

**Department of Legislative Services**  
Maryland General Assembly  
2018 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

House Bill 275 (St. Mary's County Delegation)  
Environment and Transportation Education, Health, and Environmental Affairs

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**St. Mary's County - Metropolitan Commission**

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This bill updates the Public Local Laws of St. Mary's County relating to the St. Mary's County Metropolitan Commission (MetCom).

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**Fiscal Summary**

**State Effect:** None. The bill does not affect State finances or operations.

**Local Effect:** St. Mary's County finances and operations are not materially affected.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary/Current Law:**

*MetCom Employment Contracts*

Under current law, MetCom may offer employment contracts to its general counsel, treasurer or chief financial officer, chief engineer, and any other department director. The bill further authorizes MetCom to offer employment contracts to its director and assistant director.

*MetCom Debt Authorization and Restriction*

Under current law, MetCom is authorized to issue *bonds* subject to the approval of the St. Mary's County Commissioners. MetCom's total issue of *bonds* may not exceed 25%

of the total value of the property assessed for county taxation purposes within all of the sanitary districts in which public water or sewer facilities are located.

The bill authorizes MetCom to incur additional forms of debt beyond just bonds and makes conforming changes. All debt incurred by MetCom is still subject to the approval of the county commissioners and MetCom's current debt limit.

The bill authorizes MetCom to make debt payments not less than semiannually and removes specified timeframes in which property taxes levied for the purpose of retiring MetCom's authorized debt must be determined, levied, collected, and paid.

### *Competitive Bids and Contracts*

Under current law, MetCom may not expend on goods, materials, or services an amount exceeding \$10,000 without having procured those goods, materials, or services by advertising and receiving competitive bids. The bill removes the \$10,000 competitive bid threshold and instead authorizes a specified procurement policy adopted by MetCom. The bill also modernizes the forms of media in which MetCom is allowed to advertise for competitive bids.

### *Water and Sewer Connection Financing and Incentive Programs*

The bill authorizes MetCom to offer connection incentive programs and other financing mechanisms to assist owners of existing residential properties currently served by septic and/or well systems, with all or a portion of the costs of connecting to available public sewer and water systems within planned service areas as designated and defined by the St. Mary's County Comprehensive Water and Sewerage Plan.

For extensions, expansions, and upgrades of water or sewerage systems to existing residential properties, MetCom may, upon a voluntary petition from the property owners to be benefited, approve special benefit assessment charges or service extension fees for the repayment of costs associated with the design, permitting, land acquisition, materials testing, inspections, or construction of such extension, expansion, or upgrade, in any of the sanitary districts, subject to the approval of the county commissioners. MetCom, by proper procedure, may adopt all necessary rules and conditions for the acceptance, construction, and maintenance of the proposed improvements. The procedure must provide for the method of determination of the special benefit assessment charges or service extension fees levied against the properties benefiting from the improvements for the purpose of reimbursing MetCom for the costs of the improvements and the time and manner of payment but not to exceed 20 years. Special benefit assessment charges or service extension fees are a first lien upon the property against which they are assessed, until paid, subject only to prior State and county taxes, and if any property is sold for State and county

taxes and there remains a surplus, MetCom may petition the circuit court to secure payment of the lien.

Any financing programs, incentives, or mechanisms must be subject to the availability of funds and may vary based upon location, financial eligibility, or other qualifying criteria, as established and approved by MetCom.

### *Water and Sewer Connections*

The bill specifies that if the private water or sewage disposal system of a property abutting upon a street or right-of-way in which a water main or sewer is laid fails to comply with State regulations, as determined by the appropriate federal, State, or county regulatory authority, connection to the water main or sewer must be immediately required, subject to the availability of equivalent dwelling units.

The bill removes the misdemeanor penalty for an individual who violates specified provisions of local law pertaining to water and sewer connections.

### *Connection and Capital Contribution Charges*

A capital contribution charge is an amount based on capital costs that is imposed and collected on a new connection to a specified water supply or sewer system. Under current law, a capital contribution charge is due and payable to MetCom at the time a property owner makes an application or otherwise is required to connect to a water main or sewer.

Under the bill, a capital contribution charge must be due and payable *in full* to MetCom at the time a property owner makes an application for connection, at the time a property is connected to a water main or sewer, or as of the date the property is sold or transferred if the capital contribution charge is subject to specified provisions of local law. If the capital contribution charge is *not* subject to specified provisions of local law and is not paid in full at the time of application for connection, the property owner must pay MetCom at least 50% of the total capital contribution charge at the time of application for connection and the remaining portion of the charge upon a connection to a water main or sewer or upon the sale or transfer of the property. If a connection is not made to a water main or sewer within six years of the date of application for connection, the property owner must pay MetCom according to the capital contribution charge rate at the time of connection less payments already made.

### *Other Water and Sewer Systems*

Under current law, whenever there is in existence a privately owned water supply or sewerage system which, in the judgment of MetCom, is unfit, as a whole or in part, for

incorporation with MetCom's system, MetCom must disregard the existence of the system or unfit part of it and extend a system or construct a new system to serve the area of the existing system or unfit part as specified.

The bill requires that whenever there is in existence a privately owned shared or community water supply or sewerage system which, in the judgment of the appropriate federal, State or local regulatory authority, is unfit, as a whole or in part, the system must be rehabilitated and brought into compliance with all applicable federal, State, and local regulations by the system owner(s) or, if rehabilitation is determined to be unfeasible, a new system may be constructed by the system owner(s) to serve the area previously serviced by the unfit system, or the system may be abandoned in accordance with all applicable federal, State, and local regulations.

In the event the system owner(s) request MetCom to take ownership of or controlling authority in the system in accordance with State law, the system owner(s) must present MetCom with a comprehensive plan of action which provides any items required by MetCom, the procedures, policies, and processes necessary to bring the system into compliance with the St. Mary's County Comprehensive Water and Sewerage Plan, all appropriate federal, State, and local laws, rules, and regulations, as well as with all MetCom standards, prior to any consideration of the request by MetCom. MetCom must take into consideration whether the action requested is necessary to ensure the health, safety, and welfare of the general public, is economically feasible, as well as any other criteria MetCom may deem necessary.

#### *Reimbursable Work*

The bill codifies current practice by requiring that for any services rendered or work to be provided by MetCom or MetCom's consultants or contractors at the request of the county commissioners that is not normally provided by MetCom in MetCom's ordinary course of business, MetCom and the county commissioners must enter into a written agreement for the scope of services or work to be provided and the cost for such work or services in advance of the services or work being provided. Upon completion of the work or services, or intermittently during the work or services, as mutually agreed, MetCom must request reimbursement from the county commissioners for the cost of the work or services provided and the county commissioners must pay such costs as agreed.

#### *System Improvement Charges*

The bill alters a requirement that a system improvement charge *must* be imposed on specified properties when MetCom makes improvements to specified water or sanitary sewerage systems and instead makes the imposition of the charge discretionary.

### *Capital Improvement Plan*

Under current law, MetCom must adopt or approve, with the prior approval of the county commissioners, facilities plans, a five-year capital improvement plan, and an annual capital budget; and the county commissioners must annually amend the St. Mary's County Water and Sewer Plan by incorporating into it MetCom's five-year capital improvement plan.

Under the bill, MetCom must adopt or approve, with the prior approval of the county commissioners, facilities plans, a five-year capital improvement plan, and an annual capital budget; and upon adoption by MetCom, the five-year capital improvement plan must be deemed approved by the county commissioners and incorporated into the St. Mary's County Comprehensive Water and Sewerage Plan. The incorporation must constitute an amendment of the St. Mary's County Comprehensive Water and Sewerage Plan by operation of law and must be submitted to the Maryland Department of the Environment. Specified provisions of the Environment Article do not apply to the amendment by incorporation.

**Background:** MetCom, a component unit of St. Mary's County, was established by the General Assembly in 1957 as a quasi-governmental, nonprofit body, to supply water and sewer service to St. Mary's County. MetCom has been providing water and sewer service since 1964.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** St. Mary's County; Maryland Department of the Environment; Department of Legislative Services

**Fiscal Note History:** First Reader - February 7, 2018  
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Analysis by: Trevor S. Owen

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510