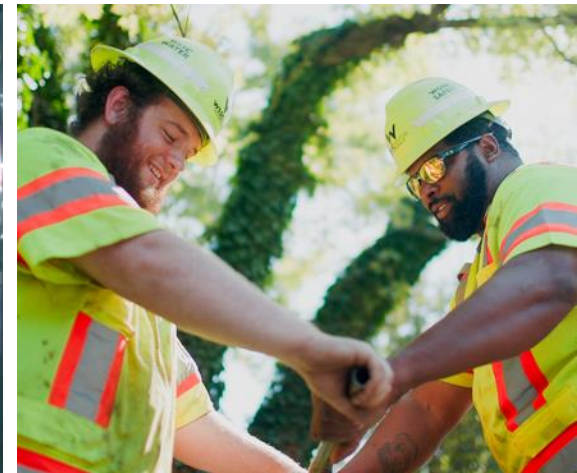




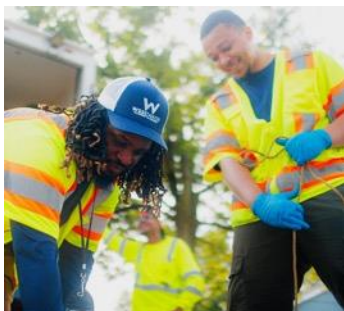
# WSSC Water's **FY2027 Proposed Budget**

October 9, 2025



# Sustained & Transformative Change

THE WORKFORCE &  
THE WORKPLACE



THE  
INFRASTRUCTURE



INNOVATION &  
TECHNOLOGY



THE  
SERVICE



## STRATEGIC PRIORITIES



Workforce  
Development



Asset Management  
& Infrastructure  
Reliability



Culture  
Shift



Affordability &  
Financial Viability



Sustainability  
& Resiliency



Optimizing  
Operations



Customer  
Engagement  
& Partnerships



Digital  
Transformation



# WSSC Water is an Anchor Institution



**\$8.8M**

Financial assistance for income-constrained customers in FY26



**11,650**

Customers received financial assistance in FY25



**11,000+ Miles**

Water and sewer mains in service area



**\$9B**

In infrastructure assets maintained on behalf of our customers



**1,800+**

Members of Team H<sub>2</sub>O deliver on our mission



**45%**

Members of Team H<sub>2</sub>O live in service area



**\$634.5M**

Over the past 5 years (FY21-FY25), WSSC Water's work has contributed to businesses in Montgomery & Prince George's counties



**225**

Community events annually

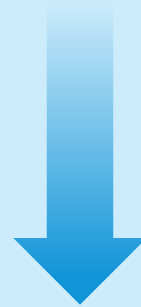


# Bottom-Line Upfront

WSSC Water formulated a balanced budget  
with **millions in cuts and cost containment**



WSSC Water targeted a cut of 5% below FY26 Approved Budget; FY27 Proposed Budget is **an 8% reduction**



**\$27M cut** from the discretionary portion of departmental budgets across 6 strategic priorities



Focused on **cost containment** and sought efficiencies over new headcount



Prioritized capital budget programs to **maximize outcomes** and use of the available funding

# Outcome-Based Budget

The FY 2027 budget will deliver on specific outcomes:



Protect  
Public Health



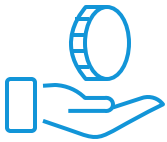
Smart One Water  
Management



Improving the  
Customer  
Experience



Financial Management,  
Cost Reduction and  
Containment



Increase  
Non-Rate Revenue  
Sources



Climate  
Instability  
Mitigation



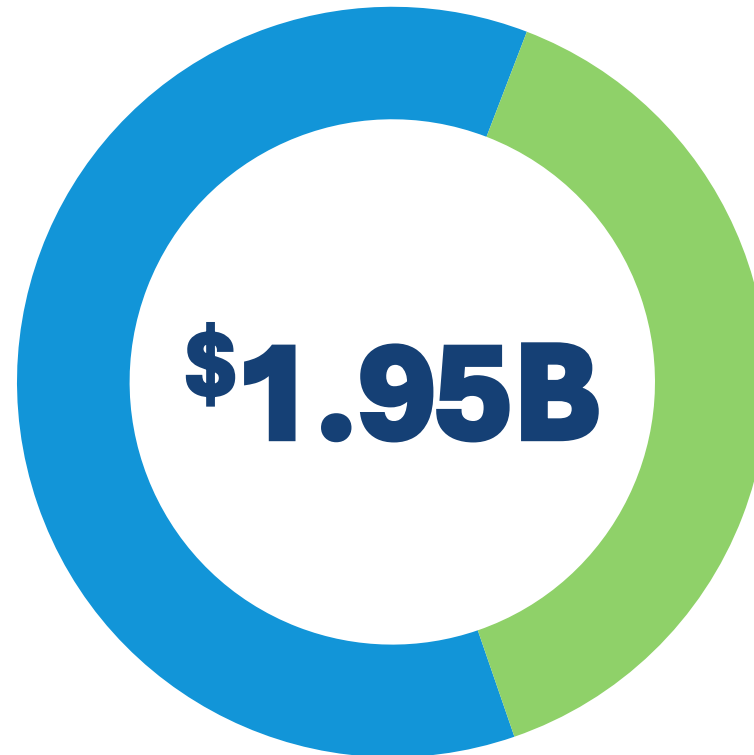
Maximizing Opportunities  
to do Business with  
WSSC Water



Workforce  
Development

Operating Sources	\$1.193B
Customer Rate revenue	\$1.109B
Other Sources of Revenue	\$82M
External Funding	\$2M
Operating Uses	\$1.193B
Operating Expenses	\$705M
Debt Service	\$388M
PAYGO	\$100M

## FY27 Proposed Budget



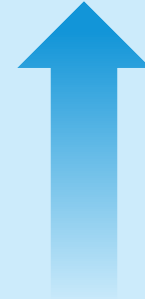
Capital Sources	\$759.3M
State	\$133.1M
Debt	\$493.2M
PAYGO	\$100M
Other	\$33M
Capital Uses	\$759.3M
WSSC Water Infrastructure	\$628.7M
Inter-jurisdictional Investments	\$104.4M
Developer Funded	\$26.2M

# FY27 Proposed Budget Drivers



## Debt Service & PAYGO (Pay-As-You-Go)

- Make steady payments on past borrowing
- Directly fund new projects to keep our water and sewer system strong



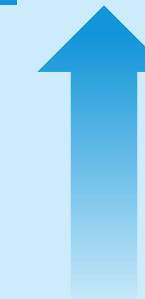
## Competitive Wages

- Livable Wage is minimum
- Carries forward newly negotiated CBA raises
- Competitive wages critical to hiring and retaining skilled staff



## Federal Funding Constraints

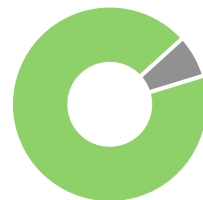
- Federal support is limited compared to overall needs
- Infrastructure Investment and Jobs Act (IIJA) ends after Fiscal Year 2026



## Rising Costs

- Increases in core operating items like regional sewage disposal fees, employee health care, and utilities (heat & light)
- Budget pressures arising from inflation and tariffs

How Our  
**Revenue Sources**  
Compares to Others



**WSSC Water**  
**Ratepayer Revenue: 93%**  
Other Sources: 7%



**WMATA**  
**Fare/Advertising Revenue: 11.4%**  
Federal, State, & Local Funding: 70.9%  
Other Sources: 17.7%





# Vulnerabilities



# Power

Potomac  
Water Filtration Plant  
Power Outage

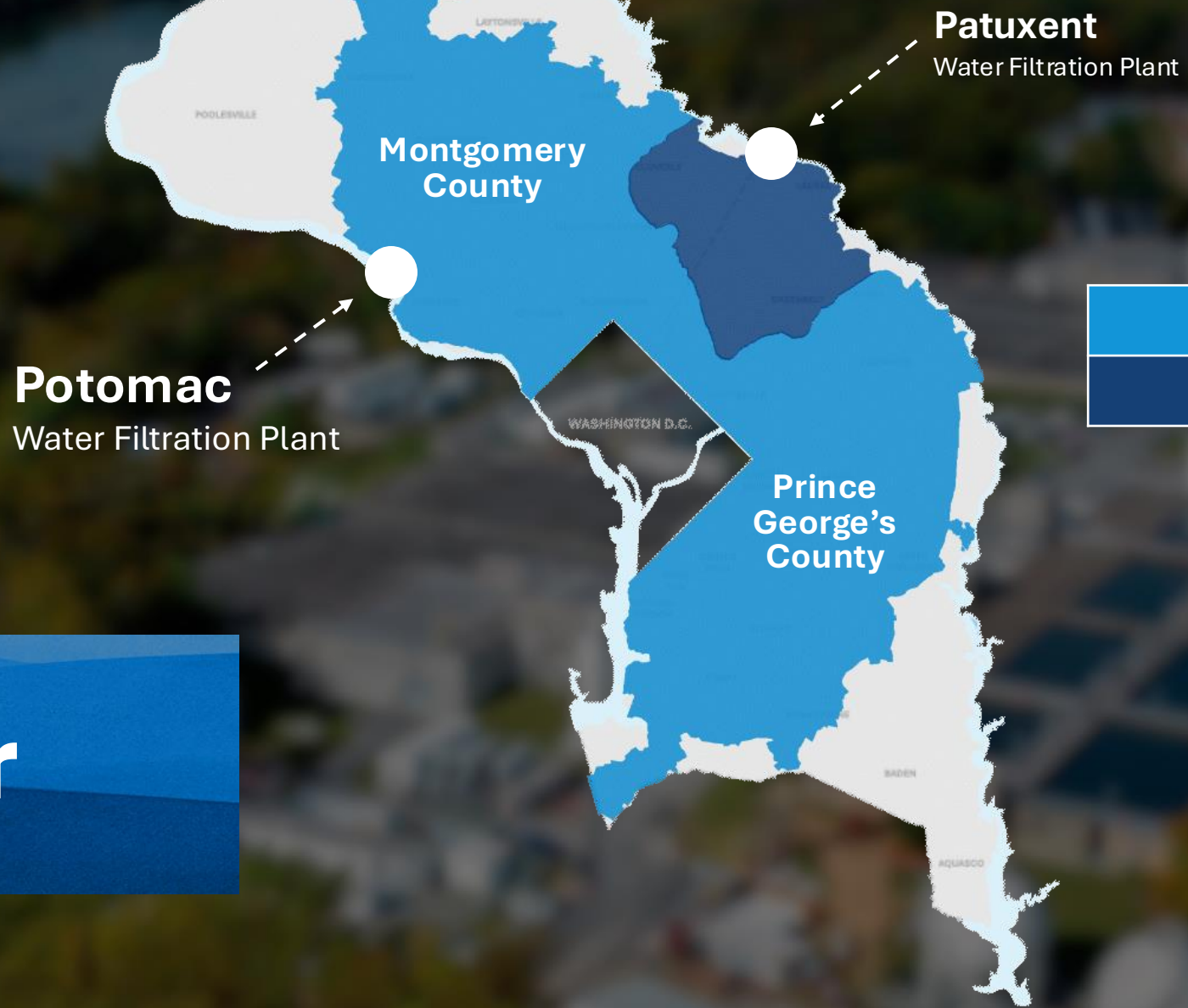
**\$4.5M**

Proactive Investment in  
Electrical Upgrades





# Power





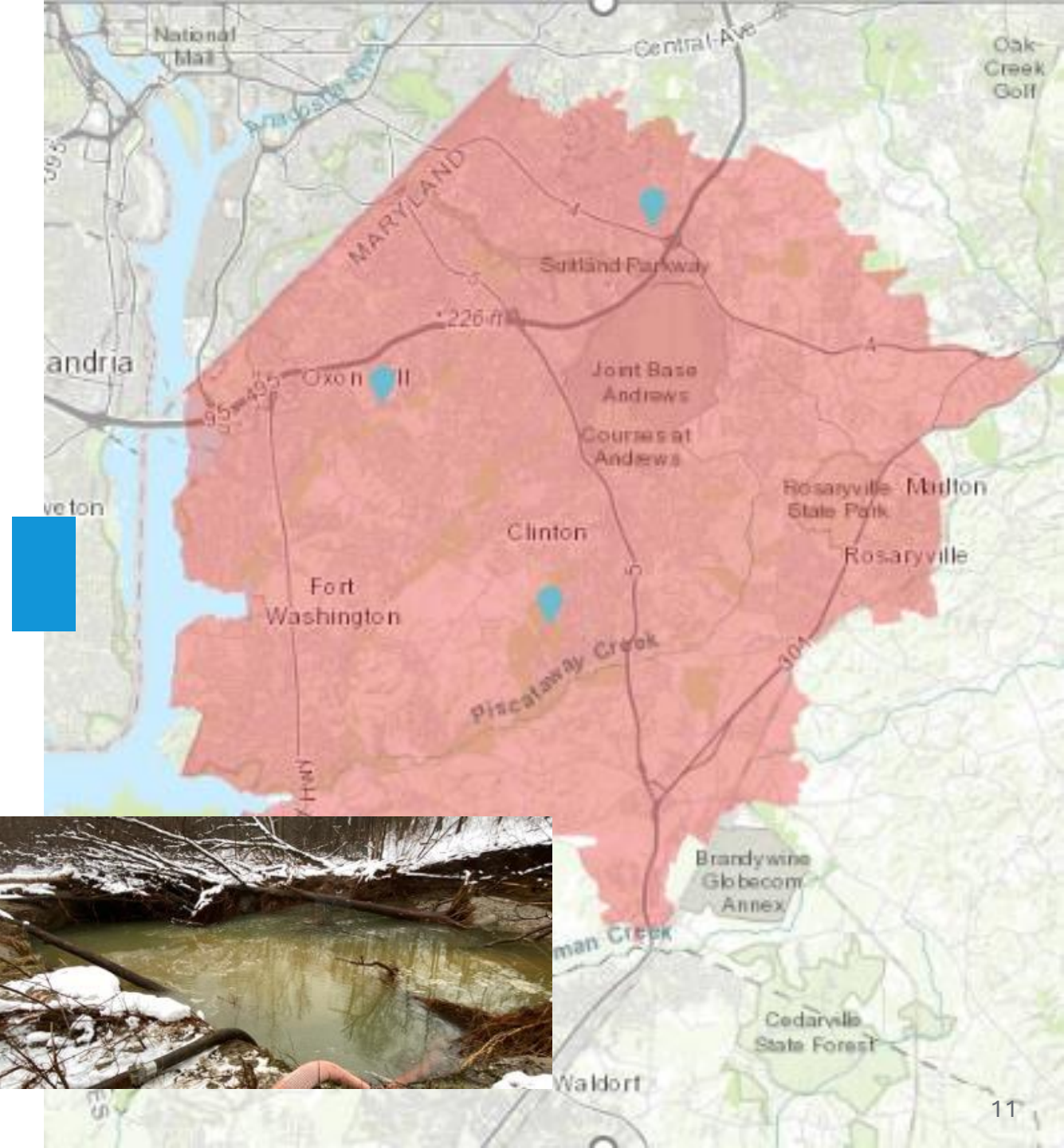
# Pipes

## \$9.5M

Proactive Investment to  
Improve Reliability and  
Redundancy

54" **Major Break** in Prince  
George's County

**~300,000 customers** affected,  
hospitals, schools, Joint Base Andrews, &  
National Harbor



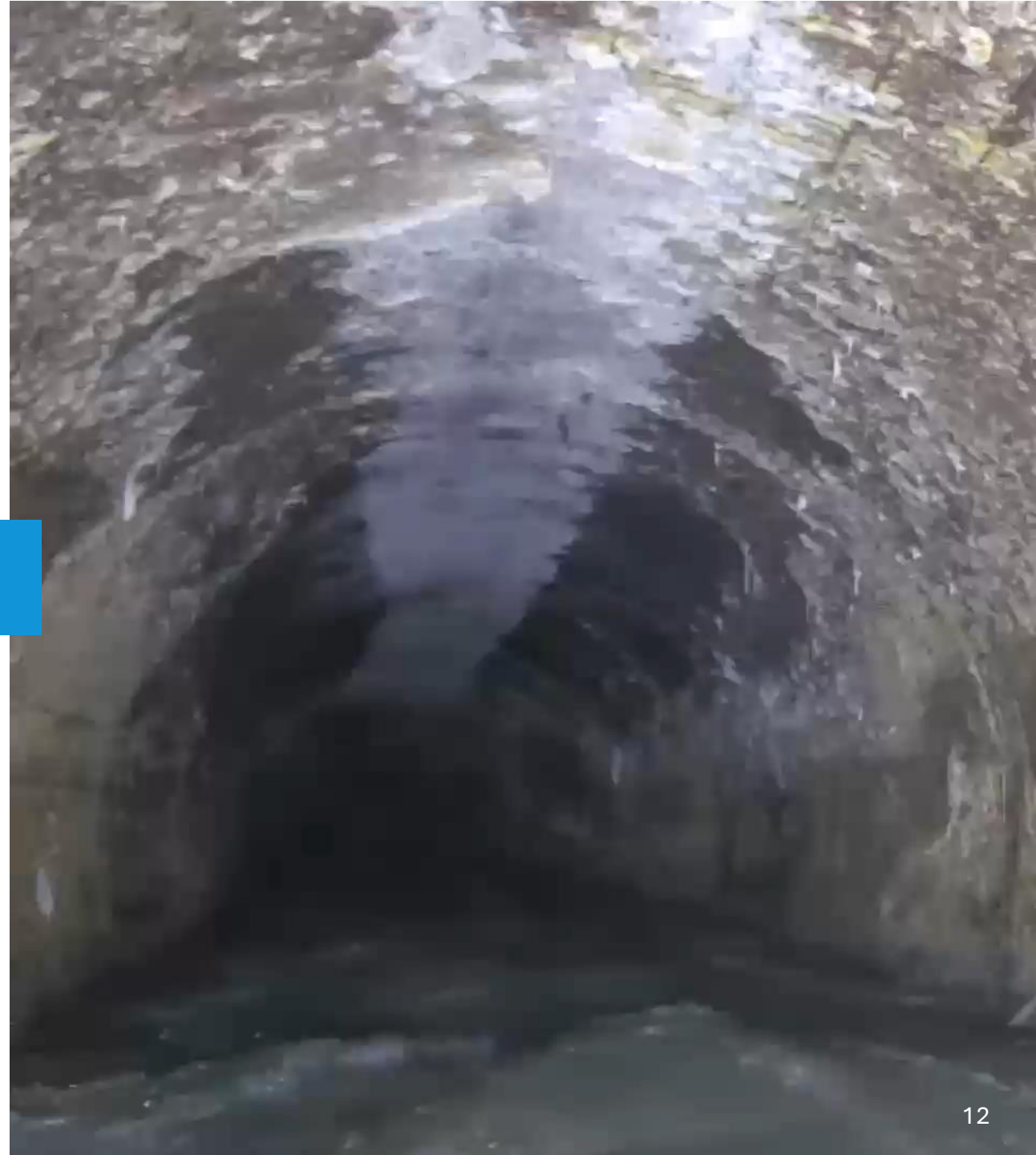
# Pipes

**\$8.74M**

Proactive Investment to  
Safeguard Environment



102" Anacostia Sewer Main Corrosion





# Pollutants

## \$6.0M

To evaluate treatment technologies to enhance public health and customer satisfaction. This includes removal of PFAS, tastes, odors, and color.

This work ensures safe, clean, and reliable water today and **prepares our system for the next 20–25 years.**



# Public Health

**\$10.0M** FY27-32

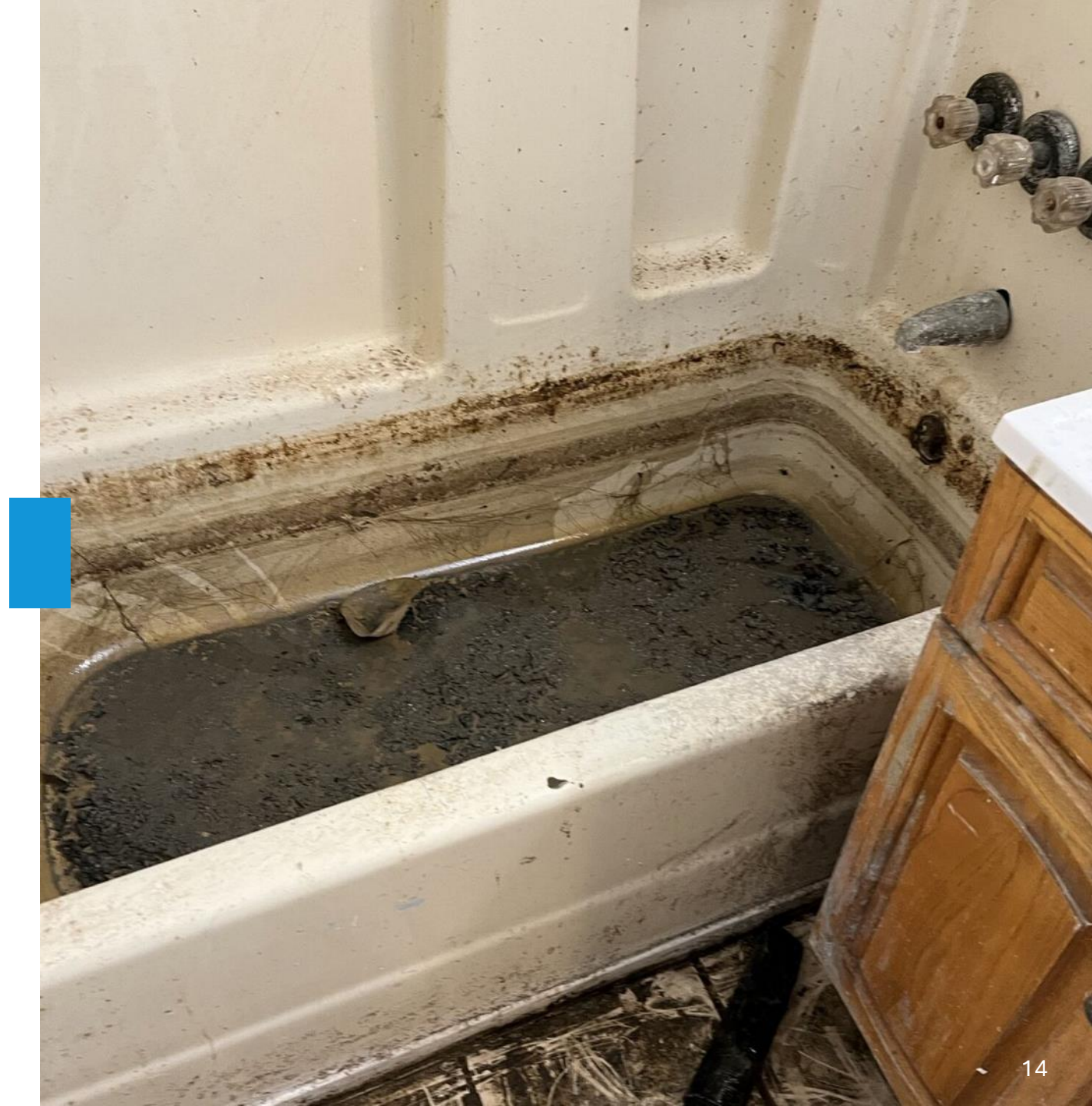
Striving Towards Zero  
Basement Backups

## North Takoma Park

5miles of repair, rehabilitation, or replacement  
of sewer mains, including laterals

## Lanham

Launched comprehensive action plan to identify  
cause of repeated basement backups. Will fund  
solutions in FY 2027 budget.





# People

## \$10.64M

20% increase over FY26  
financial assistance program  
budget to help protect more  
income-constrained customers



# Helping Our Neighbors Water Bill Assistance

## Promise.

Sign up for an affordable, flexible and interest-free payment plan. **Customers with a past-due balance of \$50 or more are eligible.**

## PipeER+

Provides a loan **up to \$10,000** to finance the repair, replacement or diagnostics of sewer or water on-property service line. The WSSC Federal Credit Union administers PipeER.

## Customer Assistance Program (CAP)

CAP assists approved residential customers by **waiving fixed fees**, providing **free annual plumbing inspections** for water leaks and **much more.**

## Get Current

The popular temporary water bill assistance program has been extended and enhanced. Eligible customers who **pay half of their full account balance will have half forgiven!** Program runs through October 31, 2025.



Established in 1994 by WSSC Water employees, the fund helps customers in financial need pay their bill. Eligible customers can receive assistance **multiple times per year, up to \$500.**



Customers enrolled in CAP, who suspect they have an on-property leak, can **receive up to \$9,000 per year** in plumbing repair services.



[wsscwater.com/assistance](https://wsscwater.com/assistance)





Capital



# FY27 Capital Improvements Program (CIP)

FY27  
Budget  
**\$759.3M\***

Total Six Year  
FY27-32 Budget  
**\$4.83B**

A photograph of two construction workers in safety gear (hard hats and high-visibility vests) standing on a construction site. In the background, there is a large yellow excavator and some construction materials.

## Projects In Progress

**219**

**\$231M**

A photograph of a woman with dark hair, wearing a blue jacket with a 'W' logo, looking down at a set of blueprints on a table. Large windows in the background show a cityscape.

## Projects Launching in 2027

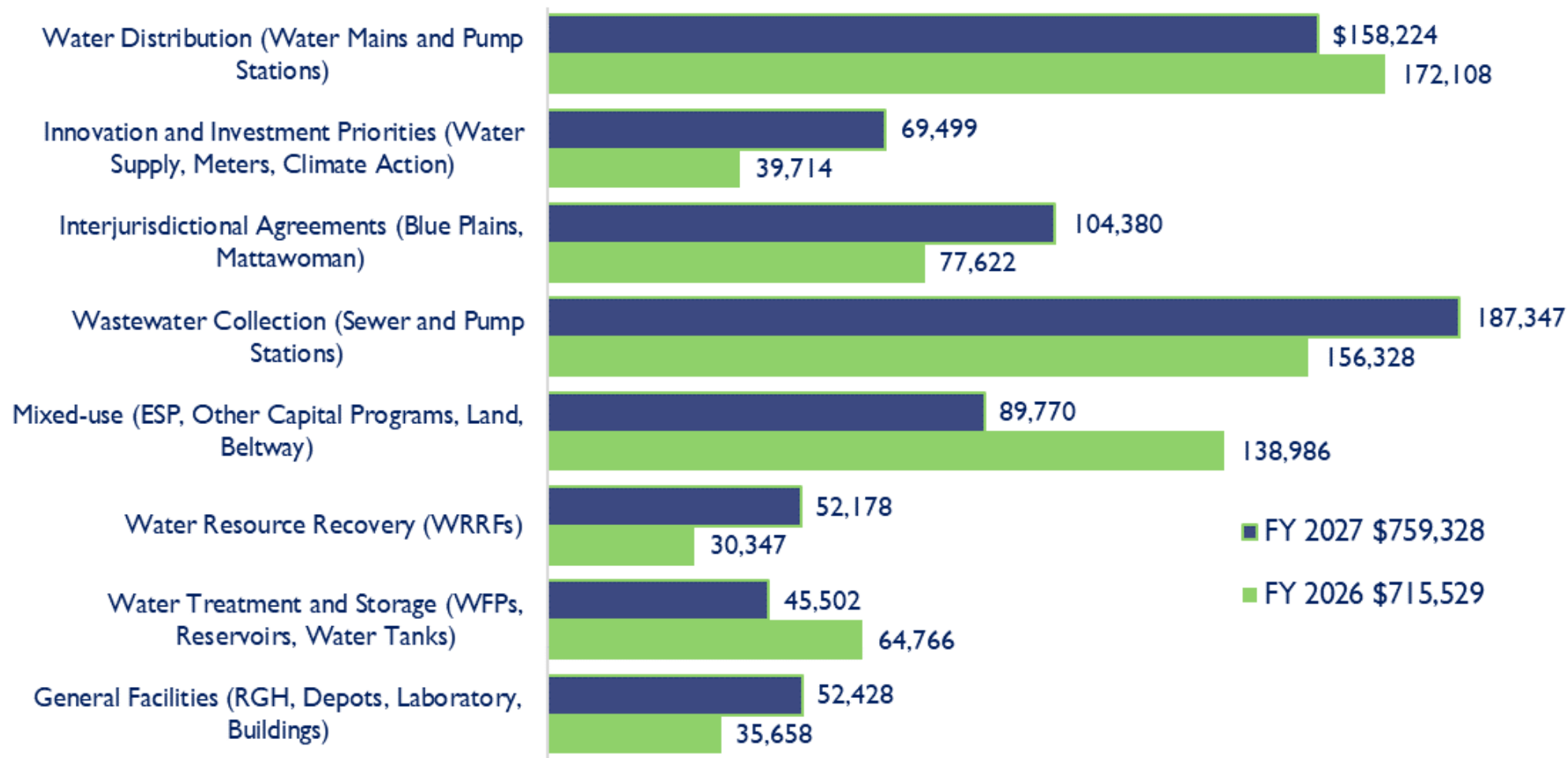
**88**

**\$202M**

\*The remaining 326.3M covers initiatives such as the Lead Reduction Program, PFAs, Blue Plains, Master Planning, Developer Projects = \$759.3M



## FY27 Proposed vs. FY26 Adopted CIP



(\$ Thousands)

## Water Distribution

(Water Mains and Pump Stations)

**\$13,884** (8%)

### Main driver(s):

- Optimizing Water Reconstruction

## Mixed-Use

(ESP, Other Capital Programs, Land, Beltway)

**\$49,216** (35%)

### Main driver(s):

- I-495/I-270 Traffic Relief Plan;
- Reduction in Master Planning and Facility Planning and Investment

## Water Treatment & Storage

(WFPs, Reservoirs, Water Tanks)

**\$19,264** (30%)

### Main driver(s):

- Closing of Potomac Consent Decree

## Innovation & Investment Priorities

(Water Supply, Meters, Climate Action)

**\$29,785** (75%)

### Main driver(s):

- Metering Infrastructure Upgrade

## Interjurisdictional Agreements

(Blue Plains, Mattawoman)

**\$26,758** (34%)

### Main driver(s):

- DC Blue Plains Capital Investment Schedule

## General Facilities

(Support Center, Depots, Laboratory, Buildings)

**\$16,770** (47%)

### Main driver(s):

- Support Center Infrastructure replacement
- Anacostia Depot Reconfiguration

## Water Resource Recovery

(WRRFs)

**\$21,831** (72%)

### Main driver(s):

- Western Branch Process Train Improvements

## Wastewater Collection

(Sewer and Pump Stations)

**\$31,019** (20%)

### Main driver(s):

- Optimizing Sewer Reconstruction
- Addressing previously deferred projects to address reducing I/I and poor infrastructure

## Proposed FY27 vs. FY26

(\$ Thousands)

FY26: \$715,529

FY27: \$759,328

**\$44M (6%)**



ington Suburban Sanitary Commission

Finance

## Proposed FY 2027 Budget Scenarios

WSSC Water has worked since our FY2026 budget approval in May 2025, to prepare our FY2027 budget inclusive of our 6-year Capital Improvement Program (CIP) and the Commission's Operating Budget. On July 30<sup>th</sup>, we kicked off the Spending Affordability Guidelines (SAG) process and work sessions with County Stakeholders by providing an overview of the CIP program updates. We then prepared for the required CIP public hearings which were held two weeks ago (September 10<sup>th</sup> and 11<sup>th</sup>).

WSSC Water's internal direction to department heads for preparation of the preliminary FY2027 operating budget, was to reduce discretionary spending by 5% below the approved FY2026 budget and prioritize cost containment as a baseline. We entered the SAG process with the understanding that the workgroup is sharing preliminary financial data impacted by changes in projections we are seeing in real time. As WSSC Water works to finalize the preliminary Fiscal Year 2027 budget (operating and capital) for the upcoming hearings, WSSC Water must provide a series of scenarios to be considered by the Counties as part of the SAG process.

The Council Committees of purview for the respective counties will be conducting Spending Affordability hearings in October of 2026. As a part of this Committee review, WSSC Water will be providing current financial projections which consider significant increases in costs for Regional Sewerage treatment, employee health care, as well as increases in the costs for chemicals and energy. The draft working document which will be presented this week includes scenarios for revenue enhancement to arrive at a balanced budget that attempts to address the need to balance affordability and make the required investments to maintain our AAA credit rating.

The scenarios provided are preliminary working projections provided to allow the Council and County staffs to do their required due diligence and for deliberations. **No formal request has been made by the Commission at this time.** We look forward to our continued collaboration in this process and reaching a result that meets the needs of the customers of Prince George's and Montgomery counties.



# FY27 6.0% Base Case vs. FY26 Approved

## Major Budget Changes

### Regional Sewage Disposal

\$6 million in FY27 based on projections provided by DC Water

### Heat, Light & Power

Cost is driven by higher natural gas usage at Piscataway and a projected rise in electricity rates due to increased capacity charges

### Compensation for Collective Bargaining and Competitive Wages

\$5.9 million for COLAs, \$5.5 million for merit increases, \$300,000 in one-time top of grade payouts, \$1 million for union staff step increases, and \$2.2 million for union base pay adjustments, offset by \$1.3 million in savings from retirements and terminations

### Healthcare

Increase in cost of medical services, hospital care and prescription drugs. Note, budget does not include potential cost of mitigating the effects of the dispute between United Healthcare and Johns Hopkins

### Miscellaneous Other

Costs increase of \$3 million is for expanded on-call plumber services, emergency repairs, materials for pipe maintenance, and basement backup mitigation efforts—aimed at enhancing emergency response, reducing repair times, and improving customer service.

### FY 2027 Budget Increases (6.0% Scenario)

Non-Discretionary Cost	FY2027	FY2026	\$ Change	% of Total
Debt Service	\$ 388,446	\$ 373,801	\$ 14,645	23.1%
Regional Sewage Disposal	89,667	83,661	6,006	9.5%
Chemicals	24,846	25,283	(438)	-0.7%
Biosolids Hauling	16,433	15,908	525	0.8%
Heat, Light & Power	31,866	29,200	2,666	4.2%
<b>Non-Discretionary Sub-total</b>	<b>\$ 551,258</b>	<b>\$ 527,853</b>	<b>\$ 23,405</b>	<b>36.9%</b>
Personnel Cost				
Compensation for Collective Bargaining and Competitive Wages			13,549	21.3%
FY27 Budget Neutral Position Request			3,739	5.9%
Collective Bargaining Stand-by-Pay			1,200	1.9%
Impact of FY26 6-month new positions			776	1.2%
Change in Lapse			(1,269)	-2.0%
Overtime			518	0.8%
<b>Salaries &amp; Wages Sub-total</b>	<b>\$ 217,796</b>	<b>\$ 199,283</b>	<b>\$ 18,513</b>	<b>29.2%</b>
Healthcare Benefit	37,755	30,879	6,876	10.8%
Group Life	2,129	2,022	107	0.2%
FICA	15,413	14,302	1,110	1.7%
Retirement Plan	32,326	27,105	5,221	8.2%
<b>Employee Benefits Sub-total</b>	<b>\$ 87,622</b>	<b>\$ 74,308</b>	<b>\$ 13,315</b>	<b>21.0%</b>
<b>Personnel Sub-total</b>	<b>\$ 305,418</b>	<b>\$ 273,591</b>	<b>\$ 31,827</b>	<b>50.1%</b>
Discretionary Cost				
PAYGO	\$ 100,000	\$ 93,000	\$ 7,000	11.0%
Materials	16,609	14,714	1,895	3.0%
Machinery & Equipment	2,945	959	1,987	3.1%
Water Tank Painting	3,829	4,890	(1,061)	-1.7%
Professional Services	22,046	26,225	(4,179)	-6.6%
Trucks & Vehicles	11,241	11,959	(718)	-1.1%
Contract Work & Outside Engineering	28,170	28,032	137	0.2%
Miscellaneous Other	152,483	149,278	3,204	5.0%
<b>Discretionary Sub-total</b>	<b>\$ 337,322</b>	<b>\$ 329,057</b>	<b>\$ 8,265</b>	<b>13.0%</b>
<b>Total</b>	<b>\$ 1,193,998</b>	<b>\$ 1,130,501</b>	<b>\$ 63,497</b>	<b>100.0%</b>

\* PAYGO at \$100M supports management's efforts to lower debt principal and reach 'AAA' debt metric targets within the six-year planning period and aligns with the Bi-Infrastructure Funding Working Group Consultant's Report recommendations.

## FY27 7.0% vs. FY26 Approved Major Budget Changes

**PAYGO** at \$105M supports management's efforts to lower debt principal and reach 'AAA' debt metric targets within the six-year planning period.

**Miscellaneous Other** costs increase of \$5.6 million for relief reserve fund to address noted liquidity risks from emergencies, unforeseen events, and including delinquencies.

FY 2027 Budget Increases (7.0% Scenario)

Non-Discretionary Cost	FY2027	FY2026	\$ Change	% of Total
Debt Service	\$ 388,251	\$ 373,801	\$ 14,450	19.6%
Regional Sewage Disposal	89,667	83,661	6,006	8.1%
Chemicals	24,846	25,283	(438)	-0.6%
Biosolids Hauling	16,433	15,908	525	0.7%
Heat, Light & Power	31,866	29,200	2,666	3.6%
<b>Non-Discretionary Sub-total</b>	<b>\$ 551,063</b>	<b>\$ 527,853</b>	<b>\$ 23,210</b>	<b>31.4%</b>
Personnel Cost				
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<b>Personnel Sub-total</b>	<b>\$ 305,418</b>	<b>\$ 273,591</b>	<b>\$ 31,827</b>	<b>43.1%</b>
Discretionary Cost				
PAYGO	\$ 105,000	\$ 93,000	\$ 12,000	16.2%
Materials	16,609	14,714	1,895	2.6%
Machinery & Equipment	2,945	959	1,987	2.7%
Water Tank Painting	3,829	4,890	(1,061)	-1.4%
Professional Services	22,046	26,225	(4,179)	-5.7%
Trucks & Vehicles	11,241	11,959	(718)	-1.0%
Contract Work & Outside Engineering	28,170	28,032	137	0.2%
Miscellaneous Other	158,084	149,278	8,805	11.9%
<b>Discretionary Sub-total</b>	<b>\$ 347,923</b>	<b>\$ 329,057</b>	<b>\$ 18,866</b>	<b>25.5%</b>
<b>Total</b>	<b>\$ 1,204,404</b>	<b>\$ 1,130,501</b>	<b>\$ 73,903</b>	<b>100.0%</b>



