



April 23, 2026

**MEMORANDUM**

TO: Thomas E. Dernoga, Esq., Chair  
Transportation, Infrastructure, Energy and Environment (TIEE) Committee

THRU: Sylvia King *SK*  
Senior Legislative Budget Officer

FROM: Alex Hirtle *AH*  
Budget and Policy Analyst

RE: Department of the Environment (DOE)  
Fiscal Year 2027 Budget Review and Capital Improvement Program (FY 2027 - 2032)

**Budget Overview**

The FY 2027 Proposed Budget for the Department of the Environment (DOE or the “Department”) is approximately \$273.7 million, an increase of approximately \$8.1 million, or 3.0%, over the FY 2026 Approved Budget, and is comprised of approximately \$260 million, or 94.9%, from Enterprise Funds, approximately \$9.8 million, or 3.6%, from General Funds, and approximately \$4 million, or 1.5%, from Grant Funds.

The FY 2027 proposed **Solid Waste Management Enterprise Fund (Solid Waste)** budget (after recoveries) is approximately \$140 million, an increase of approximately \$5.2 million, or 3.9%, over the FY 2026 Approved Budget. These increases are primarily due to approximately \$1.5 million in increases from depreciation and landfill post-closure expenses, compensation through mandated salary requirements, and increased costs of fringe benefits.

The FY 2027 proposed **Stormwater Management Enterprise Fund (Stormwater)** budget (after recoveries) is approximately \$95.4 million, an increase of approximately \$2.8 million, or 3%, over the FY 2026 Approved Budget, primarily due to an increase in interagency charges due to increase in eligible recoverable expenses for various County agencies, an increase in operating costs due to net increases primarily due to increase in principal, interest, and County cash match offset by a decrease in depreciation and consulting contracts, and an increase in the cost of fringe benefits from a rate of 75.9% to 78.1% to align with projected costs.

The FY 2027 proposed **Local Watershed Protection and Restoration (WPR) Fund** budget (Water Quality) is approximately \$24.5 million, an increase of approximately \$649,700, or 2.7%, over the FY 2026 Approved Budget. The increase is primarily due to operating costs, which increased to support principal and interest costs to align with existing debt service schedules, and operating costs to increase to support

the County’s Rain Check Rebate Program. Please note that there was a significant decrease in other operating costs (~\$3.5 million) primarily due to a reduction in supplies, temporary services, membership fees, travel, and training.

The FY 2027 proposed **General Fund** portion of the budget (after recoveries) is approximately \$9.8 million, an increase of \$515,000, or 5.5%, over the FY 2026 Approved Budget. Increases are attributed to compensation from mandated salary requirements, as well as increase cost in fringe benefits. Decreased costs included recovery increase, based on current recovery rates for Strategic and Administrative Services and the Office of the Director divisions.

The FY 2027 proposed **Grant Funds** portion of the budget is approximately \$4.0 million, a decrease of approximately -\$1.1 million, or 22.2% under the FY 2026 Approved Budget, primarily due to eliminations in grant funding from the Department of Energy’s Local Government Energy Program, United States Department of Agriculture’s (USDA) Advancing Markets for Producers Pilot Program (formerly USDA Smart Commodities), and the State of Maryland’s Clean Energy for Local Governments Program.

**Supplemental Budget**

- The Department expects the need for a supplemental General Fund budget request in FY 2026. The amount of \$1.5 million is included in the pending supplemental budget. Factors contributing to the request include lower than anticipated attrition and critical operational needs due to an increase in intake levels and service demands at the animal shelter.

**Budget Comparison – All Funds**

Actuals Year 2025 to Proposed Fiscal Year 2027

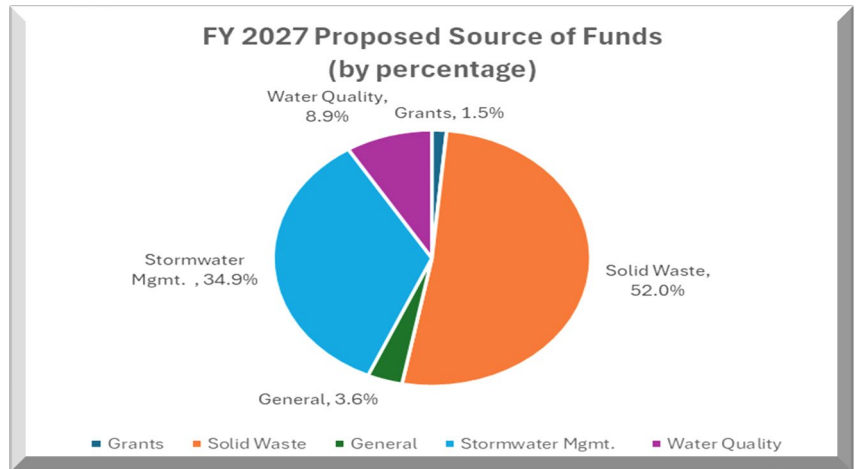
Category	FY 2025 Actual	FY 2026 Approved	FY 2026 Estimated	% Change - Est vs App	FY 2027 Proposed	\$ Change	% Change
Solid Waste Fund	\$ 124,707,630	\$ 134,689,600	135,968,600	0.9%	\$ 139,936,500	\$ 5,246,900	3.9%
Stormwater Fund	61,991,278	92,608,400	89,946,100	-2.9%	95,409,300	2,800,900	3.0%
Local Watershed Protection and Restoration Fund (Water Quality)	13,547,818	23,810,500	24,038,600	1.0%	24,460,200	649,700	2.7%
General Fund	9,682,752	9,314,900	9,881,000	6.1%	9,829,900	515,000	5.5%
Grants	9,036,845	5,640,200	3,236,100	-42.6%	5,240,000	(400,200)	-7.1%
<b>TOTAL</b>	<b>\$ 218,966,323</b>	<b>\$ 266,063,600</b>	<b>\$ 263,070,400</b>	<b>-1.1%</b>	<b>\$ 274,875,900</b>	<b>\$ 8,812,300</b>	<b>3.3%</b>

**Authorized Staffing Count - All Classifications/All Funds**

	FY 2026 Approved	FY 2027 Proposed	Change Amount	Percentage Change
Solid Waste	144	144	0	0.0%
Stormwater	68	68	0	0.0%
Water Quality	10	10	0	0.0%
Grants: FTE	9	9	0	0.0%
Limited Term	0	0	0	-
General Fund: FTE	122	122	0	0.0%
<b>Total</b>	<b>353</b>	<b>353</b>	<b>0</b>	<b>0.0%</b>

**FY 2027 Sources of Funds**

- The Department’s operations are supported by five (5) separate funding sources. Based on the *pie chart at right*, the Solid Waste Fund accounts for the largest portion of the Department’s funding (52%), with the Storm Water Management Fund being second largest (34.9%), and Local Water Quality Fund (8.9%), accounting for a combined total funding of about 95% from the Enterprise Funds. The General Fund accounts for only 3.6% of the Department’s funding, with Grant funding at 1.5% proposed in FY 2027.



**Budget Comparison – Solid Waste Management Enterprise Fund (Solid Waste)**

Actual Fiscal Year 2025 to Proposed Fiscal Year 2027 - Solid Waste

**Expenditures by Category**

Category	FY 2025 Actual	FY 2026 Budget	FY 2026 Estimate	FY 2027 Proposed	Change FY26-FY27	
					Amount (\$)	Percent (%)
Compensation	\$12,165,088	\$11,151,400	\$11,684,900	\$12,420,600	\$1,269,200	11.4%
Fringe Benefits	4,796,002	6,902,700	7,443,300	8,421,100	1,518,400	22.0%
Operating	109,592,150	117,638,100	117,843,000	119,999,000	2,360,900	2.0%
Capital Outlay	—	1,383,000	1,383,000	1,465,000	82,000	5.9%
<b>Total</b>	<b>\$126,553,240</b>	<b>\$137,075,200</b>	<b>\$138,354,200</b>	<b>\$142,305,700</b>	<b>\$5,230,500</b>	<b>3.8%</b>
Recoveries	(1,845,610)	(2,385,600)	(2,385,600)	(2,369,200)	16,400	-0.7%
<b>Total</b>	<b>\$124,707,630</b>	<b>\$134,689,600</b>	<b>\$135,968,600</b>	<b>\$139,936,500</b>	<b>\$5,246,900</b>	<b>3.9%</b>

**Staffing and Compensation (Solid Waste)**

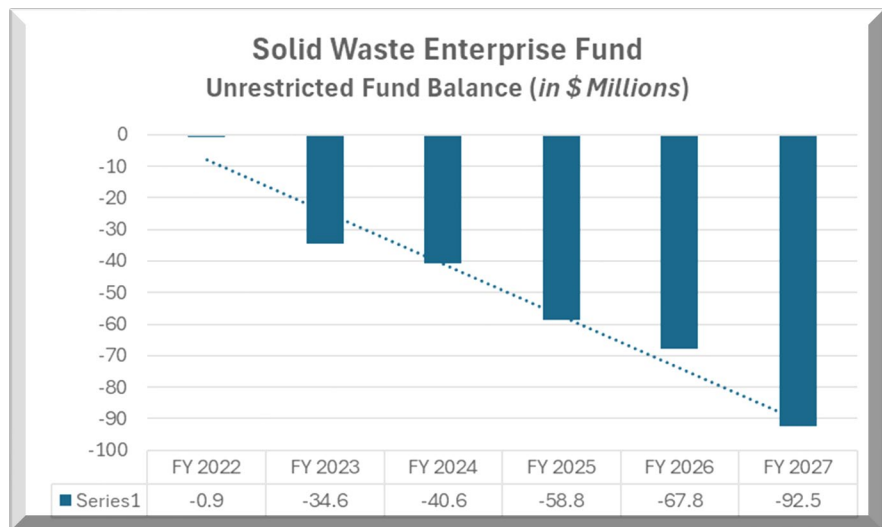
- The Authorized Staffing level for the Proposed FY 2027 Solid Waste Management Enterprise Fund budget is 144 full-time positions, which is the same as the FY 2026 approved budget level.
- Funding is provided for all 144 authorized positions. There were 17 resignations in FY 2026. To date (3/26/26), the attrition rate is 12%.
- The Proposed FY 2027 Overtime spending is \$1,241,700, an increase of \$367,000 above the approved FY 2026 budgeted level. FY 2026 overtime was incurred as a result of hours of operation at the Landfill and the Convenience Centers operations, Strike Force tasks, and snow duties.

- The Division reports that 40 employees, or approximately 28% of its funded positions, will be eligible for retirement by the end of FY 2029. Staff leadership does not believe retirements within this timeframe will be a concern.

**Fund Balance (Solid Waste) – Structural Deficit**

- The overall net position of the Solid Waste Management Enterprise Fund as of June 30, 2025 was approximately -\$26.8 million. This Enterprise Fund is in a structural deficit, that is, its recurring expenditures are consistently exceeding recurring revenues, and has been for many years. This requires a shift from temporary fixes to structural changes, such as raising user fees, restructuring operations, or implementing long-term debt management.
  - The County must begin implementing best practices that involve monthly monitoring of revenues and expenditures against the budget, along with developing and implementing immediate corrective action plans.
  - In addition, there is a dire need to establish a strict financial policy that dictates when the fund balance must be replenished, ensuring the structural issue is corrected, and not just deferred.
- At the end of FY 2022, the unrestricted fund balance was just under \$1 million. It has increased significantly by over \$91.6 million in five (5) fiscal years. Neither the Department nor the Office of Management and Budget (OMB) articulated a clear plan, either for the short or long-term, that will notably reduce this deficit. Given the rapidly increasing debt of the Solid Waste Enterprise Fund, it is imperative that the County take the necessary steps to correct the deficit.

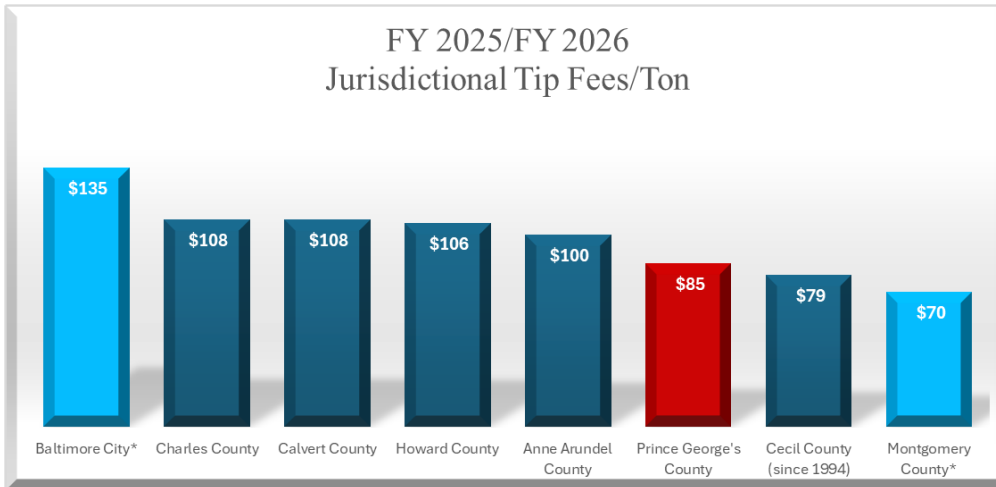
- The Unrestricted portion of the Solid Waste Fund balance was budgeted at negative \$67.8 million for FY 2026, however, it is estimated that this deficit will be even greater at the end of FY 2026 at approximately negative \$75.2 million. The deficit is projected to climb even higher by the end of FY 2027, at approximately negative \$92.5 million.



This represents an approximate \$24.7 million increase in the deficit amount from the FY 2026 approved budget.

- Note- the decreasing fund balance indicates that the actual debt for this fund is **increasing**.  
 Data Source - FY 2026 Dept. of the Environment Budget Report page 4, BB page 468 & FY 2025 ACFR.

- The structural deficit of the fund was driven by significant increases in costs associated with services provided under this fund (including Interagency Project Charges), in relation to the small increases in revenues over the years. The Department has in the past, cited some of the following reasons leading to the deficit:
  - ✚ Tipping fees were well below regional rates for over a decade and continue to be lower than those in surrounding jurisdictions.
  - ✚ Operational and capital costs associated with maintaining the officially closed Sandy Hill Landfill.
  - ✚ Impact of Interagency Charges with annual increases in project charges from various agencies (DPIE/DPW&T, etc.). Beginning in FY 2023, interagency charges decreased primarily due to the elimination of DPIE recoveries from the Solid Waste fund.
  - ✚ Heavy equipment failures.
  - ✚ Failing landfill gas pipeline due to excessive age and the need for major repair work.
  - ✚ Prior period accounting adjustment for Other Post Employment Benefits [(OPEB)- FY 2017].
  - ✚ Curbside collection contractors (Residential) were relieved from paying tipping fees at the landfill due to new contract negotiations. This has chronically reduced that line item's revenue by about \$10 million annually (fund's revenue was reduced by \$10.1 million from FY 2024 to FY 2025 (Actuals)).
  
- The Department is reporting that it has undertaken or plans to undertake the following measures to begin to address the structural deficit of the Solid Waste Enterprise Fund:
  - ✚ The Department recently raised tipping fees for Municipal and Commercial Rates to \$85/ton, and have proposed raising them again July 1, 2026 to \$90/ton.
  - ✚ The Department is also working on alternative monetization opportunities for landfill gas.
  - ✚ Inflationary increases in revenue from residential fees, sales and use fees, and charges for services will provide additional revenue.
  - ✚ The Department continues to have discussions with OMB regarding the ongoing structural deficit within the Solid Waste Management Fund. No data or specific strategies were provided during the Budget discussion from the Agency.
  - ✚ The Department noted that incremental revenue adjustments are beginning to demonstrate a positive impact on fund performance, and are expected to contribute to fiscal stability over time.
  
- The following compares area jurisdictions and their landfill tipping fee rates per ton. Prince George's County has the third-lowest rate, well below the area average of \$98.88 per ton.
  - The County is proposing to increase landfill tipping fees to \$90.00 per ton beginning on 7/1/2026. See *Attachment #6 of the First Round Responses* for the Tip Fee Memo.

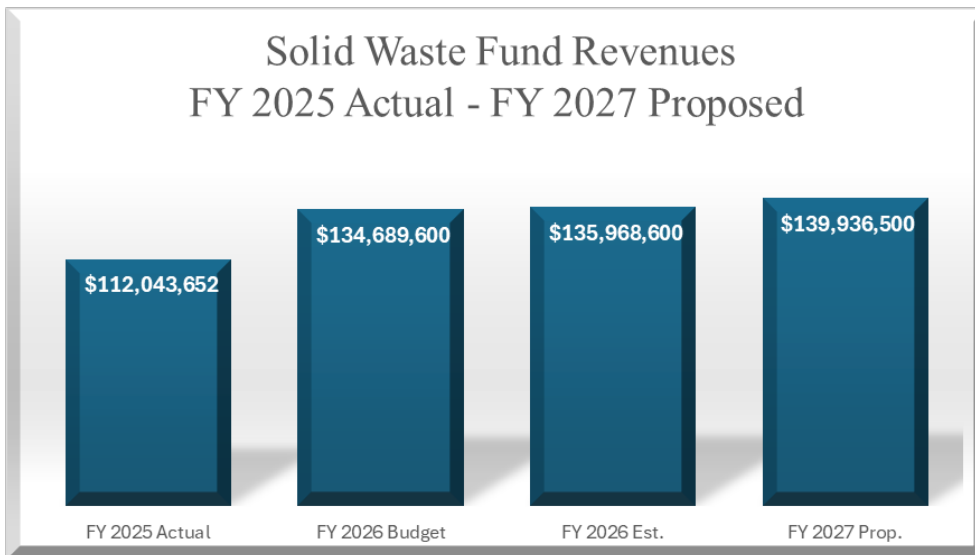


FY 2025/FY 2026 JURISDICTIONAL TIP FEES
<b>JUSTIFICATION FOR RECOMMENDED TIP FEE INCREASES</b>
Brown Station Road Sanitary Landfill Tip Fees Remain One of The Lowest in Our Area
Provides Additional Revenue to Support an Already Strained Enterprise Fund
Provides Additional Revenue to Support the Area C In-Fill Project
Provides Additional Revenue to Support Leachate Management Upgrades
Reduces Potential Out of County Waste Resulting in an Increase in Air Space.
Increased Operational Costs, i.e., Equipment, Maint./Repairs, Regulatory Compliance, Fuel, Utilities, Etc.
Increased Environmental Management and Consultant Expenses
Increased Wages and Fringe Benefits
*** = INCINERATOR

*Source: Information provided by DoE staff via April 14, 2026 email.*

**Revenues (Solid Waste)**

- In FY 2027, the Fund’s proposed revenue sources are increasing by approximately \$5.2 million, which includes an increase in the sale of electricity (128%), miscellaneous collections (62%), interest income (9%), and appropriated fund balance (67%). *See chart below:*



- The County’s landfill tipping fees are proposed to increase by \$944,600, or about 8%. Part of this is due to the tipping fee increase that took place July 1, 2025 from \$77/ton to \$85/ton. The fee is proposed to increase to \$90/ton on July 1, 2026.

- Below is a table showing Solid Waste Management Revenues from FY 2025 Actual to FY 2027 Proposed.

**Fund Summary**

Category	FY 2025 Actual	FY 2026 Budget	FY 2026 Estimated	FY 2027 Proposed	FY 2026-2027	
					Change \$	Change %
<b>BEGINNING FUND BALANCE - UNRESTRICTED</b>	\$ (11,377,732)	\$ (59,801,298)	\$ (58,825,760)	\$ (75,153,760)	\$ (15,352,462)	25.7%
<b>REVENUES</b>						
<b>SALES AND USE</b>						
Sale of Electricity	\$18,679	\$8,200	\$18,700	\$18,700	\$10,500	128.0%
Sale of Recyclables	8,799,352	9,600,000	9,600,000	9,600,000	—	0.0%
<b>Total Sales and Use</b>	<b>\$8,818,031</b>	<b>\$9,608,200</b>	<b>\$9,618,700</b>	<b>\$9,618,700</b>	<b>\$10,500</b>	<b>0.1%</b>
<b>CHARGES FOR SERVICES</b>						
Refuse Collection Charges	\$41,782,695	\$45,879,300	\$42,408,200	\$43,021,000	\$(2,858,300)	-6.2%
<b>RESIDENTIAL FEES</b>						
System Benefit Tax Collections	\$22,174,530	\$26,309,300	\$22,972,800	\$22,972,800	\$(3,336,500)	-12.7%
Recycling Fee Tax Collections	11,350,912	11,293,700	11,441,700	11,533,300	239,600	2.1%
Bulky Trash Tax Collections	3,815,385	3,878,800	3,878,800	3,917,600	38,800	1.0%
Other License and Permits	162,128	—	—	—	—	0.0%
SubTotal - Residential Fees	37,502,955	41,481,800	38,293,300	38,423,700	(3,058,100)	-7.4%
Landfill Tipping Fees	10,534,522	12,114,900	10,534,500	13,059,500	944,600	7.8%
<b>Total Charges for Services</b>	<b>\$89,820,173</b>	<b>\$99,476,000</b>	<b>\$91,236,000</b>	<b>\$94,504,200</b>	<b>\$(4,971,800)</b>	<b>-5.0%</b>
<b>OTHER REVENUES</b>						
Clean Lot	\$720,404	\$675,000	\$720,400	\$675,000	\$—	0.0%
Misc. Collections	72,914	115,000	188,500	185,800	70,800	61.6%
Interest Income	12,612,130	11,270,000	12,331,400	12,324,900	1,054,900	9.4%
Appropriated Fund Balance	—	13,545,400	21,873,500	22,582,500	9,037,100	66.7%
Transfers in	—	—	—	—	—	0.0%
<b>Total Other Revenues</b>	<b>\$13,405,448</b>	<b>\$25,605,400</b>	<b>\$35,113,900</b>	<b>\$35,813,600</b>	<b>\$10,208,200</b>	<b>39.9%</b>
<b>Total Revenues</b>	<b>\$112,043,652</b>	<b>\$134,689,600</b>	<b>\$135,968,600</b>	<b>\$139,936,500</b>	<b>\$5,246,900</b>	<b>3.9%</b>

Source: Page 467 Budget Book, FY 2027 Proposed Budget

**Operating Expenses (Solid Waste)**

- In FY 2027, Solid Waste operating expenses are proposed at approximately \$120 million, and are comprised of the following major items (excluding Principal, Interest, Depreciation, & Post Closure):

✚ Operating Contracts	~\$47.4 million
✚ General & Administrative Contracts	~\$25.8 million
✚ Interagency Charges	~\$17.6 million
✚ Gas and Oil	~\$764,600

- Overall, operating expenses are proposed to increase by approximately \$2.4 million, or 2%, above the FY 2026 approved level. The accompanying table compares the FY 2027 Proposed Budget operating expenditures with the FY 2026 Approved Budget operating expenditures. In 16 of the categories, the FY 2027 Proposed Budget increases planned spending from the FY 2026 approved budget. In three (3) categories, the FY 2027 Proposed Budget level remains unchanged compared to the FY 2026 Approved Budget. FY 2027 proposed expenditures are being reduced in six (6) categories.
- The most significant dollar increase between the FY 2027 Proposed Budget and the FY 2026 Approved Budget, excluding Principal, Interest, and Interagency Charges, office automation, and contracts is Utilities, which is proposed to increase in FY 2027 to \$717,600, a \$124,500 increase, or 17.3%, increase from the Approved FY 2026 level. The increase is mainly due to aligning with current industry trends and anticipated inflationary cost increases.

SOLID WASTE MANAGEMENT FUND Operating Objects	FY 2026 Approved	FY 2026 Estimated	FY 2027 Proposed	\$ Change	% Change	Explain reason for budgetary change for each object
Depreciation	\$13,743,600	\$15,874,300	\$16,741,700	\$2,998,100	21.8%	Based on FY 24 actual. Funding to offset depreciation for landfill assets, such as land, buildings, automobiles and trucks, scalehouse and electronic. Increase primarily due to additional equipment purchased for Area C.
Interagency Charges	\$16,780,300	\$16,790,300	\$17,559,300	\$779,000	4.6%	Increase primarily due to current recoveries for other County agencies. For most agencies, eligible cost increased due to increases in compensation and operating expenses
Operating Contracts	\$46,913,000	\$46,913,000	\$47,382,200	\$469,200	1.0%	Increase due to inflationary increase in vendor and operating cost based on current and known industry trends
Interest	\$3,290,700	\$3,593,700	\$3,531,600	\$240,900	7.3%	Based on current financial schedules
General & Administrative Contracts	\$25,636,000	\$25,698,200	\$25,839,300	\$203,300	0.8%	Increase due to inflationary increase in vendor and operating cost based on current and known industry trends
Utilities	\$593,100	\$717,200	\$717,600	\$124,500	21.0%	Align with current trends industry trends and anticipated inflationary cost increases
Vehicle Equipment Repair/Maintenance	\$115,000	\$115,000	\$173,900	\$58,900	51.2%	Based on Fleet fee schedule for FY 27
Office Automation	\$810,400	\$810,400	\$853,100	\$42,700	5.3%	Based on OIT allocation of IT countywide cost for IT support. Also, computer equipment \$18K
Operating Supplies	\$123,700	\$98,700	\$165,000	\$41,300	33.4%	Increase due to inflationary increase in vendor and operating cost based on current and known industry trends
Printing	\$41,000	\$41,000	\$71,000	\$30,000	73.2%	Based on the realignment of accounts. Printing accounts combined in FY 27
Training	\$15,000	\$15,000	\$35,300	\$20,300	135.3%	
Telephone	\$132,500	\$158,900	\$152,000	\$19,500	14.7%	Increase to align with historical trends
Equipment Lease	\$15,000	\$15,000	\$20,000	\$5,000	33.3%	Increase due to inflationary increase in vendor and operating cost based on current and known industry
Office and Operating Equipment Non-Building Repair/Maintenance	\$74,200	\$54,200	\$75,000	\$800	1.1%	
Membership Fees	\$28,000	\$0	\$28,600	\$600	2.1%	
	\$5,900	\$5,900	\$6,000	\$100	1.7%	
Grants/Contributions	\$660,000	\$660,000	\$660,000	\$0	0.0%	Based on prior year experience and current trends for Rebate Grants
Other Operating Equipment Repair/Maintenance	\$1,900	\$0	\$1,000	-\$900	-47.4%	
Advertising	\$12,000	\$12,000	\$0	-\$12,000	-100.0%	Alignment to anticipated cost in FY 27
Postage	\$90,000	\$0	\$0	-\$90,000	-100.0%	
Gas and Oil	\$876,800	\$724,700	\$764,600	-\$112,200	-12.8%	Alignment to FY 26 approved
Principal	\$5,549,300	\$5,545,500	\$5,221,800	-\$327,500	-5.9%	Based on current financial schedules
Contribution to Post Closure	\$2,130,700	\$0	\$0	-\$2,130,700	-100.0%	
<b>Total</b>	<b>\$117,638,100</b>	<b>\$117,843,000</b>	<b>\$119,999,000</b>	<b>\$2,360,900</b>	<b>2.0%</b>	

**Contracts (Solid Waste)**

- Overall, in FY 2027, contract spending is being proposed at approximately \$73.2 million dollars with the following major spending for various services over \$1 million:
  - ✚ Various/To Be Determined- Operation of Organic Composting Facility \$47.4 million
  - ✚ Maryland Environmental Service (MES) – Equipment Service for Landfill \$8.5 million
  - ✚ MES Operation/Maintenance landfill gas system, leachate, mgmt & report'g. \$5.5 million
  - ✚ MES- Landfill disinfecting treatment to vehicles \$3.6 million
  - ✚ MES- Sandy Hill Landfill O&M, LFG, Leachate, and Reporting \$1.7 million
  - ✚ MES- Landfill O&M Leachate Pre-treatment Facility \$1.4 million
  - ✚ Carter Machinery Company, Inc.- Equipment service for Landfill \$1.3 million
  
- A multi-year contract from 11/2025 to 11/2030 serviced by Tilley Chemical Company, Inc. for the Landfill oil and gas vehicle fluids was negotiated at approximately \$1.67 million.
  
- *A complete list of all of the contracts for the Solid Waste Management Fund is included in the Department's response to First Round Q.15, Attachment 3 (three pages).*

**Capital Outlay (Solid Waste)**

- The FY 2027 Proposed Budget includes approximately \$1.5 million to cover the purchase of essential landfill and the Material Recycling Facility equipment.

**Recoveries (Solid Waste)**

- Recoveries in FY 2027 are proposed at approximately \$2.4 million, which is about the same as the FY 2026 estimated amount of \$2,385,600. The recoveries align with recoverable costs for the closed Sandy Hill Landfill.

**Information Technology** funding of \$18,000 is proposed in FY 2027 for Sustainable Waste Management Hardware and Software.

**Equipment** funding proposed includes a total of about \$1.5 million for the replacement of essential landfill equipment beyond its useful life.

**Facilities** reported by the Department will not be changed in FY 2027. Thus, there is no proposed spending for this category.

**Capital Improvement Program (CIP), Highlights & Maintenance (Solid Waste)**

The Department is responsible for the operation of the County's solid waste disposal and recycling activities. It provides services to County residents via various waste and recycling facilities. The primary

factor taken into consideration during the development of the CIP is how to best implement the County’s 10-Year Solid Waste Plan. Other considerations include the necessity for the future expansion of the Solid Waste Management Program to meet future demand, and demographic changes.

- Total Proposed FY 2027 CIP funding for DOE is \$2 million, with FY 2027 funding sources consisting entirely of Revenue Bonds.
- Below is a summary of the Department’s CIP projects.

Project Name	Est Completion FY	Project Status	FY 2027 - 2032 CIP CYCLE				Total Approved Project Funding
			FY 2026 Approved Capital Budget	FY 2026 Actual Expenditure (YTD)	FY 2026 Anticipated Expenditures (EST)	FY 2027 Budget Request	
Brown Station Landfill Construction	Ongoing	Ongoing	\$ -	\$ 4,973,716	\$ 21,989,000	\$ -	\$ 238,429,000
Material Recycling Facility	Ongoing	Ongoing	\$ -	\$ 1,612,936	\$ 6,126,000	\$ -	\$ 20,982,000
Organics composting Facility	Ongoing	Ongoing	\$ 5,330,000	\$ 7,397	\$ 6,771,000	\$ 2,000,000	\$ 30,513,000
Resources Recovery Park	FY 2027	Construction	\$ -	\$ 48,500	\$ 715,000	\$ -	\$ 2,297,000
Sandy Hill sanitary Landfill	Ongoing	Ongoing	\$ 2,010,000	\$ 332,423	\$ 14,588	\$ -	\$ 47,291,000
<b>Total</b>			<b>\$ 7,340,000</b>	<b>\$ 6,974,972</b>	<b>\$ 35,615,588</b>	<b>\$ 2,000,000</b>	<b>\$ 339,512,000</b>

Source: *First Round Responses, Page 9, Question #27.*

**Budget Comparison - Stormwater Management Enterprise Fund (Stormwater)**

The Department of the Environment’s Stormwater Management Division (SMD) and Flood Management and Environmental Resilience Division (FMERD) carry out **Municipal Separate Storm Sewer System (MS4)** permit water quality regulations.

SMD focuses on flood mitigation through planning, design, construction, and permitting of remedial flood and drainage improvement projects. FMERD focuses on sustainable services and the **MS4** and **Watershed Implementation Plan (WIP)** requirements facing the County by providing research, outreach, and tracking of sustainability efforts for the agency.

Actual Fiscal Year 2025 to Proposed Fiscal Year 2027 (Stormwater)

**Expenditures by Category**

Category	FY 2025 Actual	FY 2026 Budget	FY 2026 Estimate	FY 2027 Proposed	Change FY26-FY27	
					Amount (\$)	Percent (%)
Compensation	\$8,338,201	\$8,224,600	\$9,096,700	\$8,308,200	\$83,600	1.0%
Fringe Benefits	3,261,085	6,242,600	5,888,800	6,488,700	246,100	3.9%
Operating	50,391,992	78,141,200	74,960,600	80,612,400	2,471,200	3.2%
Capital Outlay	—	—	—	—	—	—
<b>Total</b>	<b>\$61,991,278</b>	<b>\$92,608,400</b>	<b>\$89,946,100</b>	<b>\$95,409,300</b>	<b>\$2,800,900</b>	<b>3.0%</b>
Recoveries	—	—	—	—	—	—
<b>Total</b>	<b>\$61,991,278</b>	<b>\$92,608,400</b>	<b>\$89,946,100</b>	<b>\$95,409,300</b>	<b>\$2,800,900</b>	<b>3.0%</b>

**Staffing and Compensation**

- In FY 2027, proposed compensation is approximately \$8.3 million, which represents an increase of \$83,600, or 1%, over the FY 2026 budgeted level, primarily due to the annualization of FY 2026 and FY 2027 planned salary adjustments.
- As of March 13, 2026 the Stormwater Division has 4 vacancies which staff are working to fill three of them for the current Fiscal Year: Engineer III, Construction Standards Inspector III, and a Contract Project Coordinator position.
- The Proposed FY 2027 budget includes funding for 68 full-time, fully-funded positions, which is the same as the FY 2026 approved level.

The Stormwater Division has difficulty filling mid-level and senior-level Engineer (e.g., Engineer III and Engineer IV) positions in the Stormwater Division. The Department has encountered issues in the hiring of engineers who are qualified with the necessary skill set and meeting salary requests. Efforts to hire include online advertisements on professional/skilled trade organization websites and contact with local colleges/universities in the region.

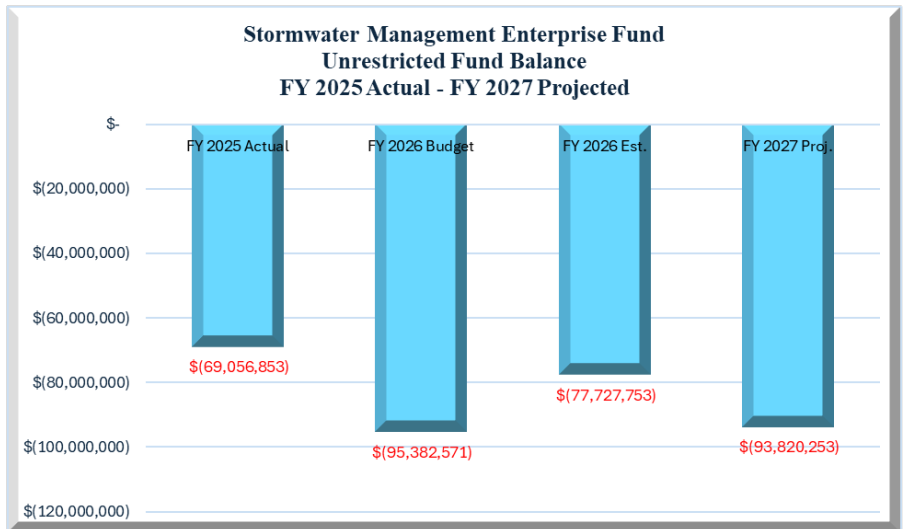
- The Department projects a salary lapse in FY 2026 of \$264,172, which is projected to remain within the Stormwater Fund given the structural imbalance.
- The Department reported that the Division’s current rate of attrition is 2% in FY 2026 YTD.

**Fringe Benefits (Stormwater)**

- Fringe Benefit expenditures in FY 2027 are proposed at approximately \$6.5 million, which is an increase of \$246,100, or 3.9%, to align with projected healthcare and pensions costs.

**Fund Balance (Stormwater)**

- The Unrestricted Ending Fund Balance of the Stormwater Management Enterprise Fund for FY 2026 is estimated to be approximately -\$77.7 million, and is proposed to decrease even further to approximately -\$93.8 million by the end of FY 2027.
- There have been no recent fee or tax changes related to stormwater; discussions continue with the Office of Management and Budget regarding potential revenue changes as part of a long-range analysis of expenditures that are underway to address mandated requirements and allotted funding.



Since FY 2011, the Fund’s unrestricted balance has decreased by approximately \$166.5 million (*this means there is **more** debt*). This fund continues to be impacted by Interagency Charges, which include Stormwater mandates for County compliance. In addition, increasing Principal and Interest (Debt Service) payments are also driving long-term imbalances between expenses and revenues.

- The overall net position of the fund balance of the Stormwater Management Enterprise Fund as of 6/30/2025 is approximately \$96.7 million.
- During the Budget Review session on April 4, 2025, OMB noted that a County-wide property tax increase is one of the options to alleviate the structural deficit, as well as cost minimization to mitigate the stormwater fund fiscal challenges. Additionally, opportunities to transfer additional funds from the General fund to the Stormwater fund have also been looked at.

**Revenues (Stormwater)**

- In FY 2027, the proposed revenue sources for the Stormwater fund are increasing to approximately \$120.1 million, which is approximately \$3.6 million, or 3.1%, over the FY 2026 budgeted level.
- The largest line-item proposed revenue increase is Property Taxes, at approximately \$4.8 million, a 7.7% increase over the FY 2026 approved budget.
- The largest line-item proposed revenue decrease is Appropriated Fund Balance, at about -\$1.3 million.

**Stormwater Management Enterprise Fund, Proposed FY 2027 Revenue**

Category	FY 2025 Actual	FY 2026 Budget	FY 2026 Estimated	FY 2027 Proposed	FY 2026-2027	
					Change \$	Change %
<b>BEGINNING FUND BALANCE - UNRESTRICTED</b>	\$(69,056,853)	\$(76,560,171)	\$(69,056,853)	\$(77,727,753)	\$(1,167,582)	1.5%
<b>REVENUES</b>						
<b>TAXES, SALES AND SERVICES</b>						
Property Taxes	\$63,961,095	\$61,999,600	\$66,282,400	\$66,800,000	\$4,800,400	7.7%
Grading Permits	1,688,896	1,500,000	1,500,000	1,500,000	—	0.0%
Permits	4,523,666	4,000,000	4,500,000	4,500,000	500,000	12.5%
Tree Preservation	176,094	120,000	120,000	120,000	—	0.0%
Soil Conservation	150,000	236,300	236,300	236,300	—	0.0%
Pond Fees	416,651	100,000	250,000	250,000	150,000	150.0%
Water & Sewer Fees	291,637	216,700	300,000	300,000	83,300	38.4%
Sale of Plans	—	—	—	—	—	0.0%
GIS Floodplan Service	89,030	48,200	48,200	48,200	—	0.0%
Stormwater Fee-in-Lieu	461,998	531,000	531,000	531,000	—	0.0%
<b>Total Taxes, Sales and Services</b>	<b>\$71,759,067</b>	<b>\$68,751,800</b>	<b>\$73,767,900</b>	<b>\$74,285,500</b>	<b>\$5,533,700</b>	<b>8.0%</b>
<b>OTHER REVENUES</b>						
Cell Towers	\$307,334	\$500,000	\$275,000	\$275,000	\$(225,000)	-45.0%
Interest Income	2,043,618	2,550,000	2,050,000	2,050,000	(500,000)	-19.6%
Reforestation Fee/Lieu	13,463	500	500	500	—	0.0%
Miscellaneous	2,011,615	—	100	100,000	100,000	0.0%
Appropriated Fund Balance	—	41,036,400	30,884,900	39,759,900	(1,276,500)	-3.1%
Transfers In	21,842,000	3,623,200	3,623,200	3,623,100	(100)	0.0%
<b>Total Other Revenues</b>	<b>\$26,218,030</b>	<b>\$47,710,100</b>	<b>\$36,833,700</b>	<b>\$45,808,500</b>	<b>\$(1,901,600)</b>	<b>-4.0%</b>
<b>Total Revenues</b>	<b>\$97,977,096</b>	<b>\$116,461,900</b>	<b>\$110,601,600</b>	<b>\$120,094,000</b>	<b>\$3,632,100</b>	<b>3.1%</b>

Source: Budget Book, Page 470, FY 2027 Proposed Budget

**Operating Expenses (Stormwater)**

- In FY 2027, Stormwater Management operating expenses (see table on the following page) are proposed at approximately \$80.6 million and are composed of the following major items:

- ✚ Interagency Charges ~\$28.3 million
- ✚ Principal ~\$23.7 million
- ✚ Interest ~\$17.6 million
- ✚ General & Administrative Contracts ~\$6.7 million
- ✚ Depreciation ~\$2.4 million

- Overall, FY 2027 Proposed Operating Expenses are increasing by about \$2.5 million, or 3.2%, over the FY 2026 approved level, primarily due to increases in debt service costs and interagency charges.
- In twelve of the categories, the FY 2027 Proposed Budget increases planned spending from the FY 2026 Approved Budget. FY 2027 proposed expenditures decrease in three (3) categories, and remain unchanged for three (3) categories.

STORMWATER MANAGEMENT FUND Operating Objects	FY 2026 Approved	FY 2026 Estimated	FY 2027 Proposed	\$ Change	% Change	Explain reason for budgetary change for each object
Telephone	\$60,600	\$65,200	\$74,400	\$13,800	22.8%	Increase aligns funding with historical trends and known cost for FY 27
Printing	\$4,000	\$2,800	\$2,800	-\$1,200	-30.0%	Based on historical trends
Office Automation	\$805,400	\$799,700	\$848,000	\$42,600	5.3%	Based on IT countywide cost allocation for services
Training	\$9,200	\$5,400	\$17,200	\$8,000	87.0%	Based on anticipated travel for professional events and conferences
Advertising	\$4,000	\$0	\$4,000	\$0	0.0%	
Membership Fees	\$21,000	\$21,100	\$21,500	\$500	2.4%	Based on known and anticipated staff membership expenses
General & Administrative Contracts	\$7,201,200	\$6,726,600	\$6,738,100	-\$463,100	-6.4%	Decrease in contract cost to meet FY 27 target
Operating Contract Services	\$0	\$0	\$0	\$0	0.0%	
General Office Supplies	\$80,600	\$80,600	\$154,000	\$73,400	91.1%	Increase primarily due to the alignment of education and outreach expenses from contract to general office supplies.
Vehicle Equipment Repair/Maintenance	\$51,300	\$51,500	\$52,600	\$1,300	2.5%	OCS Fleet Charge
Equipment Lease	\$17,500	\$17,500	\$20,200	\$2,700	15.4%	Agency Xerox Lease
Interagency Charges	\$27,121,200	\$27,121,200	\$28,312,100	\$1,190,900	4.4%	Based on project charges from various County agencies. Increase primarily results from cost increases from FY 27 anticipated COLAs and merits.
Depreciation	\$4,460,000	\$0	\$2,414,400	-\$2,045,600	-45.9%	Estimated depreciation based on Fund 5100 assets per OOF
Grants/Contributions	\$300,000	\$234,900	\$650,000	\$350,000	116.7%	Cash Match Appropriation for anticipated grants
Transfers Out	\$0	\$0	\$0	\$0	0.0%	
Principal	\$22,214,000	\$22,214,000	\$23,667,400	\$1,453,400	6.5%	Based on debt service schedule
Interest	\$15,791,200	\$17,620,100	\$17,635,700	\$1,844,500	11.7%	Based on debt service schedule
<b>Total</b>	<b>\$ 78,141,200</b>	<b>\$ 74,960,600</b>	<b>\$ 80,612,400</b>	<b>\$ 2,471,200</b>	<b>3.2%</b>	

*Source- First Round Responses, Attachment 2, Question #17*

**Recoveries (Stormwater)**

- No recoveries for the Stormwater Fund are anticipated in FY 2027.

### **Climate Action Plan**

- The Climate and Energy Division (CED) currently has five vacant, grant funded positions that are critical in advancing the County’s Climate Action Plan. While these positions are not supported by the Stormwater Enterprise Fund, the Division must secure and sustain external funding to fill and maintain them. Once CED secures funding for these positions, it is anticipated that the Division will be able to recruit a qualified candidate pool to support continued implementation of the Climate Action Plan initiatives.
- HB 1525, which was passed in the 2026 Session of the State General Assembly, will affect funding sources for energy efficiency targeted for multifamily residents and businesses.
- CED has researched, sourced, and encouraged other agencies to apply for grant opportunities to fund climate action initiatives that fall under their purview. CED offers technical assistance in writing their grant applications. So far, the CED has assisted in sourcing nearly \$8.5 million in pending grant funds for renewables, energy efficiency, and solar installations for low-to-moderate income residents.

*A summary of the Climate Action Plan Implementation Strategies can be found on Attachment 4 of the First Round Responses for the Storm Water Enterprise Fund.*

### **Information and Technology**

- IT initiatives total \$26,200 for proposed FY 2027 funding for items such as AutoCAD and software renewals, GPS-based mapping and tracking software, Adobe software, and other hardware and software for field and office staff.

### **Facilities**

- FMERD is pursuing partnership arrangements associated with the Stormwater Management Fund to support native plant and tree program operations. The proposals include the Prince George’s County Public Schools and Maryland-National Capital Parks and Planning Commission. These partnerships would include establishing a staging and growing area for native trees and understory plants, and establishing a full-scale native plant nursery operation.

### **Tree Canopy**

- In conjunction with FMERD’s efforts to support native plant and tree programs, the Department reported that the County experienced tree canopy loss in both the rural and urban areas of the jurisdiction. Drought and extreme heat conditions during summer months may require increased watering services, which could strain the available Urban Tree Program Budget. Grant funding for urban tree planting and nature-based solutions remains a concern. Projected declines in the Woodland Conservation Fund and increases in contractor pricing affect related programs like the Rain Check Rebate and conservation landscaping initiatives. The Program continues to seek migration of its budget to the CIP. Reclassification under CIP would allow for more cost-effective

funding use, including tree pre-purchasing, supporting multi-year contract grow agreements with County farmers, and provide greater fiscal flexibility.

**Budget Comparison - Local Watershed Protection & Restoration Fund (Water Quality)**

Effective July 1, 2013, the County established a Watershed Protection and Restoration (WPR) Program in accordance with the provisions of House Bill (HB) 987. Through the establishment of a stormwater remediation fee, the County will be able to meet its long-term regulatory WIP II and NPDES State and federal mandates for water quality improvement through restoration. This Fund, also known as the Water Quality Fund, supports the requirements to meet federal mandates for impervious area restoration through retrofit, stormwater controls, and mandated rebate programs intended to improve water quality in the Chesapeake Bay.

**Actual Fiscal Year 2025 to Proposed Fiscal Year 2027 (Water Quality)**

Category	FY 2025 Actual	FY 2026 Budget	FY 2026 Estimate	FY 2027 Proposed	Change FY26-FY27	
					Amount (\$)	Percent (%)
Compensation	\$1,110,528	\$1,310,800	\$1,218,500	\$1,374,100	\$63,300	4.8%
Fringe Benefits	318,928	460,100	496,100	496,100	36,000	7.8%
Operating	12,118,362	22,039,600	22,324,000	22,590,000	550,400	2.5%
<b>Total</b>	<b>\$13,547,818</b>	<b>\$23,810,500</b>	<b>\$24,038,600</b>	<b>\$24,460,200</b>	<b>\$649,700</b>	<b>2.7%</b>
<b>Total</b>	<b>\$13,547,818</b>	<b>\$23,810,500</b>	<b>\$24,038,600</b>	<b>\$24,460,200</b>	<b>\$649,700</b>	<b>2.7%</b>

**Staffing and Compensation (Water Quality)**

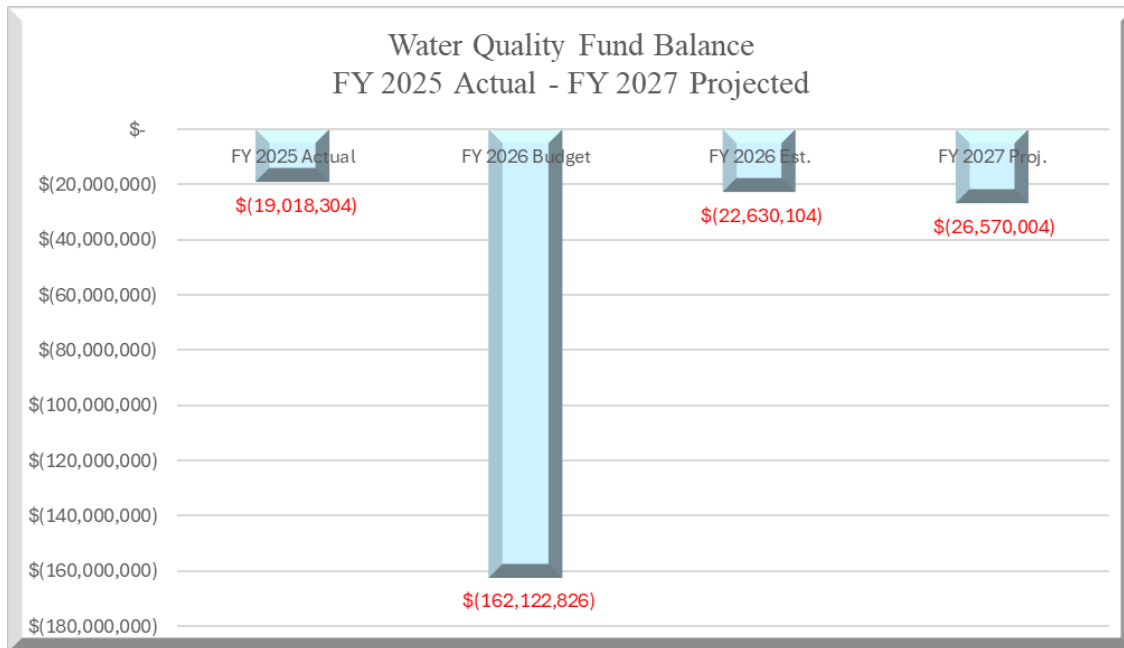
- The proposed FY 2027 compensation totals approximately \$1.4 million, an increase of \$63,300, or 4.8%, over the FY 2026 approved budget amount, primarily due to the annualization of FY 2026 and FY 2027 planned salary adjustments. The funding level provided is for ten (10) full-time positions and remains unchanged from the FY 2026 approved budget level.
- Overtime for FY 2026 Water Quality Fund YTD (March 19, 2026) is \$0. The projected amount for the end of this year, as well as the 2026 budget, remains at \$0.

**Fringe Benefits (Water Quality)**

- Fringe benefit expenditures in FY 2027 are proposed to increase by \$36,000, or 7.8%, to align with projected costs. The fringe benefits expenditures include \$335,500 for OPEB costs.

**Fund Balance (Water Quality)**

- The Water Quality Unrestricted Fund Balance is estimated to be at approximately -\$22.6 million at the end of FY 2026; the projected unrestricted net position for FY 2027 is approximately -\$26.6 million. The overall net position for the fund as of 6/30/2025 was approximately \$104.3 million.



- No tax or fee increases took place in FY 2026 related to the Water Quality Enterprise Fund. Department has provided OMB with several Clean Water Act Fee increase scenarios reflecting potential revenue adjustments for consideration. Discussions remain ongoing that support the long-term fiscal sustainability of the Fund.

**Revenues and Use of Fund Balance (Water Quality)**

- Through the establishment of a stormwater remediation fee, the County will be able to meet its WIP II and NPDES State and federal mandates for water quality improvement through restoration. The water quality fund supports impervious area restoration through retrofit, stormwater controls, and mandated rebate programs intended for improved water quality in the Chesapeake Bay.
- FY 2026 revenues are estimated to be approximately \$24 million, which is about \$5.5 million lower than the FY 2025 actual revenues of approximately \$29.5 million. FY 2027 revenues are proposed at approximately \$24.5 million. (See table below.)

Category	FY 2025 Actual	FY 2026 Budget	FY 2026 Estimated	FY 2027 Proposed	FY 2026-2027	
					Change \$	Change %
<b>BEGINNING FUND BALANCE - UNRESTRICTED</b>	\$(152,356,026)	\$(156,782,126)	\$(19,018,304)	\$(22,630,104)	\$134,152,022	-85.6%
<b>REVENUES</b>						
Clean Water Act Fees	\$14,732,031	\$14,725,000	\$14,710,000	\$14,725,000	\$—	0.0%
Interest	14,575,888	599,500	599,500	599,500	—	0.0%
Miscellaneous	212,818	—	—	—	—	—
Appropriated Fund Balance	—	8,486,000	8,729,100	9,135,700	649,700	7.7%
Transfers in	—	—	—	—	—	0.0%
<b>Total Revenues</b>	<b>\$29,520,737</b>	<b>\$23,810,500</b>	<b>\$24,038,600</b>	<b>\$24,460,200</b>	<b>\$649,700</b>	<b>2.7%</b>

*Source- FY 2027 Proposed Budget Book, page 473.*

- The Proposed FY 2027 revenues for the Clean Water Act Fund increase slightly by \$649,700, or 2.7%, under the FY 2026 Approved Budget level, primarily due to a notable appropriated fund balance.

**Operating Expenses (Water Quality)**

- The accompanying table compares the FY 2027 Proposed Budget operating expenditures with the FY 2026 Approved Budget operating expenditures. In four (4) of the categories, the FY 2027 Proposed Budget increases planned spending from the FY 2026 Approved Budget, and proposed expenditures decrease for two (2) categories. Two (2) categories are unchanged. One (1) category is presented for historical reference. (Miscellaneous).

### FY 2025 Actual to FY 2027 Proposed Operating Expenses for Water Quality Fund

WATER QUALITY FUND Operating Objects	FY 2025 Actual	FY 2026 Approved	FY 2026 Estimated	FY 2027 Proposed	\$ Change	% Change	Explain reason for budgetary change for each object
Mileage Reimbursement		\$ -	\$ -	\$ -	\$ -	0.0%	
General & Administrative Contracts	\$ 271,768	\$ 226,900	\$ 227,000	\$ 404,500	\$ 177,600	78.3%	Fiscal Agent fees. Recommendation based OoF Debt Service Schedule
Operating Contracts	\$ 10,140,536	\$ 13,668,000	\$ 10,465,200	\$ 10,202,400	\$ (3,465,600)	-25.4%	Decrease to cover cost of debt service
Grants/Contributions	\$ 266,045	\$ -	\$ -	\$ 267,000	\$ 267,000	#DIV/0!	Raincheck Rebate Program
Transfers Out	\$ -	\$ 3,623,200	\$ 3,623,200	\$ 3,623,100	\$ (100)	0.0%	Debt Service: Transfer from 5200 to 5100 covering the portion of the 2018 Stormwater Bond Sales that paid for Phase I of the Clean Water Partnership.
Principal		\$ 3,145,300	\$ 5,117,300	\$ 5,195,800	\$ 2,050,500	65.2%	Based on OoF Debt Service Schedule
Interest	\$ 1,439,036	\$ 1,376,200	\$ 2,891,300	\$ 2,897,200	\$ 1,521,000	110.5%	Based on OoF Debt Service Schedule
Miscellaneous	\$ 976	\$ -	\$ -	\$ -	\$ -	0.0%	
	\$ 12,118,361	\$ 22,039,600	\$ 22,324,000	\$ 22,590,000	\$ 550,400	2.5%	

*Source: FRR, Question 16, Attachment #2*

In FY 2027, Water Quality operating expenses are proposed at approximately \$22.6 million and are comprised of the following major items:

- **Operating Contracts** (~\$10.2 million), including:
  - Clean Water Partnership, including Master Maintenance, Operations & Maintenance, Master Program Agreement, and Social & Economic Development Program cost.
  - Stewardship Grant Program, that supports restoration programs for the Phase II Municipal NPDES permit, with Chesapeake Bay Trust as a pass-through organization.
  
- **Transfers Out** (~\$3.6 million) – Debt Service transfer from Water Quality Fund to Stormwater Fund, pays for FY 2018 Bonds for Phase 1 of the Clean Water Partnership.
  
- *For a complete list of the Water Quality Fund Contracts, please review the FY 2027 Budget Review First Round Questions, response to Question #16, Attachment #2.*
  
- The Maryland Department of the Environment (MDE) issued the County’s 5<sup>th</sup> Generation National Pollution Discharge Elimination System (NPDES), Maryland’s Municipal Separate Storm Sewer System (MS4) permit on December 2, 2022. The new permit runs for 5 years, ending December 2, 2027. It imposes restoration requirements for an additional 2,137 acres of impervious surface, and establishes an annual restoration benchmark schedule for the County.
  
- The County is in the process of negotiating Phase 4 of the Clean Water Partnership Agreement and the terms and conditions are being developed.

- The Department is currently in the award stage of the solicitation process to obtain a vendor to complete a comprehensive financial audit of the Clean Water Partnership. They are working closely with the Office of Procurement to get this awarded in the 3<sup>rd</sup> or 4<sup>th</sup> quarter.

**Budget Comparison – General Fund**

Actual Fiscal Year 2025 to Proposed Fiscal Year 2027 – General Fund

Category	FY 2025 Actual	FY 2026 Budget	FY 2026 Estimate	FY 2027 Proposed	Change FY26-FY27	
					Amount (\$)	Percent (%)
Compensation	\$8,925,062	\$9,026,500	\$9,313,000	\$9,709,400	\$682,900	7.6%
Fringe Benefits	3,337,380	3,240,500	3,567,000	3,495,400	254,900	7.9%
Operating	2,745,333	2,722,400	2,675,500	2,738,600	16,200	0.6%
Capital Outlay	107,100	100,000	100,000	—	(100,000)	-100.0%
<b>SubTotal</b>	<b>\$15,114,875</b>	<b>\$15,089,400</b>	<b>\$15,655,500</b>	<b>\$15,943,400</b>	<b>\$854,000</b>	<b>5.7%</b>
Recoveries	(5,432,123)	(5,774,500)	(5,774,500)	(6,113,500)	(339,000)	5.9%
<b>Total</b>	<b>\$9,682,752</b>	<b>\$9,314,900</b>	<b>\$9,881,000</b>	<b>\$9,829,900</b>	<b>\$515,000</b>	<b>5.5%</b>

**Authorized Staffing Count – General Fund**

	FY 2026 Approved	FY 2027 Proposed	Change Amount	Percentage Change
Full-Time	122	122	0	0.0%
Part-Time	0	0	0	0.0%
<b>Total</b>	<b>122</b>	<b>122</b>	<b>0</b>	<b>0.0%</b>

**Staffing and Compensation– General Fund**

- In FY 2027, proposed compensation expenditures increase by \$682,900 or 7.6%, over the FY 2026 approved level, primarily due to the annualization of FY 2026 and FY 2027 planned salary adjustments.
- Compensation costs include funding for 122 full-time positions.
- As of March 13<sup>th</sup>, 2026, the Department reported 16 vacant General Fund positions. ASD has had higher rates of attrition for Animal Care Attendants and Community Development Aides. Attrition due to resignations has put additional strains on agency operations.
- In FY 2026, the Department had one Planner IV position (Energy Manager) that has been assigned to the Office of Central Services and is anticipated to remain there for FY 2027.
- The General Fund attrition rate is 16% in FY 2026 (YTD), with 24 resignations.
  - Resignations are attributed to opportunities in the industry that offer higher salaries.
  - Attrition due to chronic resignations in FY 2026 (and earlier) have led to further discussion of reclassification of positions within the Animal Services Division.

- As it relates to hiring:
  - The County is under the 40-day hiring initiative; in-house interview scheduling has improved

**Fringe Benefits – General Fund**

- Fringe benefit expenditures in FY 2027 are proposed to increase by \$254,900, or 7.9%, above the FY 2026 approved level, to align with projected costs.

**Operating Expenses – General Fund**

- In FY 2027, General Fund operating expenses are proposed at approximately \$2.7 million and are comprised of the following major items:

✚ Office Automation	\$899,000
✚ Operational Contracts	\$806,800
✚ General & Administrative Contracts	\$553,800
✚ General Office Supplies	\$143,000
✚ Vehicle Equipment Repair/Maintenance	\$124,100

- Overall, operating expenses are increasing by \$16,200, or .6%, above the FY 2026 approved level. The *table on the following page* compares the FY 2027 Proposed Budget operating expenditures with the FY 2026 Approved Budget operating expenditures. In five (5) of the categories, the FY 2027 Proposed Budget increases planned spending above the FY 2026 budgeted amount. In ten (10) of the categories, the FY 2027 Proposed Budget level expenditures decrease from the FY 2026 budgeted amount.
- The largest expenditure is Office Automation, at \$899,000, which represents a \$38,800 increase between the FY 2027 Proposed Budget and the FY 2026 Approved Budget. The increase is based on OIT increase request.

## FY 2027 General Fund Operating Expenses

GENERAL FUND Operating Objects	FY 2026 Approved	FY 2026 Estimated	FY 2027 Proposed	\$ Change	% Change	Explain reason for budgetary change for each object
Telephone	\$52,500	\$68,300	\$64,200	\$11,700	22.29%	Increased usage due to onboarding new employees
Printing	\$7,700	\$1,000	\$1,700	-\$6,000	-77.92%	The need for service has decreased
Data-Voice	\$2,000	\$2,000	\$1,800	-\$200	-10.00%	OIT- Not managed by DoE
Office Automation	\$860,200	\$850,100	\$899,000	\$38,800	4.51%	OIT- Not managed by DoE
Training	\$26,600	\$21,400	\$23,500	-\$3,100	-11.65%	Decrease reflects conservative approach aligning with budgetary restrictions
Advertising	\$2,000	\$0	\$0	-\$2,000	-100.00%	Reduced to meet budget target
Membership Fees	\$5,500	\$4,700	\$3,900	-\$1,600	-29.09%	Decrease reflects conservative approach aligning with budgetary restrictions
Mileage Reimbursement	\$200	\$0	\$0	-\$200	-100.00%	Not anticipated
General & Administrative Contracts	\$610,000	\$559,100	\$553,800	-\$56,200	-9.21%	The increase reflects the need to support required services
Operating Contracts	\$640,800	\$668,400	\$806,800	\$166,000	25.91%	The increase reflects the need to support required services
General Office Supplies	\$120,000	\$184,700	\$143,000	\$23,000	19.17%	The increase reflects the need to support required services
Vehicle Equipment Repair/Maintenance	\$121,600	\$121,600	\$124,100	\$2,500	2.06%	FLEET- Not managed by DoE
Gas and Oil	\$109,400	\$95,000	\$105,000	-\$4,400	-4.02%	Based on historical trends
Equipment Lease	\$16,400	\$11,500	\$11,800	-\$4,600	-28.05%	Based on historical trends
Grants/Contributions	\$147,500	\$125,000	\$0	-\$147,500	-100.00%	There will be no cash match next fiscal year
<b>Total</b>	<b>\$ 2,722,400</b>	<b>\$ 2,712,800</b>	<b>\$ 2,738,600</b>	<b>\$ 16,200</b>	<b>-30.10%</b>	

*Source, General Fund, First Round Responses, Question #18, Attachment 2.*

### **Recoveries – General Fund**

- Proposed recoveries for FY 2027 total ~\$6.1 million, an increase of \$339,000, or 5.9%, over the FY 2026 budget to reflect an increase in costs recovered from the enterprise funds for staff salaries, fringe benefits, and operating costs in the Office of the Director and Strategic and Administrative Services divisions.

### **Capital Outlay**

- The Animal Services Division invested \$100,000 in FY 2026 kennel cage covers for the animal shelter to ensure the health and safety of staff and visitors. They are expected to have these covers installed by the end of this fiscal year.

**Highlights – General Fund**

**Animal Service Division (ASD)**

- The Department is reporting the following regarding its Animal Services Division (ASD):
  - ✚ **Intake Number and Resources-** The Animal Services Division has seen an increase of nearly 25% year-over-year of the intake of animals. Staffing complement and funding have remained flat, and with discretionary funding has decreased year over year. Increase in service without complementary resources means Shelter operations are stretched.
  - ✚ **Service and Partnerships—**The Division has served approximately 1,000 animals through rabies vaccination clinics. Staff partnered with internal volunteers to establish ASD’s first “Friends of” nonprofit, Beyond a Buddy, to support fundraising efforts. Nearly 2,000 dogs and cats have been adopted and Animal Control Officers have responded to 3,259 service calls.
  - ✚ **Placement of animals:**  
 The below table indicates the actual, anticipated, and proposed animal placement rates of animals coming into the division for FY 2025, anticipated FY 2026, and proposed FY 2027:

<b>Fiscal Year</b>	<b>Adoptions</b>
FY 2025	75%
FY 2026 (anticipated)	80%
FY 2027 (proposed)	82%

**Information Technology**

- The Department’s Proposed FY 2027 Funding Amount for Information Technology (IT) Initiatives is \$8,600, and is outlined in the table below:

<b>IT Initiative</b>							
	<b>Project Name</b>	<b>Summary of Project Purpose and Benefits</b>	<b>Year Initiated</b>	<b>Estimated Completion Date</b>	<b>Total Project Cost</b>	<b>Amt of funding spent to date</b>	<b>Proposed FY 2027 Funding Amount</b>
1	DIR Hardware/Software	Ensures staff have essential computer needs to support operations	Ongoing	Ongoing	N/A	N/A	\$2,600.00
2	SASD Hardware/Software	Ensures staff have essential computer needs to support operations	Ongoing	Ongoing	N/A	N/A	\$4,000.00
3	ASD Hardware/Software	Ensures staff have essential computer needs to support operations	Ongoing	Ongoing	N/A	N/A	\$2,000.00

**Equipment**

- The Department listed no equipment or vehicles to purchase or planned to be purchased for FY 2027.

**Facilities**

- **Personnel location-** In FY 2027, some staff moved to the old County Administration Building (Upper Marlboro) to accommodate the Department’s current staff size.
- **Animal Shelter-** the Department implemented renovations to the County Animal Shelter in FY 2026, including replacement of missing power washers and procurement of additional attachment components. In progress is the procurement of a ride-on floor scrubber, installation of washing machines and dryers, and renovations to both the Intake 1 and Placement areas of the facility. Planning is taking place for Phase 2 projects, which include space redesigns, potential enhancements to the outdoor play area, refresh of the interaction rooms and community/meeting room.

**Grants (Department-wide)**

Actual Fiscal Year 2025 to Proposed Fiscal Year 2027 - Grants

**Expenditures by Category - Grant Funds**

Category	FY 2025 Actual	FY 2026 Budget	FY 2026 Estimate	FY 2027 Proposed	Change FY26-FY27	
					Amount (\$)	Percent (%)
Compensation	\$362,249	\$—	\$—	\$—	\$—	
Fringe Benefits	132,851	—	—	—	—	
Operating	2,372,882	5,640,200	3,236,100	5,240,000	(400,200)	-7.1%
Capital Outlay	6,168,863	—	—	—	—	
<b>SubTotal</b>	<b>\$9,036,845</b>	<b>\$5,640,200</b>	<b>\$3,236,100</b>	<b>\$5,240,000</b>	<b>\$(400,200)</b>	<b>-7.1%</b>
Recoveries	—	—	—	—	—	
<b>Total</b>	<b>\$9,036,845</b>	<b>\$5,640,200</b>	<b>\$3,236,100</b>	<b>\$5,240,000</b>	<b>\$(400,200)</b>	<b>-7.1%</b>

*Source- FY 2027 Budget Book, page 474.*

- In FY 2027, the proposed grant funding for the Department of the Environment is \$5,240,000, and represents a decrease of \$400,200, or -7.1%, below the approved FY 2026 budgeted amount. Funding is included in the FY 2027 proposed budget in the amount of \$1.2 million to support County contributions to support and continue grant program activities and priorities.

**Staff Summary by Division - Grant Funds**

Staff Summary by Division & Grant Program	FY 2026			FY 2027		
	FT	PT	LTGF	FT	PT	LTGF
<b>Flood Management and Environmental Resilience</b>						
Clean Energy Programs	9	—	—	9	—	—
<b>Total Flood Management and Environmental Resilience</b>	<b>9</b>	<b>—</b>	<b>—</b>	<b>9</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>9</b>	<b>—</b>	<b>—</b>	<b>9</b>	<b>—</b>	<b>—</b>

In FY 2027, funding is provided for nine full time positions. This remains unchanged from the FY 2026 approved budget.

*Source- FY 2027 Budget Book, page 474.*

*A full list of grants by divisions, descriptions, and funds can be viewed in the Budget Book, pages 474-477*

**Capital Improvement Projects (CIP)**

**Stormwater Management Capital Improvement Projects (CIP)**

The Proposed FY 2027 Capital Expenditure Budget for the Storm Water Fund is about \$84.4 million, which is about \$18 million, or -17.6% less than the Approved FY 2026 CIP budgeted at \$102.4 million. *See the table below.*

Project Name	Est Completion FY	Project Status	FY 2026 Approved Capital Budget	FY 2026 Actual Expenditure (YTD)	FY 2026 Anticipated Expenditures (EST)	FY 2027 Budget Request	Total Approved Project Funding
Bear Branch Sub-Watershed	2029	Phase III Construction	\$ -	\$ 29	\$ 3,293	\$ -	\$ 12,345
Calvert Hills	2027	Construction	\$ 5,365	\$ 2,602	\$ 23,854	\$ -	\$ 29,344
COE County Restoration	2028	Construction	\$ -	\$ -	\$ 10,090	\$ -	\$ 42,465
Clean Water Partnership NPDES/MS4	2029	Construction	\$ -	\$ (1,443)	\$ 15,055	\$ 34,387	\$ 428,579
Emergency Response Program	Ongoing	Ongoing	\$ -	\$ -	\$ 1,548	\$ -	\$ 5,129
Endangered Structure Acquisition Program	Ongoing	Ongoing	\$ -	\$ -	\$ 1,338	\$ -	\$ 10,652
Flood Protection and Drainage Improvement	Ongoing	Ongoing	\$ 24,400	\$ 453	\$ 52,717	\$ -	\$ 149,647
MS4/NPDES Compliance & Restoration	Ongoing	Ongoing	\$ 28,567	\$ 2,646	\$ 34,290	\$ 14,166	\$ 234,622
Major Reconstruction Program (DPW&T)	Ongoing	Ongoing	\$ 18,445	\$ 9,131	\$ 57,577	\$ 11,172	\$ 194,952
Participation Program	Ongoing	Ongoing	\$ -	\$ -	\$ 1,999	\$ -	\$ 8,882
Storm Water Contingency Fund	Ongoing	Ongoing	\$ -	\$ -	\$ 2,999	\$ -	\$ 8,000
Storm Water Management Restoration (DPW&T)	Ongoing	Ongoing	\$ 10,364	\$ 1,719	\$ 20,118	\$ 7,650	\$ 109,865
Storm Water Structure Restoration and Construction (DPW&T)	Ongoing	Ongoing	\$ 14,500	\$ 4,462	\$ 18,415	\$ 16,000	\$ 77,919
Stormwater Classified Dams (DPW&T)	Stormwater Classified Dams	Planning	\$ 750	\$ -	\$ 987	\$ 1,000	\$ 8,672
<b>Total</b>			<b>\$ 102,391</b>	<b>\$ 19,599</b>	<b>\$ 244,280</b>	<b>\$ 84,375</b>	<b>\$ 1,321,073</b>

*Source, First Round Responses, Stormwater, Attachment 5.*

**Non-Stormwater CIP Proposed for FY 2027 Highlights**

- Funding for the Brown Station Landfill will continue to support the design of the Area C project, landfill gas pipeline upgrades, leachate pre-treatment plant construction, household hazardous waste and resource diversion lot relocation and scalehouse and access road improvements.
- Funding for the Materials Recycling Facility project will be used to support concrete replacement, procurement of a new conveyor belt, and installation of a plastic vacuum for the optical sorter.
- Funding for the County’s Organics Composting Facility will support additional scales, bunker system, and windrow turner replacement. In addition, funding will support the installation of underground fire suppression tanks at the compost facility to ensure safe and optimum facility operations.
- The Sandy Hill Sanitary Landfill project will continue to perform post-closure activities, such as the design, permitting and construction of slope and perimeter cap repairs, stormwater structures, landfill gas and ground water wells and structures, leachate conveyance and storage system, pond renovations, flare upgrades and repairs, perimeter road repairs and maintenance facility repairs.

**Project Listing**

CIP ID#	Project Name	Address	Planning Area	Council District	Project Class	Total Project Cost (000)	Completion Date
5.54.0001	Brown Station Landfill Construction	Brown Station Road, Upper Marlboro	Upper Marlboro and Vicinity	Six	Addition	\$238,429	Ongoing
5.54.0020	Materials Recycling Facility	1000 Ritchie Road, Capitol Heights	Suitland, District Heights, and Vicinity	Six	Rehabilitation	20,982	Ongoing
3.54.0002	North County Animal Shelter	Location Not Determined	Not Assigned	Not Assigned	New Construction	18,750	TBD
3.54.0001	Organics Composting Facility	6550 Maude Savoy Brown Road, Upper Marlboro	Mount Calvert Nottingham	Nine	New Construction	30,513	Ongoing
5.54.0004	Resource Recovery Park	3501 Brown Station Road, Upper Marlboro	Upper Marlboro and Vicinity	Six	New Construction	2,297	FY 2027
5.54.0003	Sandy Hill Sanitary Landfill	Old Laurel Bowie Road, Bowie	Bowie and Vicinity	Four	Addition	47,291	Ongoing
<b>Program Total</b>						<b>\$358,262</b>	
<b>NUMBER OF PROJECTS = 6</b>							

Source- CIP Budget Book, page 288

*A complete description and funding details for each project can be found in the FY 2027 CIP Budget Book on pages 285 to 295.*

**FY 2027 CIP Funding Sources**

The funding source for the FY 2027 CIP projects is 100% revenue bonds.

**Questions For Committee Consideration:**

- Why is the County's Landfill tipping fee rate still well below the regional average rate, especially given the rising structural deficit of the Solid Waste Enterprise Fund?
- Will the Department and Office of Management & Budget provide a clear and strategic plan to the Committee and Council which outlines how the County will stabilize and notably reduce the structural deficits of all three enterprise funds?
- Will the County's new procurement process facilitate more competition and allow for new vendors to secure more of the Department's operational contracts, ultimately providing savings to the County?
- Given the County continues to have net losses of tree canopy in both rural and urban areas, when will the Department re-structure the Urban Tree Program from the operating budget to a CIP project, making funding more cost-effective?
- With the County's only Shelter increasing the intake of animals year-over-year, will Animal Services Division be able to maintain its elevated placement rate while providing critical safety operations to the community like capturing animals at large, investigating cruelty complaints, and handling dangerous animal concerns?