



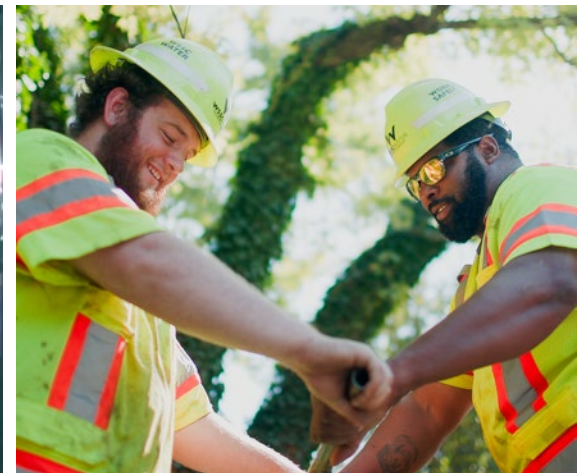
Fiscal Year 2027 Proposed Capital and Operating Budget Briefing

Kishia L. Powell
General Manager/CEO

Munetsi T. Musara
Chief Financial Officer

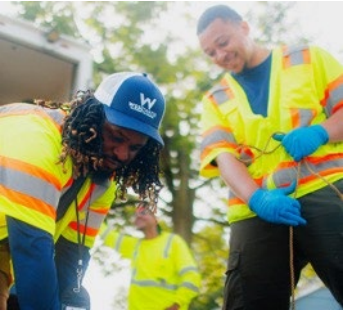
Alan Wong
Chief Engineer

Briefing for Prince George's County Council
March 17, 2026



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 H₂O deliver on our mission



45%

Members of Team H₂O 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

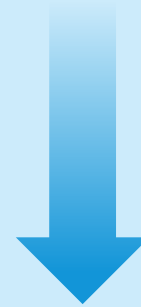


Bottom-Line Upfront

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



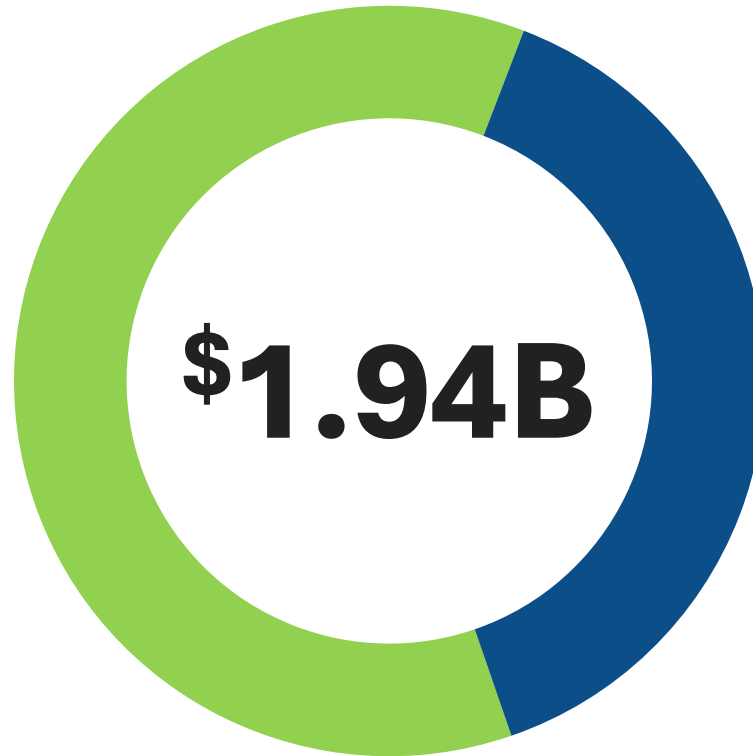
Focused on **cost containment** and sought efficiencies over new headcount



Prioritized capital budget programs to **focus on system vulnerabilities** and use of the available funding to put capital improvements on track

FY 2027 Proposed Budget

Operating Sources	\$1.197B
Customer Rate Revenue	\$1.098B
Other Sources of Revenue	\$96.5M
External Funding	\$2.5M
Operating Uses	\$1.197B
Operating Expenses	\$708.6M
Debt Service	\$388.4M
PAYGO	\$100.0M



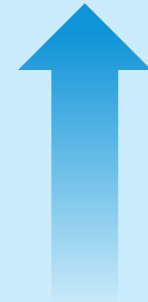
Capital Sources	\$770.3M
Debt	\$510.5M
State	\$133.1M
PAYGO	\$100.0M
SDC & Other Contributions	\$26.7M
Capital Uses	\$770.3M
WSSC Water Infrastructure	\$645.6M
Inter-jurisdictional Investments	\$133.0M
Adjustments for Developer Funded	\$(8.3M)

FY27 Proposed Budget Drivers



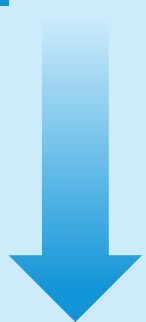
Debt Service & PAYGO (Pay-As-You-Go)

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



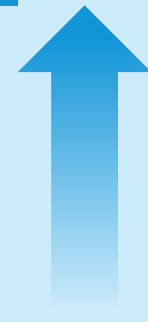
Competitive Wages

- Livable Wage established as minimum of \$24.75
- Carries forward newly negotiated CBA raises
- Competitive wages critical to hiring and retaining skilled staff



Federal Funding Constraints

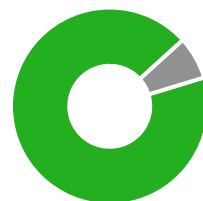
- Federal support is limited compared to overall needs
- Infrastructure Investment and Jobs Act (IIJA) ends after Fiscal Year 2026



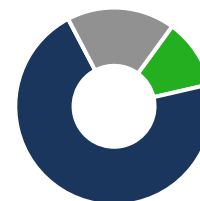
Rising Costs

- 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%

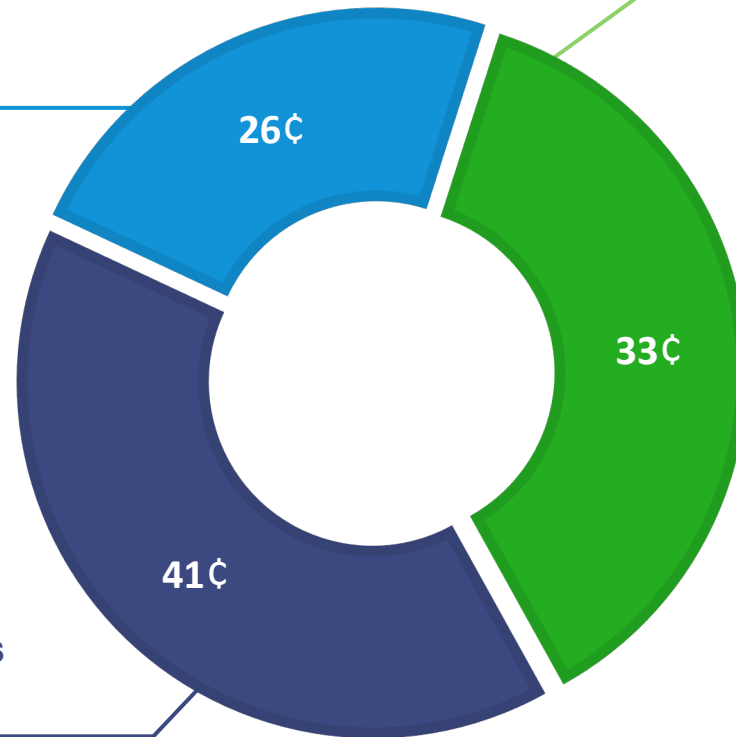
FY 2027 Budget / Where The Money Goes

Team H2O

- Salaries and wages
- Employee benefits
- Employee training
- Workforce development

Capital Improvements (Debt Service & PAYGO)

- Debt payments and cash for the construction of pipes and facilities



Operations & Maintenance

- Operations and maintenance for facilities (Including share of Blue Plains)
- Fixing broken or leaking pipes and repairing roads
- Heat, light and power for facilities
- Maintaining vehicles and equipment
- Customer assistance program funding
- Customer service
- Corporate finance
- IT services

Cost Drivers

56 cents or 56% of costs are due to non-discretionary items such as capital project financing, chemicals, biosolids hauling, healthcare and heat, light & power



Investment Priorities

People

\$10.64M

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



Commitment to Affordability

Customer Assistance Programs

	FY 2025	FY 2026	FY 2027
Promise Pay Contract	\$ 3,300,000	\$ 3,630,000	\$ 3,630,000
Customer Assistance Program	2,200,000	2,200,000	2,200,000
Bill Adjustments	1,212,000	1,212,000	1,212,000
Water Fund Donation	500,000	750,000	750,000
Additional Programs	-	175,000	1,948,000
CAP Leak Repair Program	350,000	700,000	700,000
PipeER Program	200,000	200,000	200,000
Total Budget for Assistance Programs	\$ 7,762,000	\$ 8,867,000	\$ 10,640,000



In FY 2026, WSSC Water offered one-time financial assistance of up to \$750 to eligible customers with past-due water and sewer bills, totaling \$2.4 million in funding.

Helping Our Neighbors – Financial Assistance Programs

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)

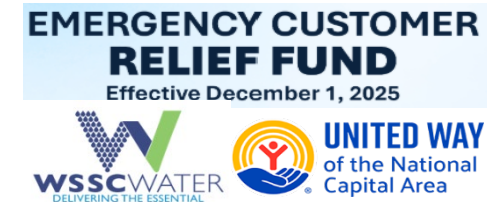
CAP assists approved residential customers by **waiving fixed fees**, providing **free annual plumbing inspections** for water leaks and **much more.**



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



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.**



One-time Emergency Customer Relief Fund. Eligible customers can receive up to **\$750** to assist with past due bills.



wsscwater.com/assistance

\$4.5M

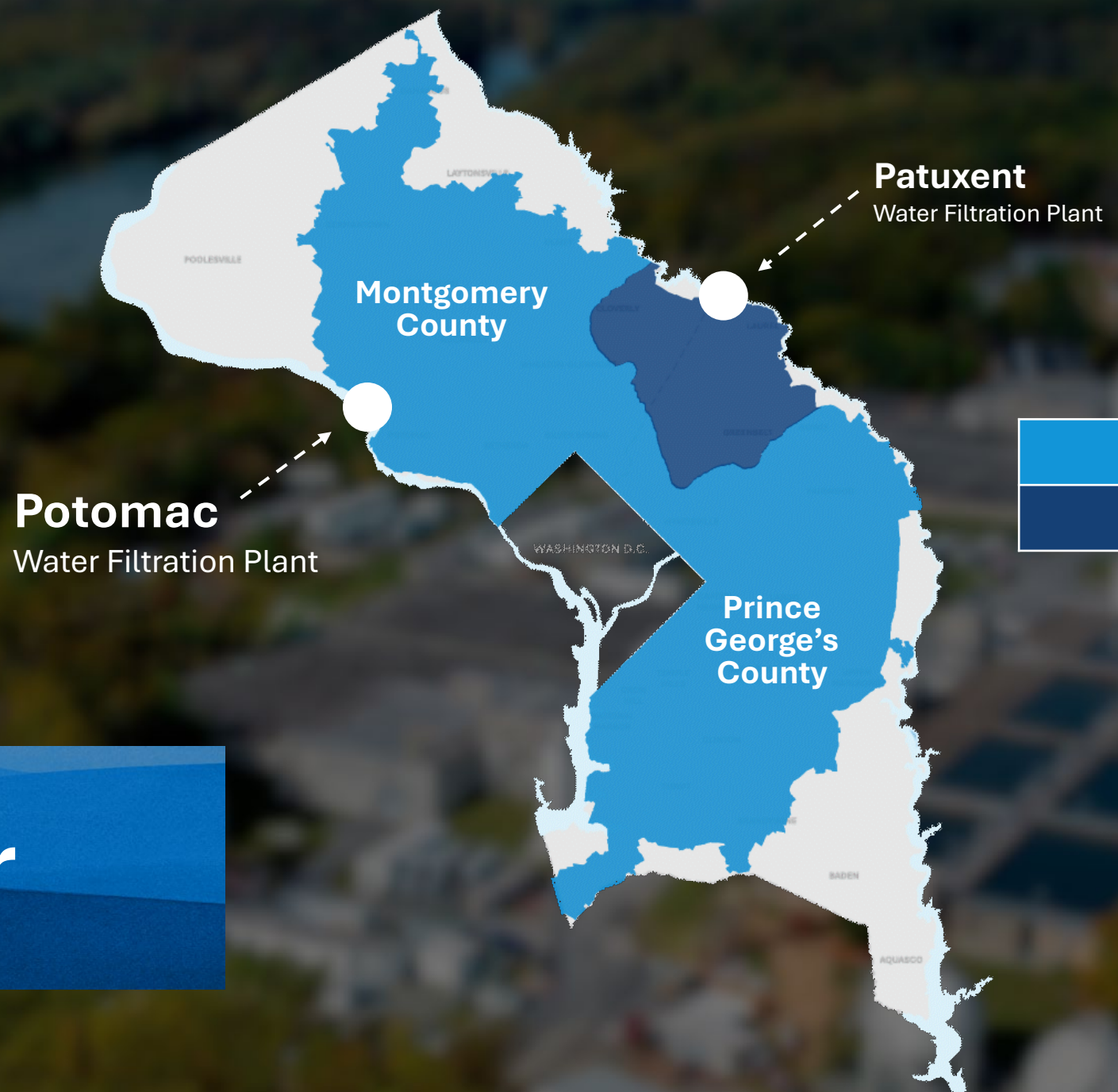
**Proactive Investment in
Electrical Upgrades**

Power

**Potomac
Water Filtration Plant
Power Outage**



Power



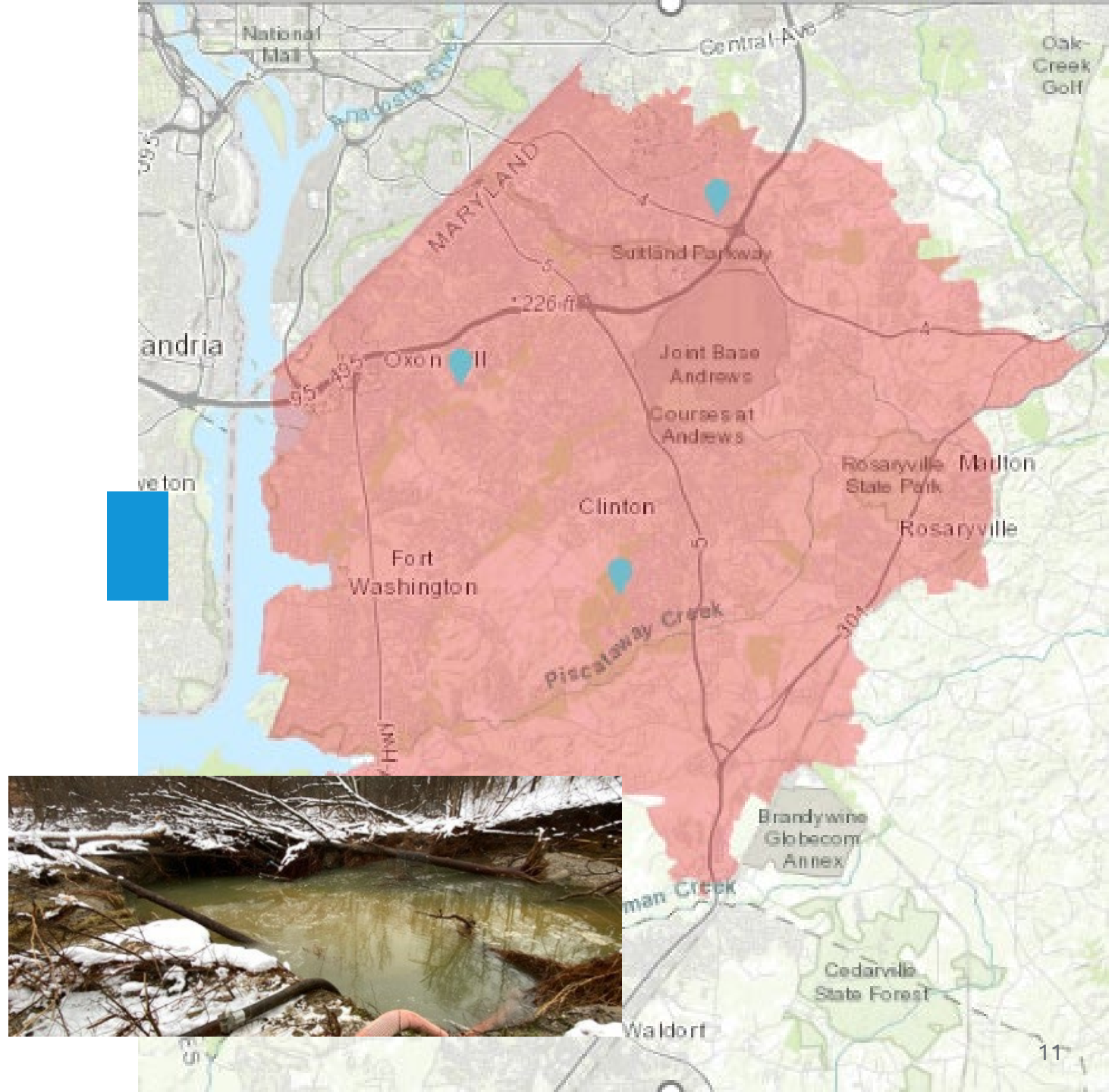
Pipes

\$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

5 miles 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.





Capital

FY27 Capital Improvements Program (CIP)

FY27
Budget
\$778.5M*

Total Six Year
FY27-32 Budget
\$4.84B



Projects In Progress

219

\$231M



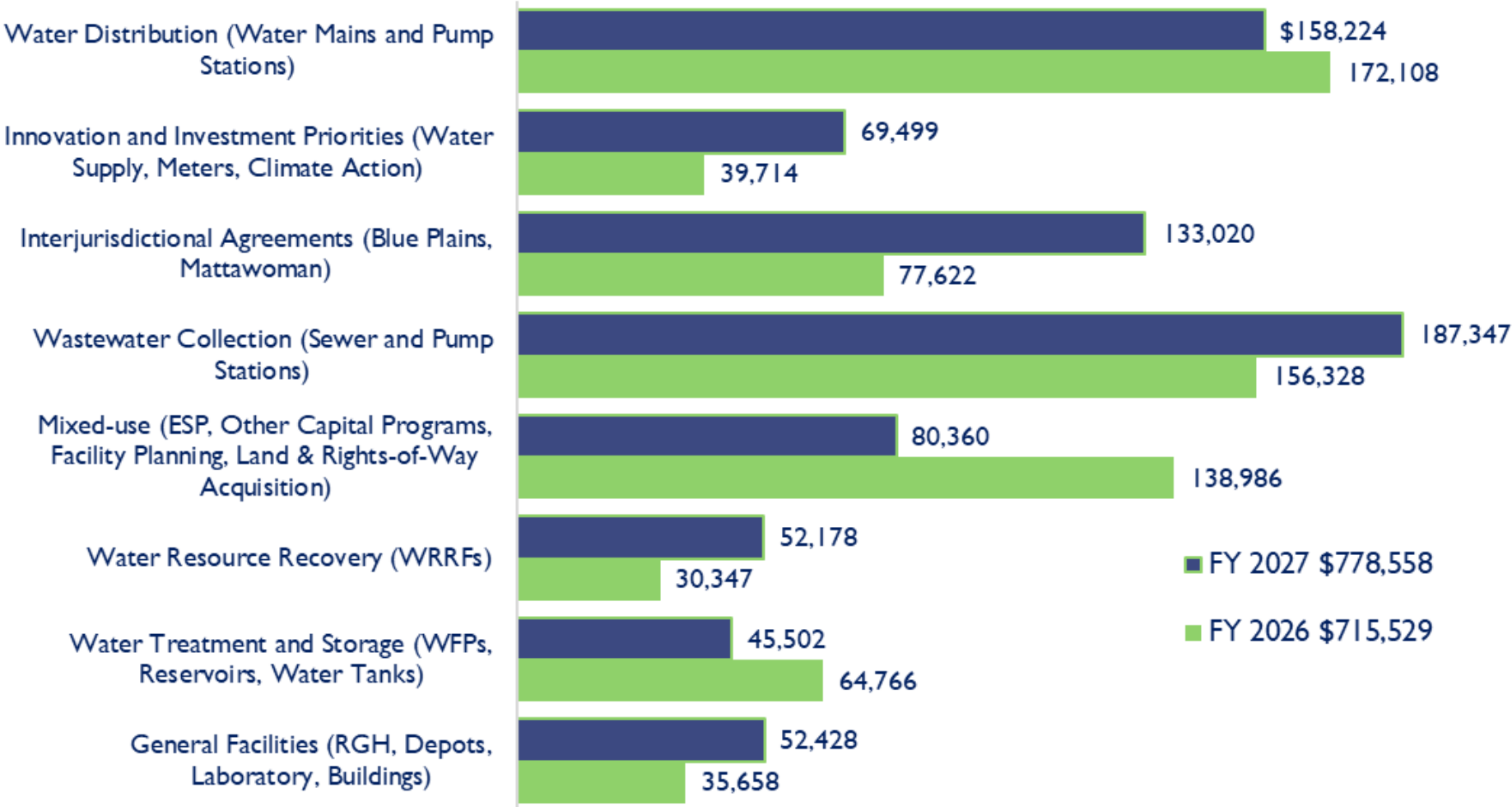
Projects Launching in 2027

88

\$202M

*The remaining 345.5M covers initiatives such as the Lead Reduction Program, PFAs, Blue Plains, Master Planning, Developer Projects = \$778.5 M

FY27 Proposed vs. FY26 Adopted CIP



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)

\$55,400 (71%)

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: \$778,558

\$63M (8.8%)



Revenue Enhancement Recommendation

FY26 Adopted to FY27 Revenue Enhancement

Fiscal Year	Revenue Enhancement
FY27 Management Base Case Recommendation	6%* (5% Bill Increase)
FY27 SAG	5% - 7%
FY26 Adopted	9.5%

- *The Preliminary Proposed FY 2027 Budget is funded with:
 - A 5% average revenue enhancement, which includes volumetric and fixed fees.
 - To limit the impact on customers, WSSC Water identified non-rate to offset a portion of the enhancement rate – totaling 1% in one-time revenue from interest income and a transfer from a temporary rate stabilization fund (RSF).
- Building long-term fiscal stability through RSF implementation
 - Working with Financial Advisor to prepare RSF policy that meets the objectives of WSSC Water and aligns with best practices
 - Adopt a formal RSF policy
 - Integrate RSF into long-range financial plan and future rate models for FY 2028 onward

Combined Water & Sewer Operating Funds

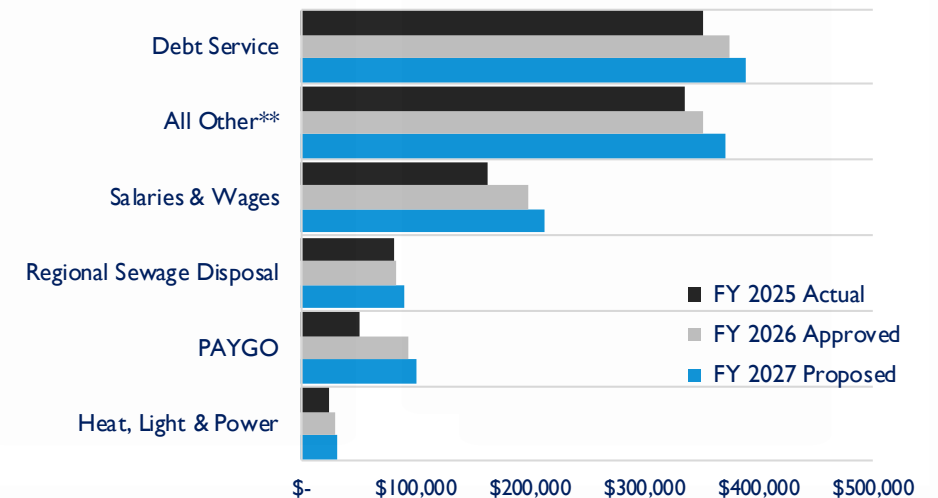
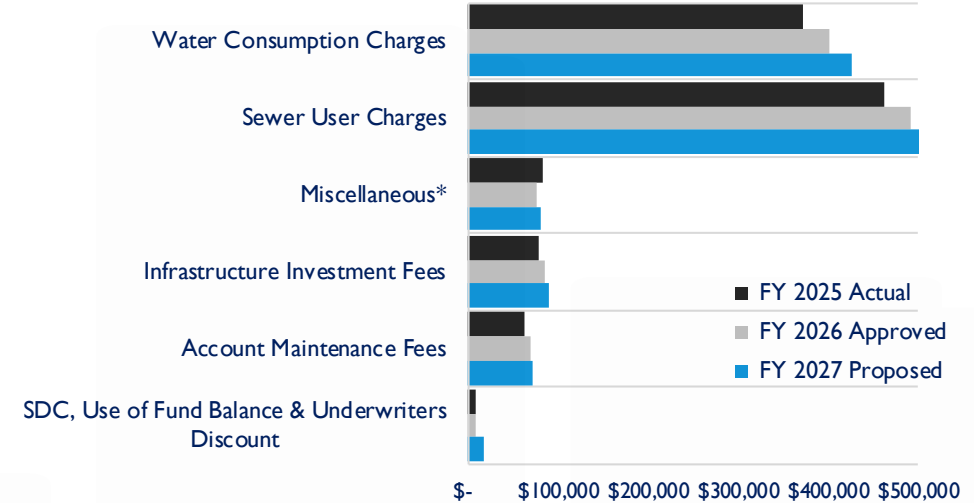
Annual Comparison (\$s In Thousands)

Sources	FY 2027		
	FY 2025 Actual	FY 2026 Approved	Proposed
Water Consumption Charges	\$ 371,913	\$ 401,851	\$ 424,997
Sewer User Charges	461,577	490,689	512,170
Miscellaneous*	82,394	74,915	79,573
Infrastructure Investment Fees	77,325	85,782	88,904
Account Maintenance Fees	62,730	69,493	72,124
SDC, Use of Fund Balance & Underwriters Discount	7,772	7,772	16,230
Total Sources:	\$ 1,063,711	\$ 1,130,502	\$ 1,193,998

Uses	FY 2027		
	FY 2025 Actual	FY 2026 Approved	Proposed
Heat, Light & Power	\$ 24,433	\$ 29,200	\$ 31,866
PAYGO	50,602	93,000	100,000
Regional Sewage Disposal	80,409	83,661	89,667
Salaries & Wages	163,591	199,283	212,946
All Other**	335,031	351,557	371,073
Debt Service	351,562	373,801	388,446
Total Uses:	\$ 1,005,628	\$ 1,130,502	\$ 1,193,998

* Plumbing and inspection fees, Rockville sewer use, interest income Internal Transfer to the GBDS Fund and other miscellaneous fees and uncollectible revenue

** Includes employee benefits, contractors cost, temporary services, fleet and computer equipment



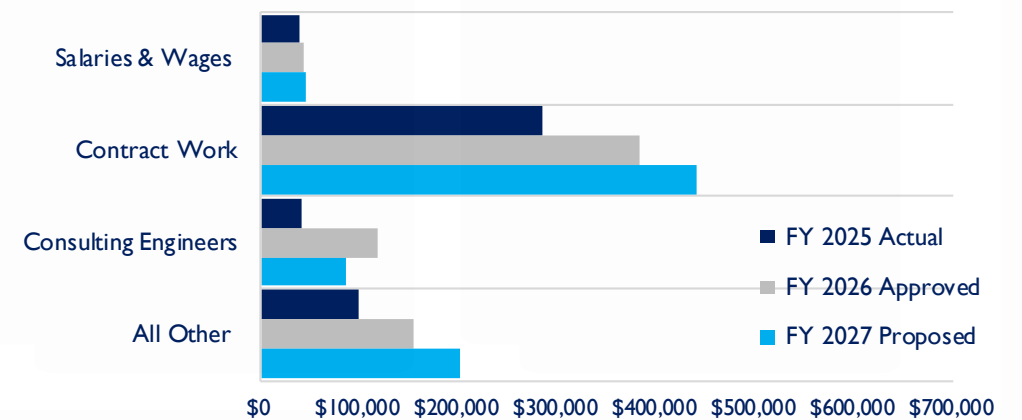
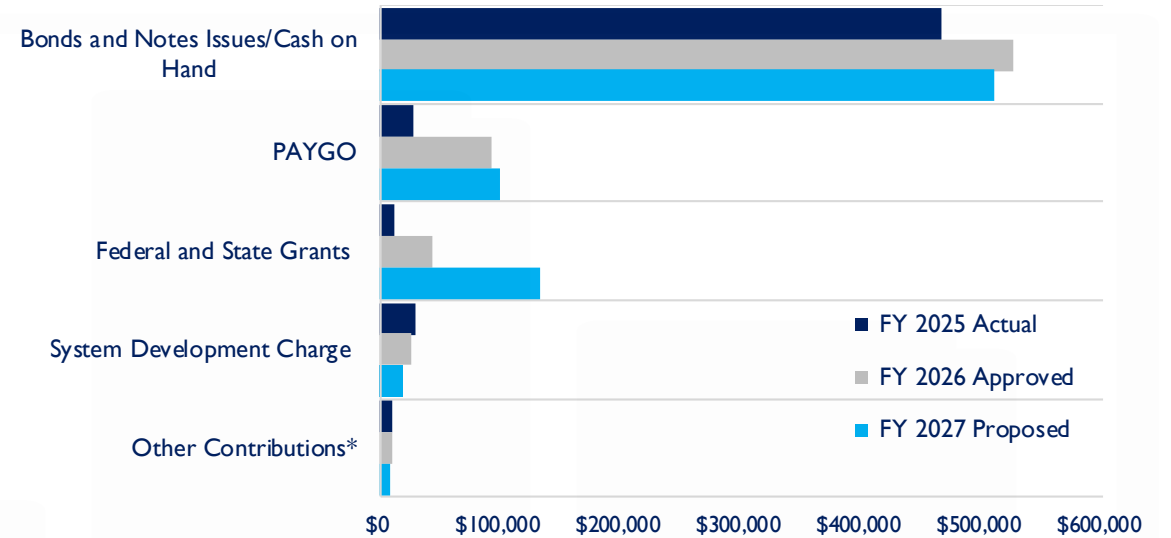
Capital All Funds

Annual Comparison (\$s In Thousands)

Sources	FY 2025	FY 2026	FY 2027
	Actual	Approved	Proposed
Bonds and Notes Issues/Cash on Hand	\$466,852	\$525,771	\$510,519
PAYGO	27,150	93,000	100,000
Federal and State Grants	11,076	43,326	133,074
System Development Charge	29,787	25,097	17,954
Other Contributions*	10,170	9,621	8,705
Total Sources:	\$545,035	\$696,815	\$770,252

Uses	FY 2025	FY 2026	FY 2027
	Actual	Approved	Proposed
Salaries & Wages	\$38,624	\$42,194	\$44,129
Contract Work	284,164	383,031	439,360
Consulting Engineers	40,495	117,541	86,337
All Other	98,261	154,049	200,426
Total Uses:	\$461,544	\$696,815	\$770,252

*Capital budget above excludes developers' projects which total \$8.3 million in FY 2027.



Bill at a Glance

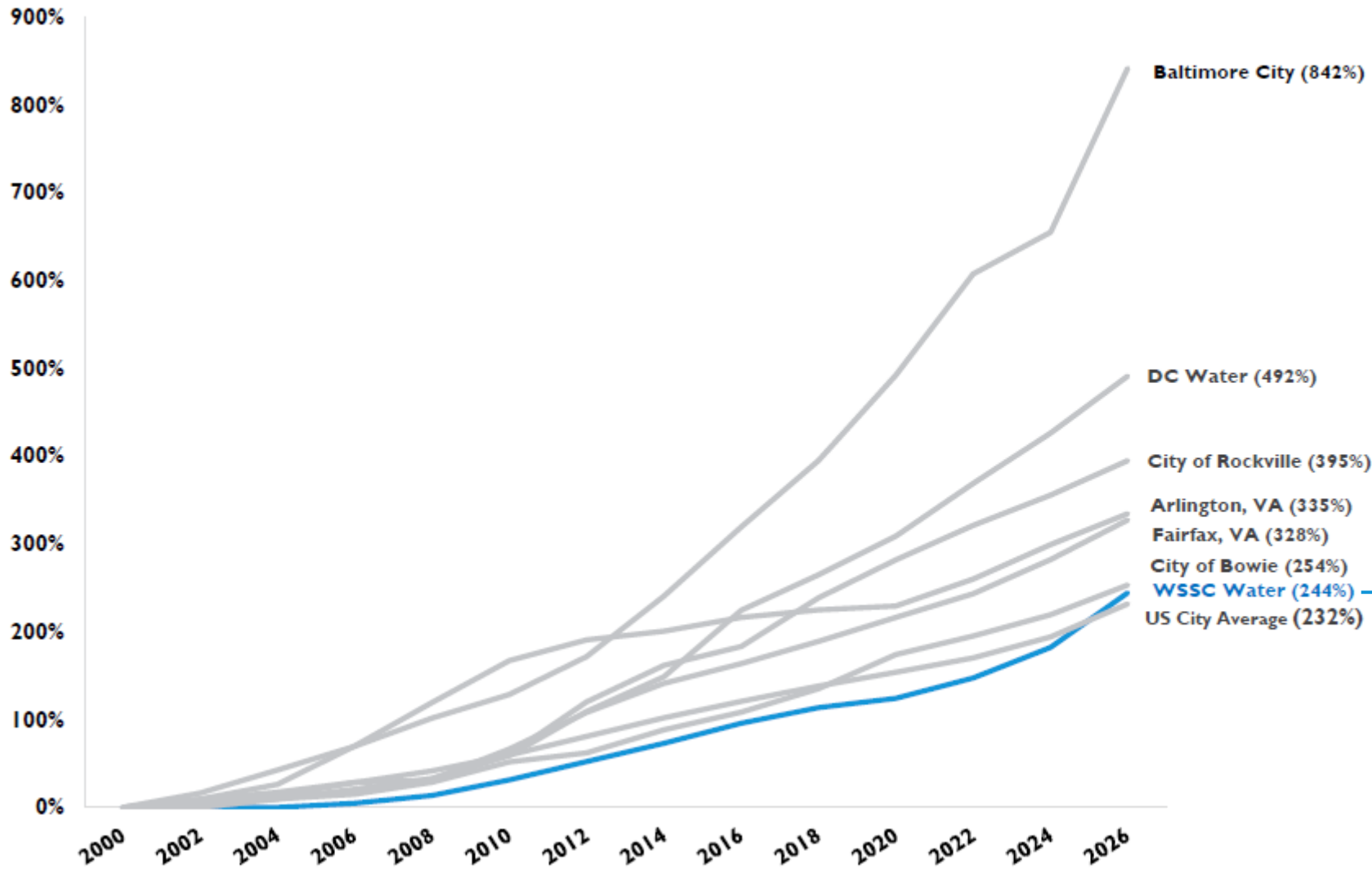
Bill Impact	FY26	FY27 (5%)
Average Gallons Per Day*	145	145
Average Quarterly Bill	\$295.05	\$309.80
<i>Monthly Bill Impact</i>		+\$4.92
<i>Quarterly Bill Impact</i>		+\$14.75
<i>Annual Bill Impact</i>		+\$59.00

*Based on ¾ inch meter. Average assumes 3-person household

- The 5.0% average rate increase will add approximately \$4.92 per month or \$14.75 per quarter to the bill of a customer using 145 gallons per day
- The average residential bill is approximately 1.0% of the median household income
- The proposed rate increase will maintain the system’s strong financial condition, while supporting a program of investment and growth

FY00-26 Bill Increase Comparison

(145 Gallons per Day; 5/8" Meter)



WSSC Water's cumulative bill increase since FY00 is well below those of its regional peers.

Questions



Appendix





FINANCIAL
ASSISTANCE

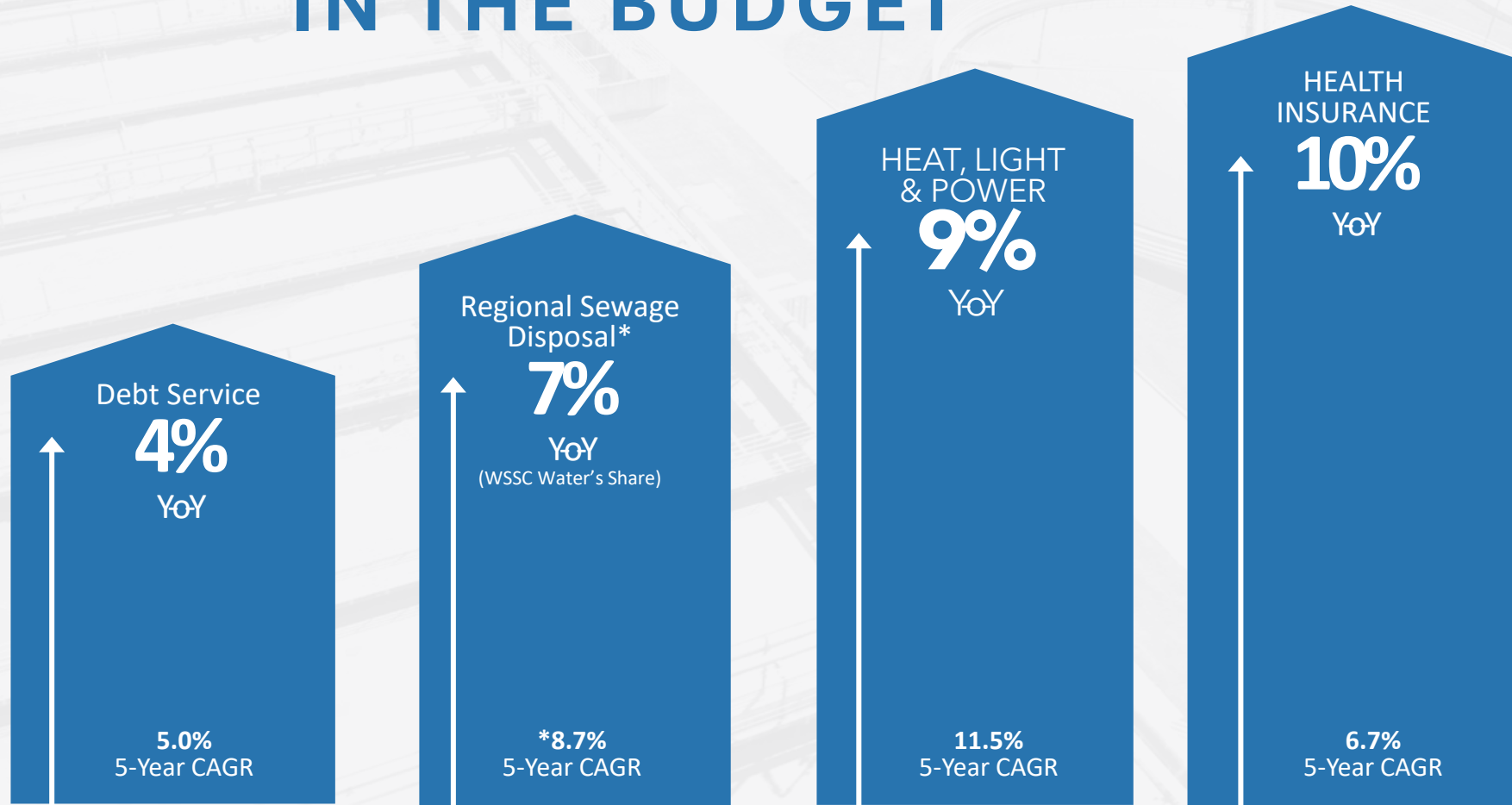
for Our Neighbors

\$2.9 Million

Assisting **10,000+**
Customers in Prince
George's County in
FY 2026 to-date

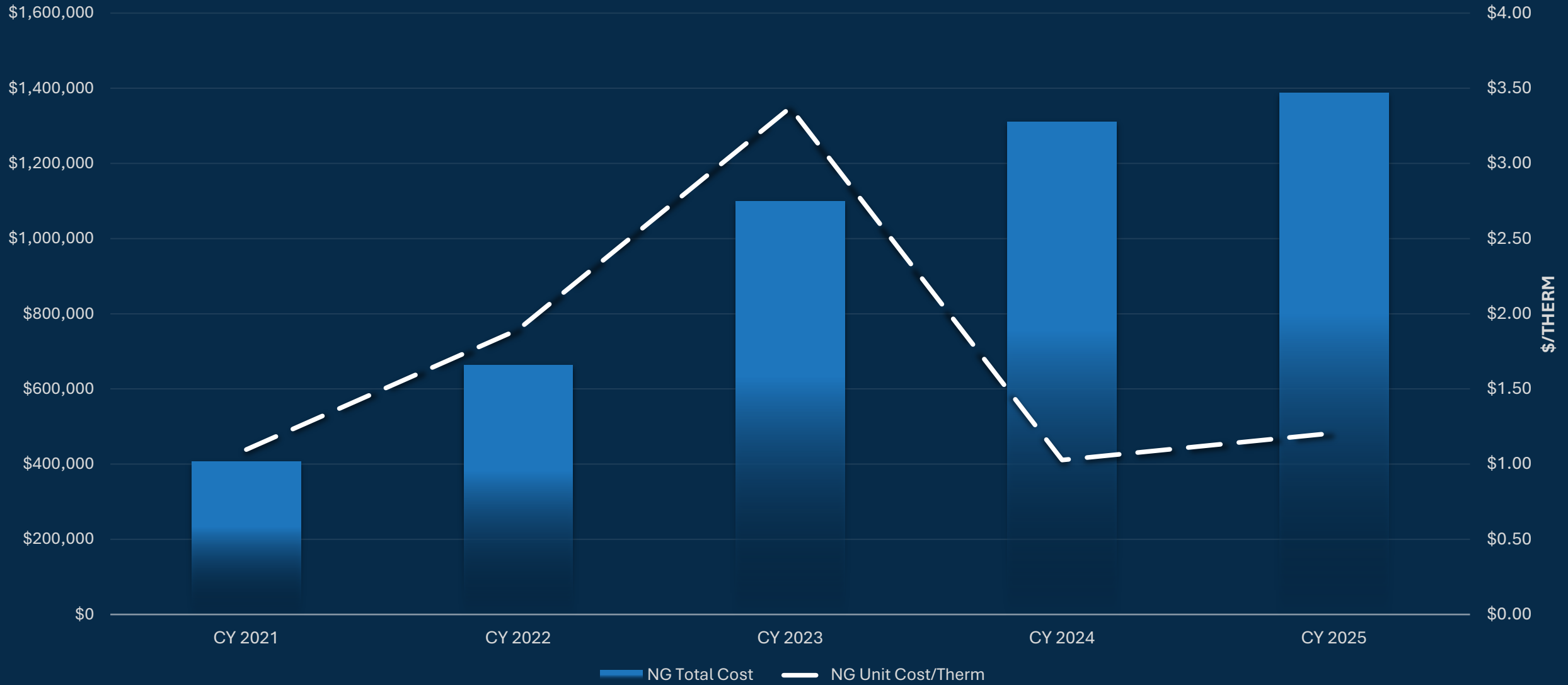
RISING

COSTS ABSORBED IN THE BUDGET



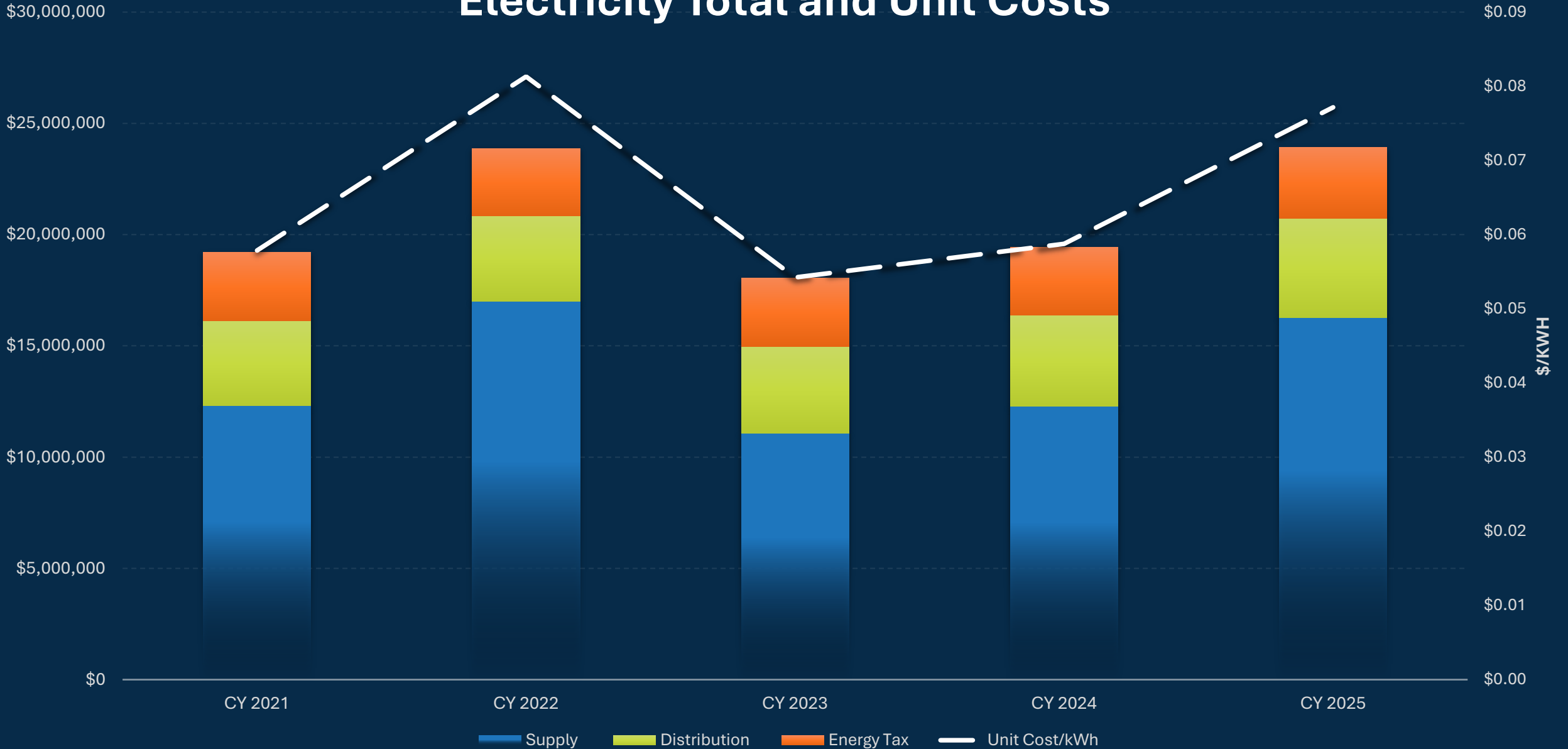
*Regional sewage disposal costs and capital improvement program costs are increasing due to the increases in the D.C. Water budget.

Natural Gas Total Cost and Unit Cost



Dramatic increase in CY 22/CY23 caused by market upheaval from Ukraine-Russia war.

Electricity Total and Unit Costs



Dramatic increase in CY 22/CY23 caused by market upheaval from Ukraine-Russia war.

Average Cost of Diesel per Gallon

The average cost of diesel in March is **17%** higher than in January and expected to climb.

Retail diesel, averaging approximately \$3.50–3.69 per gallon in the months before the war, is tracking toward **\$4.75** if the market sustains current levels.

