

PRINCE GEORGE'S COUNTY COUNCIL

COMMITTEE REPORT

2019 Legislative Session

Reference No.: CR-093-2019

Draft No.: 1

Committee: Transportation, Infrastructure, Energy and Environment Committee

Date: 10/24/2019

Action: FAV

REPORT:

Committee Vote: Favorable, 4-1 (In favor: Council Members Taveras, Anderson-Walker, Glaros and Turner; Opposed: Council Member Dernoga)

The Spending Affordability Working Group, consisting of staffs from the Montgomery and Prince George's County Councils and both County Executive's offices, met on September 11th and September 25th to specifically discuss the establishment of spending control limits that can be endorsed by both Counties for the Fiscal Year 2021 Operating and Capital Budgets of the Washington Suburban Sanitary Commission (WSSC).

The goal of the Spending Affordability process is for the Prince George's and Montgomery County Councils to jointly set certain budgetary limits by November 1st of each year. These limits provide direction to WSSC for the formulation of the Commission's proposed budget. Both Councils reviewed the information compiled by the staff relating to spending control limits on: the percentage of water and sewer rate increase, new debt, debt service and operating expenditures.

Canjor Reed, Office of Audits and Investigation, provided a detailed overview of the Fiscal Year 2021 Spending Control Limits at the 10/10/19 TIEE meeting (report attached). Ms. Reed explained the various scenarios presented by WSSC and additional scenarios requested by the respective Counties. WSSC's proposed based case scenario consisted of an 8% increase for FY2021, and the Working Group requested forecasts at the 7.2% and 6.5% levels, respectively. After review of the three scenarios, staff recommended a spending control limit of 7.2%. The TIEE Committee voted to hold the issue until the 10/24/19 meeting.

The TIEE Committee continued its review on 10/24/19, where Ms. Reed presented the details of a 7% spending limit scenario. Based on this information, the staff recommendation was revised from 7.2% to 7%. Committee staff indicated that the Prince George's County Executive has recommended support of a 7% spending limit. Committee staff reported that the Montgomery County Executive has also recommended support of a 7% spending limit, and the Montgomery Council T&E Committee recommended 7% at their 10/15/19 meeting.

After comments from WSSC General Manager Carla Reed and her leadership team, the TIEE Committee voted to approved staff’s recommendation of the following spending control limits to the full Council:

Maximum Average Rate Increase: 7.0%

New Water and Sewer Debt: \$409,922,000

Water and Sewer Debt Service: \$313,865,000

Total Water and Sewer Operating Expense: \$837,660,000

The Committee specified that these limits will not impact the Piscataway Water Resource Recovery Facility Bio-Energy Project, or any other Prince George’s County projects in the currently approved WSSC CIP.

The Committee voted favorably on the above Spending Control Limits for FY 2021 by a vote of 4-1.