





April 24, 2025

**MEMORANDUM**

TO: Eric C. Olson, Chair  
Transportation, Infrastructure, Energy and Environment (TIEE) Committee

THRU: Joseph R. Hamlin   
Director of Budget and Policy Analysis

FROM: Alex Hirtle   
Budget and Policy Analyst

RE: Department of the Environment (DOE)  
Fiscal Year 2026 Budget Review and Capital Improvement Program (FY 2026 - 2031)

**Budget Overview**

The FY 2026 Proposed Budget for the Department of the Environment (DOE or the “Department”) is approximately \$265.2 million, an increase of approximately \$5.6 million, or 2.2%, over the FY 2025 Approved Budget, and is comprised of approximately \$250.9 million, or 94.6%, from Enterprise Funds, approximately \$9.4 million, or 3.5%, from General Funds, and approximately \$5 million, or 1.9%, from Grant Funds.

The FY 2026 proposed **Solid Waste Management Enterprise Fund (Solid Waste)** budget (after recoveries) is approximately \$134.7 million, an increase of approximately \$9.5 million, or 7.6%, over the FY 2025 Approved Budget. These increases are primarily due to approximately \$8.3 million in increases from depreciation expense for landfill assets to support the new Area C of the landfill, increases in operating contracts, debt service costs, utilities and landfill post-closure expenses, and current recovery rates for eligible expenditures to the Solid Waste fund from various County agencies. Decreases include capital outlay for equipment replacement at the landfill and a decrease in the fringe benefit rate.

The FY 2026 proposed **Stormwater Management Enterprise Fund (Stormwater)** budget (after recoveries) is approximately \$92.4 million, an increase of approximately \$2.4 million, or 2.6%, over the FY 2025 Approved Budget, primarily due to an increases in operating costs to support principal and interest costs to align with existing debt service schedules, an increase in interagency charges due to for eligible recoverable costs from various agencies, and mandated compensation salary requirements. Decreases include reductions in contractual support for engineering, climate action services, and the Rain Check Rebate program, a decrease in membership fees, training, and reallocation of County contributions for grants, and reductions in IT/prINTER equipment.

The FY 2026 proposed **Local Watershed Protection and Restoration (WPR) Fund** budget (Water Quality) is approximately \$23.8 million, a decrease of approximately \$343,000, or -1.4%, under the FY 2025 Approved Budget. The decrease is primarily due to operating costs, which decreased due to a reduction in debt principal cost, transfer out of the Stormwater Management Fund, and elimination of the Rain Check Rebate program.

The FY 2026 proposed **General Fund** portion of the budget (after recoveries) is approximately \$9.4 million, an increase of \$141,500, or 1.5%, over the FY 2025 Approved Budget. Increases are attributed to compensation expenditures and capital outlays in the Animal Shelter, with decreases including operating expenses for telephone services, training, contracting services, operating supplies, and equipment.

The FY 2026 proposed **Grant Funds** portion of the budget is approximately \$5.4 million, a decrease of approximately -\$6.5 million, or 54.6% under the FY 2025 Approved Budget, primarily due to significant reductions in grant funding from multiple non-profits and State and federal funding of various programs.

The FY 2026 proposed budget includes the creation of two new divisions- the Climate and Energy division and the Community Engagement and Beautification division. The divisions were created to improve organizational efficiency, accountability, and service delivery for departmental programs and priorities.

### **Budget Comparison – All Funds**

Approved Fiscal Year 2025 to Proposed Fiscal Year 2026

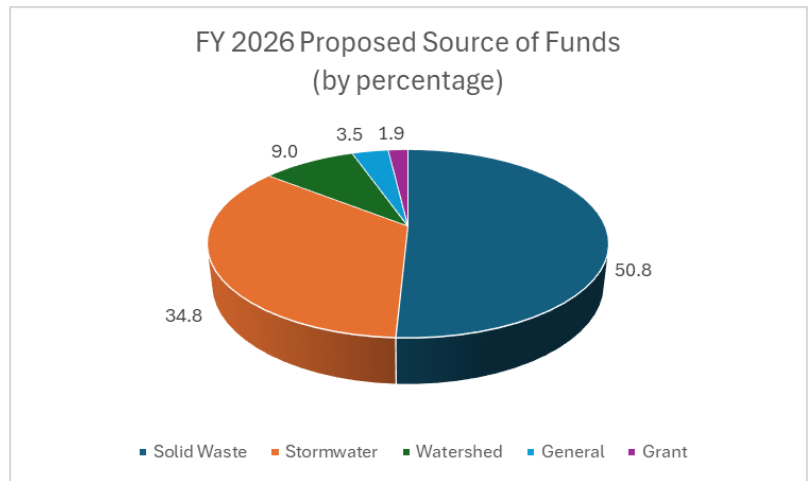
Category	FY 2024 Actual	FY 2025 Approved	FY 2025 Estimated	% Change - Est vs App	FY 2026 Proposed	\$ Change	% Change
Solid Waste Fund	\$ 133,884,128	\$ 125,189,800	131,797,900	5.3%	\$ 134,689,600	\$ 9,499,800	7.6%
Stormwater Fund	69,314,410	90,002,700	87,953,000	-2.3%	92,358,400	2,355,700	2.6%
Local Watershed Protection and Restoration Fund (Water Quality)	15,548,776	24,153,500	22,841,400	-5.4%	23,810,500	(343,000)	-1.4%
General Fund	8,036,120	9,266,800	9,838,700	6.2%	9,408,300	141,500	1.5%
Grants	4,381,875	11,916,400	3,809,500	-68.0%	5,410,000	(6,506,400)	-54.6%
<b>TOTAL</b>	<b>\$ 231,165,309</b>	<b>\$ 260,529,200</b>	<b>\$ 256,240,500</b>	<b>-1.6%</b>	<b>\$ 265,676,800</b>	<b>\$ 5,147,600</b>	<b>2.0%</b>

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

	FY 2025 Approved	FY 2026 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 2026 Sources of Funds**

- The Department's operations are supported by five (5) separate funding sources. Based on the *pie chart below*, the Solid Waste Fund accounts for the largest portion of the Department's funding (50.8%), with the Storm Water Management Fund being second largest (34.8%), and Local Watershed Protection Fund (9.0%), accounting for a combined total funding of about 94% from the Enterprise Funds. The General Fund accounts for only 3.5% of the Department's funding, with Grant funding at 1.9% proposed in FY 2026.



*Source: Budget Book, Pages 444, 448, 458, 464*

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

Approved Fiscal Year 2024 to Proposed Fiscal Year 2026 - Solid Waste

#### **Expenditures by Category**

Category	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimate	FY 2026 Proposed	Change FY25-FY26	
					Amount (\$)	Percent (%)
Compensation	\$10,464,359	\$10,945,900	\$10,900,000	\$11,151,400	\$205,500	1.9%
Fringe Benefits	6,859,196	7,410,400	6,686,900	6,902,700	(507,700)	-6.9%
Operating	118,292,980	105,664,200	112,982,000	117,638,100	11,973,900	11.3%
Capital Outlay	—	3,511,400	3,511,400	1,383,000	(2,128,400)	-60.6%
<b>Total</b>	<b>\$135,616,535</b>	<b>\$127,531,900</b>	<b>\$134,080,300</b>	<b>\$137,075,200</b>	<b>\$9,543,300</b>	<b>7.5%</b>
Recoveries	(1,732,407)	(2,342,100)	(2,282,400)	(2,385,600)	(43,500)	1.9%
<b>Total</b>	<b>\$133,884,128</b>	<b>\$125,189,800</b>	<b>\$131,797,900</b>	<b>\$134,689,600</b>	<b>\$9,499,800</b>	<b>7.6%</b>

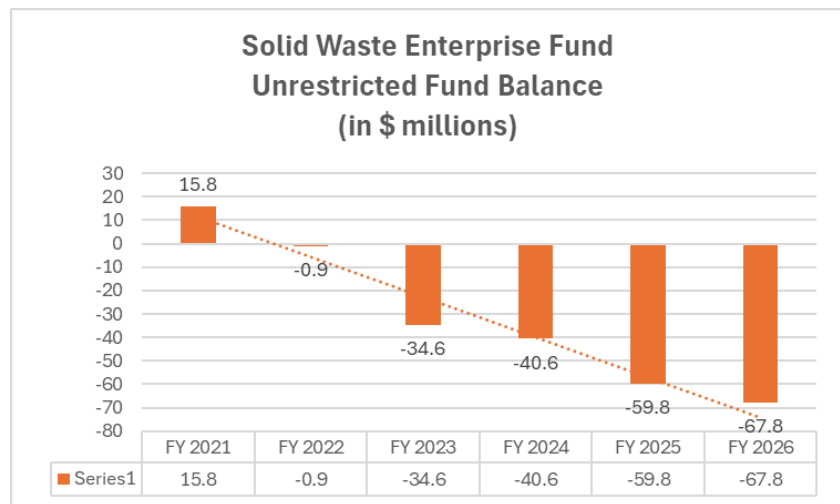
### **Staffing and Compensation (Solid Waste)**

- The Authorized Staffing level for the Proposed FY 2026 Solid Waste Management Enterprise Fund budget is 144 full-time positions, which is the same as the FY 2025 approved budget level.
- Funding is provided for all 144 authorized positions. There were 6 resignations, retirements, and terminations in FY 2025, an attrition rate of 4.3%.
- The Proposed FY 2026 Overtime spending is \$1,097,200, an increase of \$16,200 above the approved FY 2025 budgeted level. FY 2025 overtime was incurred as a result of the necessity to schedule staff six days per week for both the Landfill and the Convenience Centers operations, and for staffing during emergencies and vacations.

- In FY 2025, the Department has one (1) position in this Fund that was assigned to the Department of Public Works and Transportation (DPW&T) since 2010 to conduct community cleanup activities. This assignment is expected to continue in FY 2026.
- The Resource Recovery Division (RRD) reports that 44 employees, or approximately 31% of its funded positions, will be eligible for retirement by the end of FY 2028. The Division plans to backfill all positions or is in the active hiring process.

### **Fund Balance (Solid Waste)**

- The overall net position of the Solid Waste Enterprise Fund (which includes both restricted and unrestricted assets) has decreased by approximately \$69.3 million since FY 2011, from approximately \$70.2 million down to -\$889,000 at the end of FY 2022. *The decreasing fund indicates that the actual debt for this fund is **increasing**.*

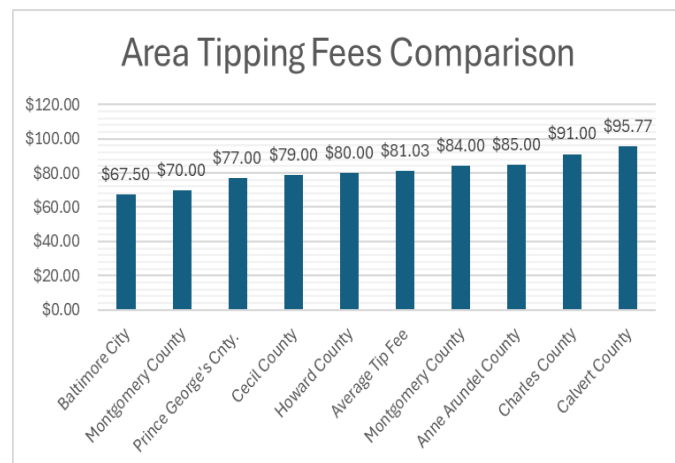


**Sources-** First Round Responses page 3, question 5; FY 2023 Budget Report;  
FY 2024 Program Review Report-DoE.

At the end of FY 2021, the available fund balance was approximately \$15.8 million. It decreased significantly by approximately \$16.7 million in FY 2022, when the overall fund balance fell to -\$889,320. Given that the fund balance is now negative, it is imperative that the County take the necessary steps to correct the deficit.

- The Proposed FY 2026 Budget includes a Projected Unrestricted Net Position of -\$67,797,398, with an Estimated Unrestricted Net Position of -\$59,801,298 for the FY 2025 balance.
- 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].
- 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:
- ✚ Recent increases in landfill tipping fees and the System Benefit Charges have increased to generate additional revenue to support program activities. Likewise, increases in revenue from residential fees, sales and use fees, and charges for services will provide additional revenue to address the structural deficits in this fund.
  - ✚ The Department is also working on alternative monetization opportunities for landfill gas.
  - ✚ DoE continues to look at its expenditures to determine where cost savings may be achieved.
- The chart to the right compares area jurisdictions and their landfill tipping fee rates per ton. Prince George's County has the third-lowest rate, below the area average of \$81.03 per ton. The County rate is proposed to increase to \$85.00 per ton beginning on 7/1/2025.
- ***Note- Montgomery County's \$84/ton rate is for commercial construction & demolition debris only.***



### **Revenues (Solid Waste)**





- In FY 2026, the Fund's proposed revenue sources are increasing by approximately \$9.5 million, which includes a slight increase in the sale of recyclables (0.6%), an increase in refuse collection charges (4.5%), a residential fee system benefit tax collection increase (3%), and landfill tipping fees increase (8.7%).
- The County's Materials Recycling Facility (MRF) revenues have increased due to upgrades on the facility's optical sorters. Expected revenue over the past three fiscal years from the sale of PET, HDPE natural, HDPE color, and polypropylene plastics is expected to be about \$4 million, versus \$445,245 over the same period without the upgrade..

- Below is a table showing Solid Waste Management Revenues from FY 2024 Actual to FY 2026 Proposed.

Category	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Proposed	FY 2025-2026	
					Change \$	Change %
<b>BEGINNING FUND BALANCE - UNRESTRICTED</b>	\$(34,597,353)	\$(40,597,153)	\$(46,364,898)	\$(59,801,298)	\$(19,204,145)	47.3%
<b>REVENUES</b>						
<b>SALES AND USE</b>						
Sale of Electricity	\$8,555	\$8,200	\$8,200	\$8,200	\$—	0.0%
Sale of Recyclables	8,023,523	9,542,900	9,600,000	9,600,000	57,100	0.6%
<b>Total Sales and Use</b>	<b>\$8,032,078</b>	<b>\$9,551,100</b>	<b>\$9,608,200</b>	<b>\$9,608,200</b>	<b>\$57,100</b>	<b>0.6%</b>
<b>CHARGES FOR SERVICES</b>						
Refuse Collection Charges	\$41,403,370	\$43,888,900	\$43,888,900	\$45,879,300	\$1,990,400	4.5%
Residential Fees	—	—	—	—	—	—
System Benefit Tax Collections	21,413,489	25,543,000	21,406,700	26,309,300	766,300	3.0%
Recycling Fee Tax Collections	11,256,041	11,127,200	11,289,200	11,293,700	166,500	1.5%
Bulky Trash Tax Collections	3,781,613	3,878,800	3,878,800	3,878,800	—	0.0%
Other License and Permits	—	—	—	—	—	0.0%
SubTotal - Residential Fees	36,451,143	40,549,000	36,574,700	41,481,800	932,800	2.3%
Landfill Tipping Fees	20,582,458	11,144,900	10,276,300	12,114,900	970,000	8.7%
<b>Total Charges for Services</b>	<b>\$98,436,971</b>	<b>\$95,582,800</b>	<b>\$90,739,900</b>	<b>\$99,476,000</b>	<b>\$3,893,200</b>	<b>4.1%</b>

Source: Page 459 Budget Book, FY 2026 Proposed Budget

### Operating Expenses (Solid Waste)

- In FY 2026, Solid Waste operating expenses are proposed at approximately \$117.6 million, and are comprised of the following major items (excluding Principal, Interest, Depreciation, & Post Closure):
  -  Operating Contracts ~\$46.9 million
  -  General & Administrative Contracts ~\$25.6 million
  -  Interagency Charges ~\$16.8 million
  -  Gas and Oil ~\$877,000
- Overall, operating expenses are proposed to increase by approximately \$12 million, or 11.3%, above the FY 2025 approved level. The accompanying table compares the FY 2026 Proposed Budget operating expenditures with the FY 2025 Approved Budget operating expenditures. In 9 of the categories, the FY 2026 Proposed Budget increases planned spending from the FY 2025 approved budget. In five (5) categories, the FY 2026 Proposed Budget level remains unchanged compared to the FY 2025 Approved Budget. FY 2026 proposed expenditures are being reduced in nine (9) categories.
- The most significant dollar increase between the FY 2026 Proposed Budget and the FY 2025 Approved Budget, excluding Principal, Interest, and Interagency Charges, office automation, and contracts is vehicle equipment repair/maintenance, which is proposed to increase in FY 2026 to \$115,000, a


\$20,600 increase, or 21.8%, increase from the Approved FY 2025 level. The increase is mainly due to aligning with historical trends.

SOLID WASTE MANAGMENT FUND Operating Objects	FY 2024 Actual	FY 2025 Approved	FY 2025 Estimated	FY 2026 Proposed	\$ Change	% Change	Explain reason for budgetary change for each object
Depreciation	\$11,372,785	\$5,488,900	\$13,743,600	\$13,743,600	\$8,254,700	150.4%	Based on FY 24 actual. Funding to offset depreciation for landfill assets,
Contribution to Post Closure	5,706,611	-		2,130,700	2,130,700	100.0%	Based on current debt schedules
Interagency Charges	13,993,026	15,823,600	15,776,500	16,780,300	956,700	6.0%	Increase primarily due to current recoveries for other County agencies.
Operating Contracts	52,681,303	46,413,000	46,413,000	46,913,000	500,000	1.1%	Based on FY 26 anticipated contract to support SW landfill and program priorities. See GA Contract detail for additional detail
General & Administrative Contracts	21,681,556	25,167,200	24,701,200	25,636,000	468,800	1.9%	
Interest	2,851,997	3,153,800	3,292,500	3,290,700	136,900		Based on current debt schedules
Office Automation	1,020,385	754,800	754,800	810,400	55,600	7.4%	Known IT cost allocation+ \$18K for other IT initiatives. See IT initiatives
Vehicle Equipment	109,410	94,400	93,700	115,000	20,600	21.8%	Align with historical trends
Utilities	644,219	582,000	581,200	593,100	11,100	1.9%	Increase based on industry trends
Building Repair/Maintenance	500	20,000	20,000	28,000	8,000	40.0%	
Telephone	139,182	132,500	131,400	132,500	-	0.0%	Based on FY 25 approved
Printing	49,598	41,000	38,000	41,000	-	0.0%	Align with FY 25 approved
Postage	-	90,000	90,000	90,000	-	0.0%	There are not historical data b/c postage handled by vendors: LMD Agency and MES
Membership Fees	5,284	5,900	5,900	5,900	-	0.0%	
Mileage Reimb.	194	-	-	-	-	N/A	Based on FY 25 approved and historical trends
Grants/Contributions	628,484	660,000	660,000	660,000	-	0.0%	
Other Operating Equipment	368	4,800	4,800	1,900	(2,900)	-60.4%	
Training	14,561	19,000	16,500	15,000	(4,000)	-21.1%	Align with FY 24 Actuals
Equipment Lease	16,290	26,400	19,900	15,000	(11,400)	-43.2%	Based on FY 24 actual plus inflation of 3.5%
Advertising	12,000	26,500	9,500	12,000	(14,500)	-54.7%	Align with FY 24 Actuals
Office and Operating Equipment Non-Capital	6,099,894	113,100	67,300	74,200	(38,900)	-34.4%	
Principal	-	5,616,200	5,601,000	5,549,300	(66,900)	-1.2%	Based on current debt schedules
Miscellaneous	117,208	87,500	87,500	-	(87,500)	-100.0%	
Gas and Oil	847,019	974,800	762,400	876,800	(98,000)	-10.1%	Based on FY 24 actual plus inflation of 3.5%
Operating Supplies	301,106	368,700	111,300	123,700	(245,000)	-66.4%	Increase results primarily due to additional haulers. Based on FY 26
<b>Total</b>	<b>118,292,980</b>	<b>\$105,664,100</b>	<b>\$ 112,982,000</b>	<b>\$ 117,638,100</b>	<b>11,973,900</b>		

Source, FRR, Question #19, Attachment 2.



### Contracts (Solid Waste)

- Overall, in FY 2026, contract spending is being proposed at approximately \$72.5 million dollars with the following major spending for various services over \$1 million:

 Haulers – curbside trash, recycling, yard waste collection

\$46.9 million



 Maryland Environmental Service (MES) – 5 contracts (various services)	\$20.2 million
 Carter Machinery Company Inc.- equipment service for landfill	\$1.25 million

- The proposed FY 2026 budget reflects renegotiated contracts for the County’s Curbside Haulers, which include a tip-free neutral clause, reducing revenue by approximately \$8.5 million from FY 2024.
- *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.20, Attachment 3 (two pages).*

### **Capital Outlay (Solid Waste)**

- The FY 2026 Proposed Budget includes approximately \$1.4 million to cover the purchase of essential landfill equipment that is beyond its useful life. CAT 836 Compactors are used for the Brown Station Road Sanitary Landfill.

### **Recoveries (Solid Waste)**

- Recoveries in FY 2026 are proposed at approximately \$2.4 million, which is an increase of \$103,200, or 4.5%, from the FY 2025 approved level. The recoveries align with recoverable costs for the closed Sandy Hill Landfill.

**Information Technology** funding of \$18,000 is proposed in FY 2026 for IT equipment for staff.

**Equipment** funding proposed includes a total of about \$1.4 million for the replacement of essential landfill equipment beyond its useful life.

**Facilities** reported by the Department include a replacement project for two office trailers at the landfill, due to unsafe mold issues with the current trailers.

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

#### ***Resource Recovery Division (RRD) – Solid Waste Fund***

RRD manages the Solid Waste Management Enterprise Fund, which is used to finance costs associated with the maintenance and operation of land and facilities for the collection, transportation, and disposal of refuse, garbage, rubbish, other matter and all related activities. The fund also finances costs associated with environmental, solid waste management, and recycling and waste reduction programs in the County.

- Total Proposed FY 2026 CIP funding for DOE is \$7.34 million, with FY 2026 funding sources consisting of: Federal (32.1%) and Revenue Bonds (67.9%).



- Total project costs are increasing for three (3) of the five (5) Department projects. Two (2) project costs for FY 2026 are decreasing. Below is a summary of the Department's CIP projects.

Project Name	Est. Comp. FY	Project Status	FY 2025– 2030 CIP				
			FY 2025 Approved Capital Budget	FY 2025 Actual Expenditures (YTD)	FY 2025 Anticipated Expenditures	FY 2026 Budget Request	Total Proposed Project Funding
Brown Station Landfill Construction	Ongoing	Ongoing	\$6,867,000	\$4,672,834.20	\$33,100,000	\$-	\$227,929,000
Materials Recycling Facility	Ongoing	Ongoing	5,637,000	4,758.82	9,197,000	-	20,982,000
North County Animal Shelter	TBD	Design Not Begun	-	-	-	-	18,750,000
Organics Composting Facility	Ongoing	Ongoing	1,150,000	68,736.72	6,860,000	5,330,000	28,513,000
Resource Recovery System	2027	Construction	-	-	715,000	-	2,297,000
Sandy Hill Sanitary Landfill	Ongoing	Ongoing	2,830,000	-	12,943,000	2,010,000	50,559,000
<b>TOTAL</b>			<b>\$16,484,000</b>	<b>\$4,746,329.74</b>	<b>\$62,815,000</b>	<b>\$7,340,000</b>	<b>\$349,030,000</b>

*Source: First Round Responses, Page 13, Question #32.*

Below is a capital improvement program listing the department's non-stormwater management projects. Please note that this includes the proposed North County Animal Shelter- this project has no current location determination; no construction has begun on it. The other projects are within the Resource Recovery Division's purview. For additional information on each project and details, *please view the Proposed Capital Budget and Program FY 2026-2031 book, pages 289 to 294.*

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	\$227,929	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	28,513	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	50,559	Ongoing
<b>Program Total</b>						<b>\$349,030</b>	
<b>NUMBER OF PROJECTS = 6</b>							

*Source- CIP Budget Book, page 288.*

### **Litter Cleanup, Illegal Dumping, Clear the Curb, and PGC Composts**

- RRD partners with **Keep Prince George's County Beautiful** to promote recycling, litter prevention, beautification, and cleanup programs to County residents. RRD partners with communities, Green Schools, and other environmental initiatives.
- The proposed FY 2026 budget creates a number of challenges for the County to keep its environment clean and litter-free, especially with significant proposed cuts in roadside and public ROW cleanup funding, and the proposed suspension of the Department of Permitting, Inspections, and Enforcement's Clean Lot Program. It is unclear how DoE will work with the other agencies and community partners to help fill these voids and maintain a clean Prince George's County.
- The Department's **Clear the Curb** initiative.

#### **Bulky Trash**

- The Department reports that the Clear the Curb initiative has been successful for both DoE and residents. The program now allows up to four (4) bulky items to be placed out on the curbside.
- The Department was not able to fully respond to the challenge this program has on the amount of garbage picked up curbside and disposed of at the County landfill. FY 2024 tonnage at the Brown Station Road Sanitary Landfill was 365,653; FY 2025 tonnage is projected at 383,936, an increase of 18,283 tons.

#### **PGC Composts**

- Every resident who receives County trash and recycling services can now participate in the PGC Composts program, which picks up yard trimmings and food scraps curbside. The food scraps collection has been incrementally increasing, from about 14.2 tons collected in FY 2021 to almost 16.5 tons collected in FY 2024. Projected collection for FY2025 is 17.3 tons.

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

The Department of the Environment's Stormwater Management Division (SMD) and Sustainability Division (SD) 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.

SD 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 2024 to Proposed Fiscal Year 2026 (Stormwater)

Category	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimate	FY 2026 Proposed	Change FY25-FY26	
					Amount (\$)	Percent (%)
Compensation	\$1,777,446	\$7,729,500	\$7,508,600	\$8,224,600	\$495,100	6.4%
Fringe Benefits	6,809,702	5,843,100	5,699,000	6,242,600	399,500	6.8%
Operating	60,727,262	76,430,100	74,745,400	77,891,200	1,461,100	1.9%
Capital Outlay	—	—	—	—	—	—
<b>Total</b>	<b>\$69,314,410</b>	<b>\$90,002,700</b>	<b>\$87,953,000</b>	<b>\$92,358,400</b>	<b>\$2,355,700</b>	<b>2.6%</b>
Recoveries	—	—	—	—	—	—
<b>Total</b>	<b>\$69,314,410</b>	<b>\$90,002,700</b>	<b>\$87,953,000</b>	<b>\$92,358,400</b>	<b>\$2,355,700</b>	<b>2.6%</b>

**Staffing and Compensation**

- In FY 2026, proposed compensation is approximately \$8.2 million, which represents an increase of \$495,100, or 6.4%, over the FY 2025 budgeted level, primarily due to FY 2025 and planned FY 2026 salary adjustments.
- The Stormwater Division has 6 vacancies for Engineer III, Construction Standards Inspector, two Contract Project Coordinator positions, an Administrative Specialist, and an Information Technology Project Coordinator. The Sustainability Division is in the process of filling two Engineer positions.
- The Proposed FY 2026 budget includes funding for 68 full-time, fully-funded positions, which is the same as the FY 2025 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.

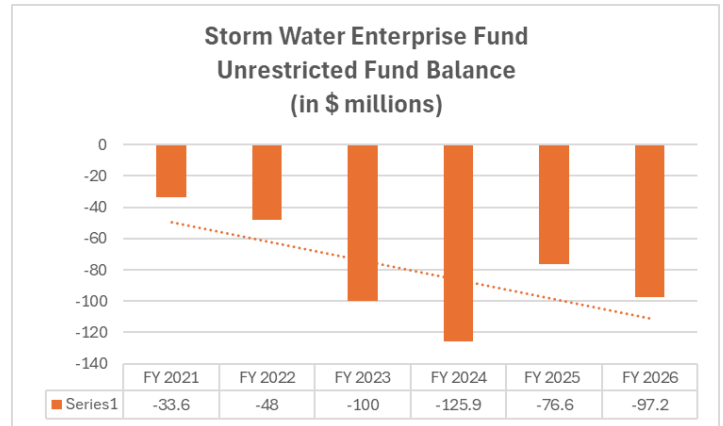
- The Department projects a salary lapse in FY 2025 of \$629,100.
- One Stormwater Management-funded employee has been assigned to another County agency and is expected to remain there for FY 2026: Kaitlin Dickerson, Climate Officer. She will work in the County Executive's Office.
- The Department reported that the Division's current rate of attrition is 3.3% in FY 2025 YTD.

**Fringe Benefits (Stormwater)**

- Fringe Benefit expenditures in FY 2026 are proposed at approximately \$6.2 million, which is an increase of \$399,500, or 6.8%, to align with projected healthcare and pensions costs.

### Fund Balance (Stormwater)

- The overall net position of the Stormwater Management Enterprise Fund for FY 2025 is projected to be -\$76,560,171, and for FY 2026, the position is projected to decrease (the amount of debt will **increase**) to -\$97,158,571.



- Reasons for the imbalance include interagency charges for stormwater mandates and County compliance, and increasing payments for Principal and debt service.
- There were no fee or tax changes in FY 2025 (related to stormwater); discussions continue with the Office of Management and Budget regarding 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.
- 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 2026, the proposed revenue sources for the Stormwater fund are increasing to approximately \$116.2 million, which is approximately \$3.5 million, or 3.1%, over the FY 2025 budgeted level.
- The largest line-item proposed revenue increase is Property Taxes, at approximately \$3.6 million, a 6.2% increase over the FY 2025 approved budget.
- The largest line-item proposed revenue decrease is Appropriated Fund Balance, at about -\$1.8 million.

### Stormwater Management Enterprise Fund, Proposed FY 2026 Revenue

Category	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Proposed	FY 2025-2026	
					Change \$	Change %
<b>BEGINNING FUND BALANCE - UNRESTRICTED</b>	<b>\$(100,309,256)</b>	<b>\$(125,907,256)</b>	<b>\$(63,114,071)</b>	<b>\$(76,560,171)</b>	<b>\$49,347,085</b>	<b>-39.2%</b>
<b>REVENUES</b>						
<b>TAXES, SALES AND SERVICES</b>						
Property Taxes	\$60,820,909	\$58,380,000	\$62,314,700	\$61,999,600	\$3,619,600	6.2%
Grading Permits	1,546,072	2,350,000	1,500,000	1,500,000	(850,000)	-36.2%
Permits	4,403,999	3,000,000	4,200,000	4,000,000	1,000,000	33.3%
Tree Preservation	85,248	120,000	120,000	120,000	—	0.0%
Soil Conservation	236,300	236,300	236,300	236,300	—	0.0%
Pond Fees	250,913	100,000	250,000	100,000	—	0.0%
Water & Sewer Fees	233,818	216,700	225,000	216,700	—	0.0%
Sale of Plans	—	—	—	—	—	0.0%
GIS Floodplan Service	91,842	48,200	48,200	48,200	—	0.0%
Stormwater Fee-in-Lieu	290,769	1,000,000	531,000	531,000	(469,000)	-46.9%
<b>Total Taxes, Sales and Services</b>	<b>\$67,959,870</b>	<b>\$65,451,200</b>	<b>\$69,425,200</b>	<b>\$68,751,800</b>	<b>\$3,300,600</b>	<b>5.0%</b>
<b>OTHER REVENUES</b>						
Cell Towers	\$218,185	\$500,000	\$250,000	\$500,000	\$—	0.0%
Interest Income	3,313,576	575,100	2,550,000	2,550,000	1,974,900	343.4%
Reforestation Fee/Lieu	—	500	—	500	—	0.0%
Miscellaneous	105	5,000	—	—	(5,000)	-100.0%
Appropriated Fund Balance	—	42,564,000	32,487,600	40,786,400	(1,777,600)	-4.2%
Transfers In	8,133,220	3,623,600	3,623,600	3,623,200	(400)	0.0%
<b>Total Other Revenues</b>	<b>\$11,665,086</b>	<b>\$47,268,200</b>	<b>\$38,911,200</b>	<b>\$47,460,100</b>	<b>\$191,900</b>	<b>0.4%</b>
<b>Total Revenues</b>	<b>\$79,624,957</b>	<b>\$112,719,400</b>	<b>\$108,336,400</b>	<b>\$116,211,900</b>	<b>\$3,492,500</b>	<b>3.1%</b>

*Source: Budget Book, Page 462, FY 2026 Proposed Budget*

### Operating Expenses (Stormwater)

- In FY 2026, Stormwater Management operating expenses (*see table on the following page*) are proposed at approximately \$77.9 million and are composed of the following major items:
  -  Interagency Charges ~\$27.1 million
  -  Principal ~\$22.2 million
  -  Interest ~\$15.8 million
  -  General & Administrative Contracts ~\$7.0 million
  -  Depreciation ~\$4.5 million
- Overall, FY 2026 Proposed Operating Expenses are increasing by about \$1.5 million, or 1.9%, over the FY 2025 approved level, primarily due to increases in debt service costs and interagency charges.

- In four (4) of the categories, the FY 2026 Proposed Budget increases planned spending from the FY 2025 Approved Budget. FY 2026 proposed expenditures decrease in seven (7) categories, and remain unchanged for ten (10) categories.

STORM WATER MANAGEMENT FUND	FY2024 Actuals	FY2025 Approved	FY 2025 Estimated	FY 2026 Proposed	\$ Change	% Change	Explain reason for budgetary change for each object
Interagency Charges	26,546,057	26,242,600	26,242,600	27,121,200	878,600	3.3%	Increase primarily due to increase in compensation and fringe benefits for agencies receiving recoveries from the Storm water Management fund
Principal	-	20,188,000	20,188,000	22,214,000	2,026,000	10.0%	Based on Debt Service Schedule
Interest	\$13,968,779	\$13,497,900	\$15,345,500	\$15,791,200	\$2,293,300	17.0%	Based on Debt Service Schedule
GA Contracts	7,047,717	9,579,800	6,366,700	6,951,200	(2,628,600)	-27.4%	Decrease results primarily due to reductions in contract to meet OMB target.
Depreciation	4,760,954	4,460,000	4,460,000	4,460,000	-	0.0%	
Office Automation	743,652	1,016,700	719,600	805,400	(211,300)	-20.8%	Decrease based on IT Countywide cost allocation for services
Grants/Cont.	1,057,073	912,500	912,500	300,000	(612,500)	-67.1%	Decrease primarily to align with anticipated FY 2026 County contribution
Gen. Office Supp.	151,121	80,600	65,000	80,600	-	0.0%	Based on FY 25 approved
Telephone	48,582	53,500	60,600	60,600	7,100	13.3%	Increase primarily due to anticipated cost for services based on current trends
Vehicle Equipment Repair/Maintenance	40,500	52,100	45,500	51,300	(800)	-1.5%	Decrease to align with anticipated FY 2026 cost for vehicle maintenance and repair
Memb. Fees	151,697	163,800	163,100	21,000	(142,800)	-87.2%	Decrease to align with anticipated cost for FY 2026 travel and training for staff
Eq. Lease	7,949	17,500	17,500	17,500	-	0.0%	
Training	25,964	18,100	11,800	9,200	(8,900)	-49.2%	Decrease to align with anticipated cost for FY 26 travel and training for staff
Printing	1,088,569	4,000	4,000	4,000	-	0.0%	
Advertising	2,810	4,000	4,000	4,000	-	0.0%	
Mileage Reimb.	291	-	-	-	-	0.0%	
Office & Op. Eq. Non	-	-	-	-	-	0.0%	
Misc.	-	-	-	-	-	0.0%	
Transfers Out	4,509,720	-	-	-	-	0.0%	
Operating	-	-	-	-	-	0.0%	
Op. Contract Serv.	575,826	139,000	139,000	-	(139,000)	-100.0%	Decrease primarily due to reallocation of in-kind support for the Urban Tree grant program and the elimination of the Rain Check
<b>Total</b>	<b>60,727,262</b>	<b>\$ 76,430,100</b>	<b>\$ 74,745,400</b>	<b>\$ 77,891,200</b>	<b>\$ 1,461,100</b>	<b>1.91%</b>	

### Recoveries (Stormwater)

- No recoveries for the Stormwater Fund are anticipated in FY 2026.

### Climate Action Plan

- The Department hired a Climate Action Officer within the Office of the County Executive on March 10th, 2025. This staff person will work within various agencies to move the Climate Action Plan Implementation Strategies forward.
- The Department will continue to pursue grants and alternative financing mechanisms from various federal and State agencies to fund the Climate Action Plan.



- The Prince George's County Resilience Authority Feasibility Assessment Final Report calls for certain conditions to be set in place, including the County's leadership to establish stable, consistent, and sufficient revenue streams and fiscal investments. Once conditions are set, implementation for an Authority will be considered.

#### **Stormwater Management Division (SMD) Highlights**

- MDE issued the County's next (fifth) generation NPDES/MS4 permit on December 2, 2022.
  - ✚ It will run for a 5 (five) year cycle and end on December 2, 2027.
  - ✚ The County is on track with the 5<sup>th</sup> generation impervious surface restoration annual milestone production. To date, about 796 acres of impervious surfaces have been restored, which is above the cumulative target.

#### **Sustainability Division (SD) Highlights**

- The pause of federal funding has impacted work with the County's urban farmers and the goal to establish a native plant nursery. Staff are looking at partnering with non-profit organizations and foundations to help establish a facility that can supply the County with trees to increase the jurisdiction's canopy.
- Staff assessment of the Rain Check Rebate blitz revealed that purchases for services and goods through the program's organizations were not cost-effective. The Department has proposed suspending the program for the FY 2026 fiscal year, and will consider refunding this in a future fiscal cycle.

#### **New Division**

- The Department proposed to create a new Division, Climate and Energy, in FY 2026. This division will coordinate all aspects of energy management, including assisting with the County's energy-saving projects. The Division's complement will be derived through personnel reassignment from other Departmental divisions.

#### **Federal and State Funding**

- The Department has experienced pauses in certain projects due to funding dynamics. ARPA funding was temporarily suspended and has affected watershed assessments of the Western Branch area. The USDA Smart Commodities Grant was also held and will affect services to small farmers from other divisions.
- The Department continues to provide technical services and assistance in flood control and drainage projects that are funded through FEMA, the Department of Defense, the USDA, and others. State funding is still unclear, given Maryland's budget challenges, but financial opportunities will be sought where and when available.



### **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 2024 to Proposed Fiscal Year 2026 (Water Quality)**

Category	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimate	FY 2026 Proposed	Change FY25-FY26	
					Amount (\$)	Percent (%)
Compensation	\$1,006,375	\$1,250,500	\$1,075,000	\$1,310,800	\$60,300	4.8%
Fringe Benefits	495,480	464,000	377,400	460,100	(3,900)	-0.8%
Operating	14,046,921	22,439,000	21,389,000	22,039,600	(399,400)	-1.8%
<b>Total</b>	<b>\$15,548,776</b>	<b>\$24,153,500</b>	<b>\$22,841,400</b>	<b>\$23,810,500</b>	<b>\$(343,000)</b>	<b>-1.4%</b>
<b>Total</b>	<b>\$15,548,776</b>	<b>\$24,153,500</b>	<b>\$22,841,400</b>	<b>\$23,810,500</b>	<b>\$(343,000)</b>	<b>-1.4%</b>

### **Staffing and Compensation (Water Quality)**

- The proposed FY 2026 compensation totals approximately \$1.3 million, an increase of \$60,300, or 4.8%, over the FY 2025 approved budget amount, primarily due to the annualization of FY 2025 and FY 2026 salary adjustments. The funding level provided is for ten (10) full-time positions and remains unchanged from the FY 2025 approved budget level.
- Overtime for FY 2025 Water Quality Fund YTD (March 10, 2025) 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 2026 are proposed to decrease by \$3,900, or -0.8%, to align with projected costs.

### **Fund Balance (Water Quality)**

- The Water Quality fund balance (net position) is projected to be -\$156,782,126; the projected unrestricted net position for FY 2026 is -\$162,122,826 (*this will increase the debt by about \$5.4 million*).

- No tax or fee changes occurred in FY 2025. Discussions regarding revenue changes are underway as part of a long-range analysis of expenditures to address mandated requirements and allocated funding.

### **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 2025 revenues are estimated to be approximately \$22.8 million, which is about \$900,000 higher than the FY 2024 actual revenues of approximately \$21.9 million. FY 2026 revenues are proposed at approximately \$23.8 million. *(See table below.)*

Category	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimated	FY 2026 Proposed	FY 2025-2026	
					Change \$	Change %
<b>BEGINNING FUND BALANCE - UNRESTRICTED</b>	<b>\$(124,971,541)</b>	<b>\$(128,701,771)</b>	<b>\$(152,356,026)</b>	<b>\$(156,782,126)</b>	<b>\$(28,080,355)</b>	<b>21.8%</b>
<b>REVENUES</b>						
Clean Water Act Fees	\$14,693,181	\$14,689,000	\$14,710,000	\$14,725,000	\$36,000	0.2%
Interest	6,959,152	599,500	599,500	599,500	—	0.0%
Miscellaneous	244,042	—	—	—	—	—
Appropriated Fund Balance	—	8,865,000	7,531,900	8,486,000	(379,000)	-4.3%
Transfers in	—	—	—	—	—	0.0%
<b>Total Revenues</b>	<b>\$21,896,375</b>	<b>\$24,153,500</b>	<b>\$22,841,400</b>	<b>\$23,810,500</b>	<b>\$(343,000)</b>	<b>-1.4%</b>

- The Proposed FY 2026 revenues for the Clean Water Act Fund are decreasing by \$343,000, -1.4%, under the FY 2025 Approved Budget level, primarily due to a decreased Appropriated Fund Balance.

### **Operating Expenses (Water Quality)**

- The accompanying table compares the FY 2026 Proposed Budget operating expenditures with the FY 2025 Approved Budget operating expenditures. In three (3) of the categories, the FY 2026 Proposed Budget increases planned spending from the FY 2025 Approved Budget, and proposed expenditures decrease for two (2) categories. Three (3) categories are unchanged. One (1) category is presented for historical reference only (Miscellaneous).

## FY 2025 Proposed Operating Expenses for Water Quality Fund

WATER QUALITY FUND Operating Objects	FY 2024 Actual	FY2025 Approved	FY2025 Estimated	FY2026 Proposed	\$Change	%Change	Explain reason for budgetary change for each object
Interest	461,117	802,100	1,414,700	1,376,200	574,100	71.6%	Based on OoF Debt Service Schedule
Operating Contracts	9,611,849	13,170,500	12,818,000	13,668,000	497,500	3.8%	Increase due to BMP maintenance costs
General & Administrative Contracts	\$137,697	85,800	226,900	226,900	141,100	164.5%	Fiscal Agent fees. Recommendation based OoF Debt
Mileage Reimbursement	270	-	-	-	-	0.0%	
Miscellaneous	-	-	-	-	-	0.0%	
Transfers Out	3,623,500	3,623,600	3,623,600	3,623,200	(400)	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.
Grants/Contributions	212,488	275,000	200,000	-	(275,000)	-100.0%	Rain Check Rebate program
Principal	-	4,482,000	3,105,800	3,145,300	(1,336,700)	-29.8%	Based on OoF Debt Service Schedule
<b>TOTAL</b>	<b>14,046,921</b>	<b>22,439,000</b>	<b>21,389,000</b>	<b>22,039,600</b>	<b>(399,400)</b>	<b>-1.8%</b>	

**Source: FRR, Question 22, Attachment #1**

In FY 2026, Water Quality operating expenses are proposed at approximately \$22 million and are comprised of the following major items:

- **Operating Contracts** (~\$13.7 million)
  - Clean Water Partnership Master Maintenance and Master Program, which supports restoration programs and social and economic development.
  - Stewardship Grant Program 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 2026 Budget Review First Round Questions, response to Question #23, Attachment #2.*
- The County satisfied the NPDES/MS4 4<sup>th</sup> Generation permit consent decree with MDE on December 31, 2024 (pending final acceptance and approval from MDE), to satisfy noted conditions of non-compliance of the NPDES/MS4 2014 permit.
- There was a total of twenty (20) calls that were related to water quality activities using 3-1-1 during FY 2025 (YTD). Many of the calls were labeled as “unidentified” (description was left blank), but nine (9) calls were categorized as sewage, wrong agency, and car washing.

### **Budget Comparison – General Fund**

Actual Fiscal Year 2024 to Proposed Fiscal Year 2026 – General Fund

Category	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimate	FY 2026 Proposed	Change FY25-FY26	
					Amount (\$)	Percent (%)
Compensation	\$7,893,797	\$8,419,000	\$8,990,900	\$9,095,200	\$676,200	8.0%
Fringe Benefits	2,834,098	3,620,700	3,620,700	3,265,200	(355,500)	-9.8%
Operating	2,362,134	2,927,000	2,927,000	2,722,400	(204,600)	-7.0%
Capital Outlay	—	85,000	85,000	100,000	15,000	17.6%
<b>SubTotal</b>	<b>\$13,090,029</b>	<b>\$15,051,700</b>	<b>\$15,623,600</b>	<b>\$15,182,800</b>	<b>\$131,100</b>	<b>0.9%</b>
Recoveries	(5,053,909)	(5,784,900)	(5,784,900)	(5,774,500)	10,400	-0.2%
<b>Total</b>	<b>\$8,036,120</b>	<b>\$9,266,800</b>	<b>\$9,838,700</b>	<b>\$9,408,300</b>	<b>\$141,500</b>	<b>1.5%</b>

### **Authorized Staffing Count – General Fund**

	FY 2025 Approved	FY 2026 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 2026, proposed compensation expenditures increase by \$672,200 or 8.0%, over the FY 2025 approved level, primarily due to the annualization of FY 2025 and FY 2026 planned salary adjustments.
- Compensation costs include funding for 121 out of 122 full-time positions.
- As of February 28<sup>th</sup>, 2025, the Department reported 26 vacant General Fund positions. ASD has had higher rates of attrition for Animal Care Attendants, Animal Control Officers, and Community Development Aides. Attrition due to resignations and internal promotions has put additional strains on agency operations.
- Although the Department is creating two new divisions (Climate & Energy and Community Engagement & Beautification), staff will be reorganized; new staff will not be hired for this.
- In FY 2025, the Department has two (2) general funded positions assigned to the County Executive's Office, both are Administrative Specialist 1. These assignments are not likely to continue in FY 2026. Additionally, one Planner IV position (Energy Manager) has been assigned to the Office of Central Services and is anticipated to remain there for FY 2026.
- The General Fund attrition rate is 16.6% in FY 2025 (YTD), with 18 resignations, retirements, and terminations.






- Resignations are attributed to opportunities in the industry that offer higher salaries.
  - Attrition due to several General Fund retirements and resignations for FY 2025 has put additional strain on agency operations.
- As it relates to hiring:
    - The main challenge in hiring has been due to the non-acceptance of salary offers.

### **Fringe Benefits – General Fund**

- Fringe benefit expenditures in FY 2026 are proposed to decrease by \$355,500, or -9.8%, below the FY 2025 approved level, to align with projected costs.

### **Operating Expenses – General Fund**

- In FY 2026, General Fund operating expenses are proposed at approximately \$2.7 million and are comprised of the following major items:

 Office Automation	860,200
 Operational Contract Services	640,800
 General & Administrative Contracts	610,000
 Vehicle Equipment Repair/Maintenance	121,600
 General Office Supplies	120,000

*Note- A proposed amount in the Operating Expenses of \$147,500 was designated for two grant contributions, which will be covered in the "Grants" section.*

- Overall, operating expenses are decreasing by \$204,600, or -7.0%, below the FY 2025 approved level. The *table on the following page* compares the FY 2026 Proposed Budget operating expenditures with the FY 2025 Approved Budget operating expenditures. In three (3) of the categories, the FY 2026 Proposed Budget increases planned spending above the FY 2025 budgeted amount. In four (4) of the categories, the FY 2026 Proposed Budget level remains unchanged, compared to the FY 2025 budget. FY 2026 expenditures decrease in eleven (11) categories.
- The largest expenditure is Office Automation, at \$860,200, which represents a \$74,300 increase between the FY 2026 Proposed Budget and the FY 2025 Approved Budget. The increase is based on known IT cost allocation plus other IT initiatives.
- The most significant dollar increase between the FY 2026 Proposed Budget and the FY 2025 Approved Budget is for Grants/Contributions for two energy grants, totalling \$147,500. This is discussed further in the Grants section.

## FY 2026 General Fund Operating Expenses

GENERAL FUND Operating Objects	FY2024 Actual	FY 2025 Approved	FY 2025 Estimated	FY2026 Proposed	\$ Change	% Change	Explain reason for budgetary change for each object
Grants/Contributions	\$ -	\$ -	\$ -	\$147,500	\$147,500	100%	Recommended. Two County contributions included in recommendation: Funding request for County contribution for
Office Automation	569,866	785,900	773,400	860,200	74,300	9.45%	Known IT cost allocation of \$884 plus
Equipment Lease	7,787	10,500	16,000	16,400	5,900	56.19%	Based on known agreement that support copier contracts
Mileage Reimbursement	781	-	200	200	200	100%	
Printing	10,816	7,700	7,800	7,700	-	0.00%	Align to FY25 ABP
Data-Voice	1,810	2,000	2,000	2,000	-	0.00%	
Other Operating Equipment	228,990	-	-	-	-	0.00%	Decrease due to reductions in anticipated need for office
Office/Building Rental/Lease	6,002	1,600	-	-	(1,600)	-100.00%	
Advertising	-	4,000	4,000	2,000	(2,000)	-50.00%	Decrease based on anticipated need to support advertising for program priorities
Membership Fees	5,514	8,900	8,000	5,500	(3,400)	-38.20%	Based on FY 24 Actual
Vehicle Equipment Repair/Maintenance	87,278	126,200	107,700	121,600	(4,600)	-3.65%	
Gas and Oil	109,389	116,400	112,300	109,400	(7,000)	-6.01%	Align with FY24 Actuals
Telephone	51,474	68,800	52,800	52,500	(16,300)	-23.69%	Decrease based on anticipated need to support telephone services
Training	26,516	46,300	46,300	26,600	(19,700)	-42.55%	Based on FY 24 Actual
General Office Supplies	249,200	154,100	156,800	120,000	(34,100)	-22.13%	
General & Administrative Contracts	297,114	685,200	685,300	610,000	(75,200)	-10.97%	Funding to support contracts services for kennel and \$SOOK
Operating Contracts	708,054	724,400	786,800	640,800	(83,600)	-11.54%	Decrease due to reductions in consulting services due to
Office and Operating Equipment Non-Capital	1,543	185,000	235,000	-	(185,000)	-100.00%	Decrease primarily results due to decrease in equipment needed to support program activities
<b>Total</b>	<b>\$ 2,362,134</b>	<b>\$2,927,000</b>	<b>\$ 2,994,400</b>	<b>\$2,722,400</b>	<b>\$ (204,600)</b>	<b>-7%</b>	

*Source, General Fund, First Round Responses, Question #22, Attachment 2.*

### Supplemental Budget

- The Department expects the need for a supplemental General Fund budget request in FY 2025. The amount of \$571,900 is included in the pending supplemental budget. Factors contributing to the request include additional overtime due to unanticipated outbreaks within the animal shelter, large employee leave payouts, and lower-than-anticipated staff attrition.

### Recoveries – General Fund

- Proposed recoveries for FY 2026 total ~\$5.8 million, a decrease of \$10,400, or -0.18%, under the FY 2025 budget to reflect a reduction in costs recovering from the enterprise funds for staff salaries, fringe benefits, and operating costs in the Office of the Director and Strategic Services Division.

### **Capital Outlay**

- The Animal Services Division will invest in kennel cage covers for the animal shelter to ensure the health and safety of staff and visitors. They have included \$100,000 for this in the proposed FY 2026 budget.

### **Highlights – General Fund**

#### **Animal Service Division (ASD)**

- The Department is reporting the following regarding its Animal Services Division (ASD):
  - ✚ **In-house veterinarian**—The Animal Services Division is in the process of securing final approval for an in-house veterinarian position, which is expected to stabilize medical operations. The County Council needs to approve the classification of this position.
  - ✚ **ASD Fiscal challenges**—The Division is navigating a complex financial environment. Increased allocations to OIT and Fleet services, as well as steeply increasing prices on services and products, combined with a large influx of animals and overcrowded conditions, require strategic adjustments to ensure continued service delivery.
  - ✚ **Standard Operating Procedures**—The Division is developing and adhering to a comprehensive set of standard operating procedures (SOPs) to further streamline operations and ensure consistency in service to its guest animals and the public.
  - ✚ **Placement of animals:**  
The below table indicates the actual, anticipated, and proposed animal adoptions within ASD

<b>Fiscal Year</b>	<b>Adoptions</b>
FY 2024	1,627
FY 2025 (anticipated)	2,200
FY 2026 (proposed)	2,400

### **Federal/State Funding and Grants**

- The uncertainty of federal grant funding has impeded planned progress in the area of grants. The Department awaits formal guidelines for existing grants to determine what funding will be released from the federal government in the future.
- The Department's General Fund has requested \$147,500 for the Maryland Clean Energy for Local Governments Program and the U.S. Department of Energy's Local Government Energy Program. These funds will be used as County contributions to the grants.



### **Information Technology**

- The Department's Proposed FY 2026 Funding Amount for Information Technology (IT) Initiatives is \$15,400, 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>Amount of Funding Spent to Date</b>	<b>Proposed FY 2026 Funding Amount</b>
1	Basic IT Hardware	Director's Office Basic IT hardware peripherals	2023	Ongoing	Ongoing	\$ -	\$10,300
2	Basic IT Hardware	Strategic Services Basic IT hardware peripherals	2023	Ongoing	Ongoing	\$ -	\$2,700
3	Basic IT Hardware	Animal Services Basic IT hardware peripherals	2023	Ongoing	Ongoing	\$ -	\$1,700
4	Volunteer Tracking Software	Animal Tracking Software	2024	Ongoing	Ongoing	\$ -	\$700
					<b>Totals:</b>		<b>\$15,400</b>


### **Equipment**

- The Department's Proposed FY 2026 Funding Amount for Equipment is yet to be determined. Below is the table the Department provided for using Certification of Participation (COP), General or Grant funding:

	<b>Description (Type and quantity of equipment purchase)</b>	<b>CY 2025 Equipment Cost (Purchased to date)</b>	<b>CY 2025 Equipment Cost (Planned to be purchased)</b>	<b>CY 2026 Equipment Cost (Proposed to be purchased)</b>	<b>Purpose for Request</b>
1	Heavy Duty Stakebody w/ Crane	\$ -	\$ 175,000	TBD	COP - Landfill
2	Heavy Duty Stakebody w/ Crane	\$ -	\$ 225,000	TBD	COP - ASD
3	2-Mid Size SUV	\$ -	\$ 98,000	TBD	COP - Administrative
	<b>Total</b>	<b>\$ -</b>	<b>\$ 498,000</b>	<b>\$ -</b>	

## **Facilities**

The Department reports that the North County Animal Shelter has recently encountered delays, pushing the development timeline further into the future. The postponement is primarily due to reallocation of funds and the possible cuts from federal funding. Details on this project are below:

			
Location		Status	
<b>Address</b>	Location Not Determined	<b>Project Status</b>	Design Not Begun
<b>Council District</b>	Not Assigned	<b>Class</b>	New Construction
<b>Planning Area</b>	Not Assigned	<b>Land Status</b>	Location Not Determined

### **PROJECT MILESTONES**

	Estimate	Actual
1 <sup>st</sup> Year in Capital Program		FY 2018
1 <sup>st</sup> Year in Capital Budget		FY 2020
Completed Design	TBD	
Began Construction	TBD	
Project Completion	TBD	

**Description:** In 2014, a committee was formed consisting of representatives from several municipalities and the County to discuss the need for additional animal management services in the north/northwestern part of the County to improve service delivery and outcomes.

**Justification:** Currently, the County operates one full-service open admission animal shelter in Upper Marlboro that takes approximately 10,000 animals per year and serves the entire County. However, the north/northwestern area of the County has the highest number of licensed pets, the highest adoption rates and the highest demand for services.

**Highlights:** This project was delayed to redirect resources to the existing shelter. In FY 2026, \$2.75 million was added to the County Building Renovations II (4.31.0001) project under the Office of Central Services for upgrades at the existing shelter. The renovations will improve the safety, health and welfare of staff, pets, visitors and volunteers. The total project costs were increased to reflect the preferred option from the feasibility study, including inflation. The scope and placement of services will be revisited when the project restarts.

**Enabling Legislation:** CB-47-2014

### **CUMULATIVE APPROPRIATION (000'S)**

Life to Date	FY 2025 Estimate	FY 2026	Total
\$0	\$0	\$0	\$0

## **Grants (Department-wide)**

Actual Fiscal Year 2024 to Proposed Fiscal Year 2026 - Grants

### **Expenditures by Category - Grant Funds**

Category	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimate	FY 2026 Proposed	Change FY25-FY26	
					Amount (\$)	Percent (%)
Compensation	\$241,546	\$—	\$—	\$—	\$—	
Fringe Benefits	73,946	—	—	—	—	
Operating	3,822,152	11,916,400	3,809,500	5,410,000	(6,506,400)	-54.6%
Capital Outlay	244,231	—	—	—	—	
<b>SubTotal</b>	<b>\$4,381,875</b>	<b>\$11,916,400</b>	<b>\$3,809,500</b>	<b>\$5,410,000</b>	<b>\$(6,506,400)</b>	<b>-54.6%</b>
Recoveries	—	—	—	—	—	
<b>Total</b>	<b>\$4,381,875</b>	<b>\$11,916,400</b>	<b>\$3,809,500</b>	<b>\$5,410,000</b>	<b>\$(6,506,400)</b>	<b>-54.6%</b>

*Source- FY 2026 Budget Book, page 466.*

- In FY 2026, the proposed grant funding for the Department of the Environment is \$5,410,000, and represents a decrease of \$6,506,400, or -54.6%, below the approved FY 2025 budgeted amount. The decreases are based on the Department's anticipation of reductions in grant funding from numerous State, federal, non-profit, and foundation sources. New grants are anticipated in FY 2026 for the Local Government Energy Program, USDA Smart Commodities- Urban Agriculture and Innovation Production Program, and Maryland Clean Energy for Local Governments Program.

### **Staff Summary by Division - Grant Funds**

Staff Summary by Division & Grant Program	FY 2025			FY 2026		
	FT	PT	LTGF	FT	PT	LTGF
<b>Stormwater Management Enterprise Fund</b>						
Clean Energy Programs	9	—	—	9	—	—
<b>Total Stormwater Management Enterprise Fund</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>

*Source- FY 2026 Budget Book, page 466.*

- In FY 2026, funding provides for 9 full-time positions, which remains unchanged from the FY 2025 budget.

*A full list of grants by divisions, descriptions, and funds can be viewed in the Budget Book, pages 467-469.*

## **Capital Improvement Projects (CIP)**

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

The Proposed FY 2026 Capital Expenditure Budget for the Storm Water Fund is about \$102.4 million, which is \$39.8 million, or 63.6% more than the Approved FY 2025 CIP budgeted at \$62.6 million. *See the table below.*

Project Name	Proposed CIP						
	Est. Comp. Date (FY )	Project Status	FY 2025 Approved Capital Budget	FY 2025 Actual Expenditures (YTD)	FY 2025 Estimate	FY 2026 Proposed Budget	Total Approved Project Funding
Bear Branch Sub-Watershed	2034	Construction	\$ 1,213,000	\$ 136,282	\$ 3,546,000	\$ -	\$ 14,655,000
Calvert Hills	2027	Construction	\$ 69,000	\$ 21,095	\$ 18,549,000	\$ 5,365,000	\$ 26,987,000
COE County Restoration	Ongoing	Ongoing	\$ -	\$ 17,131	\$ 12,110,000	\$ -	\$ 35,942,000
Clean Water Partnership NPDES/MS4	Ongoing	Construction	\$ 2,648,000	\$ (9,466,454)	\$ 47,748,000	\$ -	\$ 445,127,000
Emergency Response Program	Ongoing	Ongoing	\$ -	\$ -	\$ 1,548,000	\$ -	\$ 5,129,000
Endangered Structure Acquisition Program	Ongoing	Ongoing	\$ -	\$ -	\$ 1,338,000	\$ -	\$ 10,652,000
Flood Protection and Drainage Improvemnt	Ongoing	Ongoing	\$ 34,870,000	\$ 2,017,676	\$ 53,955,000	\$ 24,400,000	\$ 191,710,000
Major Reconstruction Program (DPWT)	Ongoing	Ongoing	\$ 12,550,000	\$ 1,950,719	\$ 48,250,000	\$ 18,445,000	\$ 175,701,000
MS4/NPDES Compliance & Restoration	Ongoing	Ongoing	\$ -	\$ 9,786,108	\$ 29,652,000	\$ 28,567,000	\$ 263,513,000
Participation Program	Ongoing	Ongoing	\$ -	\$ -	\$ 1,999,000	\$ -	\$ 8,882,000
Stormwater Contingency Fund	Ongoing	Ongoing	\$ -	\$ -	\$ 2,999,000	\$ -	\$ 8,000,000
Stormwater Management Restoration (DPWT)	Ongoing	Ongoing	\$ 2,891,000	\$ 2,563,986	\$ 12,159,000	\$ 10,364,000	\$ 106,689,000
Stormwater Structure Restoration and Construction (DPWT)	Ongoing	Ongoing	\$ 8,000,000	\$ 855,549	\$ 9,203,000	\$ 14,500,000	\$ 64,319,000
Stormwater Classified Dams (DPWT)	Ongoing	Ongoing	\$ 350,000	\$ -	\$ 350,000	\$ 750,000	\$ 9,850,000
Total			\$ 62,591,000	\$ 7,882,092	\$ 243,406,000	\$ 102,391,000	\$ 1,367,156,000

### **Non-Stormwater CIP Proposed for FY 2026 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 a new pond construction initiative required by the Soil Conservation District, as well as various improvements to meet State regulations, such as clay liner and perimeter core trenches, gore covers, and gore probes.
- 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.

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	\$227,929	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	28,513	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	50,559	Ongoing
<b>Program Total</b>						<b>\$349,030</b>	
<b>NUMBER OF PROJECTS = 6</b>							

*Source- CIP Budget Book, page 288*

### **FY 2026 CIP Funding Sources**

Funding sources for the FY 2026 CIP projects are listed below:

Funding Sources	Amount	Percentage
Revenue Bonds	\$69,523,489	67.9%
Federal	\$32,867,511	32.1%
<b>Total</b>	<b>\$102,391,000</b>	<b>100%</b>

*Source: CIP Book, page 285*