist, or will be provided prior to development.

These provisions ensure that development coincides with the location and timing of capital facilities. Operational and design standards for water, waste treatment, and transportation facilities can provide guidance in the development review process. The Zoning Ordinance has the ability to make approvals contingent on the County's ability to provide services or may require assurances that demonstrate that: 1) existing infrastructure is adequate to accommodate the project; 2) existing infrastructure can be successfully improved by the applicant to support the project; 3) infrastructure is planned and funded that will adequately serve the project.

The APF provisions of the Zoning Ordinance permit approval of a preliminary plan of subdivision or site development plan only if that plan is consistent with the guidelines established in the Zoning Ordinance, and only when adequate public facilities are in place to support and service the proposed development. If those facilities do not exist, they must be programmed and funded for construction and programmed prior to development. Levels of service are defined for water and sewer by establishing facility standards and providing criteria which will establish a consistent methodology for identifying the impacts of proposal developments. Currently, the County does not require adequate public facilities provisions for sewer facilities and only for water to the extent that a development will not adversely impact adjacent users. As the public water and sewer system builds out it will become increasingly important to evaluate the adequacy of these facilities as early in the process as is feasible.

When the County pursues the application of the APF element of Zoning Ordinance to water and sewer facilities, language will need to be developed to amend the Zoning Ordinance. This language will need to define the specific criteria by which the water and sewer facilities will be evaluated and how mitigation will be handled. The current detailed evaluation of these facilities takes place at the engineering level with review of the construction drawings. With the application of the APF element of the Zoning Ordinance, a detailed evaluation of these facilities can occur earlier in the process and the standards of that evaluation will be clearly defined.

5.2.5. Development Guidance System

The Development Guidance System (DGS) was also developed through the Comprehensive Plan and the Zoning Ordinance. The DGS provides a method by which incentives are provided for development of priority areas, including those where water and sewer infrastructure exists or needs to be developed. This incentive-based system allows additional density to specific projects, if the applicant provides County-identified improvements, such as the correction of a failing sewage system or a failing septic area, contributions toward infrastructure improvement funds, or other projects.

The DGS program creates an incentive based system that combines an allocation of additional density with the County's needs. The rewards for those who successfully apply this system are real and meaningful incentives for developers. The point scoring system is keyed to specific objectives of the Plan, which it is intended to implement. Similar systems have been used as an alternative means of implementing a wide array of growth management and comprehensive plan objectives in Hardin County, Kentucky and in Fort Collins and Breckenridge, Colorado. Charles County implements the development guidance system within the floating zones identified in the Zoning

Ordinance. Such a program relates to community facilities as many of the scoring factors relate to the proposed use or provision of public facilities.

5.2.6. Developer Contributions

In Charles County, developer contributions have been used for some time. The County does not have an infrastructure capital construction program. For many years, most extensions to the County's water and sewer systems have been realized through developer contributions. This will become increasingly important in the future as the County begins to rely on private sector contributions to supplement its water and sewer system, possibly through the application of the APF provisions, and the development guidance system. There are a wide variety of developer contribution programs operating in local jurisdictions around the country. The range of venues where contributions are made is also wide, and have been applied at many points in the development process. The range of possible developer contributions includes:

- The installation of necessary improvements for the extension of water and sewer service to the property, at the applicants cost, and these improvements then deeded over to the County;
- Provide contributions-in-aid-of-construction (CIAC), which represent the applicants share of the necessary improvements, up front for the County's use in building the improvements;
- Provide easements and property for improvements necessary to not only serve the applicants property, but others as well; or
- Install improvements for the applicants property, but also incorporate improvements that will serve adjacent properties in need of service due to failing systems.

Currently, the Zoning Ordinance encourages these types of developer contributions through the DGS. The Zoning Ordinance has reserved future sections for APF provisions.

5.3 INFRASTRUCTURE FINANCING ALTERNATIVES

5.3.1 Federal and State Grant or Loan Assistance

There are several sources of grants and loans available through Federal and State agencies. Currently, grant programs are limited and have been limited for a number of years. Previously, however, grants were used to provide substantial portions of County projects (such as the Construction Grants 201 Program). These have been largely replaced by equivalent "loan-format" programs, through which the County can borrow money at a low-interest rate. However, there are other sources of grant or loan monies that should be considered. These forms of assistance have been divided herein into "federal" and "state" assistance programs.

5.3.2 Federal Assistance

5.3.2.1. Environmental Protection Agency 201 Grants

The Environmental Protection Agency (EPA) formerly issued substantial grants through the 201 program, administered under section 201 of the Federal Water Pollution Control Act. These grants required that the County complete facilities plans, which outlined a 20-year planning period of wastewater improvements prior to grant approval. A 201 Facilities Plan was used to evaluate the need for these grants and to determine funding levels, which could cover up to 87.5% of the total cost. The EPA has not issued these grants for some time. The County used this program to complete the initial construction of the 5.0 million gallon per day Mattawoman Wastewater Treatment Facility, the Bryans Road Interceptor, the Mattawoman Interceptor, the Piney Branch Interceptor, and the Cobb Island Wastewater Treatment Facility. In some cases, the Federal government provides monies to states to administer an equivalent program. In Maryland, the State Department of the Environment administers such funds through its State Revolving Loan Program.

5.3.2.2. Rural Development Administration Loans

The Federal government also provides grants-in-aid and low interest loans through other departments, such as the Farmer's Home Administration (FmHA, now RDA). These grants or loans are generally reserved for lower income and rural areas. These funds can be applied on an area-specific basis, and need not be County-wide. This allows projects in specific, often isolated, areas to be addressed. The purpose of these grants is to upgrade the quality of life, remove public health hazards, and promote orderly growth within the lower income areas through the provision of basic services. Local governments can apply these funds to service populations of 20,000 people or less. Both water supply and sewer projects are eligible for FmHA (RDA) grants. FmHA (RDA) also provides low interest loans, based on the median income of the population to be served by the eligible project. There are three levels of interest rates: poverty, intermediate, and market rate. The rates are adjusted quarterly.

5.3.2.3 Community Development Block Grant

The Federal Department of Housing and Urban Development (HUD) has established a grants program under the Community Development Block Grant (CDBG) program. Both water and sewer projects are eligible for CDBG funding. Improvements to water systems must be carried out as part of an approved Community Development Housing Plan. This program has been used to provide improvements in the Patuxent Woods subdivision in eastern Charles County and the Mary Ball annexation in La Plata, as well as in other areas of the county.

5.3.3. State Assistance

5.3.3.1 Maryland Water Quality Revolving Loan Fund

The Maryland Water Quality Revolving Loan Fund was authorized through Title VI of the Clean Water Act of 1987, and the 1988 Maryland Water Quality Financing Administration Act,

Environmental Article 9-1601 through 9-1622, inclusive, of the Annotated Code of Maryland. Its purpose is to make low-interest loans to local governments for publicly owned wastewater facilities and non-point source pollution control projects. Selections are based on a Priority List, compiled through the Maryland Department of the Environment. Loans can be provided for up to 100% of project cost. The County has used this program to fund Dutton's Addition, Brookwood Estates, and a portion of the failing septic correction program.

5.3.3.2. Health Hazard Abatement Program

The State of Maryland established the Health Hazard Abatement Grant Program to meet the needs of projects which historically have been bypassed or received a low rating from the EPA Construction Grant Program Priority List. The program recognizes that health hazards arising from failing septic tanks are critical to the public health in certain communities, and the program is oriented toward those problems. The failing septic areas listed in Chapter 4 may be eligible for this program.

5.3.3.3. Water Supply Construction Financial Assistance Program

Authorized through COMAR 26.03.08, the State provides assistance in the form of grants, loans, and loan guarantees to local governments for construction of new wastewater facilities, supplementing the Water Quality Loan funds. Generally, this fund is used where affordability is a problem; and to correct public health or water quality problems with low cost projects.

5.3.3.4. Biological Nutrient Removal Program

Charles County is conducting a capital project to construct a Biological Nutrient Removal (BNR) system into the Mattawoman Wastewater Treatment Plant to reduce the nutrient levels in discharged effluent. In 2001, the County began coordination of the BNR system design with the Maryland Department of the Environment. The reduction of nutrient levels discharged from the plant are a result of the goals of the Clean Water Act and the 2001 revision of the Chesapeake Bay Agreement.

5.3.3.5. Water Supply Financing Program

Established by Chapter 306, Acts of 1982, which amended the Water Quality Loan Act of 1974, the Water Supply Financing Program provides financial assistance for governmental entities for construction, acquisition, etc., of water supply facilities. The primary concern of this program is to assist small communities. The procedures for obtaining this funding are very similar to those established by the sewer construction and RDA programs. A maximum of \$500,000 per project is available, at 87.5% of eligible costs.

5.3.3.6. Marina Pump-out Program

In 1988, the Maryland legislature authorized the creation of the Marine Sewage Pump-out Program. In 1989, the administration of this program was granted to the Maryland Department of Natural Resources. The program is funded through a 5% excise tax on boats and a portion of the State's

gasoline tax. Its purpose is strictly to benefit boaters through the maintenance of the waterways of Maryland. Although the program was fully funded by the State in fiscal years '90, '91 and '92, funding was deleted as part of the fiscal year '93 and '94 budgets. DNR, however, has some remaining funding from previous years.

In addition, the federal government, as part of the 1992 Clean Vessel Act, has created a source of funding to the states to continue their efforts in maintaining America's waterways. DNR expects, through a combination of remaining funds and federal funds, that they will be able to continue the Marina Pump-out program. The program has grants for marina owners of up to \$12,500 for the installation of pump-out facilities. Application is made to DNR for reimbursement of the pump-out facility. The grantee also agrees to charge no more than \$5 per pump-out for the first ten years of operation, as a stipulation of receiving grant funds. Charles County has been successful in obtaining these funds for marinas throughout the County, and specifically in the Cobb Island area.

5.4 ALTERNATIVE FUNDING STRATEGIES

The following provides a discussion of alternative financing strategies for potential future use by the County. Currently, these have not been utilized in the operation of the water and sewer systems and the County has limited experience with these strategies. However, these could be further developed for future use if the need warrants. With the decrease in available funding sources in both the Federal and State assistance and local tax revenues, many local municipalities have turned toward alternative funding strategies of this sort to fund or supplement their public water supply and sewer system needs.

There are five (5) innovative funding strategies described in this section. However, this list can be supplemented as new financial programs develop in the future. These include:

5.4.1. Escrow Contributions

Many jurisdictions supplement their water and sewer infrastructure needs programs with escrow fund programs. This type of project typically enables jurisdictions to receive contributions from the private sector, either a direct financial contribution toward a designated fund or in lieu of the construction or in lieu of the installation of facilities or infrastructure. The Zoning Ordinance establishes the need for several escrow funds, including the failing septic correction fund. This Water and Sewer Plan further recommends that this fund be established. The term of escrow funds used by local jurisdictions around the country varies widely. Some short-term funds are used for the installation of specific projects (i.e "road clubs" in use throughout several jurisdiction in the Washington metropolitan area). Long-term funds may be used to establish revolving funds for specific purposes.

An escrow account may be managed by a third party or by the County. Several such programs currently exist in the County; however, they are not used to any large degree and have not been used in the water and sewer system. The fire and rescue program and the fire and rescue length of service award program are examples of escrow programs. These types of programs may be more beneficial

in the future, particularly as the County gains experience from its experience with financing involving the private sector.

5.4.2. Public-Private Partnerships

Public-Private Partnership are contractual relationships between a public and private party that commit both to providing specified services. Private sector involvement in the realm of water and sewer facilities may be broad ranging and may come in the form of design, financing, construction, ownership, and/or operation of a facility that will provide services to the public.

This financing strategy includes, but is not limited to, the privatization of public facilities. Other forms of public private partnerships are contract services, turn-key projects, developer financing, and merchant-operated facilities. Public-private partnerships of water or wastewater treatment facilities are a way for the private sector to work together with local governments in obtaining and/or operating needed facilities. These public/private partnerships are based on sharing benefits and responsibilities. Advantages of public-private partnerships may include reduced costs for services, rapid project completion, and specified performance.

One example of public-private partnerships which the County may use includes the funding of an improvement by a developer, but the improvement is designed and built by the County. Similarly, the developer may design the improvement, and the County may effect its implementation. The County may fund the improvement together with the developer or the County may identify a need and the developer implements the project.

5.4.3. Special Taxing Districts

The concept of special taxing districts (STD) began with self-supporting or subsidized school districts earlier in this century. The taxing districts may or may not require a private sector authority to finance, construct, and operate a wide range of programs and facilities. Local jurisdictions may also serve as the authority within a special taxing district. An example is the St. Mary's County Commission, which operates water and sewer facilities in St. Mary's County.

A special taxing district may be delineated and established for areas where water and wastewater services are to be provided. These facilities may be provided by funds generated from bond issues, service charges, real estate, or other taxes or revenue projected within that STD. The end result is that the private sector offsets the cost of an added facility or service which is present in that district over time. A local jurisdiction may levy additional taxes/assessments within a STD. Increased ad valorem taxes are typically also generated within the district.

Charles County gained the precedent for the creation of special taxing districts, when the General Assembly approved a special taxing district, on behalf of the County Commissioners, to fund stormwater improvements for the Pinefield subdivision. However, special taxing districts have never been used for water and sewer improvements. Local jurisdictions establish an STD by ordinance and have the power to levy and collect taxes both for county purposes and services within the STD. Generally, referenda are not required for local jurisdictions to levy ad valorem taxes or special

assessments for providing services within the STD, if the monies are not used for leveraging bonds. Counties may borrow and expend money, and issue bonds and other obligations of indebtedness to provide services in an STD if ad valorem taxes are approved via a referendum.

5.4.4. Special Assessment Funds

Special assessment bonds are underwritten by charges imposed against property in a specific geographic area because that property will receive a special benefit from some public improvement. Special assessment bonds are paid from assessments levied against benefitted property according to the value of the benefit received. Essentially, each benefitted property pays its pro-rata share of the cost of the facility or service based upon its proportionate share of the benefits. Special assessment bonds typically do not pledge the full faith and credit of the local government. Bondholders may only look to the special assessments levied against lands receiving the benefit for payment of such bonds. Normally, local governments may approve such special assessment bonds (and the underlying special assessments) by resolution or ordinance.

5.4.5 Tax Increment Financing

Tax increment funding can readily be coupled with community development strategies for areas planned to undergo development. Originally conceived for urban renewal strategies, this financing strategy can be used for other areas where there is an appreciable increase in ad valorem tax value between the present and some specified future date (due to the addition of a public facility, rezoning, or development plans). Tax increment financing capitalizes on the difference between current and future assessments generated by the increased value of a redeveloped area. The ad valorem revenues are used to offset the public expense incurred in connection with the redevelopment. In most jurisdictions, tax increment financing is associated with bond issues. In practice, the increase in such taxes is used to repay bondholders who provide the capital at the inception of the bond issue through the purchase of tax-increment secured bonds.

This method may be used to provide front-end financing in an area where large-scale redevelopment is feasible. A district is delineated around the proposed development. The tax base of this district is equivalent to the values of all property within the area. The tax revenues paid to taxing units are computed on the initially established tax base during the redevelopment, which is usually the expected life of the project. The area is then redeveloped. This redevelopment is financed with funds from the sale of tax-increment bonds, which are sold by the municipality or special taxing district. When the property is redeveloped, the value of the property rises, thus generating more tax revenue. This tax "increment" above the initially established level goes into a fund to retire the bonds¹. As stated, Charles County may require enabling legislation from the General Assembly to issue taxes.

The Disney Corporation and Apple, Incorporated, use variations of tax increment financing to provide needed public facilities to an area in advance of development. Disney places a heavy reliance on the local jurisdiction to provide front-funding for needed roads and water and sewer

¹ "Charles County Comprehensive Plan", September 1997

improvements in exchange for the long-term funds to be generated from sales taxes and real estate, ad valorem, and other taxes. Apple also tax increment financing; the difference between the corporations is that Apple typically provides up-front incentives to the local community and provides some, although not all, of the needed public facilities.

5.5 CAPITAL IMPROVEMENTS PROGRAMMING PLANNING AND BUDGETING PROCESS

Capital improvements programming (CIP) is the multi-year scheduling of public facilities project implementation. Charles County has conducted CIP planning for a number of years and identifies programs for funding on a five-year planning horizon. Eligible public facilities projects include schools, roads, parks, as well as water and sewer facilities. The purpose of this section is to: 1) provide guidance by which the County's needs for those public facilities are assessed along with the County's fiscal resources in order to annually adopt the most effective budget for capital construction; and 2) utilize this Comprehensive Water and Sewer Plan as a mechanism to target the County's water supply and sewer needs for implementation.

The County Commissioners conduct capital improvements programming (CIP) on an annual basis. The process is a joint effort between the County Commissioners, the Department of Fiscal Services, the County's operating departments, and other County agencies. The Department of Fiscal Services coordinates the process and presents the County Commissioners with information on potential CIP projects. The County Commissioners must determine which of these projects are in the best interests of the citizens of Charles County. Ultimately, the County Commissioners adopt the County Capital Improvements Budget for that fiscal year which establishes programs and funding levels.

Previous chapters of this document provided needs of the County's operating departments, inventoried existing water and sewer systems, and assessed the County's systems and noted deficiencies. This analysis ultimately culminates a listing of problem areas which is contained in this Plan. It should be noted that this Water and Sewer Plan differs from previous versions of the Plan by the approach to the utilization of these Tables. This version of the Plan presents these problem areas as projects for potential correction. Formerly, projects were listed in these Tables, only if adopted as part of the County's CIP funding program. This Plan also lists projects which may be accomplished by the private sector. As such, it is not the intent of the relevant Tables to assume County liability, but to publish a list of possible projects for public and private sector involvement through the County's adequate public facilities provisions, the development guidance system, or other examples of public-private partnerships.

With the adoption of the Zoning Ordinance the County has gained new programs, such as the development guidance system and the adequate public facilities ordinance, to assist in the provision of improvements to its public water supply and sewer systems. These efforts will supplement the County's own capital improvements capital projects. Therefore, tables in Chapters 3 and 4 present a summary of water and sewer project needs, as well as options for Zoning Ordinance programs. This type of coordination ultimately benefits the integrity and efficiency of the County's infrastructure improvement program.

These procedures also assist in the implementation of Section 5-7A-02 of the Annotated Code of Maryland (Finance and Procurement Article). This law relates to State funding policy, with respect to local government capital projects. Under this law, a project utilizing State funding, grants, loans, loan guaranties, or insurance may not be approved or constructed unless: 1) the project is consistent with the Charles County Comprehensive Plan; or 2) extraordinary circumstances exist. The Economic Growth, Resource Protection, and Planning Act of 1992 requires the County present a report outlining their capital projects to the State to assure consistency with the Act. Projects not conforming to the County's Comprehensive Plan are required to demonstrate that extraordinary circumstances exist, and to document such circumstances.

5.5.1. Prioritization and Coordination

A secondary purpose of this chapter is to utilize this Comprehensive Water and Sewer Plan as a mechanism to target the County's water and sewer needs for implementation. The Water and Sewer Plan presents an array of potential projects for correction. These tables are updated to assure that the information contained is current, through the Plans amendment cycles (see Chapter 1). This section will provide a mechanism which will enable the County's professional staff to objectively evaluate the County's water and sewer facility needs, to identify specific projects for possible implementation, and to present recommendations to the County Commissioners. The County Commissioners select specific projects for implementation through their review process.

The departments of Utilities and Planning and Growth Management utilize a priority system to determine which projects listed in the Water and Sewer Plan should be presented to the County Commissioners for their consideration during the CIP process. County staff utilize a priority system to present recommendations for potential projects to the County Commissioners. This priority system provides guidance which enables staff to present recommendations on the most suitable projects, and culminates in the recommendation of potential projects to the County Commissioners. This status-based system relates to the status of the project or the funding source, and is not project-based. The priority system is as follows:

Priority 1

- A project is to remedy a condition which is dangerous to public health and safety.
- A project for which Federal or State funding level (at levels of 50% or greater) are available, and that funding period is limited.
- A project under State Consent Order for immediate correction
- A project which will implement a major objective of the Comprehensive Plan
- A program to correct deficiencies in existing infrastructure which are in a failing or deteriorating condition, and that system is in danger of infrastructure collapse.
- A legally binding agreement

Priority 2

- A project for which 50%+ Federal or State funding is available, but which the funding period is flexible
- A project to correct existing deficiencies or to replace or repair existing deficiencies (but still functioning) facilities.
- A program needed to promote the orderly development of a desirable, commercial, or residential areas
- A project which will remedy available capacity levels in the County's major systems.
- A project needed to address public safety issues.

Priority 3

- A project that is highly desirable and that both timing and funding are flexible
- A project to assist in the proper timing of development but is not absolutely required at present.
- A program which will improve the efficiency of the County's water and sewer systems.

Priority 4

- A project that is not needed now but may be needed in the future
- A project that can be postponed without harming existing programs

5.6 NEEDS SURVEY FOR WATER SUPPLY AND SEWER PROJECTS

This Comprehensive Water and Sewer Plan differs from previous versions in that it places more reliance on the private sector to fund needed infrastructure improvements, particularly if those improvements are necessary to implement specific projects. Also, this document utilizes the Appendices from the Water Supply Plan and the Sewer Plan to provide a listing of project needs. These appendices focus potential projects for future implementation, irrespective of whether these projects are funded by the private sector or the public sector. The actual determination is done through the CIP process. Needs Surveys conducted between the County and the Maryland Department of the Environment were also used.