McHenry Water System

Service Area, Connection to Water System and Connection Charge, Service and Usage Charges, and Debt Retirement

The Garrett County Sanitary District, Inc. / Garrett County Department of Public Utilities is governed by Title 9, Subtitle 6 of the Environment Article of the Annotated Code of Maryland. Prior to 2003, the District was under the authority of the Garrett County Sanitary Commission. In 2003, the Board of County Commissioners of Garrett County, Maryland dissolved the five-member Sanitary Commission and created the Department of Public Utilities as a County department. The Board governs the affairs of the District/Department.

Service Area

Title 9-647 provides provisions for considering proposed service areas. The governing body may create or change a service if they find that the creation or change is necessary for the existing and future health, safety, and welfare of the public in general, and if it is feasible financially and from an engineering standpoint.

Original Creation:

In accordance with Title 9-648, on February 12, 2001, the Garrett County Sanitary Commission adopted a Resolution proposing creation of the McHenry Water Service District. The Sanitary Commission submitted their Resolution to the governing body of the County, and on April 3, 2001, the Board of County Commissioners held a public hearing to consider creation of the proposed service district. The Code requires that notice of the public hearing be published in a newspaper of general circulation in the county. The notice was published in <u>The Republican</u> newspaper on March 22, and March 29, 2001.

After finding that the proposed creation of the McHenry Water Service District was necessary for the existing and future health, safety, and welfare of the residents of the service area and feasible from an engineering standpoint, and after considering the views expressed at the public hearing, the Board approved the creation of the service district by a Resolution dated April 17, 2001.

The water system was initially constructed by a private developer to serve the Villages of Wisp Condominiums. In 1987, the developer conveyed the water system to the Sanitary District. The system was later expanded to serve other commercial properties in the area. By creation of the McHenry Water Service District, the system could be further expanded to serve the public in general and loans and bonds could be issued to fund system improvements.

Amendment of the Service Area Boundaries:

On December 7, 2010, the Board held a public hearing to amend the boundaries of the McHenry Water Service Area to include the following areas: Sandy View Court, Winding Estates Drive, Grand Estates Drive, Quite Quail Way, Golf Drive, Ruffed Grouse Lane, Sandy Shores Road, Fern Loop, Wisp Mountain Road, Fantasy Lane, Barbara's Way, Susan's Way, Marsh Hill Road, Pysell Road, Deep Creek Drive, Gravelly Run Road, Ridgeview Valley Development, Sweet Rewards Development, a portion of Mosser Road, Garrett County Airport property and the McHenry Business & Technology Park. The Notice of the public hearing was advertised in <u>The Republican</u> newspaper on November 24, and December 2, 2010. The Board approved the boundary amendment on December 7, 2010 by Resolution.

System Improvements

Numerous improvements have been made to the McHenry Water System including: development of new well water sources, installation of water lines and appurtenances, construction of a new water treatment plant and 500,000 gallon water storage tank on Gravelly Run Road, new controls for the Pysell Road Water Booster Station, rehabilitation of the Villages of Wisp water storage tank, and improvements to the Villages of Wisp Water Treatment Plant and well pumps. The cost of the improvements, including administrative, engineering, hydrology services, construction, lands and right-of-ways, and interest is approximately 2.8 million dollars.

On Saturday, March 19, 2011 at 11:00 a.m., the Board held a public hearing at Garrett College to present the system improvements and associated costs. Notice of the hearing was published in <u>The Republican</u> newspaper on March 3, 10, and 17, 2011 and the Notice also was posted on the County's website.

On May 20, 2011, letters were sent to owners of property located within the McHenry Water Service Area notifying them that the Department of Public Utilities had recently completed constructing improvements to the water system, that their property is located within the service area boundaries, and that they must connect to the system. The letter further explained the current construction contract being performed to install service taps for all properties not already connected, and that a letter would follow after completion of that contract notifying them that the tap was installed and ready for connection. Connection and usage fees were also outlined in the letter.

Connection to the Water System and Connection Charge

The provisions of Title 9-661, Connection to system, states in part:

"Connection of abutting property. – When construction on the water line is complete, the sanitary commission shall notify each abutting property owner of the completion."

"Action of property owner. – On receipt of the notice of completion, and by a time set by the sanitary commission, each owner of abutting property shall: (1) Pay the connection charge determined under this section; and (2) Make appropriate connections of the plumbing system on the property to the connector constructed by the sanitary commission."

Therefore, connection to the water system is mandatory.

The section also provides that the sanitary commission shall determine a connection charge that is at least equal to the actual cost of constructing the connector, and that if the connection charge collected is more than the cost of the connection made, excess revenues shall be kept in a special fund to be used for repairs, replacement and extraordinary expenses of the water system.

Service and Usage Charges

Title 9-662 provides that the District may charge each owner of parcels serviced by or connected to the system a minimum charge and a usage charge. Minimum charges shall be based on the size of the meter serving the property and usage charges are based on meter readings.

Due to the McHenry area having several properties that are improved by townhouses/condominiums, apartment buildings, and/or mobile/manufactured home parks, the Board is considering a change to the current service and usage charge system to establish a fee structure for multi-residential properties that are served by one water meter so that the charge system is uniform for all connections to the water system.

Debt Retirement

The method established for repayment of bonds and loans issued for improvements to the water system is by a property tax commonly referred to as an "Ad Valorem Tax". Title 9-694, Levy of property tax, is the subtitle that addresses imposition of the tax. The title provides that the principal and interest that will be due on the bonds/loans through the end of the next full taxable year for property taxes shall be determined and the total valuation of all taxable property, improved and unimproved, in the service area be certified. The tax rate per \$100 of assessed valuation is then computed and approved by the Board.

An Ad Valorem Tax for the McHenry Water System was first established for the taxing year of 2002 - 2003 at a rate of \$0.05 per \$100 of assessed valuation. Based on the current debt, the rate for taxing year 2011 - 2012 is \$0.02 per \$100 of assessed valuation. The Board of County Commissioners approved the tax rate for the 2011 - 2012 taxing year at their public meeting held June 7, 2011.