



THE PRINCE GEORGE'S COUNTY GOVERNMENT


(301) 952-3700

County Council

April 14, 2020

TO: Todd M. Turner, Chair
Committee of the Whole

FROM: Canjor D. Reed, Sr. Auditor
Office of Audits and Investigations **CDR**

THRU: Robert J. Williams 
Council Administrator
Robert J. Williams, Jr. (Apr 27, 2020)

RE: ***WSSC Water FY 2021 Operating, Capital and Capital Improvement Program (CIP) Proposed Budgets***
Executive Summary

The Washington Suburban Sanitary Commission (WSSC Water) FY 2021 Proposed Operating, Capital and Capital Improvement Program (CIP) budgets are described herein. This executive summary provides the Prince George's County Councilmembers with a brief highlight of relevant information to support staff recommendations. A full and detailed report is attached for reference.

FY 2021 Proposed Operating and Capital Budgets

The proposed total budget for FY 2021 for all operating and capital funds totals \$1.463 billion or \$7.0 million increase, which is 0.5% more than the Approved FY 2020 budget.

Operating Funds

The Proposed Operating Budget of \$856.2 million represents an increase of \$38.8 million (4.7%) over the FY 2020 Approved Operating Budget of \$817.4 million. This increase is primarily driven by sewer main rehabilitation of the Piscataway basin to help address excess flows at the Piscataway Water Resource Recovery Facility and help prevent permit violations, funding sewer revenue shortfall, and non-discretionary increases in debt service.

Capital Funds

The Proposed Capital Budget of \$606.7 million represents a decrease of \$31.8 million (-5.0%) from the FY 2020 Approved Capital Budget of \$638.5 million. This decrease is

primarily due to construction progress on the Trunk Sewer Reconstruction Consent Decree work and the winding down of other significant projects, such as the Brink Zone Water Storage improvements and the Broad Creek Waster Water Pumping Station Augmentation projects.

Spending Affordability

The proposed budget calls for a combined 7.0% increase in water and sewer consumption revenue. The principal drivers are:

- I. Fund Balance – At the end of 2020, accumulated net revenues for water and sewer operating funds may total \$129.4 million. For FY 2021, approximately \$81.6 million will be held in accumulated net revenues in adherence to the WSSC Water reserve policy. Fund balance of \$8.0 million will also be used to finance the IT modernization efforts. The remaining fund balance is necessary to meet days reserves on hand in accordance with key fiscal metrics to maintain the AAA bond rating.
- II. Revenues – The estimated FY 2021 revenues for water consumption and sewer use charges are \$298.8 million and \$397.0 million respectively. This is a \$36.8 million increase, or 5.6% over the Approved Budget of FY 2020, primarily attributed to an increase in water and sewer usage charges. Water production is assumed to be 164.0 million gallons per day and water purchases are projected to remain the same.
- III. Capital Improvement Program (CIP) and the Capital Budget – The Capital Budget includes expenditure in the FY 2021 Capital Budget is \$606.7 million.
- IV. Debt Service – The debt service estimates of \$325.6 million for FY 2021 assume that \$189.7 million in water bonds and \$220.2 million in sewer bonds will be issued in FY 2021, in addition to repayment of existing debt. The WSSC Water's water and sewer issues will be 30-year bonds with an estimated 5.0% net interest rate.
- V. Reconstruction Debt Service Offset (REDO) – For FY 2021, \$9.5 million will be transferred from the General Bond Debt Service to the Water and Sewer Operating Fund. The transfer is made to defray the debt service on funds borrowed to finance water and sewer systems reconstruction activities.
- VI. Workforce and Compensation – Funding for employee salary enhancements in a manner consistent with the Counties is included in the budget.

Expenditures

The FY 2021 Proposed budget includes the following expenditures as compared to previous budget years.

COMPARATIVE EXPENDITURES BY MAJOR EXPENSE CATEGORY

(\$ in Thousands)	FY 2019 Actual			FY 2020 Approved			FY 2021 Proposed		
	Capital	Operating	Total	Capital	Operating	Total	Capital	Operating	Total
Expense Categories									
Salaries & Wages	\$ 27,293	\$ 125,851	\$ 153,144	\$ 27,154	\$ 130,134	\$ 157,288	\$ 29,080	\$ 133,866	\$ 162,946
Heat, Light & Power	-	19,683	19,683	-	19,444	19,444	-	20,431	20,431
Regional Sewage	-	54,809	54,809	-	59,000	59,000	-	58,000	58,000
Contract Work	202,735	14,263	216,998	383,332	15,167	398,499	353,066	22,446	375,512
Consulting Engineers	51,872	19,388	71,260	58,073	17,761	75,834	77,182	19,326	96,508
Debt Service	-	292,656	292,656	-	319,883	319,883	-	325,593	325,593
All Other	104,895	251,030	355,925	169,967	256,004	425,971	147,401	276,521	423,922
Grand Total	\$ 386,795	\$ 777,680	\$1,164,475	\$ 638,526	\$ 817,393	\$1,455,919	\$ 606,729	\$ 856,183	\$1,462,912

Key Provisions of the FY 2021 Proposed Budget (See full report for all key provisions)

- Complying with the Sanitary Sewer Overflow and the Potomac Plant Consent Orders;
- Issuing \$409.9 million in new water, sewer debt;
- Paying debt service of \$325.6 million - of which \$313.9 million is in the Water and Sewer Operating Funds;
- Rehabilitating sewer mains in the Piscataway basin to reduce infiltration and inflow;
- Funding additional operating costs at the Piscataway WRRF due to increase flows;
- Providing \$1.2 million for customers in the Customer Assistance Program. Nearly \$700,000 is available for additional affordability enhancements.

Capital Improvement Program (CIP)

The total Capital Improvement Budget for FY 2021 is \$606.7 million. This is comprised of \$375.1 million in CIP projects, \$241.3 million in Information Only projects and an adjustment of \$9.6 million to account for expenditures funded via developer contributions for projects with a signed SEP. The FY 2021 CIP Budget is \$31.8 million lower than the FY 2020 Approved Capital Budget.

Staff Recommendations

- Concur with the WSSC Water Commission's proposal to increase combined water and sewer rates, not to exceed 7.0% for FY 2021.
- Concur with WSSC Water to maintain SDC fees at current levels but increase the maximum ceiling on this charge as is consistent with State Law.
- Concur with WSSC Water on all other FY 2021 – FY 2026 CIP projects as reflected in the Proposed CIP as provided on October 1, 2019.
- Concur with WSSC Water on amendment to add Customer Resource Building to the FY 2020 – FY 2025 CIP, with offsetting adjustments, as outlined in the January 30, 2020 letter from WSSC Water GM Carla Reid to the Council.



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THRU: Robert J. Williams 
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RE: **WSSC Water FY 2021 Operating, Capital and Capital
Improvement Program (CIP) Budget Report**

This report contains a detailed summary of the Washington Suburban Sanitary Commission (WSSC Water) FY 2021 Proposed Operating, Capital and Capital Improvement Program (CIP) budgets, including an overview of revenues and expenditures, updates and highlights of major projects, discussion points of key performance indicators, and staff's recommendation. The purpose of this report is to provide the Prince George's County Councilmembers with relevant information to support a staff recommendation which allows for a WSSC Water rate increase to meet the County's system demands. This report is the result of collaboration with County staff represented by the Office of the County Executive, Office of Finance, and Audits and Investigations, along with the WSSC Water management team.

Committee Report Outline

- Section 1: WSSC Water Goals and Budget Overview
- Section 2: Proposed Rates, Fees and Charges
- Section 3: Spending Affordability Guidelines (SAG)
- Section 4: Revenues
- Section 5: Expenditures
- Section 6: Debt Service
- Section 7: Performance Metrics
- Section 8: Capital Improvement Program (CIP)
- Section 9: Staff Recommendation
- Section 10: Attachments

Section 1: WSSC Water Goals and Budget Overview

The Washington Suburban Sanitary Commission (WSSC Water/Commission) provides water and sewer services to approximately 1.8 million residents of Prince George's and Montgomery Counties. To fulfill its primary mission of providing safe and reliable water and returning clean water to the environment, WSSC Water operates and maintains an extensive array of highly automated facilities. The WSSC Water's two water filtration plants (WFP), drawing raw water from the Potomac and Patuxent Rivers, are projected to produce an average of 164 million gallons of water per day in FY 2021, and deliver that water to homes and businesses in the region through a system of over 5,900 miles of water mains. To ensure a reliable water supply, WSSC Water operates three reservoirs with a total capacity exceeding 14 billion gallons.

Sewage treatment is provided by six water resource recovery facilities (WRRF) and the Blue Plains Advanced Wastewater Treatment Plant (Blue Plains) operated by the DC Water and Sewer Authority (DC Water). In FY 2021, it is projected that an average of 197.2 million gallons of waste water per day will move to these facilities through over 5,700 miles of sewer lines maintained by WSSC Water. The six WRRFs owned by the WSSC Water have a combined capacity of 95 million gallons per day (MGD) It should be noted that WSSC Water pays a proportionate share of the Blue Plains' operating and capital expenses. All but one of these facilities (Hyattstown plant) go beyond the conventional waste water treatment to provide advanced treatment processes which ensures that the quality of the treated wastewater is better than the quality of the natural water to which it is returned.

FY 2021 Strategic Priorities and Key Provisions

- I. Enhance Customer Experience
 - Deliver the essential: Produce an average of 164 MGD of safe, clean, reliable drinking water and safely process an average of 197 MGD of waste water for their 475,000 customer accounts.
 - Initiate Advanced Metering Infrastructure (AMI) so that customers can better track water usage in order to significantly reduce their bills and save money.
 - Continue funding customer affordability programs.
 - ❖ Fund the Customer Assistance Program (CAP) with revenue offset of \$888,000
 - ❖ Provide \$1.0 million in funding to cover increased CAP costs and other customer service enhancements
 - Stabilize the new Customer to Meter Billing System (C2M)

II. Spend Customer Dollars Wisely

- Continue efforts to control costs and save money through the following:
 - ❖ Strategic Sourcing of procurement
 - ❖ Reducing overtime
 - ❖ Freezing positions
 - ❖ Streamlining group insurance plans
 - ❖ Conserving energy
 - ❖ Focusing on employee safety to reduce the number of lost work days
- Improve contract management to ensure deliverables are provided on-time, on-budget and within scope.
- Maintain AAA bond rating through strong financial policies and planning.

III. Optimize Infrastructure

- Implement the FY 2021 – 2026 CIP.
 - ❖ Issuing \$409.9 million in new water and sewer debt
 - ❖ Paying debt service of \$325.6 million (of which \$313.9 million is in the Water and Sewer Operating Fund)
 - ❖ Funding \$67.9 million for large diameter water main rehabilitation.
 - i. \$32.9 million for prestressed concrete cylinder pipe inspection, repair and acoustic fiber optic monitoring
 - ii. \$31.9 million for large diameter repairs and cathodic protection
 - iii. \$3.1 million for large valve inspections, replacement and repairs
- Rehabilitate and repair wastewater collection system in southern Prince George's County to reduce infiltration and inflow.
- Ensure resiliency of WSSC Water's supply and delivery systems.
 - ❖ Fund the replacement of 25 miles of water mains and 26 miles of sewer mains and laterals
 - ❖ Rehabilitate water storage facilities and specialty valves and vaults
- Continue to invest in innovative technology, processes and ideas.
 - ❖ Implement cutting-edge satellite technology to detect leaks
 - ❖ Pilot emerging wastewater treatment processes to reduce costs and improve environmental stewardship efforts
- Invest in maintenance programs to improve the condition of buildings, systems and grounds.

IV. Protect Resources

- Assess and adapt to the impacts of climate change on WSSC Water infrastructure and continue to invest in projects that reduce greenhouse gas emissions

- Comply with the Sanitary Sewer Overflow (SSO) and Potomac Plant Consent Decrees.
- Develop a biosolids and water treatment residuals Master Plan
 - ❖ Treat over 197 MGD of wastewater and responsibly manage up to 1,000 tons of biosolids per day
- Conduct analysis to determine resource needs to support the core mission
- Develop a Digital Strategy to create value added improvements for WSSC Water and their customers, while ensuring confidentiality and integrity
 - ❖ Digital Strategy will identify how WSSC Water will use data-driven approaches to reduce costs, mitigate risk, enhance the customer experience, optimize performance and/or gain efficiencies. Some examples of value-added improvements at other water utilities include: providing real-time water analytics to customers, using sensors on pumps to reduce energy and operating costs and early warning systems for contaminants and treatment process risks.

V. Transform Employee Engagement

- Infuse innovation and creativity throughout the workforce to help retain and recruit employees
- Consolidate and enhance employee training, learning and development.
- Drive an employee culture through research, data-driven decision making and program management.
- Update employee on-boarding process and new employee orientation.

FY 2021 Proposed Operating and Capital Budgets

The proposed total budget for FY 2021 for all operating and capital funds totals \$1.463 billion or \$7.0 million increase, which is 0.5% more than the Approved FY 2020 budget.

Comparative Expenditure By Fund						
	FY 2018 Actual	FY 2019 Actual	FY 2020 Approved	FY 2021 Proposed	FY 2021 Over/(Under) FY 2020	% Change
(\$ in Thousands)						
Operating Fund						
Water	\$ 320,088	\$ 339,200	\$ 352,472	\$ 368,437	\$ 15,965	4.5%
Sewer	385,527	419,633	450,148	474,086	23,938	5.3%
General Bond Debt Service	19,108	18,847	14,773	13,660	(1,113)	-7.5%
Total Operating	724,723	777,680	817,393	856,183	38,790	4.7%
Capital Fund						
Water Supply	\$ 261,602	\$ 210,783	\$ 287,256	\$ 257,227	\$ (30,029)	-10.5%
Sewage Disposal	190,058	152,891	334,377	308,386	(25,991)	-7.8%
General Construction	23,555	23,121	16,893	41,116	24,223	143.4%
Total Capital	475,215	386,795	638,526	606,729	(31,797)	-5.0%
Grand Total	\$ 1,199,938	\$ 1,164,475	\$ 1,455,919	\$ 1,462,912	\$ 6,993	0.5%

Operating Funds

The Proposed Operating Budget of \$856.2 million represents an increase of \$38.8 million (4.7%) over the FY 2020 Approved Operating Budget of \$817.4 million. This increase is primarily driven by:

- Funding of \$12.9 million for a holistic rehabilitation approach of the Piscataway basin to address excess flows at the Piscataway Water Resource Recovery Facility (WRRF), prevent permit violations, and address increased operating costs at the Piscataway WRRF
- Funding of \$8.7 million to address a sewer revenue shortfall
- A \$7.6 million increase in debt service to support infrastructure renewal in the FY 2021 capital budget
- Miscellaneous funding in several areas including stabilization of the new Customer-to-Meter (C2M) billing system, bio-solids hauling, chemicals, replacement vehicles, facility maintenance, salary enhancements and large meter testing, rehabilitation in preparation for AMI
- When controlling for the non-discretionary increases in debt service and Piscataway related costs, the FY 2021 Operating Budget is only 2.5% more than the FY 2020 Approved Budget

Capital Funds

The Proposed Capital Budget of \$606.7 million represents a decrease of \$31.8 million (-5.0%) from the FY 2020 Approved Capital Budget of \$638.5 million.

This decrease is primarily due to construction progress on the Trunk Sewer Reconstruction Consent Decree work and the winding down of other significant projects, such as the Brink Zone Water Storage improvements and the Broad Creek Pumping Station Augmentation projects.

It is important to note that WSSC Water's budget is capital intensive and driven by changes in the construction market, commodity prices and tariffs. It is not driven by the Consumer Price Index (CPI). Many of these costs are legally mandated and not easily deferred or reduced. Other investments which drive the WSSC Water capital budget, include:

- Compliance with Sanitary Sewer Overflow (SSO) Consent Decree
- Compliance with Potomac Plant Consent Decree
- Environmental regulations directives
- Maintaining security of the water infrastructure
- Security of staff and field personnel
- Information Technology improvements

Section 2: Proposed Rates, Fees and Charges

I. Fund and Fee Structure

The proposed FY 2021 Water Operating Fund is \$368.4 million, increasing by approximately \$16 million (4.5%); the Sewer Operating Fund is \$474.1 million, increasing by approximately \$24 million (5.3%); and the General Bond Debt Service Fund is \$13.6 million, decreasing by approximately \$1.1 million (7.5%). These comparisons are being made to the FY 2020 Approved Operating Budget. The Proposed FY 2021 Combined Water and Sewer Operating Budget provides for a 7.0% average water and sewer rate revenue increase which meets the Spending Affordability Guidelines (SAG) as recommended by the Joint Bi-County committee.

II. Infrastructure Investment Fee

The Infrastructure Investment Fee (IIF) funds a portion of the debt service associated with the Commission's water and sewer pipe reconstruction programs. The IIF is expected to generate approximately \$39.4 million in FY 2021 as compared to the \$39.3 million in FY 2020. (For more details see, FY 2021 Proposed Budget, page 1-19).

III. Account Maintenance Fee

The Account Maintenance Fee (AMF) recoups servicing costs associated with the maintenance of customers' accounts. The AMF is expected to generate \$32.3 million in FY 2021 as compared to \$32.2 million in FY

2020. (For more details see, FY 2021 Proposed Budget, page 1-19).

IV. System Development Charge

No increase is proposed for the System Development Charge (SDC) for FY 2021 in any category. State law provides for SDC to new applicants for WSSC Water service which is intended to recover growth costs, may be adjusted annually by the change in the Consumer Price Index (CPI) for the Washington, DC area. (For more details see, FY 2021 Proposed Budget, page 2-9).

V. Miscellaneous Fees

WSSC Water provides a number of services for which separate fees or charges have been established. A recent review by WSSC Water was conducted of fees and charges and thus has proposed various changes to align service costs with the fees charged for some of these services. (For more details see, FY 2021 Proposed Budget, page 2-10 thru 2-19).

VI. Other Revenues

Other revenues include the Reconstruction Debt Service Offset (REDO). This was established in FY 1983 and uses surplus funds in the General Bond Debt Service account to offset a portion of the debt service costs of the Systems Reconstruction Program, thereby benefiting all ratepayers. The Offset, a transfer of funds from the General Bond Debt Service to the Water and Sewer Operating Funds, is set at \$9.5 million in FY 2021. The REDO for FY 2020 was approved at \$11.6 million. When the unallocated balance in the General Bond Debt Service Fund is exhausted, the associated expenses will have to be incorporated into the rate structure.

**Combined Water/Sewer Operating Funds
FY 2021 Proposed Rate Impact**

7.0% Average Water and Sewer Rate Increase

Funding Sources	FY 2020 Approved (\$ in thousands)	FY 2021 Proposed (\$ in thousands)
Revenues		
Consumption Charges	\$ 627,523	\$ 650,197
Account Maintenance Fee	32,296	32,360
Infrastructure Investment Fee	39,331	39,410
Miscellaneous Revenues	41,200	48,270
Subtotal	740,350	770,237
Use of Fund Balance	11341	8000
Reconstruction Debt Service Offset	11600	9500
System Development Charge Debt (4658	5772
Premium Transfer	2900	1500
Underwriters Discount Transfer		2000
Miscellaneous Offset	395	
Total Funding Sources	771,244	797,009
Expenditures		
Operating, Maintenance & Support Service	465,297	497,642
Debt service	306,307	313,865
Debt Reduction (PAYGO)	31,016	31,016
Total Expenditures	802,620	842,523
Shortfall to be Covered by Rate Increase	\$ (31,376)	\$ (45,514)

In order to reconcile the FY 2021 budget requests with the Counties' Spending Affordability Guidelines, a funding gap exceeding \$24 million was closed by removing the following items from the budget and offsetting expenses with not rate related funding sources.

- \$4.8 million for chemicals
- \$5.5 million for bio-solid hauling
- \$0.5 million for Production Dept. services by others and overtime
- \$5.4 million for Customer Service temporary services
- \$2.5 million for Workforce Technology system
- \$1.0 million for Interactive Voice Response System

- \$0.5 million for Customer Service Robotic Process Automation System
- \$0.5 million for Customer Service overtime
- \$1.5 million for Asset Management business case evaluations
- \$1.1 million for Furniture upgrades
- \$0.5 million for Vehicle purchases

Also included in the FY 2021 Proposed Budget were additional project deferrals:

- Implementation of a unidirectional flushing program of the waste water distribution pipe network in order to reduce discolored water complaints and improve water quality
- Testing of 43,000 fire hydrants on a ten-year cycle which is a best practice.
- Expansion of the leak detection program to provide proactive repairs and reduce water loss
- Implementation of WSSC Water Rights-of-Way maintenance program to address routine and emergency access issues
- No addition of new positions

Section 3: Spending Affordability

In 2019, staff of Prince George's and Montgomery Counties, met with staff of the WSSC Water to discuss the spending affordability limits for FY 2021. The primary focus of the process was to ensure that the following provisions were addressed:

- Resources necessary to serve existing customers (including infrastructure replacement and rehabilitation)
- Meeting environmental mandates
- Maintaining affordable rates
- Maintaining Operating and Capital Budgets
- Prudent and sustainable levels of debt service

In November 2019, the Prince George's County and Montgomery County Councils approved resolutions establishing the four limits on the WSSC Water FY 2021 budget. As indicated in the following table, the proposed FY 2021 budget complies with the spending affordability limits for New Water and Sewer Debt, Debt Service and Water/Sewer Rate Revenue Increases.

The proposed budget calls for a combined 7.0% increase in water and sewer consumption revenue. Even with this change, WSSC Water states that its' rates continue to be favorable when compared to other service providers of similar size water and sewer utilities. The average WSSC Water customers residential bill is approximately 1.0% of the median household income.

FY 2021 Proposed Budget vs. Spending Affordability Limits (\$ in Millions)		
	FY 2021 Proposed Budget	Prince George's County Limits
New Water and Sewer Debt	\$409.9	\$409.9
Total Water and Sewer Debt Service	\$313.9	\$313.9
Total Water and Sewer Operating Expenses	\$842.5 (*)	\$837.7
Water/Sewer Rate Revenue Increase	7.0%	7.0%

(*) Covered by offsetting non-rate related funding sources

The proposed budget provides for:

- Implementing the first year of the FY 2021 – 2025 Capital Improvement Program (CIP)
- Paying WSSC Water's share of operating (\$58 million in FY 2021) and capital costs (\$60 million in FY 2021; \$443 million FY 2021-2026) for the District of Columbia Water and Sewer Authority (DC Water) Blue Plains Wastewater Treatment Plant
- Initiating Advanced Metering Infrastructure (AMI)
- Paying debt service of \$325.6 million
- Rehabilitating holistically the Piscataway basin wastewater collection system
- Funding additional operating costs at the Piscataway WRRF due to increased flows
- Funding of maintenance and repairs at critical facilities
- Replacing 25 miles of water main and 26 miles of sewer mains and lateral lines
- Funding \$67.9 million for large diameter pipe replacement.
- Complying with the SSO and Potomac Plant Consent Decrees
- Operating and maintaining a system of 3 reservoirs impounding 14 billion gallons of water, 2 water filtration plants, 6 wastewater treatment WRRFs, 5,900 miles of water main and 5,700 miles of sewer main for 24 hours a day 7 days a week
- Competitive salary increases considering the Counties' compensation proposals and collective bargaining agreements.

Major Assumptions and Workload Summary

Below is a summary of budget outcomes related to results from FY 2021
Spending Affordability:

- I. Fund Balance – At the end of 2020, accumulated net revenues for water and sewer operating funds may total \$129.4 million. For FY 2021, approximately \$81.6 million will be held in accumulated net revenues in adherence to the WSSC Water reserve policy. Fund balance of \$8.0 million will also be used to finance the IT modernization efforts.
- II. Revenues – The estimated FY 2021 revenues for water consumption and sewer use charges are \$298.7 million and \$397.0 million respectively. Water production is assumed to be 164.0 million gallons per day and water purchases are projected to remain the same.
- III. Capital Improvement Program (CIP) and the Capital Budget – The Capital Budget includes expenditure estimates for all projects for which work is reasonably expected to be accomplished. This provides management with maximum flexibility to proceed on the many and diverse projects approved each year in the budget. The FY 2021 Capital Budget is \$606.7 million.
- IV. Debt Service – The debt service estimates for FY 2021 assumes that \$189.7 million in water bonds and \$220.2 million in sewer bonds will be issued in FY 2021, in addition to repayment of existing debt. The WSSC Water's water and sewer issues will be 30-year bonds with an estimated 5.0% net interest rate.
- V. Reconstruction Debt Service Offset (REDO) – For FY 2021, \$9.5 million will be transferred from the General Bond Debt Service to the Water and Sewer Operating Fund. The transfer is made to defray the debt service on funds borrowed to finance water and sewer systems reconstruction activities.
- VI. Workforce and Compensation – Funding for employee salary enhancements in a manner consistent with the Counties is included in the budget.

Section 4. Revenues

Water consumption and sewer usage rates are the primary sources of revenue for the Water and Sewer Operating Funds. Revenue for the General Bond Debt Service Fund is primarily derived from front foot benefit and house connection charges. Revenues from the Water and Sewer Operating Funds are estimated at \$815.8 million in FY 2021. This is a \$44.0 million increase, or 5.7% over the

Approved Budget of FY 2020, primarily attributed to an increase in water and sewer usage charges.

The FY 2021 proposed total revenues for Water and Sewer Operating Funds are \$815.5 million. Other transfers and credits amount to \$26.8 million, bringing total funds available to \$842.5 million. WSSC Water proposes to use \$303.2 million (36.0%) in the category of operations and maintenance and \$313.9 million (37.3%) for debt service in FY 2021.

Water and Sewer Operating Funds

The Water Operating Fund pays for water treatment and distribution, and the Sewer Operating Fund pays for sewage collection and treatment. The General Bond Debt Service Fund receives front foot benefit payments to underwrite the debt service on smaller lateral water and sewer lines

Operating Fund	Major Purpose	Major Revenue Source
Water Operating	Operate and maintain water facilities and pay debt service on Water Supply Bonds.	Customer Water Bills
Sewage Operating	Operate and maintain sewerage facilities and pay debt service on Sewage Disposal Bonds.	Customer Sewer Bills
General Bond Debt Service	Pay debt service on General Construction Bonds.	Front Foot Benefit Charges and Deferred House Connections

It is projected in the FY 2021 operating budget that \$695.7 million in revenues (excluding offsets and use of fund balance) shall come from water and sewer consumption charges. Revenues are assumed based on a water production level of 164 MGD, the same as was included in the FY 2020 Approved Budget. WSSC Water has proposed a water production level of 164 mgd for FY 2021, the same as the approved level in FY 2017 - 2020.

Fund Balance

As shown below, The Proposed FY 2021 ending fund balances are lower than the projected FY 2020 ending balance for the combined Water and Sewer Operating Funds. The decrease is primarily due to planned use of fund balance to modernize WSSC Water IT infrastructure, streamline business processes and help lay the foundation of the Advanced Metering Infrastructure project.

Additionally, the General Bond Debt Service Fund as proposed by the FY 2021 ending fund balance is 56.6% lower than the projected FY 2020 ending balance. Revenues for this fund are derived from the front foot benefit charge and the house connection fees. Developers now build these types of mains and this is expected to continue in the future which will continue to decrease this fund. The revenues that are currently collected are from prior assessments that are paid over multi-year periods. Surplus funds that have accumulated in the General Bond Debt Service Fund are transferred to the Water and Sewer Operating Funds to benefit all rate payers.

Fund (\$ in Thousands)	Fiscal Year	Fund Balance - July 1st	Operating Revenues	Operating Expenses ¹	Other Credits and Transfers	Use of Fund Balance	Fund Balance - June 30th	Fund Balance Increase/ (Decrease)	% Change
Water Operating	FY 2020	\$ 16,320	\$ 337,597	\$ (352,472)	\$ 14,875	\$ (5,784)	\$ 10,536	\$ (5,784)	-35.4%
	FY 2021	10,536	355,241	(368,437)	13,196	(4,080)	6,456	(4,080)	-38.7%
Sewer Operating	FY 2020	124,409	434,129	(450,148)	16,019	(5,557)	118,852	(5,557)	-4.5%
	FY 2021	118,852	460,510	(474,086)	13,576	(3,920)	114,932	(3,920)	-3.3%
General Bond Debt Service	FY 2020	34,229	13,267	(14,773)	-	(11,600)	21,123	(13,106)	-38.3%
	FY 2021	21,123	11,208	(13,660)	-	(9,500)	9,171	(11,952)	-56.6%

Population Served and Customer Accounts

WSSC Water's population projected to be served in FY 2021 is expected to increase by 0.7%. WSSC Water assumes that the population will grow annually at 0.5% beyond FY 2021. As of June, FY 2021, WSSC Water is estimated to have 475,000 active customer accounts. The majority of accounts are residential at 94.4%, followed by commercial and industry at 4.8% and government at 0.8%.

System Development Charge

State law provides that the System Development Charge (SDC), a charge to new applicants for WSSC Water service which is intended to recover growth costs, may be adjusted annually by the change in the November Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the Washington, DC metropolitan area. Historically, WSSC Water has adjusted the maximum allowable charge and intends to again this year. The proposed SDC funding for capital projects for FY 2021 is \$9.5 million, or 56.1% lower than funds provided in FY 2020 at \$21.7 million.

In FY 2019 the SDC account balance and revenue collections were dedicated to repaying the annual debt service payments for debt issued to fund SDC eligible projects in FY 2016 and FY 2018 as well as fund growth projects during the fiscal year on a PAYGO basis.

For the period July 1, 2018 to June 30, 2019 (FY'19), a total of \$26,641,000 in SDC revenue and interest was collected. The amount of \$5,551,000 was

transferred to the Water and Sewer Operating Funds for debt service payments due in FY'19 for the debt incurred in FY'16 and FY'18 to fund growth costs. The amount of \$12,000,000 was transferred to the Water Supply Bond Fund and \$3,000,000 was transferred to the Sewage Disposal Bond Fund to fund SDC eligible projects on a pay-as-you-go or "PAYGO" basis during the fiscal year. The amount of \$12,112,000 was allocated for reimbursements. The available account balance at the end of the period is \$2,844,000.

Section 5: Expenditures

COMPARATIVE EXPENDITURES BY MAJOR EXPENSE CATEGORY

(\$ in Thousands)	FY 2019 Actual			FY 2020 Approved			FY 2021 Proposed		
	Capital	Operating	Total	Capital	Operating	Total	Capital	Operating	Total
Expense Categories									
Salaries & Wages	\$ 27,293	\$ 125,851	\$ 153,144	\$ 27,154	\$ 130,134	\$ 157,288	\$ 29,080	\$ 133,866	\$ 162,946
Heat, Light & Power	-	19,683	19,683	-	19,444	19,444	-	20,431	20,431
Regional Sewage	-	54,809	54,809	-	59,000	59,000	-	58,000	58,000
Contract Work	202,735	14,263	216,998	383,332	15,167	398,499	353,066	22,446	375,512
Consulting Engineers	51,872	19,388	71,260	58,073	17,761	75,834	77,182	19,326	96,508
Debt Service	-	292,656	292,656	-	319,883	319,883	-	325,593	325,593
All Other	104,895	251,030	355,925	169,967	256,004	425,971	147,401	276,521	423,922
Grand Total	\$ 386,795	\$ 777,680	\$1,164,475	\$ 638,526	\$ 817,393	\$1,455,919	\$ 606,729	\$ 856,183	\$1,462,912

Salaries and Wages

Salary and wages represent 15.6% of gross operating costs and show no significant increase from the Adopted Budget of FY 2020. WSSC Water has allocated \$6.1 million in salary enhancements for FY 2021; both Prince Georges and Montgomery Counties will determine how the salary enhancements should be applied. In the proposed budget, \$4.9 million of the total salary enhancement requests is rate supported. The FY 2021 proposed WSSC Water budget for compensation includes funding for flexible worker increases, IT bonuses, and merits for its Union and Non-Union employees. No new positions have been created since the FY 2017 budget and any new positions in the FY 2021 budget will come from existing vacancies.

Section 6: Debt Service

The proposed debt service expense is based upon paying the FY 2021 principal and interest payments on current outstanding debt as of June 30, 2019, as well as budgeted new debt issues approved in FY 2020 and the proposed issuance of \$410.5 million in new debt for FY 2021. The new debt for FY 2021 includes the

following:

- \$189.7 million for water
- \$220.2 million for sewer
- \$0.6 million for general construction

The proposed debt service expense for FY 2021 is \$325.6 million, an increase of \$5.7 million or 1.8% more than the Approved FY 2020 Budget of \$319.9 million. The increase is primarily due to a planned higher level of pipe replacement as part of the Large Diameter Water Pipe and Large Valve Rehabilitation Program. The proposed budget for FY 2021 includes, in addition to debt service payments, all bond sales expenses and bond coupon payments.

The total Capital budget for FY 2021 is \$606.7 million. This is comprised of \$375.1 million in CIP projects, \$241.3 million in Information Only projects; and, an adjustment of \$9.6 million to account for expenditures funded via developer contributions for projects with a signed Service Extension Permit (SEP). The FY 2021 Capital Budget is \$31.8 million lower than the FY 2020 Capital Budget.

Capital projects are financed primarily with long-term debt through the sale of bonds. WSSC Water bonds are issued to finance major water treatment, storage and transmission facilities. These bonds are repaid to bond holders over a 30-year period by annual principle and interest payments. The annual debt service on outstanding bonds are paid from the Commission's operating funds. The primary funding source for the repayment of debt is the revenue generated by water consumption and sewer use charges. Thus, the initial high cost of capital improvements is spread over time and paid for by future customers who will benefit from the facilities, as well as current customers. It is through this capital project financing process that the size of the CIP impacts the size of the water and sewer bond issues, which in turn impacts customers' water and sewer bills.

The WSSC Water's debt is repaid from water consumption and sewer use charges and front foot benefit charges.

Obtaining funding from other sources and through the use of PAYGO lowers WSSC Water's borrowing requirements, which in turn lowers the debt service requirements and ultimately the customer's bills. Other funding sources include:

- Payments from New Service Applications
- System Development Charges
- Payments from Local Jurisdictions
- State and Federal Grants

The amount of new debt is calculated by adjusting for other funding sources and incorporating an expected construction completion rate.

Per Fiscal guidelines, WSSC Water will allocate at least \$31.0 million in PAYGO each fiscal year through FY 2023 to reduce the amount of planned debt issued for capital projects.

Capital Budget Expenditure Summary				
	FY 2020 Approved	FY 2021 Proposed	\$ Change	% Change
(\$ in Thousands)				
Capital Improvement Program				
Montgomery County Water	\$ 7,295	\$ 1,821	\$ (5,474)	-75.0%
Prince George's County Water	27,636	36,484	8,848	32.0%
Bi-County Water	76,983	85,314	8,331	10.8%
Montgomery County Sewer	\$ 7,881	\$ 9,637	\$ 1,756	22.3%
Prince George's County Sewer	55,649	38,756	(16,893)	-30.4%
Bi-County Sewer	207,876	203,061	(4,815)	-2.3%
Total Capital Improvement Program	383,320	375,073	(8,247)	-2.2%
Total Information Only	255,206	241,279	(13,927)	-5.5%
Total Capital Expenditures	638,526	616,352	(22,174)	-3.5%

Section 7: Performance Metrics

Cost Saving Measures

The FY 2021 budget reflects the Commission's commitment to maintaining affordability through the active pursuit and implementation of cost saving measures. The Commission has deployed several ongoing strategies to identify more cost-effective ways of providing clean water to customers, including the following:

- The Supply Management Project has produced significant cost reductions in excess of \$47.0 million in the operating and capital budgets since, FY 2013, as well as cost avoidance savings of nearly \$45.0 million. During FY 2019, WSSC Water's efforts resulted in \$8.8 million in cost reductions;
- By continually monitoring and revising the Group Insurance Plan, an additional \$4.3 million in savings has been realized since FY 2017;
- No net increase in the number of WSSC Water positions since FY 2017 and currently 32 positions are frozen to further produce personnel cost saving;
- Changes to Workers Compensation have resulted in the following:
 - 62% reduction in lost work day cases
 - 25% reduction in lost work days
 - 50% reduction in costs (\$425,000)

- WSSC Water Innovations and Research programs have identified promising methods for identifying and remediating water system leaks as well as new approaches to wastewater treatment that may significantly reduce processing costs while improving environmental stewardship efforts; and,
- Changes made to monitoring and supervision of overtime costs have reduced these expenses by \$3.0 million since FY 2017.

Water and Sewer Infrastructure Reliability

New technologies and tools are emerging to help WSSC Water better assess the condition of the existing water and sewer mains so as to improve the ability to target pipes in need of replacement. Because WSSC Water can now better identify pipes in poor condition, they are decreasing the Water Reconstruction Program (rehabilitation of smaller water mains less than 16 inches) over the next few years to 45 miles in FY 2019 to 25 miles in FY 2020 and FY 2021. This strategic decrease allows WSSC Water to develop a more efficient and effective Water Reconstruction Program, enabling the Commission to develop an enhanced pipe condition assessment program over the next several years. In addition, new water main rehabilitation technologies to help control costs while also minimizing disruption to customers are being evaluated. The FY 2021 budget includes \$2.1 million in funding for large meter assessments, satellite leak detection technology and pressure monitoring.

WSSC Water Information Technology (IT) Modernization

The FY 2021 budget calls for an investment in the organizational infrastructure. Strategic contributions of \$8.0 million from Fund Balance will be used to fund the IT Strategic Plan needed to modernize the Commission's IT structure, streamline business processes and support the implementation of the Advanced Metering Infrastructure project.

The Project Cornerstone initiative has improved WSSC Water's ability to deliver leading customer service across all customer interactions. This initiative includes a new C2M application which handles various aspects of the customer lifecycle, from service connection to payments processing and improves processes and performance.

The larger Project Cornerstone initiative also includes a Work and Asset Management (WAM) application which replaces multiple existing applications for tracking assets, service requests, work orders, inspections and patch tickets. The WAM application development is currently on hold while WSSC analyzes the business requirements and is prioritizing other IT project requests.

Summary of Key Provisions of the FY 2021 Proposed Budget

- Treating and delivering 164.0 MGD of water to over 475,000 customer accounts in a manner that meets or exceeds the Safe Drinking Water Act standards;
- Treating 197.2 MGD of wastewater and responsibly managing up to 1,000 tons of bio-solids per day in a manner that meets or exceeds federal and state permit requirements and regulations;
- Operating and maintaining a system of 3 water reservoirs impounding 14 billion gallons of water, 2 water filtration plants, 6 water resource recovery facilities, 5,900 miles of water mains, and 5,700 miles of sewer mains, 24 hours a day, 7 days a week;
- Implementing the first year of the FY 2021-2026 Capital Improvements Program;
- Complying with the Sanitary Sewer Overflow and the Potomac Plant Consent Orders;
- Funding the replacement of 25 miles of water mains and 26 miles of sewer mains and lateral lines;
- Issuing \$409.9 million in new water, sewer debt;
- Paying debt service of \$325.6 million - of which \$313.9 million is in the Water and Sewer Operating Funds;
- Funding \$67.9 million for large diameter pipe rehabilitation. This includes \$32.9 million for PCCP inspection, repair, and acoustic fiber optic monitoring of the pipes' condition; \$31.9 million for large diameter repairs and cathodic protection; \$3.1 million for large valve inspections, replacement, and repairs;
- Paying WSSC Water 's share of the cost of operating the District of Columbia Water and Sewer Authority's Blue Plains Wastewater Treatment Plant;
- Initiating Advanced Metering Infrastructure (AMI) to enable monthly billing and so customers can better track their water usage
- Rehabilitating holistically the Piscataway basin to reduce infiltration and inflow;
- Funding additional operating costs at the Piscataway WRRF due to increase flows;
- Providing \$1.2 million for customers in the Customer Assistance Program;
- Maintaining an operating reserve of 10% of water and sewer revenues and 60-90 days of operating costs;
- Providing maintenance services at a level consistent with the objective of responding to the customer within 2 hours and restoring service within 24 hours; and
- Funding employee salary enhancements in a manner consistent with the Counties and continuing other benefits.

Regulatory Compliance

WSSC Water is heavily impacted by both current and emerging regulations. The agency is committed to protecting the natural environment of Prince George's and Montgomery Counties as it carries out its mandate to provide sanitary sewer and drinking water services. This commitment focuses on those unique natural and manmade features (waterways, woodlands and wetlands, as well as parklands, historical sites and residential areas) that have been indicated by federal, state and local environmental protection laws and regulations. Specific impact information is included in the evaluation of alternatives by the agency's Asset Management Program, if the environment features will be affected by the proposed construction of a project.

These protections have been funded by the approximately \$149.6 million included in the Proposed Budget FY 2021 which is attributable to meeting the environmental regulations. These projects are mandated by the US EPA under the Clean Water Act through the State of Maryland Department of the Environment in response to pollution control in the form of more stringent state discharge permit requirements and to meet WSSC Water's commitment to the environment. These capital projects are listed as follows:

Project Number	Project Name	Phase	Proposed FY 2021 Budget (\$ in Thousands)
S-1.01	Sewer Reconstruction Program	Ongoing	\$55,495
S-22.10	Blue Plains ENR	Construction 96%	294
S-22.11	Blue Plains WWTP	Ongoing	13,622
S-43.02	Broad Creek WWPS Augmentation	Construction 90%	166
S-131.0	Fort Washington Forest No. 1 WWPS	Construction 25%	22
S-170.9	Trunk Sewer Reconstruction Program	Ongoing	69,491
W-73.33	Potomac WFP Consent Decree	Design 0%	10,500
W-139.02	Duckett & Brighton Dam Upgrade	Construction 57%	22
Total Water Quality Projects			\$149,612

Section 8: Capital Improvement Program (CIP)

CIP Overview

The approved Capital Budget incorporates spending for the first fiscal year of the six-year Capital Improvement Program, including those projects in the Information Only Section which are not required to be in the CIP; however, are included to provide a more comprehensive review on important programs or projects. Budget year expenditures in connection with relocations, house connections, new water meters, and similar items are now included in the Information Only section projects.

The WSSC Water Capital Budget is comprised of two main expenditure categories: Capital Improvement Program (CIP) and Information Only projects.

- The projects included in the CIP represent a multi-year plan to design and construct the capital facilities required to protect the health and safety of the residents of the County by protecting their water source, providing an adequate supply of safe drinking water, meeting fire-fighting requirements, and collecting and treating wastewater before it is returned to the waters of the State.
- The Information Only projects are not required to be in the CIP but may be included for comprehensive fiscal planning and provide additional information to customers.

Capital needs, developed independently in planning for the six-year CIP, also shapes the operating budget by helping to determine debt service requirements and the operating impacts of projects expected to be completed during the budget year. The annual debt service on outstanding bonds is paid from the Commission's operating funds, primarily through water consumption and sewer use charges paid by customers. Thus, the size of the CIP affects the size of the water and sewer bond issues needed in the budget year, which in turn affects water and sewer bills.

The CIP is driven in part by the development planning and authorization processes of the Counties, especially as manifested in the Counties' ten-year water and sewer plans. In addition, since the WSSC Water must contribute to the capital and operating expenses of the Blue Plains Advanced Wastewater Treatment Plant this can have important impacts on planning for the WSSC Water's Capital and Operating Budgets.

The Capital Budget funding source is comprised of three separate sources of funds:

- Water Supply Bond
- Sewage Disposal Bond
- General Construction Bond

Capital Fund	Major Purpose	Major Revenue Source
Water Supply Bond	Construct major water supply treatment and transmission facilities; Reconstruct water distribution system; including: dams, reservoirs, water filtration plants, water pumping stations, water storage facilities and water supply lines	Water Supply Bonds and System Development Charge (SDC)
Sewage Disposal Bond	Construct major sewage treatment and transmission facilities; Reconstruct sewerage collection systems	Sewage Disposal Bonds, SDC, and Grants
General Construction Bond	Construct minor water and sewer lines and support facilities	General Construction Bonds and House Connection Charges

The total Capital Budget for FY 2021 is \$606.7 million. This is comprised of \$375.1 million in CIP projects, \$241.3 million in Information Only projects and an adjustment of \$9.6 million to account for expenditures funded via developer contributions for projects with a signed SEP. The FY 2021 Capital Budget is \$31.8 million lower than the FY 2020 Approved Capital Budget.

Capital Budget Funding Sources				
(\$ in Thousands)	FY 2020 Approved	FY 2021 Proposed	\$ Change	% Change
Capital Improvement Program				
Bonds	\$ 315,063	\$ 311,921	\$ (3,142)	-1.0%
PAYGO	31,016	31,016	-	0.0%
Federal Grants	-	1,500	1,500	N/A
State Grants	2,291	1,500	(791)	-34.5%
Local Government Contributor	2,835	3,675	840	29.6%
System Development Charge	21,716	9,530	(12,186)	-56.1%
Contribution/Other	10,399	15,931	5,532	53.2%
Total Capital Improvement Program	\$ 383,320	\$ 375,073	(8,247)	-2.2%
Information Only				
Bonds	233,744	221,084	(12,660)	-5.4%
State grants	20,000	20,000	-	N/A
Contribution/Other	1,462	194	(1,268)	-86.7%
Total Information Only	\$ 255,206	\$ 241,278	(13,928)	-5.5%
Total Capital Funding	\$ 638,526	\$ 616,351	(22,175)	-3.5%

The FY 2021 – 2026 Capital Improvement Plan includes 55 CIP and 10 Information Only projects, totaling \$5.6 billion dollars. The grand total is \$498 million greater than the Adopted FY 2020 – 2025 combined program primarily due to the inclusion of the Other Capital project which was added to this cycle so as to reflect ALL capital expenditures, not just the CIP and Information Only projects.

Expenditures for the combined six-year program period are estimated at \$3.7 billion. This is \$483.4 million increase over the combined six-year total in the Adopted FY 2020 – 2025 CIP Budget. This overall increase is due to including the new Other Capital project in the Information Only section and the programmed increase in pipe replacement in the Large Diameter Water Pipe Reconstruction Program. Of the 3.7 billion, WSSC Water plans accordingly:

- \$865.8 million for the Water Program
- \$1.1 billion for the Sewerage Program
- \$1.7 billion for the Information Only projects

FY 2021 expenditures are estimated at \$624.3 million, or, \$ 54.6 million greater than the funding level approved for FY 2020. This increase is primarily due to including the new Other Capital project in the Information Only section.

Of the \$624.3 million, WSSC Water plans accordingly:

- \$123.6 million for the Water Program
- \$251.5 million for the Sewerage Program
- \$249.2 million for Information Only projects

System Extension Process (SEP) growth projects are estimated at \$23.4 million in the *six-year program* with approximately \$15.9 million programmed in FY 2021.

There are four new projects this cycle. None of the new WSSC Water projects planned for FY 2021 are located in Prince George's County, Maryland.

There are thirteen (13) projects closing out in FY 2021, including one Information Only project. The total cost of projects closed out is \$135.2 million.

The following FY 2021 Close Out Projects are located and/or supports Prince George's County:

- Water Transmission Improvement 385B Pressure Zone
- Clinton Zone Water Storage Facility Implementation
- St. Barnabas Elevated Tank Replacement
- Western Branch Facility Upgrade
- Brandywine Woods Wastewater Pumping Station
- Brandywine Woods WWPS Force Main

Funding Growth

The portion of CIP needed to accommodate growth is approximately \$84.6 million (approximately 2% of the expenditures) under the combined six-year program and \$25.7 million or 4% of the FY 2021 budget. The major funding sources for this part of the program are System Development Charge (SDC) revenues and payments by Applicants.

It is estimated that there will be an overall growth funding surplus of \$60.1 million over the six-year program period. The surplus between growth funding source and the estimated growth-related expenditures vary over the six-year period. If growth related expenditures exceed the available SDC account balance in any given fiscal year, it is anticipated that WSSC Water would issue new SDC supported debt to cover this temporary gap. The debt will be repaid through future SDC collections. Further, it is currently anticipated that no significant additional growth projects will evolve in the later years of the six-year period.

WSSC Water's planned FY 2021 SDC or other contribution funded projects located in Prince George's County include:

- Old Branch Avenue Water Main
- Branch Avenue Water Transmission Improvements
- Rosaryville Water Storage Facility
- Timothy Branch Water Main
- Ritchie Marlboro Road Transmission Main
- Smith Home Farms Water Main
- Westphalia Town Center Water Main
- Konterra Town Center East Water Main
- Marlton Section 18 Water Main, Lake Marlton Avenue
- Hillmead Road Water Main
- South Potomac Supply Improvement, Phase 2

CIP Amended Projects (FY 2020)

WSSC Water has requested approval to amend the Adopted FY 2020 – 2025 Capital Improvement Program to allow for the addition of one (1) new CIP project, Customer Resource Building. The costs are anticipated to be offset by reductions to two existing CIP Projects, resulting in no increase to the FY 2020 Approved CIP Budget. The cost associated with the Customer Resource Building is \$13.5 million. The acquisition and build out of the building located at 14400 Sweitzer Lane provides the following benefits:

- Alleviates space issues at the headquarters
- Avoids current lease costs
- Provides needed swing space for renovations
- Improves security by moving public facing functions to the new facility
- Provides needed parking
- Generates revenue from lease income

Bi-County Projects

I. Water

There are ten (10) Bi-County Water Projects with a total cost of \$960.7 million, of which one (1) CIP project is new (Regional Water Supply Resiliency) that will be funded by federal aid.

- i. **Potomac Water Filtration Plant (WFP) Projects** (Work at the WFP consists of 4 separate CIP projects: a) Prefilter Chlorination & Scour Improvements, b) Submerged Channel Intake, c) Main Zone Pipeline and d) Consent Decree). This project provides for the planning, design and construction of short- and long-term capital improvements at the Potomac WFP to allow WSSC Water to meet the new discharge limitations identified in the consent decree. The objective of the consent decree is to reduce the amount of solids discharged

from the plant to the Potomac River on a daily basis. Preliminary planning work for the Potomac WFP Consent Decree began in 2016. Short-term operational and capital improvements are required to be completed by April 1, 2020. The deadline for completion of the long-term capital improvements is January 1, 2026. A portion of this project is financed by Green bonds. The FY 2021 - 2026 Potomac WFP combined projects estimated costs \$352.4 million with expenditures of \$14.2 million planned in FY 2021.

Green bonds are any type of bond instrument where the proceeds will be exclusively applied to finance eligible green projects.

The following new project is 100% funded with federal aid.

- ii. **Regional Water Supply Resiliency.** This new project is being undertaken on behalf of WSSC Water and the Interstate Commission for the Potomac River Basin (ICPRB) partners. The project includes the planning, preliminary engineering, community outreach and coordination with elected officials for a new regional raw water supply reservoir and raw water conveyance system to serve the long-range water supply needs of the Washington metropolitan region. A new regional reservoir is needed to mitigate against drought and contamination events in the Potomac River, which could curtail or halt withdrawal from the river for several days or even months. The justification for this project is based in part on 2 independent studies which both concluded that additional off-river raw water reservoir capacity was needed for resiliency purposes. The FY 2021 - 2026 total costs \$15 million for the planning phase with expenditures of \$1.5 million planned in FY 2021.

Additionally, the following projects are system improvements and 100% funded with WSSC Water bonds:

- iii. **Duckett & Brighton Dam Upgrades.** This project was included per request of the Maryland Department of the Environment (MDE) to meet current dam safety standards, including the maximum probable flood criteria and maximum credible earthquake loading. The FY 2021 - 2026 total project cost is \$41.9 million with expenditures of \$22 thousand planned in FY 2021.
- iv. **Large Diameter Water Pipe and Large Valve Rehabilitation Program.** This project will rehabilitate or replace large diameter water transmission mains and valves. The FY 2021 - 2026 total costs \$489.5 million with expenditures of \$58.1 million planned in FY 2021.
- v. **Patuxent Water Filtration Plant Projects – Raw Water Pipeline.** This project provides for the construction of approximately 2.5 miles of 48-inch diameter raw water pipeline from the Rocky Gorge pumping station to the Patuxent Water Filtration Plant; cleaning of the existing water lines; and, the replacement of valves. These improvements will give the plant a firm capacity of 72 million gallons per day (MGD), with an emergency capacity of 110 MGD. The FY 2021

- 2026 total project costs is \$33.8 million with expenditures of \$9.6 million planned in FY 2021. Currently, the Rocky Gorge valve replacement and the cleaning of the existing raw water pipelines are 100% complete. The new raw water pipeline is currently in design. The expenditure and scheduled estimates may change based on design constraints and permitting issues. The project has been delayed due to a lengthy permit and right-of-way acquisition process. Restoration includes paving impacted roads in accordance with PGC Policy and Specifications for Utility Installation and Maintenance Manual (Section 4.7.2).

- vi. **Rocky Gorge Pump Station.** This project provides for the modifications and expansion to allow the pumping station to deliver up to 110 MGD of raw water to the Patuxent WFP. The FY 2021 - 2026 total project costs is \$25 million with expenditures of \$392 thousand planned in FY 2021. The cost increase by 7.5% were due to current construction cost change orders, replacement of substation batteries and expected contract increases due to construction delays.
- vii. **Land & Rights of Way Acquisition.** This project is a consolidated estimate of land and right of way purchases for previously approved capital projects. The FY 2021 - 2026 total costs is \$3.09 million with expenditures of \$1.5 million planned in FY 2021.

II. Sewer

There are nine (9) Bi-County Sewer Projects with a total cost of \$1.77 billion.

- i. **Piscataway Water Resource Recovery Facility (WRRF) Bio-Energy Project.** A comprehensive program for the engineering, design, construction, maintenance, monitoring and verification necessary to add sustainable energy equipment and systems to produce biogas and electricity at Piscataway WRRF. It will provide a reduction in costs associated with operations, maintenance, chemicals, biosolid transportation and biosolids disposal. It will also enhance existing operating conditions and reliability while continuing to meet all permit requirements and ensure a continued commitment to environmental stewardship. This project is funded by both WSSC Water Bonds at \$277.1 million and State & Federal Aid at \$4.1 million. A portion of this project will be financed by low-interest loans through the MDE's Water Quality Financing Administration – Revolving Loan Fund Program. The FY 2021 - 2026 total project costs is \$281.2 million with expenditures of \$61 million planned in FY 2021.
- ii. **Blue Plains Wastewater Treatment Plant Projects.** This group of 5 projects represents one of the largest group of expenditures in the proposed CIP at 22% of the six-year CIP program. This project provides for WSSC Water's share of funding for the upgrade, expansion and enhancement of wastewater treatment and solids

handling at the Regional Blue Plains WWTP located in Washington, DC. These projects may be funded in FY 2021 by WSSC Water Bonds at approximately \$55.8 million, City of Rockville at \$3.7 million. The FY 2021 – 2026 proposed total costs is approximately \$1.1 billion or 16.6% over the Adopted FY 2020 Budget.

- iii. **Septage Discharge Facility Planning and Implementation.** This project is 100% WSSC Water bond funded and provides for the planning, design and construction of a new septage and fats, oil and grease (FOG) discharge facility at the abandoned Rock Creek WWTP, as well as, a new septage discharge facility at Anacostia WPPS No. 2 and the Piscataway WRRF. The estimated cost of construction of the three (3) facilities has increased slightly based upon a revised cost estimate for the Piscataway Septage Facility. The FY 2021 - 2026 total costs is \$40.4 million with expenditures of \$12.5 million planned in FY 2021.
- iv. **Trunk Sewer Reconstruction Program.** This project is 100% WSSC Water bond funded. This project provides for the inspection, evaluation, planning, design, and construction required for the rehabilitation of sewer mains and their associated manholes in environmentally sensitive areas. This includes both trunk sewers 15-inches in diameter and greater, along with associated smaller diameter pipes less than 15-inch. The Consent Decree deadline for this project has been extended to FY 2022. The FY 2021 - 2026 total cost is \$344 million with expenditures of \$69.5 million planned in FY 2021.
- v. **Land & Rights of Way Acquisition – Bi County Sewer.** This project provides for a consolidated estimate of funding for the acquisition of land and rights-of-ways for sewer projects. This project is funded by WSSC Water Bonds at approximately \$884 thousand and SDC at \$49 thousand. The FY 2021 - 2026 total costs is \$933 thousand with expenditures of \$283 thousand planned in FY 2021.

Prince George's County Projects

I. Water

There are 14 Prince George's County water projects at a total cost of \$36.5 million in FY 2021.

- i. **Prince George's County HG415 Zone Water Main.** This project is 100% WSSC Water bond funded and provides for 1,500 feet of 24-inch diameter water main construction and new isolation valves, pressure relief valves with flow control capability which will system reliability by improving the flexibility of the delivery system. The FY 2020 - 2025 total cost is \$3.9 million with expenditures of \$2.2 million planned in FY 2021.
- ii. **Old Branch Avenue Water Main.** This project is 50% WSSC Water bond funded and 50% SDC funded. It provides for the planning, design and construction of approximately 16,000 feet of 30-inch diameter water main and a new flow control

valve along Old Branch Ave. from Allentown Road to Piscataway Road. This project will provide the needed redundancy to a large area of Prince George's County. The FY 2021 - 2026 total cost is \$22.9 million with expenditures of \$7.7 million planned in FY 2021. Five properties have been acquired.

- iii. **Branch Avenue Water Transmission Improvements.** This project is 100% SDC funded. This project provides for the planning, design and construction of approximately 21,800 feet of 42-inch, and 5,400 feet of 30-inch diameter water transmission main along Branch Avenue and Surratt Road in the Clinton area. The new water main will serve as a primary feed for the new Brandywine tank. The FY 2021 - 2026 total cost is \$42.9 million with expenditures of \$3.5 million planned in FY 2021.
- iv. **Marlboro Zone Reinforcement Main.** This project is funded through 100% WSSC Water bonds. This project provides for the planning, design and construction of approximately 4,000 feet of 16-inch diameter transmission main and flow control valve along Old Marlboro Pike in the Clinton area. This new water main will provide system reliability and redundancy by connecting the 365 B and 280A pressure zones. The FY 2021 - 2026 total cost is \$4.3 million with expenditures of \$1.24 million planned in FY 2021.
- v. **Rosaryville Water Storage Facility.** This system is funded through 100% SDC. This project provides for the design and construction of approximately 2.0 million gallons (MG) of water storage to serve the Rosaryville area in the Clinton Pressure Zone. This project was split from the Clinton Zone Water Storage Facility Implementation which will be completed and placed in service in 2019. The project scope was developed in the FY 2021 CIP budget and no WSSC Water rate supported debt will be used for this project. The FY 2021 - 2026 total cost is \$8.51 million with no expenditures planned until FY 2026.
- vi. **Ritchie Marlboro Road Transmission Main & PRV.** This system is funded through 100% SDC. This project provides for the planning, design and construction of approximately 13,100 feet of 24-inch diameter water transmission main and pressure reducing valve (PRV) to serve the Westphalia area. The water main will be constructed along Ritchie Marlboro Road from south of Westphalia Road to the Beltway. The FY 2021 - 2026 total cost is \$9.7 million with expenditures of \$69 thousand planned in FY 2021.
- vii. **Smith Home Farms Water Main.** This project is funded through 100% Contributions. This project provides for the planning, design and construction of 7,600 feet of 16-inch diameter main to serve the Smith Home Farms Subdivision. The FY 2021 - 2026 total cost is \$2.9 million with expenditures of \$439 thousand planned in FY 2021.
- viii. **Westphalia Town Center Water Main.** This project is funded through 100% Contributions. This project provides for the planning, design and construction of 4,700 feet of 16-inch diameter main to serve the Westphalia Town Center and

vicinity. The FY 2021 - 2026 total cost is \$1.7 million with expenditures of \$342 thousand planned in FY 2021.

- ix. **Prince George's County 450A Zone Water Main.** This project is 100% WSSC Water bond funded and provides for capacity and alignment study, design and construction of approximately 3.8 miles of new 48-inch redundant transmission main for Prince Georges High Pressure Zone HG450A. WSSC Water anticipates that portions of the transmission main that currently serves the HG450A and HG290B Pressure Zones will be out of service almost every year to meet the goals of the PCCP inspection program. A redundant transmission main is required to continue to provide service to customers while the existing transmission main is out of service and to provide service in case the existing main fails. The FY 2021 - 2026 total cost is \$79.6 million with expenditures of \$18.4 million planned in FY 2021.
- x. **Konterra Town Center East Water Main.** This project is funded through 100% Contributions. This project provides for the planning, design and construction of 9,200 feet of 16-inch diameter water main to serve the Konterra Town Center East. No WSSC Water rate supported debt will be used for this project. The FY 2021 - 2026 total cost is \$2.1 million with expenditures of \$814,000 planned in FY 2021.
- xi. **Marlton Section 18 Water Main, Lake Marlton Avenue.** This project is funded through 100% Contributions. This project provides for the planning, design and construction of 5,400 feet of 16-inch diameter water main to serve East Marlton along Heathermore Blvd. and Lake Marlton Ave. The FY 2021 - 2026 total cost is \$2.7 million with expenditures of \$429,000 planned in FY 2021.
- xii. **Hillmeade Road Water Main.** This project is funded through 100% SDC. This project provides for the planning, design and construction of 7,300 feet of 24-inch water main along Hillmeade from Lanham-Severn to an existing 24-inch main in Hillmead at Daisy Lane. The FY 2021 - 2026 total cost is \$5.7 million with expenditures of \$69,000 planned in FY 2021.
- xiii. **Timothy Branch Water Main.** This project is funded through 100% Contributions. This project provides for the planning, design and construction of 5,750 feet of 16-inch diameter water main to serve the Timothy Branch project. The FY 2021 - 2026 total cost is \$3.4 million with expenditures of \$981,000 planned in FY 2021.
- xiv. **South Potomac Supply Improvement, Phase 2.** This project is 67% WSSC Water bond funded and 33% SDC funded. This project provides for the design and construction of 4.4 miles of 42-inch diameter ductile iron transmission water main and 6.0 miles of distribution mains, and a new flow control valve and vault. The project replaces the 3.5 mile of existing 42-inch diameter PCCP transmission main located within the Hanson Creek corridor and will replace parallel aged distribution infrastructure. The FY 2021 - 2026 total cost is \$66.5 million with expenditures of \$210,000 planned in FY 2021.

II. Sewer

There are 12 Prince George's County sewer projects at a total cost of \$464.6 million.

- i. **Western Branch WRRF Process Train Improvements.** This project is 100% WSSC Water bond funded. This project provides for the planning, design and construction improvements at the Western Branch WRRF required to rehabilitate aging infrastructures within the process treatment trains. The FY 2021 - 2026 total estimated cost is \$14.9 million of which \$880,000 is planned to be expensed in FY 2021.
- ii. **Parkway North Substation Replacement.** This project is 100% WSSC Water bond funded. This project provides for the planning, design and construction of electrical upgrade for the Parkway WRRF, including the full replacement of the North Substation. Temporary facilities must be provided to maintain operations of the WRRF during construction. The FY 2021 - 2026 total estimated cost is \$8.5 million of which \$1.4 million is planned to be expensed in FY 2021.
- iii. **Westphalia Town Center Sewer Main.** This project is funded through 100% Contributions. This project provides for the planning, design and construction of 4,500 feet of 15-, 18- and 21-inch diameter sanitary sewer main to serve the Westphalia Town Center. The FY 2021 - 2026 total cost is \$1.5 million with expenditures of \$141,000 planned in FY 2021.
- iv. **Konterra Town Center East Sewer.** This project is funded through 100% Contributions. This project provides for the planning, design and construction of 14,000 feet of 15- to 24-inch diameter sewer main; 240 feet of 24-inch diameter steel sleeve for a 16-inch water main; and, 240 feet of 48-inch diameter steel sleeve for a 24-inch diameter sewer. This project serves the Konterra Town Center East development. The FY 2021 - 2026 total cost is \$8.4 million with expenditures of \$2.0 million planned in FY 2021.
- v. **Broad Creek Waste Water Pumping Station (WWPS) Augmentation.** This project is 17% WSSC Water bond funded and 83% SDC funded. This project provides for modifications to the Broad Creek Waste Water Pumping Station and associated force main that conveys Broad Creek sewerage basin flows to the Piscataway Water Resource Recovery Facility (WRRF). The Broad Creek WWPS Facility Plan includes assessments of engineering, economic, environmental and local community impacts, and recommended the construction of a 48-inch diameter force main and capacity enhancing modifications at the WWPS.

At the Piscataway WRRF a new concrete storage facility was constructed in the upper polishing pond allowing intermittent storage of excess sewage until flow levels at the facility allow treatment. Implementation of this alternative was approved by the Environmental Protection Agency (EPA) and Maryland Department

of the Environment (MDE). The installation of emergency generators to provide power to the WWPS in the event of a power outage are also a part of the project. The estimated total cost of the project is \$188.4 million. The project is currently 90% complete and is expected to be fully operational in FY 2021. Expenditures of \$166,000 planned in FY 2021.

- vi. **Landover Mall Redevelopment.** This project is funded through 100% Contributions. This project provides for the planning, design and construction of 2,500 feet of 27-inch diameter sewer main; 300 feet of 24-inch and a 16-inch water main; and 1,450 feet of 18-inch diameter sewer mains to provide service for the Landover Mall Redevelopment. The FY 2021 - 2026 total cost is \$1.4 million with expenditures of \$649,000 planned in FY 2021.
- vii. **Mattawoman WRRF Upgrades.** This project is 100% WSSC Water bond funded. This project provides for WSSC Water's share of the evaluation, design and construction of capital projects to upgrade and repair Charles County's Mattawoman interceptor and WWTP. The FY 2021 - 2026 total cost is \$20.4 million with expenditures of \$3.6 million planned in FY 2021.
- viii. **Southlake Subdivision Sewer.** This project is funded through 100% Contributions. This project provides for the planning, design and construction of 970 feet of 15- and 20-inch diameter sewer main to serve the Southlake Subdivision. The FY 2021 - 2026 total cost is \$820,000 with expenditures of \$187 thousand planned in FY 2021.
- ix. **Piscataway WRRF Facility Upgrades.** This project is 100% WSSC Water bond funded. This project provides for the planning, design and construction of improvements at the Piscataway WRRF required to prevent plant overflows or permit violations which can occur during significant rainfall events. The work will remove bottlenecks within the plant process trains, address the physical capacity of the system and rehabilitate existing equipment that has reached its expected service life ensuring the ability of the plant to achieve its permit required level of service. The FY 2021 - 2026 total cost is \$160.3 million with expenditures of \$28.2 million planned in FY 2021.
- x. **Pleasant Valley Sewer Main, Part 2.** This project is funded through 100% Contributions. This project provides for the planning, design and construction of 2,750 feet of 21-inch diameter sewer main to serve the Estates of Pleasant Valley and the Ridges 3 Subdivision. The FY 2021 - 2026 total cost is \$910,000 with expenditures of \$419,000 planned in FY 2021.
- xi. **Pleasant Valley Sewer Main, Part 1.** This project is funded through 100% Contributions. This project provides for the planning, design and construction of 10,000 feet of 15- and 18-inch diameter sewer main to serve the Estates of Pleasant Valley Subdivision. The FY 2021 - 2026 total cost is \$1.85 million with expenditures of \$1.03 million planned in FY 2021.

- xii. **Fort Washington Forest No.1 WWPS Augmentation.** This system upgrade is 100% WSSC Water bond funded. The project provides for planning, design and construction of the rehabilitation work required for the Fort Washington Forest No. 1 WWPS and to upsize a 900-foot segment of a failing 4-inch diameter force main to an 8-inch diameter force main. The rehabilitation will more than double the pumping station's capacity. At the Fort Washington Estates WWPS facility, improvements will be planned, designed and constructed to improve its reliability and the existing force main and downstream gravity sewer will be upsized to accommodate the additional flow. The FY 2021 - 2026 total cost is \$4.5 million with expenditures of \$22,000 planned in FY 2021.

Section 9: Staff Recommendations

- Concur with the WSSC Water Commission's proposal to increase combined water and sewer rates, not to exceed 7.0% for FY 2021.
- Concur with WSSC Water to maintain SDC fees at current levels but increase the maximum ceiling on this charge as is consistent with State Law.
- Concur with WSSC Water on all other FY 2021 – FY 2026 CIP projects as reflected in the Proposed CIP as provided on October 1, 2019.
- Concur with WSSC Water on amendment to add Customer Resource Building to the FY 2020 – FY 2025 CIP, with offsetting adjustments, as outlined in the January 30, 2020 letter from WSSC Water GM Carla Reid to the Council.

Section 10: Attachments

- Supplemental Briefing Response by WSSC Water
- FY 2021 WSSC Water Preliminary Proposed Capital and Operating Budget Presentation (dated: Feb. 4, 2020)
- January 30, 2020 letter from WSSC Water GM Carla Reid to the Council



WSSC WATER

DELIVERING THE ESSENTIAL

FY 2021 Preliminary Proposed Capital and Operating Budget

January 27th and February 4th 2020



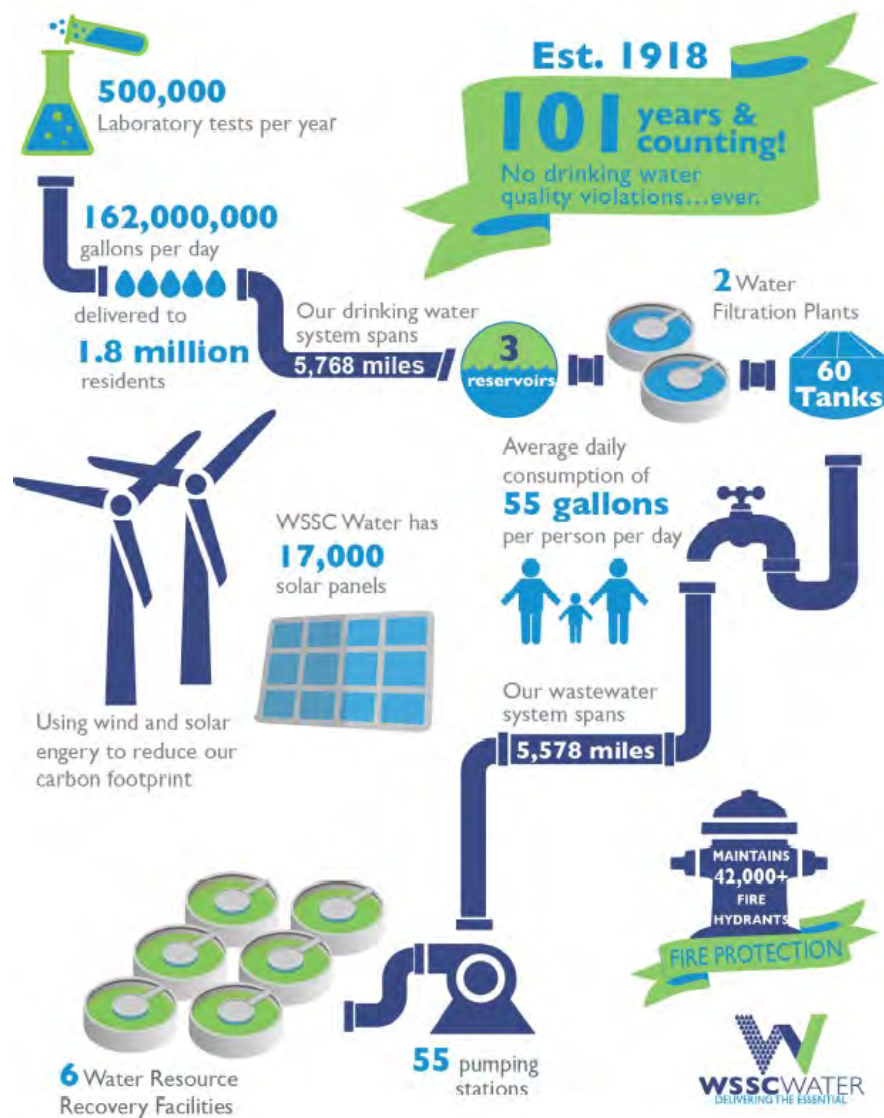
Public Outreach

- Dates prominently placed in Oct. – Dec. customer newsletter included in all WSSC Water bills
- Ads in Montgomery County and Prince George’s County Sentinel newspapers (1/2/2020)
- Issued news releases to local media and key stakeholders
- Posted on WSSC Water website
 - Calendar of Events
 - Finance page
 - News
- Posted on WSSC Water’s Facebook page and Twitter feed



WSSC Water at a Glance

- 2 Water Filtration Plants
- 6 Water Resource Recovery Facilities (WRRF)
- 3 Water Storage Dam/Reservoirs
- 60 Water Storage Tanks
- 55 Wastewater Pumping Stations (WWPS)
- 42,000+ Fire Hydrants
- 17,000 Solar Panels
- 0 Water Quality Violations



Strategic Priorities



Enhance Customer Experience



Optimize Infrastructure



Protect our Resources



Spend Customer Dollars Wisely



Transform Employee Engagement

Budget Terms

- Capital Budget – Used for long-term investment like infrastructure and facilities
- Debt Service – Principal and interest payments on money borrowed for the capital budget
- Operating Budget – Pays for the daily business of running the Commission including maintenance and debt service
- Pay-As-You-GO Financing (PAYGO) – The funding of capital expenditures with cash instead of debt

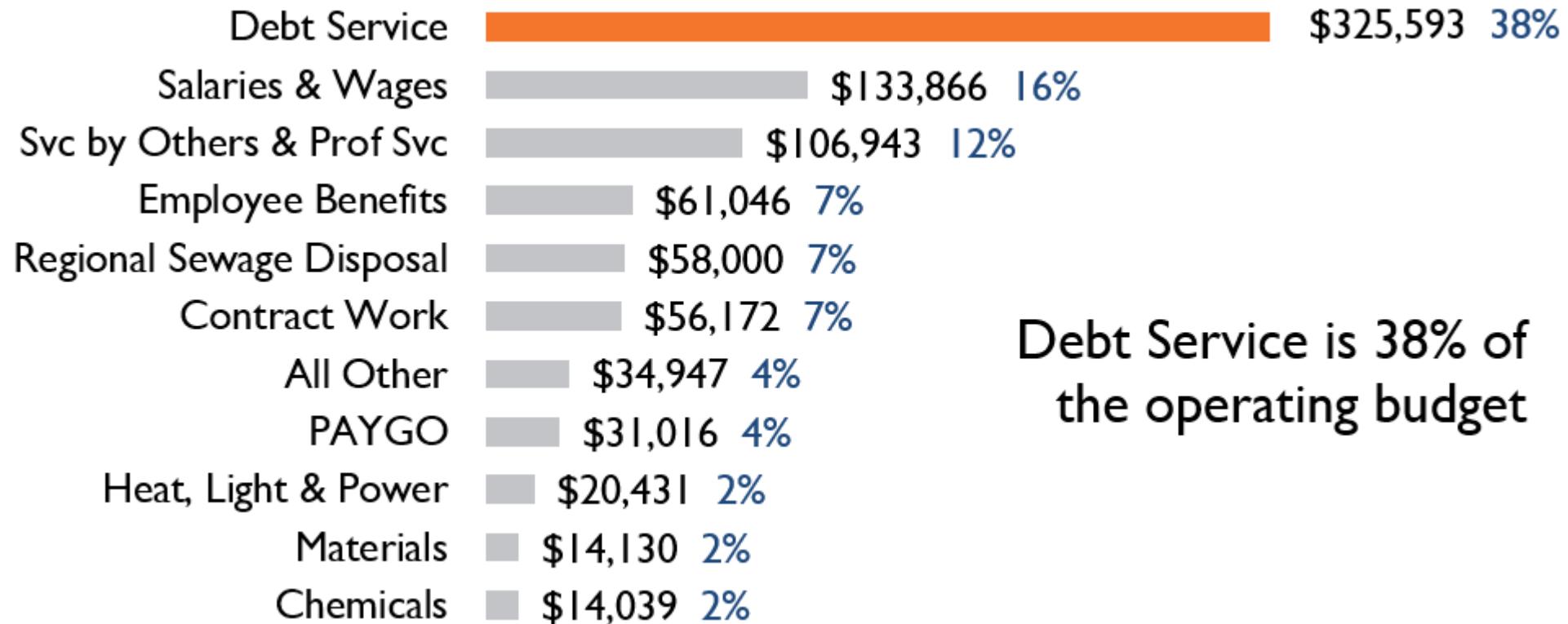
Budget Terms

(Continued)

- Ready-to-Serve Charges
 - Account Maintenance Fee (3/4 inch meter) - \$16.00 per quarter
 - Infrastructure Investment Fee (3/4 inch meter) - \$12.00 per quarter
- Bay Restoration Fee - \$15 per quarter fee levied by the State of Maryland that WSSC Water collects and provides to the Comptroller of Maryland for restoration of the health of the Chesapeake Bay
- Regional Sewage Disposal – WSSC Water’s share of maintenance and operating costs at DC Water’s Blue Plains Wastewater Treatment Plant

FY 2021 Preliminary Proposed Operating Budget by Major Expense Category

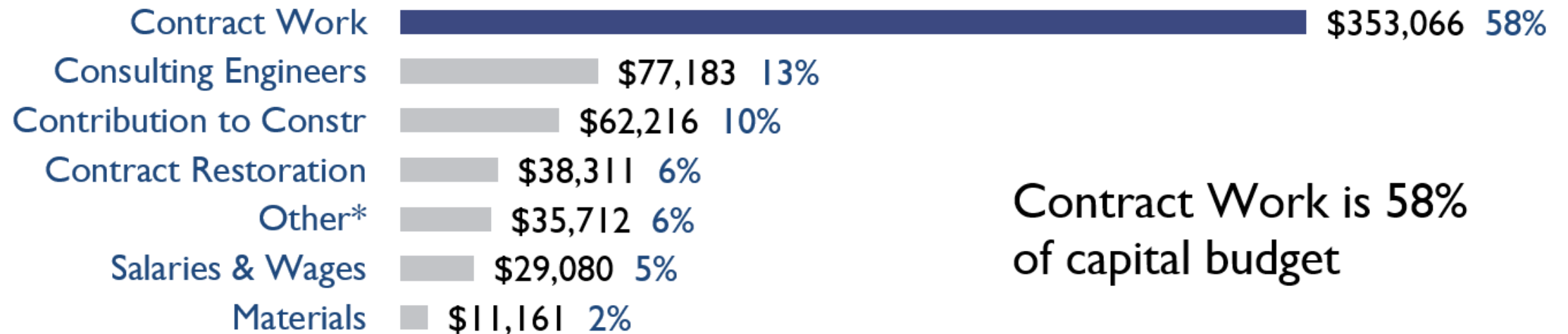
Total Operating Uses = \$856,183 (\$ in thousands)



Debt Service is 38% of the operating budget

FY 2021 Preliminary Proposed Capital Budget by Major Expense Category

Total Capital Uses = \$606,729 (\$ in thousands)



* Includes Land, Professional Services, Water Meters, and Non-Departmental Accounts

FY 2021 Preliminary Proposed Budget

The FY 2021 Preliminary Proposed Capital and Operating Budget totals \$1.5 billion

- 7.0% Water & Sewer Volumetric Average Rate Increase
 - Necessary to maintain and replace aging infrastructure
- No increase in Infrastructure Investment Fee and Account Maintenance Fee
- No new positions in FY 2021
- Total Budget Increase of 0.5%
- Capital Budget Decrease of 5.0%
- Operating Budget increase of 4.7% (2.5% excluding non-discretionary Debt Service and Piscataway Basin rehabilitation)

Key Provisions of the FY 2021 Preliminary Proposed Budget

- Complying with the Sanitary Sewer Overflow and the Potomac Plant Consent Decrees
- Holistic rehabilitation of Piscataway basin to address excess flows at Piscataway Water Resource Recovery Facility
- Funding the replacement of 25 miles of water mains and 26 miles of sewer mains and lateral lines
- Issuing \$409.9 million in new water and sewer debt
- Paying debt service of \$325.6 million - of which \$313.9 million is in the Water and Sewer Operating Funds

Key Provisions of the FY 2021 Preliminary Proposed Budget

(Continued)

- Funding of \$67.9 million is included for large diameter water pipe rehabilitation
 - \$32.9 million for Pre-stressed Concrete Cylinder Pipe inspection, repair, and acoustic fiber optic monitoring of the pipes' condition
 - \$31.9 million for large diameter repairs and cathodic protection
 - \$3.1 million for large valve inspections, replacement, and repairs
- Paying WSSC Water's share of the cost of operating the District of Columbia Water and Sewer Authority's Blue Plains Wastewater Treatment Plant
- Providing \$1.2 million for customers in the Customer Assistance Program

Cost Saving Efforts

- Supply Management project savings since FY 2013
 - Cost reductions in excess of \$47.0 million
 - Cost avoidance savings of nearly \$45.0 million
- Group insurance plan revision savings of \$4.3 million since FY 2017
- 30 Frozen positions
- Reduced overtime expenses of \$3.0 million since FY 2017
- Results of changes to Workers Compensation
 - 62% reduction in lost workday cases
 - 25% reduction in lost work days
 - 50% reduction in claim totals (\$425,000)



AGENDA

WSSC Water FY 2021 Proposed Budget Meeting with County Staffs February 12, 2020

	<u>PAGE</u>
I. FY 2020 Budgets Status	1
II. FY 2021 Proposed Budget Discussion	5
III. Discussion Items	29

I. FY 2020 BUDGET STATUS

COMBINED WATER AND SEWER OPERATING FUNDS

(In Thousands)

	FY'19 ACTUAL	FY'20 APPROVED BUDGET	FY'19 ACTUAL THRU 12/31/18	FY'20 ACTUAL THRU 12/31/19	PROJECTED THRU 6/30/20
REVENUES					
Water Consumption & Sewer Use Charges	\$615,249	\$658,899	\$324,843	\$331,808	\$646,997
Use of Accumulated Net Revenue	11,580	11,341	0	0	11,341
All Other Revenues	118,313	112,827	58,239	58,183	115,030
TOTAL REVENUES	745,142	783,067	383,082	389,991	773,368
EXPENSES					
Operating Expenses	467,694	464,902	198,630	216,312	467,227
PAYGO	15,754	31,016	7,754	7,754	20,874
Debt Service Expense	275,385	306,307	129,334	141,411	291,700
GROSS EXPENSES	758,833	802,225	335,718	365,477	779,801
Less: Reconstruction Debt Service Offset	(12,500)	(11,600)	(6,250)	(5,800)	(11,600)
Less: SDC Debt Service Offset	(5,551)	(4,658)	(2,159)	(3,348)	(5,771)
Less: Premium Transfer	0	(2,900)	0	(1,450)	(2,900)
NET EXPENSES	740,782	783,067	327,309	354,879	759,530
NET REVENUE (LOSS) FOR YEAR	\$4,360	\$0	\$55,773	\$35,112	\$13,838
ACCUMULATED NET REVENUE - BEGINNING OF YEAR	179,780				139,882
NET REVENUE (LOSS) FOR YEAR	4,360				13,838
USE OF ACCUMULATED NET REVENUE	(11,580)				(11,341)
ACCUMULATED NET REVENUE - END OF YEAR	<u>\$172,560</u>				<u>\$142,379 *</u>
WATER PRODUCED (MGD)	161.7	164.0	166.1	168.2	164.0

* Includes Working Capital Reserve of \$77.2 million.

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STATEMENT OF CAPITAL FUNDS INCOME AND EXPENDITURES
CAPITAL FUNDS TOTAL

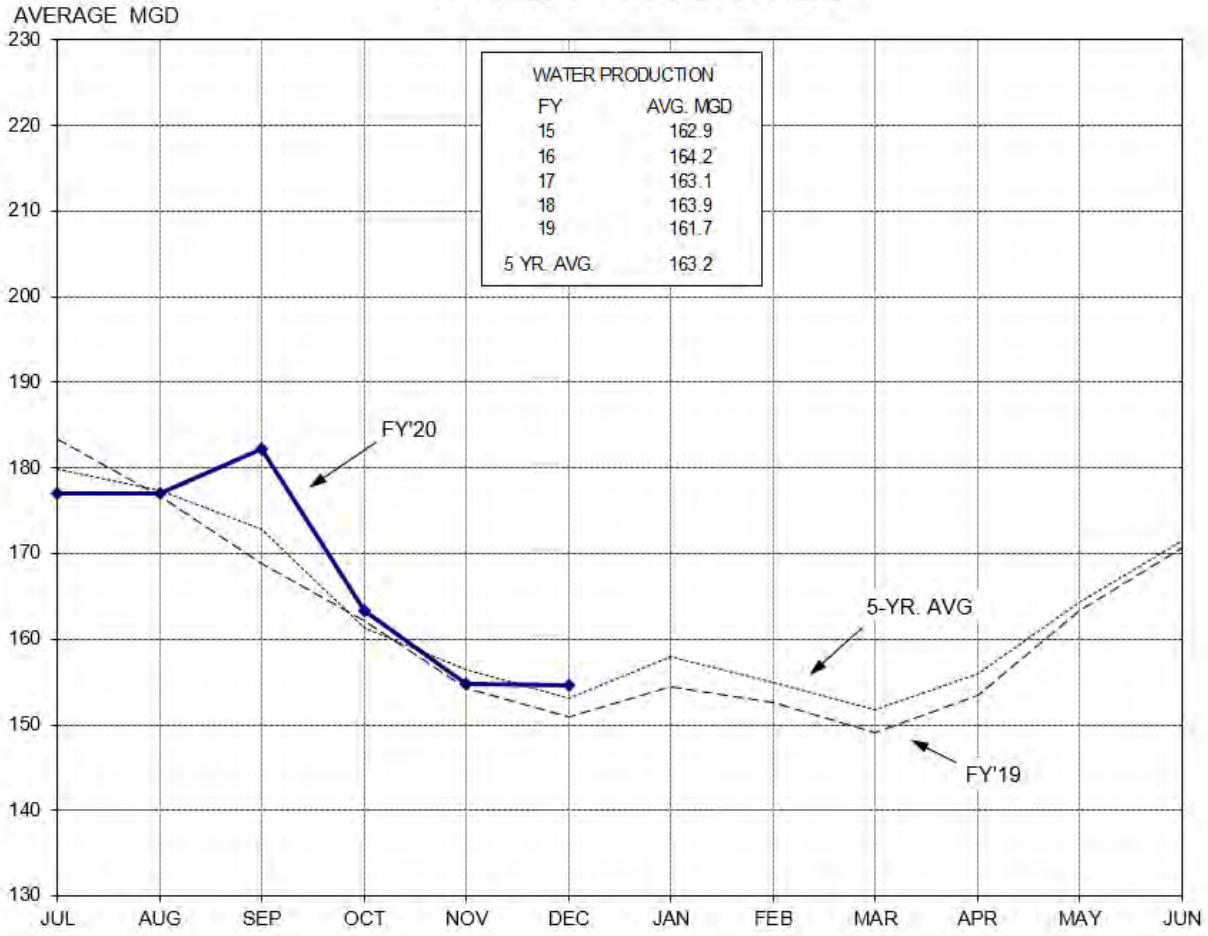
(In Thousands)

	<u>FY'19 ACTUAL</u>	<u>FY'20 APPROVED BUDGET</u>	<u>FY'19 ACTUAL THRU 12/31/18</u>	<u>FY'20 ACTUAL THRU 12/31/19</u>	<u>PROJECTED THRU 6/30/20</u>
<u>GROSS FUNDS AVAILABLE</u>					
Bonds Issued and Cash on Hand	\$353,766	\$579,823	\$422,521	\$379,989	
Anticipated Contributions:					
Federal & State Grants	995	22,291	0	0	
System Development Charge	15,000	21,716	0	0	
Other	7,667	14,696	13,400	12,226	
Available for Current Construction	<u>377,428</u>	<u>638,526</u>	<u>435,921</u>	<u>392,215</u>	
<u>CAPITAL COSTS</u>					
Salaries & Wages	27,293	27,154	\$14,385	\$13,657	\$27,154
Contract Work	202,735	383,332	101,915	95,326	210,000
Consulting Engineers	51,872	58,073	18,266	13,669	45,000
All Other	104,895	169,967	62,149	53,409	110,000
TOTAL COSTS	<u><u>\$386,795</u></u>	<u><u>\$638,526</u></u>	<u><u>\$196,715</u></u>	<u><u>\$176,061</u></u>	<u><u>\$392,154</u></u>

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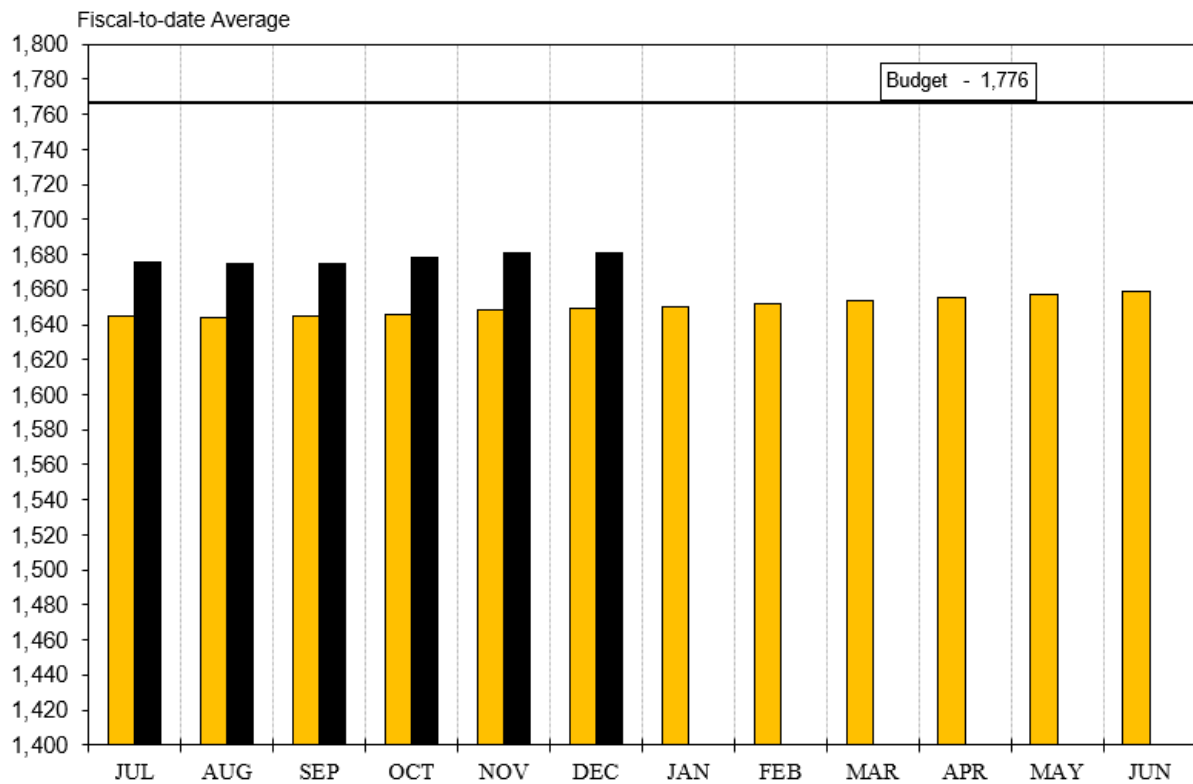
WATER PRODUCED



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ACTUAL WORKYEARS



■ FY'19	1,645	1,644	1,645	1,646	1,648	1,649	1,650	1,652	1,654	1,655	1,657	1,659
■ FY'20	1,676	1,675	1,675	1,678	1,681	1,681	-	-	-	-	-	-

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II. FY 2021 PROPOSED BUDGET DISCUSSION



Summary of Key Provisions of the FY 2021 Proposed Budget

The total proposed budget for all funds is \$1.462 billion, \$856.2 million in operating and \$606.7 million in capital. A 7.0 percent average increase in water consumption and sewer usage revenue is required to fund water and sewer operating expenses. In addition, we have performed a comprehensive review of fees and charges and have proposed various changes to align service costs with the fees charged. The budget provides for:

- Treating and delivering 164.0 MGD of water to over 475,000 customer accounts in a manner that meets or exceeds the Safe Drinking Water Act standards
- Treating 197.2 MGD of wastewater and responsibly managing up to 1,000 tons of bio-solids per day in a manner that meets or exceeds federal and state permit requirements and regulations
- Operating and maintaining a system of 3 water reservoirs impounding 14 billion gallons of water, 2 water filtration plants, 6 water resource recovery facilities, 5,900 miles of water mains, and 5,700 miles of sewer mains, 24 hours a day, 7 days a week
- Implementing the first year of the FYs 2021-2026 Capital Improvements Program
- Complying with the Sanitary Sewer Overflow and the Potomac Plant Consent Orders
- Funding the replacement of 25 miles of water mains and 26 miles of sewer mains and lateral lines
- Issuing \$409.9 million in new water and sewer debt
- Paying debt service of \$325.6 million - of which \$313.9 million is in the Water and Sewer Operating Funds
- Funding \$67.9 million for large diameter water main rehabilitation. This includes \$32.9 million for prestressed concrete cylinder pipe inspection, repair, and acoustic fiber optic monitoring of the pipes' condition; \$31.9 million for large diameter repairs and cathodic protection; \$3.1 million for large valve inspections, replacement, and repairs
- Paying WSSC's share of the cost of operating the District of Columbia Water and Sewer Authority's Blue Plains Wastewater Treatment Plant
- Initiating Advanced Metering Infrastructure (AMI) so customers can better track their water usage, which can significantly reduce their bills and save them money



Summary of Key Provisions of the FY 2021 Proposed Budget (Continued)

- Rehabilitating holistically the Piscataway basin to reduce infiltration and inflow
- Funding additional operating costs at the Piscataway WRRF due to increase flows
- Providing \$1.2 million for customers in the Customer Assistance Program
- Maintaining an operating reserve of 10% of water and sewer revenues and 60-90 days of operating costs
- Providing maintenance services at a level consistent with the objective of responding to the customer within 2 hours and restoring service within 24 hours
- Funding employee salary enhancements in a manner coordinated with the Counties and continuing other benefits

FY 2021 Proposed Budget

Budget Constraints

In order to reconcile our departments' initial FY 2021 budget requests with the Counties' Spending Affordability Guidelines, a funding gap exceeding \$25 million was closed by removing the items below from the budget and offsetting expenses with non-rate related funding sources.

- Chemicals - \$4.8 M
- Bio-solids hauling - \$5.5 M
- Production Department services by others, materials, and overtime - \$0.5 M
- Customer Service temporary services - \$5.4 M
- Workforce Technology system - \$2.5 M
- Interactive Voice Response system - \$1.0 M
- Customer Service Robotic Process Automation system - \$0.5 M
- Customer Service overtime - \$0.5 M
- Asset management business case evaluations - \$1.5M
- Furniture upgrades - \$1.1M
- Vehicle purchases - \$0.5 M

The budget constraints also continue to prevent WSSC Water from implementing some important improvements that would support and advance our strategic priorities including:

- Implementing a unidirectional flushing program of our water distribution pipe network in order to reduce discolored water complaints and improve water quality
- Testing all 43,000 fire hydrants in our service area on a ten-year cycle which is a best practice recommended by the American Water Works Association
- Expanding our leak detection program to provide proactive repairs and reduce water loss
- Implement the WSSC Water Right-of-Ways maintenance program to address routine and emergency access issues to WSSC Water assets
- For the third consecutive year, this proposed budget includes no new positions



WSSC FY 2021 PROPOSED BUDGET VS. SPENDING AFFORDABILITY LIMITS
(\$ in Millions)

	FY 2021 Proposed Budget	Prince George's County Limit	Montgomery County Limit
New Water and Sewer Debt	\$409.9	\$409.9	\$409.9
Total Water and Sewer Debt Service	\$313.9	\$313.9	\$313.9
Total Water/Sewer Operating Expenses	\$842.5*	\$837.7	\$837.7
Water/Sewer Rate Revenue Increase	7.0%	7.0%	7.0%

*Covered by offsetting non-rate funding sources



LONG-RANGE FINANCIAL PLAN FOR WATER AND SEWER OPERATING FUNDS

(\$ In Thousands)	FY 2020 Approved	FY 2021 Proposed	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected
New Water and Sewer Debt Issues	384,910	409,922	503,092	495,728	403,775	354,972	379,483
Water and Sewer Combined Rate Increase (Avg)	5.0%	7.0%	8.0%	7.0%	7.0%	6.5%	6.5%
OPERATING REVENUES							
Water and Sewer User Charges	\$ 658,899	\$ 695,711	\$ 752,668	\$ 806,749	\$ 864,729	\$ 922,553	\$ 984,252
Other Sources/Fees:							
Account Maintenance Fees	32,296	32,360	32,426	32,491	32,556	32,621	32,686
Rockville Sewer Use	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Plumbing and Inspection Fees	12,900	14,470	14,904	15,351	15,812	16,286	16,774
Infrastructure Investment Fee	39,331	39,410	39,488	39,567	39,647	39,726	39,805
Miscellaneous	19,800	20,800	21,008	21,218	21,430	21,645	21,861
Interest Income	5,500	10,000	10,000	10,000	10,000	10,000	10,000
Total Operating Revenues	771,726	815,751	873,494	928,376	987,173	1,045,830	1,108,379
OTHER CREDITS AND TRANSFERS							
Use of Fund Balance	11,341	8,000	7,000	6,000	5,000	-	-
Reconstruction Debt Service Offset (REDO)	11,600	9,500	7,400	6,000	-	-	-
SDC Debt Service Offset	4,658	5,772	4,984	4,983	4,982	4,984	4,984
Premium Transfer	2,900	1,500	-	-	-	-	-
Underwriters Discount Transfer	-	2,000	2,000	2,000	2,000	2,000	2,000
Miscellaneous Offset	395	-	-	-	-	-	-
Total Funds Available	\$ 802,620	\$ 842,523	\$ 894,878	\$ 947,359	\$ 999,155	\$ 1,052,814	\$ 1,115,363
OPERATING EXPENSES							
Salaries and Wages	129,676	133,197	139,191	145,454	152,000	158,840	165,988
Heat, Light, and Power	19,436	20,423	21,240	22,089	22,973	23,892	24,847
Regional Sewage Disposal	59,000	58,000	59,160	60,343	61,550	62,781	64,037
All Other	257,185	286,022	291,742	297,577	294,545	291,452	297,281
Total Operating Expenses	465,297	497,642	511,333	525,464	531,068	536,964	552,153
DEBT SERVICE							
Bonds and Notes Principal and Interest	306,307	313,865	336,142	365,610	389,665	415,176	437,884
OTHER TRANSFERS AND ADJUSTMENTS							
Additional and Reinstated	-	-	-	-	-	-	15,926
PAYGO	31,016	31,016	31,016	31,016	56,000	88,000	95,000
Total Expenditures	\$ 802,620	\$ 842,523	\$ 878,491	\$ 922,091	\$ 976,733	\$ 1,040,140	\$ 1,100,963
Net Revenue (Loss)	-	-	16,387	25,269	22,423	12,674	14,400
BEGINNING FUND BALANCE - JULY 1	\$ 140,729	\$ 129,388	\$ 121,388	\$ 130,775	\$ 150,044	\$ 167,467	\$ 180,141
Net Increase (Decrease) in Fund Balance	-	-	16,387	25,269	22,423	12,674	14,400
Use of Fund Balance/Other Adjustments	(11,341)	(8,000)	(7,000)	(6,000)	(5,000)	-	-
ENDING FUND BALANCE - JUNE 30	\$ 129,388	\$ 121,388	\$ 130,775	\$ 150,044	\$ 167,467	\$ 180,141	\$ 194,541
Debt Service Coverage (1.10 is target)	1.00	1.01	1.08	1.10	1.17	1.23	1.27
Debt Service as a Percentage of Total Expenditures (Below 40% is target)	38.2%	37.3%	38.3%	39.7%	39.9%	39.9%	39.8%
Operating Reserve Required 10% Level (\$)	\$77,173	\$81,575	\$87,349	\$92,838	\$98,717	\$104,583	\$110,838
Days Operating Reserve-on-Hand (60-90 days is target)	59.7	53.0	54.7	59.7	62.9	63.5	64.8
Total Workyears (All Funds)	1,776.0	1,776.0	1,776.0	1,776.0	1,776.0	1,776.0	1,776.0

Assumptions:

- The FY 2022-2026 projections reflect WSSC Water's multi-year forecast and assumptions. The projected expenditures, revenues, and fund balances for these years may be based on changes to rates, fees, usage, inflation, future labor agreements, and other factors not assumed in the FY 2021 Proposed Budget. Data excludes General Construction Debt Service and General Construction Bonds.
- Debt service for bonds and notes includes Maryland Water Quality Bonds and interfund debt service transfers. General Construction debt service is excluded.
- Adjustment for Rate Increase assumes rate increases in effect for 12 months.
- Debt Service Coverage is Operating Revenues less Operating Expenses (excluding Debt Service and PAYGO) divided by the debt service on bonds and notes.
- Operating Reserve represents 10.0% of Operating Revenue.

QUARTERLY CUSTOMER BILLS AT VARIOUS CONSUMPTION LEVELS

Meter Size	Average Daily Consumption (Gallons Per Quarter)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
3/4" Residential Meter	100 (9,125 gal/qtr)	\$ 119.53	\$ 122.72	\$ 127.01	\$ 138.94	\$ 146.69
3/4" Residential Meter	165 (15,056 gal/qtr)	200.09	206.12	213.95	217.83	231.09
3/4" Residential Meter	500 (45,625 gal/qtr)	789.94	816.40	851.99	794.66	848.58
2" Meter	1,000 (91,250 gal/qtr)	1,821.65	1,878.23	1,952.14	1,903.02	2,022.18
3" Meter	5,000 (456,250 gal/qtr)	8,881.75	9,169.19	9,552.44	9,736.92	10,378.03
6" Meter	10,000 (912,500 gal/qtr)	18,491.90	19,085.00	19,878.88	19,748.55	21,042.10

Quarterly customer bills include the Account Maintenance Fee and Infrastructure Investment Fee



WATER AND SEWER RATE SCHEDULES

Rate Schedule Proposed for Implementation July 1, 2020

Average Daily Consumption by Customer Unit During Billing Period (Gallons Per Day)	FY 2021 July 1, 2020 Proposed		Total
	Water Rates	Sewer Rates	Combined
	Per 1,000 Gallons		
0 - 80.9999	\$ 5.41	\$ 7.31	\$ 12.72
81 - 165.9999	6.10	8.13	14.23
166 - 275.9999	7.04	10.18	17.22
276 & Greater	8.25	13.44	21.69

Proposed Flat Rate Sewer Charge - \$135.00 per quarter

Current Rate Schedule

Average Daily Consumption by Customer Unit During Billing Period (Gallons Per Day)	FY 2020 July 1, 2019 Approved		Total
	Water Rates	Sewer Rates	Combined
	Per 1,000 Gallons		
0 - 80.9999	\$ 5.09	\$ 6.80	\$ 11.89
81 - 165.9999	5.74	7.56	13.30
166 - 275.9999	6.62	9.47	16.09
276 & Greater	7.76	12.50	20.26

Current Flat Rate Sewer Charge - \$125.00 per quarter



ACCOUNT MAINTENANCE FEES - PROPOSED FOR IMPLEMENTATION JULY 1, 2020

<u>Meter Size</u>	<u>FY 2020 Current Quarterly Charges</u>	<u>FY 2021 Proposed Quarterly Charges</u>
<u>Small Meters</u>		
5/8" to 1"	\$ 16.00	\$ 16.00
<u>Large Meters</u>		
1-1/2"	16.00	16.00
2"	27.00	27.00
3"	66.00	66.00
4"	142.00	142.00
6"	154.00	154.00
8"	200.00	200.00
10"	246.00	246.00
<u>Detector Check Meters</u>		
2"	33.00	33.00
4"	177.00	177.00
6"	255.00	255.00
8"	461.00	461.00
10"	633.00	633.00
<u>Fire Service Meters</u>		
4"	182.00	182.00
6"	293.00	293.00
8"	452.00	452.00
10"	682.00	682.00
12"	989.00	989.00

This is a quarterly fee which is prorated based on the length of the billing cycle.



INFRASTRUCTURE INVESTMENT FEES - PROPOSED FOR IMPLEMENTATION JULY 1, 2020

Meter Size	FY 2020 Current Quarterly Charges	FY 2021 Proposed Quarterly Charges
<u>Small Meters</u>		
5/8"	\$ 11.00	\$ 11.00
3/4"	12.00	12.00
1"	14.00	14.00
<u>Large Meters</u>		
1-1/2"	90.00	90.00
2"	185.00	185.00
3"	585.00	585.00
4"	813.00	813.00
6"	1,265.00	1,265.00
8"	2,845.00	2,845.00
10"	4,425.00	4,425.00
<u>Fire Service Meters</u>		
4"	499.00	499.00
6"	616.00	616.00
8"	2,524.00	2,524.00
10"	2,714.00	2,714.00
12"	5,214.00	5,214.00

This is a quarterly fee which is prorated based on the length of the billing cycle.

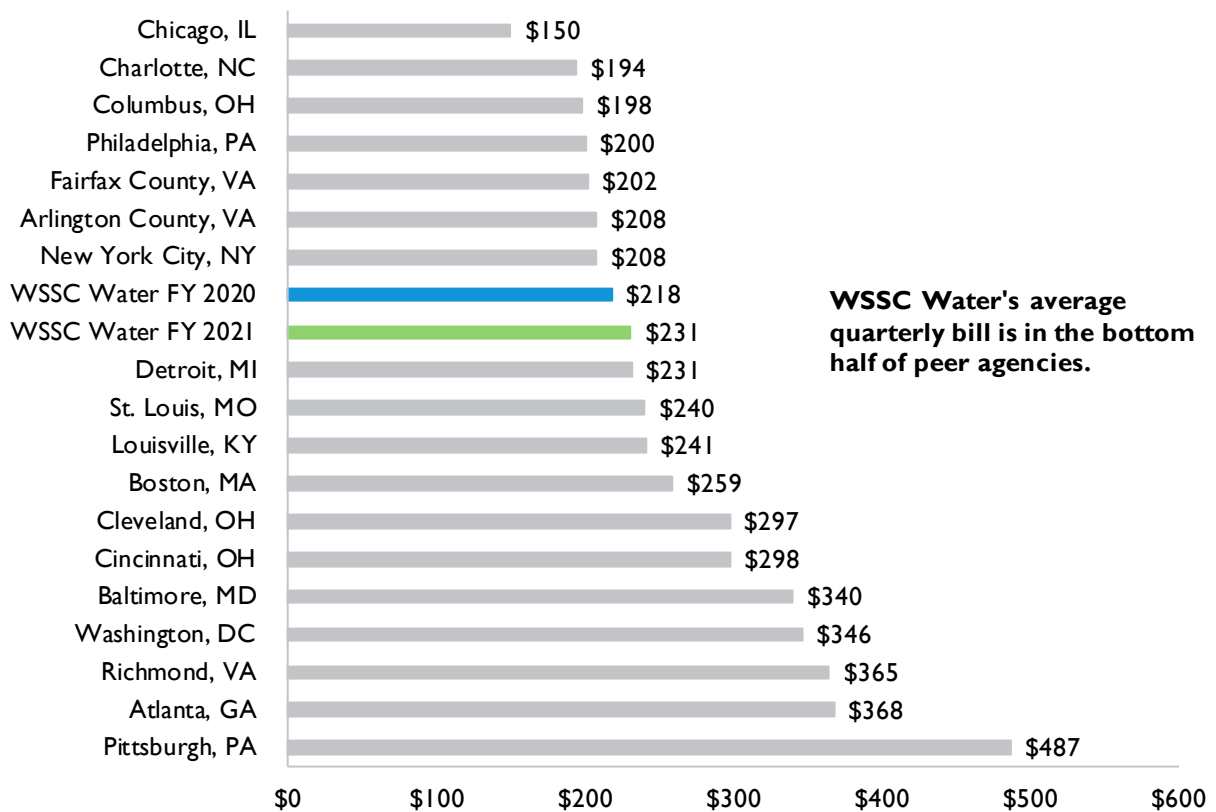


WATER/SEWER BILL COMPARISON

Quarterly Bill Comparison

Presented below is a comparison of WSSC Water’s average quarterly residential bill for water and sewer services at 165 gallons per day to the equivalent bill from 18 other cities and communities, both locally and nationally. The consumption level of 165 gallons per day is used for comparison because it represents the average household in WSSC Water’s service area, a 3-person household using of 55 gallons of water per person per day. The rates used in this comparison were in effect November 2019. The chart includes WSSC Water bills at FY 2020 approved and FY 2021 proposed rates. As shown in the chart, the quarterly bills in the other communities range from a low of \$150 in Chicago, Illinois to a high of \$487 in Pittsburgh, Pennsylvania. WSSC Water ranks in the bottom half of the peer agencies, with quarterly bills of \$218 in FY 2020 and \$231 in FY 2021. Therefore, WSSC Water’s rates and fees are competitive both locally and nationally.

**Residential Quarterly Water/Sewer Bill Comparison
(165 Gallons per Day)**

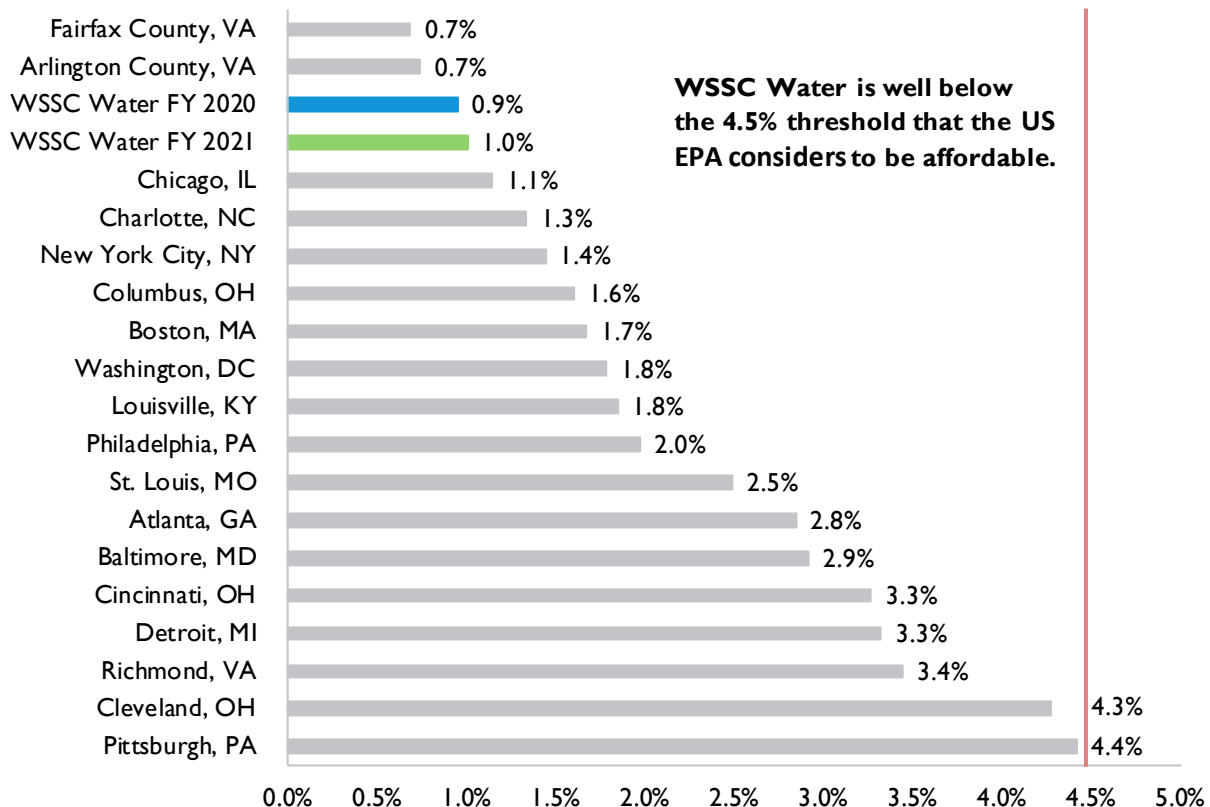


WATER/SEWER BILL COMPARISON (CONTINUED)

Bill as a Percentage of Median Household Income Comparison

The chart below shows a comparison of the average residential bills as a percentage of median household income for WSSC Water and the 18 other cities and communities analyzed for customers using 165 gallons of water per day. The average annual bill from WSSC Water in FY 2021 is only 1.0% of the median household income of its customers, a slight increase from the 0.9% in FY 2020. This places WSSC Water at the bottom end of the peer agencies, with only two agencies (Fairfax and Arlington counties in Virginia) having lower percentages. Additionally, WSSC Water is well below the 4.5% threshold that the US Environmental Protection Agency (EPA) considers to be affordable for customers.

Average Residential Bill as a Percentage of Median Income
(165 Gallons per Day)



Median household income (in 2017 dollars) 2013-2017. Figures gathered from www.census.gov, 2013-2017 American Community Survey 5-Year Estimates.

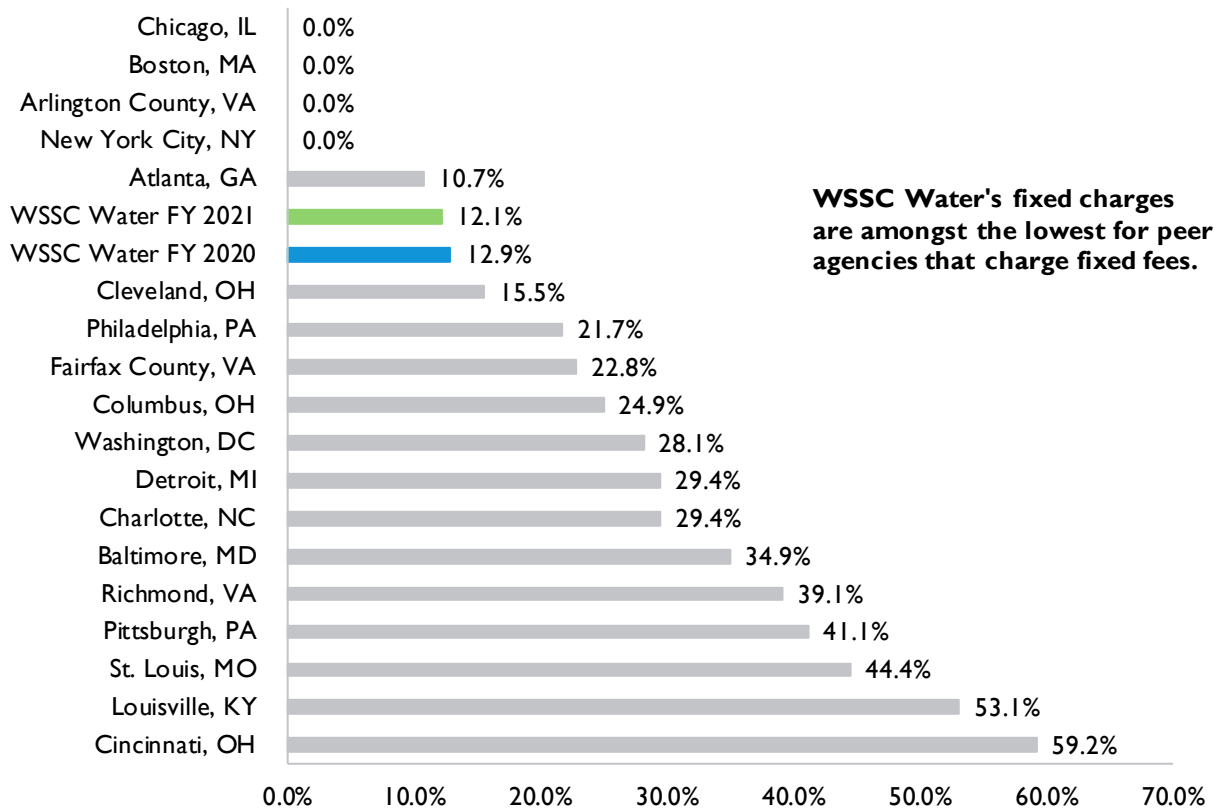


WATER/SEWER BILL COMPARISON (CONTINUED)

Percentage of Bill from Fixed Charges Comparison

A comparison of the percentage of the average residential bill, at 165 gallons per day, that is due to fixed charges is shown below for WSSC Water and the 18 other cities and communities reviewed. Four of the peer agencies (Chicago, Illinois; Boston, Massachusetts; Arlington County, Virginia; and New York City, New York) do not have any fixed fees as part of their water and sewer bills. Of the agencies that do charge fixed fees, WSSC Water has the second lowest percentage of its bill that is derived from those fees. In FY 2020, 12.9% of the average residential bill from WSSC Water was attributable to fixed fees. In FY 2021, that percentage has dropped to 12.1%, as the water and sewer rates have increased but fixed fees have remained the same.

Percentage of Average Residential Bill from Fixed Charges
(165 Gallons per Day)



SYSTEM DEVELOPMENT CHARGE – PROPOSED FOR IMPLEMENTATION JULY 1, 2020

	FY 2020 Current Charges	FY 2021 Proposed Charges	Current Maximum Allowable	Proposed Maximum Allowable
Apartment				
Water	\$ 896	\$ 896	\$ 1,330	\$ 1,346
Sewer	1,140	1,140	1,694	1,714
1-2 toilets/residential				
Water	1,344	1,344	1,998	2,022
Sewer	1,710	1,710	2,538	2,568
3-4 toilets/residential				
Water	2,240	2,240	3,328	3,368
Sewer	2,850	2,850	4,234	4,285
5 toilets/residential				
Water	3,135	3,135	4,658	4,714
Sewer	3,991	3,991	5,929	6,000
6+ toilets/residential (per fixture unit)				
Water	88	88	132	134
Sewer	115	115	173	175
Non-residential (per fixture unit)				
Water	88	88	132	134
Sewer	115	115	173	175

No increase is proposed for the System Development Charge for FY 2021 in any category. The maximum allowable charge is being adjusted pursuant to Division II, Section 25-403(c) of the Public Utilities Article of the Annotated Code of Maryland, based on the 1.2% change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for all items in the Washington, D.C. metropolitan area from November 2018 to November 2019.



MISCELLANEOUS FEES AND CHARGES – PROPOSED FOR IMPLEMENTATION JULY 1, 2020

The agency provides a number of services for which separate fees or charges have been established. Recent review of the costs required to provide these services indicates a need to change the amounts charged for some of the services. The fee and charge changes listed below are proposed to be effective July 1, 2020.

Inspections, Licenses, and Permits

<u>Item</u>	<u>Current Charge</u>	<u>FY 2021 Proposed Charge</u>	<u>Charge Change</u>
I Inspection Fees - Water/Sewer Connection Hookup, Well/Septic Hookup			
Plumbing and Gasfitting Inspections			
New Single Family Detached Dwellings	\$ 919	\$ 1,011	Yes
New Attached Dwellings (townhouse/multiplex excluding apartments)	919	1,011	Yes
<u>All Other Residential:</u>			
Water/Well Hookup	120	132	Yes
Meter Yoke Inspection (meter only installation)	120	132	Yes
Water Hookup Converting from Well (includes 2 inspections)	240	264	Yes
Sewer/Septic Hookup	120	132	Yes
First Plumbing Fixture	120	132	Yes
Each Additional Fixture	46	53	Yes
SDC Credit Fixture Inspection (per fixture)	44	48	Yes
Minimum Permit Fee	220	242	Yes
Permit Reprocessing Fee	66	73	Yes
Long Form Permit Refund Fee (1B write-up form)	220	242	Yes
Long Form Permit Re-Issue Fee	220	242	Yes
<u>All Non-Residential:</u>			
<u>Plan Review (without Permit Application)</u>			
25 Fixtures or Less	499	534	Yes
26-200 Fixtures	1,772	2,038	Yes
Over 200 Fixtures	3,531	4,061	Yes
<u>2nd or 3rd Review (with or without Permit Application)</u>			
25 Fixtures or Less	173	187	Yes
26-200 Fixtures	397	457	Yes
Over 200 Fixtures	846	973	Yes
Water/Well Hookup	214	235	Yes
Meter Yoke Inspection (meter only installation)	214	235	Yes
Sewer/Septic Hookup	214	235	Yes
FOG Interceptor	214	235	Yes
First Plumbing Fixture	214	235	Yes
Each Additional Fixture	55	59	Yes
SDC Credit Fixture Inspection (per fixture)	44	48	Yes
Minimum Permit Fee	306	337	Yes
Permit Reprocessing Fee	65	73	Yes
Long Form Permit Refund Fee (1B write-up form)	320	352	Yes
Long Form Permit Re-Issue Fee	320	352	Yes



MISCELLANEOUS FEES AND CHARGES – PROPOSED FOR IMPLEMENTATION JULY 1, 2020
Inspections, Licenses, and Permits (Continued)

Item	Current Charge	FY 2021 Proposed Charge	Charge Change
2 License Fees for the Regulated Trades			
<u>Reciprocal Master Plumber, Gasfitter:</u>			
Initial Registration per type (for 2 years)	\$ 112	\$ 123	Yes
Registration Renewal all types (for 2 years)	96	106	Yes
Late Registration Renewal	57	63	Yes
<u>Examined Master Plumber, Gasfitter:</u>			
Initial Registration per type (for 4 years)	118	130	Yes
Registration Renewal all types (for 4 years)	118	130	Yes
Late Registration Renewal	57	63	Yes
Cross-connection Technician Registration	29	32	Yes
Sewer and Drain Registration and Renewal (for 2 years)	46	53	Yes
Sewer and Drain Late Renewal Fee	22	24	Yes
<u>Journeyman License Registration:</u>			
Initial Registration (for 2 years)	34	37	Yes
Registration Renewal (for 2 years)	34	37	Yes
Late Registration Renewal	23	25	Yes
License Transfer Fee	31	31	-
License Replacement Fee	17	18	Yes
Apprentice License Registration Renewal	12	13	Yes
3 Short Form Permit Fee (up to 3 fixtures) – Non-Refundable	103	113	Yes
4 Long Form Permit Transfer Fee (with Inspection)	176	194	Yes
5 Tapper License Fees			
Permit Fee	363	363	-
Duplicate	36	36	-
6 Watershed Use Permit Fees			
<u>Boat Removal and Impoundment Fees</u>			
Boat/Craft Removal and Removal Fee	103	103	-
Monthly Storage Fee for Removed Boats	82	82	-
<u>Watershed Use Permit Fees</u>			
Watershed Use Permit (January 1 - December 31)	72	72	-
Single Day Watershed Use Permit	6	6	-
Open Season Boat Mooring (March 15 – November 30)	82	82	-
Winter Boat Mooring (December 1 – March 14)	55	57	Yes
Rental for the Azalea Garden (4 hours)	77	77	-
Rental for the Bio-Brick Pavilion (4 hours)	77	77	-
Boarding Stable Entrance Permit	258	258	-
Adjacent Landowner Entrance Permit	82	82	-
<u>Picnic Permit</u>			
Picnic Permit - groups of 1-5 persons	6	6	-
Picnic Permit - groups of 6-10 persons	12	12	-
Picnic Permit - groups of 11-15 persons	19	18	Yes
7 Site Utility Inspection Fees (Non-Minor)			
Base Fee	1,133	1,133	-
Pipeline (per foot)	6	6	-



MISCELLANEOUS FEES AND CHARGES – PROPOSED FOR IMPLEMENTATION JULY 1, 2020

Discharge and Water Protection

Item	Current Charge	FY 2021 Proposed Charge	Charge Change
8 Septic Hauler Discharge Permit Fees			
<u>Category I Residential & Septic Waste & Grease</u>			
1 - 49 gallons (per vehicle)	\$ 255	\$ 257	Yes
50 - 799 gallons (per vehicle)	5,071	5,578	Yes
800 - 2,999 gallons (per vehicle)	14,464	15,910	Yes
3,000 - gallons and up (per vehicle)	34,307	34,754	Yes
January through June	50% of fee	50% of fee	-
Transfer and/or Replacement Permit Sticker	118	130	Yes
Industrial/Special Waste Disposal Fee (per 1,000 gallons)	355	366	Yes
Zero Discharge Permit Fee	118	130	Yes
Temporary Discharge Permit Fee	118 + Sewer Rate/1,000 gallons	130 + Sewer Rate/1,000 gallons	Yes
Sewer Rate - Hauled Waste	43/1,000 gallons of truck capacity	47/1,000 gallons of truck capacity	Yes
9 Industrial Discharge Control Program Fees By Category			
<u>Industrial users subject to Categorical Pretreatment Standards</u>			
Less than 5,000 gpd (double visit)	5,085	5,594	Yes
Greater than 5,000 gpd (double visit)	7,792	8,571	Yes
Non-discharging Categorical Industries (zero discharge)	1,370	1,507	Yes
<u>Significant Industrial User</u>			
Less than 25,000 gpd (single visit - priority pollutant sampling)	5,085	5,594	Yes
Greater than 25,000 gpd (double visit - priority pollutant sampling)	7,792	8,571	Yes
Penalty Charge for Late Fee Payment	5% of fee	5% of fee	-
10 Discharge Authorization Permit Fees			
Significant Industrial User – Initial Permit (for 4 years)	6,046	6,651	Yes
Significant Industrial User – Renewal (for 4 years)	2,963	3,259	Yes
Initial Zero-Discharge CIU Permit (for 4 years)	2,296	2,526	Yes
Reissued Zero-Discharge CIU Permit (for 4 years)	1,531	1,684	Yes
Temporary Discharge Permit (non – SIU)	6,046	6,651	Yes
11 Discharge Fees - Food Service Establishment (FSE)			
Full Permit FSE	537	537	-
BMP Permit FSE	152	152	-
12 Cross Connection Fees			
Test Report Fee (per report)	38	42	Yes
Base Fee for High Hazard Commercial Water Customer (per month)	16	18	Yes
Base Fee for All Other Commercial Water Customer (per month)	8	9	Yes



MISCELLANEOUS FEES AND CHARGES – PROPOSED FOR IMPLEMENTATION JULY 1, 2020

Meter Related Services and Fees

Item	Current Charge	FY 2021 Proposed Charge	Charge Change
13 Small Meter Replacement (at Customer Request)	\$ 211	\$ 215	Yes
14 Meter Replacement Fees (Damaged or Stolen Meter)			
5/8" w/ touch pad (inside w/remote)	150	152	Yes
5/8" w/ pit pad (outside w/o remote)	150	150	-
5/8 Meter - pad encoder	125	127	Yes
5/8" x 3/4" w/ touch pad (inside w/ remote)	126	129	Yes
3/4" w/ touch pad (inside w/ remote)	151	151	-
3/4" w/ pit pad (outside w/o remote)	160	160	-
1" w/ touch pad (inside w/ remote)	196	196	-
1" w/ pit pad (outside w/o remote)	202	202	-
1" Kamstrup Meter, UT	315	319	Yes
1 1/2" Badger Flanged Meter	561	567	Yes
1 1/2" Flanged Meter	750	750	-
1 1/2" Nipple Meter	725	739	Yes
2" Flanged Meter	1,100	1,100	-
2" 15 1/4 Flanged Meter	1,185	1,207	Yes
3" Compound Meter	3,190	3,190	-
4" Compound Meter	3,960	3,960	-
6" Compound Meter	5,830	5,830	-
Turbine, Horizontal 3" Neptune w/ pit pad	1,456	1,475	Yes
Turbine, Horizontal 4" Neptune w/ pit pad	1,952	1,975	Yes
2" Hersey MVR Turbine	1,210	1,210	-
3" Hersey MVR Turbine	2,296	2,296	-
4" Hersey MVR Turbine	3,216	3,216	-
6" Hersey MVR Turbine	4,970	4,970	-
2" Detector Check	4,562	4,615	Yes
4" Detector Check	3,195	3,275	Yes
6" Detector Check	3,761	3,850	Yes
8" Detector Check	4,876	4,986	Yes
10" Detector Check	6,224	6,350	Yes
12" Detector Check	21,946	22,211	Yes
4" Fire Service Meter	8,239	8,239	-
6" Fire Service Meter	9,874	10,037	Yes
8" Fire Service Meter	12,315	12,502	Yes
10" Fire Service Meter	14,225	14,389	Yes
12" Fire Service Meter	16,250	20,403	Yes
3" Octave UT L=24	3,050	3,095	Yes
4" Octave UT L=29/ L=33	4,034	4,095	Yes
6" Octave UT L=45	5,944	6,026	Yes
8" Octave UT L=53	9,528	9,677	Yes
10" Octave UT L=68	12,901	13,080	Yes
15 Meter Testing Fees			
5/8" to 1"	261	261	-
1-1/2"	424	424	-
2" and up	473	473	-



MISCELLANEOUS FEES AND CHARGES – PROPOSED FOR IMPLEMENTATION JULY 1, 2020

Meter Related Services and Fees (Continued)

Item	Current Charge	FY 2021 Proposed Charge	Charge Change
16 Sub-Meter Installation Fees			
One-time Sub-Meter Charge - Small	\$ 261	\$ 261	-
One-time Sub-Meter Charge - Large	528	528	-
One-time Inspection Fee	57	66	Yes
Minimum Permit Inspection Fee	200	220	Yes
17 Water Turn-Off, Turn-On Fees			
Small Meter Turn-Off	80	80	-
Small Meter Turn-On	97	100	Yes
Large Meter Turn-Off	203	203	-
Large Meter Turn-On	241	241	-
18 Call Back Fee (small meters, plumbers)	93	93	-
19 Call Back Fee (large meters, plumbers)	262	301	Yes
20 Missed Appointment Fees			
First Missed Appointment or Turn-On	97	97	-
Each Additional Missed Appointment	110	110	-
21 Meter Reinstallation Correction Fee	388	388	-
22 Sewer Meter Maintenance Fee (per year)	12,003	13,803	Yes
Quarterly Calibrations (per quarter)	3,001	3,451	Yes
23 Property Inspection Fee	115	119	Yes
24 Warehouse Restocking Fee	39	47	Yes



MISCELLANEOUS FEES AND CHARGES – PROPOSED FOR IMPLEMENTATION JULY 1, 2020

Fire Hydrant Services and Fees

Item	Current Charge	FY 2021 Proposed Charge	Charge Change
25 Temporary Fire Hydrant Connection Fees			
<u>3/4" Meter - Deposit</u>			
2 Weeks or Less w/approved payment record	No fee	No fee	-
Over 2 Weeks/Less than 2 weeks w/unapproved payment record	\$ 379	\$ 379	-
<u>3" Meter - Deposit</u>			
2 Weeks or Less w/approved payment record	No fee	No fee	-
Over 2 Weeks/Less than 2 weeks w/unapproved payment record	2,420	2,420	-
<u>Service Charge</u>			
2 Weeks or Less (3/4" meter)	62	68	Yes
2 Weeks or Less (3" Meter)	130	130	-
Over 2 Weeks (3/4" and 3" Meters)	175	175	-
Water Consumption Charge - 3/4" Meter	Approved rate for 1,000 gal ADC; \$33 min.	Approved rate for 1,000 gal ADC; \$36 min.	Yes
Water Consumption Charge - 3" Meter	Approved rate for 1,000 gal ADC; \$214 min.	Approved rate for 1,000 gal ADC; \$229 min.	Yes
Late Fee for Return of Meter (per day)	10	10	-
Fee on Unpaid Temporary Fire Hydrant Meter Billings	1.5%/month	1.5%/month	-
Loss/Destruction of Meter	Replacement cost	Replacement cost	-
Loss/Destruction of Wrench	40	40	-
26 Truck Inspection Fee w. Attached Fire Hydrant Meter (2 Years)	52	52	-
27 Fire Hydrant Inspection Fee (per hydrant)	137	158	Yes
Controlled Access Surcharge Fee	26	30	Yes
28 Fire Hydrant Flow Test Fees			
No Current Test	693	693	-
Current Test	83	83	-



MISCELLANEOUS FEES AND CHARGES – PROPOSED FOR IMPLEMENTATION JULY 1, 2020

Development Services

Item	Current Charge	FY 2021 Proposed Charge	Charge Change
29 Feasibility Review Fees (WSSC Built)			
Feasibility Submission Fee (Non-refundable)	\$ 1,780	\$ 1,956	Yes
Feasibility Review & Report Fee Deposit <i>(can be deferred as deficit when extension is completed)</i>	11,862	13,048	Yes
30 Construction Services Fee	9.3% of WSSC unit cost estimate or 12.0% of contractor's cost estimate	9.3% of WSSC unit cost estimate or 12.0% of contractor's cost estimate	-
31 Design Review			
Development is more than 10 Residential Units or Commercial	6,500	6,500	-
Development is 10 Residential Units or Less	3,250	3,250	-
32 Extra Review Fees			
<u>Per SEP Plan Review:</u>			
Minor Additional Reviews of Unsigned or Signed Plans (per review)	1,202	1,322	Yes
Major/Splitting Additional Reviews of Unsigned or Signed Plans (per review)	2,453	2,698	Yes
<u>Per Site Utility/Minor Utility Additional Signed or Unsigned Plan Review:</u>			
Site Utility (per review)	1,458	1,604	Yes
Minor Site Utility (per review)	379	417	Yes
<u>Per Hydraulic Planning Analysis/Systems Planning Forecast Application:</u>			
Additional Review of Required Data (per application)	822	904	Yes
33 Hydraulic Planning Analysis and System Planning Forecast			
Modeling and Re-Modeling Fee - Up to 3 parts	1,840	2,116	Yes
Modeling and Re-Modeling Fee - per part over 3	765	765	-
Pressure Sewer System Review Fee - per system	367	404	Yes
34 In-House Design Deposit	Deposit	Deposit	-
35 Partial Release for Service Fee	1,398	1,468	Yes
36 Off-Property Service Connection Reimbursement	Prevailing service connection fee	Prevailing service connection fee	-
37 Service Connection Application and Inspection Fee (per permit)	2,434 water and/or sewer connection	2,434 water and/or sewer connection	-
38 Government Referred Plan Review Fees			
Major Development – Over 10 Units	1,583	1,693	Yes
Minor Development – 10 or Less Units	791	791	-
Re-Review Fee for Major Development	791	791	-
Re-Review Fee for Minor Development	396	396	-



MISCELLANEOUS FEES AND CHARGES – PROPOSED FOR IMPLEMENTATION JULY 1, 2020

Development Services (Continued)

Item	Current Charge	FY 2021 Proposed Charge	Charge Change
39 Pre-Screen Fee All Plan Types	\$ 365	\$ 394	Yes
40 Site Utility (On-Site) Review Fees			
Base Fee	3,522	3,631	Yes
Additional Fee per 100 feet	332	352	Yes
Minor (Waived) Site Utility (On-Site) Fee	1,106	1,217	Yes
41 Name/Transfer of Ownership Change Fee	250	275	Yes
42 Variance Review Fee	1,238	1,362	Yes



MISCELLANEOUS FEES AND CHARGES – PROPOSED FOR IMPLEMENTATION JULY 1, 2020

Pipeline, Engineering, and Environmental Services

Item	Current Charge	FY 2021 Proposed Charge	Charge Change
43 Shut Down/Charge Water Main Fee	\$ 1,177	\$ 1,177	-
Shut Down/Complex Water Main Fee	2,144	2,144	-
44 Fees for Review and Inspection of Site Work Potentially Impacting WSSC Pipelines			
Simple Review	399	399	-
Complex Review / Non-DR Developer Review	2,615	3,138	Yes
Inspection for minor adjustment / Non-DR Developer (per inspection)	266	266	-
45 Relocation Fees			
Relocation Design Review Fee	6,500	DELETE	-
Inspection Fee for MOU Project (minimum charge up to 4 hours)	600	600	-
46 Connection Abandonment Fees			
County Roads (Except Arterial Roads) - Water	1,474	1,474	-
County Roads (Except Arterial Roads) - Sewer	1,873	1,873	-
State Roads and County Arterial Roads - Water	1,778	1,778	-
State Roads and County Arterial Roads - Sewer	2,200	2,200	-
47 Chlorination Confirmation Test Fee (per first test)	247	247	-
Re-Test or Additional Tests (per hour)	157	173	Yes
48 Re-Test or Additional Tests Chlorination and Pressure Test (per test)	157	173	Yes
Inspector Overtime (per hour)	206	206	-
49 Review Fee for Additional Reviews of Contract Documents and As-Builts (per hour)	206	206	-
50 Residential Outside Meter Housing Upgrade/Pipe Alteration	6,786	6,805	Yes
51 Utility Erosion and Sediment Control Permit Fees			
Minor Projects (less than 125 linear ft OR less than 42 in. deep and 20 in. width)	0.23	0.26	Yes
Major Projects (per linear foot)	0.34	0.39	Yes
Minimum for Major Projects	124	124	-
52 Right-of Way Release or Subordination Review Fee (per document)	1,236	1,335	Yes
53 Right-of-Way Acquisition and Condemnation for SEP Projects	Reimbursement	Reimbursement	-
54 Environmental Site Review Fee			
With Database Search Submitted by Applicant	331	381	Yes
55 Feasibility Report and Committee Review Fee for On-Site Takeover Projects	1,120	1,288	Yes



MISCELLANEOUS FEES AND CHARGES – PROPOSED FOR IMPLEMENTATION JULY 1, 2020

Publications and Administrative

Item	Current Charge	FY 2021 Proposed Charge	Charge Change
56 Fee for Sale of Copies of Plans, Plats, and 200' Reference Maps			
Xerographic bond paper copy (per sheet)	\$ 6	\$ 6	-
57 Fee for Sale of WSSC Plumbing and Fuel Gas Code (Plumbing Code)			
Sale of Plumbing Regulation (per book)	42	46	Yes
58 Fees for Sale of Contract Specifications, Contract Specification Books, Drawings, Design Manuals, Standard Details, and General Conditions			
<u>Construction Specifications/Drawings</u>			
Utility Contracts (up to \$20)	11 - 20	11 - 20	-
Facility Contracts (up to \$450)	40 - 450	40 - 450	-
Construction Standard Details	60	66	Yes
Construction General Conditions & Standard Specifications	53	61	Yes
SEP Construction General Conditions & Standard Specifications	53	61	Yes
<u>Procurement Specifications/Drawings/General Conditions</u>			
with Routine Specifications	No charge	No charge	-
with Complex/Voluminous Specifications (up to \$200)	40 - 200	40 - 200	-
59 Charge for Photocopies of WSSC Documents			
Readily Available Source Material (per single sided page)	0.30	0.30	-
Certified Copy of Readily Available Source Material (per single sided page)	0.60	0.60	-
Scanning Documents (per single sided page)	0.30	0.30	-
<i>(A reasonable fee may be charged for time in excess of two hours expended by WSSC in searching for requested records or preparing such records for inspection and copying.)</i>			
60 Fee for WSSC Pipeline Design Manual	90	90	-
61 Sale of WSSD Laws			
Bound Volume	83	83	-
Supplements	42	45	Yes
62 Facilities Design Guideline Fee	40	DELETE	-
63 Fee for Transcribed Tape of a Hearing or Meeting	Prevailing fee charged by vendor	Prevailing fee charged by vendor	-



MISCELLANEOUS FEES AND CHARGES – PROPOSED FOR IMPLEMENTATION JULY 1, 2020

Other Fees and Charges

Item	Current Charge	FY 2021 Proposed Charge	Charge Change
64 Patuxent Watershed Civil Citation Fee (State Mandated)			
First Offense	\$ 150	\$ 150	-
Each Additional Offense Within Calendar Year	300	300	-
65 Civil Citation Fees - Sediment Control, Theft of Service, and Plumbing Civil Citations (State Mandated)			
First Offense	250	250	-
Second Offense	500	500	-
Third Offense	750	750	-
Each Violation in Excess of Three	1,000	1,000	-
66 Lobbyist Registration Fee (Code of Ethics)	100	110	Yes
67 Dishonored Check Fee & Electronic Payment Fee	46	46	-
<i>(Applies to all dishonored checks and dishonored electronic payments)</i>			
68 Credit Card Surcharge	2% of amount charged	2% of amount charged	-
<i>(Applies to customer payment of any fee/charge by credit card (MasterCard and Visa) other than water and sewer billing.)</i>			
69 Protest Filing Fee	770	847	Yes
70 Preparation of Hold Harmless Agreement Fee	1,228	1,351	Yes
71 Connection Redemption Fee	44	44	-



III. DISCUSSION ITEMS

Minimizing Rate Increases through Cost Savings

Capital Savings:

- Debt reduction items first identified in FY'20 CIP continue in FY'21 including:
 - Water Main Reconstruction will remain at 25 miles for FY'21
 - Potomac Submerged Channel Intake remains beyond six-years
- Debt service savings:
 - Change from level debt service payments to level principal payments beginning in FY'25
- Strategic Sourcing Teams identified \$30.7 million in capital cost reductions and \$28.2 million in cost avoidances through FY 2019

Operating Savings:

- \$17 million in reductions to the FY 2018 operating budget that were not reinstated
- Strategic Sourcing Teams identified over \$19.3 million in operating cost reductions and \$17.1 million in cost avoidances through FY 2019
- Group Insurance plan design changes: \$4.3 million in savings FY 2017
- 30 frozen positions
- Reduced overtime expenses of \$30 million since FY 2017
- Energy Performance Program since FY 2004 has implemented \$17.5 million in savings with additional project for FY 2021 planned to produce almost \$700,000 more in additional annual savings
- Workers Compensation:
 - 62% reduction in lost workday cases
 - 25% reduction in lost work days
 - 50% reduction in claim costs

No increase in authorized positions since FY'17

CIP project W-73.33, Potomac WFP Consent Decree Program

The Consent Decree was signed in April 2016 and requires the design and construction of **short-term** (by April 2020) **and long-term upgrades** (by January 2026) required to meet the new discharge limitations.

Benefits:

Although the existing Potomac Solids Handling facility removes nearly all solids before the effluent is returned to the Potomac, the **Consent Decree requires that no solids are returned (>99% removal, even in the event of a multiple-day event like Hurricane Isabel in 2003).**

Costs:

CIP estimate was increased from \$163.8 million to \$202 million (as expected) and reflects the **MDE Approved** Long-Term Plan. FY'21 Proposed CIP includes full costs.

Status:

Short-term upgrades in construction and on schedule for April 1, 2020 deadline.

Long-term solution in design (and on schedule).

Issues:

None at this time.

CIP project S-103.02, Piscataway Bio-Energy

This project provides for the design and construction of a new **state of the art waste to energy plant** at the Piscataway WRRF in southern Prince George's County, anaerobic digestion/combined heat & power system, to treat biosolids from all of our water resource recovery facilities in both counties. **The “green” solution for disposing of biosolids now and in the future.**

Benefits:

Reduces biosolids output by half (more than 50,000 tons per year); recovers **2-3 megawatts of renewable energy, enough to serve as emergency back-up, run the plant off-grid**; reduces total greenhouse gas emissions by 15%.

In addition, the project will **produce Class A biosolids for sale and beneficial reuse. Economic benefits are expected to exceed \$3.7 million per year through energy savings and reduced biosolids disposal and chemical costs.**

Avoids last Spring's (State-wide) biosolids problem - when it was too wet to land apply and there was no more room for storage.

Costs:

FY'21 CIP estimate \$281 million. Approved for \$3.5 million in State grants and an \$128.3 million low-interest loan commitments through the MDE State Revolving Loan program (first loan at 0.7% APR).

Status:

Phase I demolition, utilities and site preparation **wrapping up construction this summer (\$44M)**. Phase II contract for new facility construction (progressive design/build guaranteed maximum price) currently in negotiation. Briefing at February Commission meeting, **approval expected at March Commission Meeting (\$227.6M)**.

Issues:

Escalating cost – technology (and efficiency) continues to evolve; trade wars have calmed but markets/material pricing has not.

CIP project A-109.00, Advanced Metering Infrastructure (AMI)

This project provides for the implementation of a system-wide automated meter reading infrastructure system and new comprehensive customer billing and data analysis integration software. Over 450,000 meters will be replaced (or upgraded) to **enable transmitting the meter reading. All readings will be collected remotely.**

Benefits:

Monthly billing based on actual meter readings. This would reduce the bill size to help customers stay current with their payments, help customers develop a greater awareness of their water consumption, and ensure that problems such as excessive consumption due to leaks are addressed more quickly (and while they are smaller).

Active notification of customers with abnormal consumption that might signify leaks before they get high consumption bills.

Reduced customer calls and fewer costly field investigation visits.

Data analytics will **improve the detection of leaks** to reduce non-revenue water, enable near real-time management of water system and improve overall operations resulting in faster response times, **more efficient operations and reduced costs.**

Project pays for itself over time.

Costs:

FY'21 CIP estimate \$99.6 million; simple payback ~ 7 years.

Status:

First approved in FY2013 CIP; new billing system (C2M) in place; implementation contract currently in negotiation; **expect to bring to July Commission meeting for approval;** meter installation period ~36-48 months beginning Spring 2021.

Issues:

Safety – fear of radio waves (RF) from Smart Meters

February Commission Meeting – UCLA Study/Expert Testimony

American Cancer Society, World Health Org – not an issue.

Escalating cost – technology (and accuracy) continues to evolve

Latest technology gets highest payback – 30+ year life for meters.

Job loss – no expected job loss (entry level jobs with high turnover)

Better jobs as technicians

Opt Out – (see Safety above)



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 Howard A. Denis
 Sandra L. Thompson

GENERAL MANAGER
 Carla A. Reid

January 30, 2020

The Honorable Angela D. Alsobrooks, Prince George's County Executive
 The Honorable Marc Elrich, Montgomery County Executive
 The Honorable Todd M. Turner, Chair, Prince George's County Council
 The Honorable Sidney Katz, President, Montgomery County Council

Dear Ms. Alsobrooks, Mr. Elrich, Mr. Turner, and Mr. Katz:

The purpose of this letter is to request approval of an amendment to the WSSC Water Adopted Fiscal Years 2020-2025 Capital Improvements Program (CIP). The amendment provides for the addition of one new CIP project, A-101.05, Customer Resource Building, and offsetting reductions to two existing CIP projects, W-172.07, Patuxent Raw Water Pipeline and S-170.08, Septage Discharge Facility Planning & Implementation. The projects to be reduced fully offset the new project and no increase to the FY 2020 Approved Budget is required.

At the January 15, 2020 meeting the WSSC Water Commissioners unanimously approved transmittal of this amendment to the counties for your review and approval.

The table below summarizes the changes to the projects. Amended project description forms are attached.

FY20 CIP Amendment

			FY20 Budgeted	FY20 Amendment
A	101.05	Customer Resource Building	-	13,500,000
W	172.07	Patuxent Raw Water Pipeline	8,580,000	1,695,000
S	170.08	Septage Discharge Facility	12,276,000	5,661,000
		sub total	20,856,000	20,856,000

FY2020 Net Change 0

Your prompt approval of this CIP amendment is respectfully requested.

Sincerely,


 Carla A. Reid
 General Manager/CEO

Septage Discharge Facility Planning & Implementation

A. Identification and Coding Information		
Agency Number	Project Number	Update Code
S - 000170.08	103802	Change

PDF Date	October 1, 2019
Date Revised	January 15, 2020

Pressure Zones	
Drainage Basins	
Planning Areas	Bi-County

B. Expenditure Schedule (000's)

Cost Elements	Total	Thru FY'18	Estimate FY'19	Total 6 Years	Year 1 FY'20	Year 2 FY'21	Year 3 FY'22	Year 4 FY'23	Year 5 FY'24	Year 6 FY'25	Beyond 6 Years
Planning, Design & Supervision	4,880	4,080	40	760	166	360	234				
Land											
Construction	25,095	1,095	1,200	22,800	4,980	10,800	7,020				
Other	2,480		124	2,356	515	1,116	725				
Total	32,455	5,175	1,364	25,916	5,661	12,276	7,979				

C. Funding Schedule (000's)

WSSG Bonds	32,455	5,175	1,364	25,916	5,661	12,276	7,979				
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D. Description & Justification

DESCRIPTION
This project provides for the planning, design, and construction of a new Septage and Fats, Oils, Grease (FOG) discharge facility at the abandoned Rock Creek WRRF, and new Septage discharge facilities at Anacostia WMPS No. 2 and Piscataway WRRF.

JUSTIFICATION

Currently septage waste is collected at three locations: Muddy Branch Road Disposal Site in Montgomery County, and Ritchie Road Disposal Site and Bladensburg Disposal Site in Prince George's County (the Temple Hills Road site was closed down on July 1, 2015). The types of waste collected are as follows: Septic Tank Pump-Out (Sludge), Waste Holding Tank Discharge (Gray Water), Grease Trap Pump Out (FOG), Bus Holding Tank Discharge (Sewage and Chemicals), and Small Food Service Providers (Low Volume FOG Waste). FOG wastes should not be discharged to the Commission's sewerage system without treatment. Septage Discharge Facility Study for Montgomery County: Final Report, JMT (July 2012); Septage Discharge Facility Study for Prince George's County: Final Report, JMT (July 2012).

COST CHANGE

The estimated construction cost of the three facilities has increased based upon more refined cost estimates for all three sites.

OTHER

The project scope has remained the same. The design of the Rock Creek and Anacostia sites are 100% complete. The design of the Piscataway site is 90% complete. The expenditures and schedule projections shown in Block B are estimates at the current design stages at each site, and may change based upon actual bids. The design and construction of the FOG Discharge Facility at the Piscataway WRRF has been moved to the Piscataway WRRF Bio-Energy Project.

The Rock Creek and Anacostia sites will be advertised as one project in 2019. The design of the Piscataway site will be completed with construction deferred until 2023, after the performance of the Rock Creek and Anacostia sites have been evaluated, and coordinated with the construction schedule of other Piscataway facility projects.

COORDINATION

Coordinating Agencies: Maryland Department of Natural Resources, Maryland Department of the Environment, Maryland-National Capital Park & Planning Commission (Mandatory Referral), Montgomery County Department of Environmental Protection, Montgomery County Government, Prince George's County Department of Environmental Resources, Prince George's County Government
Coordinating Projects: S - 000096.14 - Piscataway WRRF Facility Upgrades; S - 000103.02 - Piscataway Bioenergy

E. Annual Operating Budget Impact (000's)		FY of Impact
Staff & Other		
Maintenance		
Debt Service	\$2,111	23
Total Cost	\$2,111	23
Impact on Water and Sewer Rate	\$0.05	23

F. Approval and Expenditure Data (000's)

Date First in Program	FY 10
Date First Approved	FY 10
Initial Cost Estimate	10,935
Cost Estimate Last FY	30,494
Present Cost Estimate	32,455
Approved Request Last FY	5,229
Total Expense & Encumbrances	5,175
Approval Request Year 1	5,661

G. Status Information

Land Status	Public/Agency owned land
Project Phase	Design
Percent Complete	70 %
Estimated Completion Date	June 2022
Growth	
System Improvement	100%
Environmental Regulation	
Population Served	
Capacity	

H. Map

MAP NOT APPLICABLE

Patuxent Raw Water Pipeline

A. Identification and Coding Information		
Agency Number	Project Number	Update Code
WV-000172.07	003804	Change

PDF Date	October 1, 2018
Date Revised	January 15, 2020

Pressure Zones	Prince George's Main H3320A
Drainage Basins	
Planning Areas	BI-County

B. Expenditure Schedule (000's)

Cost Elements	Total	Thru	Estimate	Total 6 Years	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Beyond 6 Years
		FY'18	FY'19		FY'20	FY'21	FY'22	FY'23	FY'24	FY'25	
Planning, Design & Supervision	5,957	5,377	180	400	40	200	160				
Land	219	219									
Construction	26,325	7,525	3,600	15,200	1,501	7,600	6,099				
Other	1,938		378	1,560	154	780	626				
Total	34,439	13,121	4,158	17,160	1,695	8,580	6,885				

C. Funding Schedule (000's)

WSSC Bonds	34,439	13,121	4,158	17,160	1,695	8,580	6,885				
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D. Description & Justification

DESCRIPTION

This project provides for the planning, design, and construction of approximately 2.5 miles of new 48-inch diameter raw water pipeline from the Rocky Gorge Raw Water Pumping Station to the Patuxent Water Filtration Plant, clearing of the existing water lines, and replacement of valves.

JUSTIFICATION

The existing raw water supply facilities are hydraulically limited to 72 MGD with all pumps running at the Rocky Gorge Pumping Station. In order to convey more than 72 MGD of raw water, a new raw water pipeline is required. A fourth raw water pipeline from the Rocky Gorge Pumping Station to the Patuxent Plant and modification/expansion of the Rocky Gorge Pumping Station will provide a firm raw water pumping transmission capacity of 110 MGD. These improvements, in conjunction with expansion of the Patuxent Water Filtration Plant, will give the Plant a firm nominal capacity of 72 MGD, with an emergency capacity of 110 MGD. Patuxent WFP Facility Plan (April 1997); In-House Study (April 2002).

COST CHANGE

Not applicable.

OTHER

The project scope has remained the same. The Rocky Gorge Valve Replacement and the cleaning of existing raw water pipelines are 100% complete. The new raw water pipeline is currently in design. Expenditure and schedule estimates for the new raw water pipeline may change based upon design constraints and permitting issues. The project has been delayed due to a lengthy permit and right-of-way acquisition process. As with any construction project, areas disturbed by construction will be restored. This restoration includes paving of impacted roads in accordance with Prince George's County Policy and Specifications for Utility Installation and Maintenance Manual (Section 4.7.2).

COORDINATION

Coordinating Agencies: Baltimore Gas & Electric; Interstate Commission on the Potomac River Basin; Local Community Civic Associations; West Laurel Civic Association; Maryland Department of the Environment; Maryland-National Capital Park & Planning Commission; Montgomery County Government; Prince George's County Government
Coordinating Projects: WV - 000172.05 - Patuxent WFP Phase II Expansion; WV - 000172.08 - Rocky Gorge Pump Station Upgrade

E. Annual Operating Budget Impact (000's)		FY of Impact
Staff & Other		
Maintenance	\$341	23
Debt Service	\$2,240	23
Total Cost	\$2,581	23
Impact on Water and Sewer Rate	\$0.05	23

F. Approval and Expenditure Data (000's)

Date First In Program	FY 06
Date First Approved	FY 03
Initial Cost Estimate	18,750
Cost Estimate Last FY	33,663
Present Cost Estimate	34,439
Approved Request Last FY	378
Total Expense & Encumbrances	13,121
Approval Request Year 1	1,695

G. Status Information

Land Status	Land Acquired
Project Phase	Design
Percent Complete	98 %
Estimated Completion Date	June 2022

Growth	
System Improvement	100%
Environmental Regulation	
Population Served	
Capacity	

H. Map

MAP NOT AVAILABLE

Customer Resource Building

A. Identification and Coding Information		
Agency Number	Project Number	Update Code
A - 000101.05		Add

PDF Date	January 15, 2020
Date Revised	

Pressure Zones	
Drainage Basins	
Planning Areas	Bl-County

B. Expenditure Schedule (000's)

Cost Elements	Total	Thru FY'18	Estimate FY'19	Total 6 Years	Year 1 FY'20	Year 2 FY'21	Year 3 FY'22	Year 4 FY'23	Year 5 FY'24	Year 6 FY'25	Beyond 6 Years
Planning, Design & Supervision											
Land											
Construction	13,500			13,500	13,500						
Other											
Total	13,500			13,500	13,500						

C. Funding Schedule (000's)

WSSC Bonds	13,500			13,500	13,500						
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D. Description & Justification

DESCRIPTION
The project provides for the acquisition and build-out of the office building located at 14400 Sweitzer Lane.

JUSTIFICATION

Acquisition of the building provides the following benefits: alleviates space issues at the Richard G. Hooever Headquarters Building (RGH); avoids current lease costs; provides needed swing space for renovations at the RGH; improves security at the RGH by moving all public facing functions to the new building including Development Services - Permitting, Cashier functions, and inspectors for both Regulatory and Construction Divisions; provides needed parking; generates revenue from lease income; and, potential to serve as a Multi-Agency Service Center through co-located services with other government agencies. Additional benefits include: location across the street from the RGH; economical and secure IT connectivity; and, investment in an asset vs. lease.

COST CHANGE

Not applicable.

OTHER

The present project scope was developed as an amendment to the FY2020 CIP and has a projected total cost of \$13,500,000. The schedule and expenditure information shown in Block B are based upon the best available information for purchase of the building, partial build-out of space and related costs. Constructed in 2000, this modern, Class A, LEED Silver Certified, four story building with approximately 121,000 square feet of space and 479 parking spaces is located on 1.84 acres, across the street from the RGH, near the Montgomery and Prince George's County line. In comparison, the estimated new construction cost including land for a building this size is approximately \$36 million. The CIP amendment for the acquisition of the building requires the approval of both the Montgomery and Prince George's County Councils.

COORDINATION

Coordinating Agencies: Montgomery County Government; Prince George's County Government
Coordinating Projects: Not Applicable

E. Annual Operating Budget Impact (000's)		FY of Impact
Staff & Other	\$4,249	21
Maintenance	\$1,104	21
Debt Service	\$824	21
Total Cost	\$(321)	21
Impact on Water and Sewer Rate		

F. Approval and Expenditure Data (000's)	
Date First in Program	FY 20
Date First Approved	FY 20
Initial Cost Estimate	13,500
Cost Estimate Last FY	
Present Cost Estimate	13,500
Approved Request Last FY	
Total Expense & Encumbrances	
Approval Request Year 1	13,500

G. Status Information	
Land Status	Not Applicable
Project Phase	Not Applicable
Percent Complete	0 %
Estimated Completion Date	June 2020
Growth	
System Improvement	100%
Environmental Regulation	
Population Served	
Capacity	

H. Map

MAP NOT AVAILABLE






FY 2021 WSSC Executive Summary_and Report FINAL

Final Audit Report

2020-04-27

Created:	2020-04-27
By:	Donna J Brown (djbrown@co.pg.md.us)
Status:	Signed
Transaction ID:	CBJCHBCAABAASwsnDQ-5-B3bGEDNG7at7BE3qcxxX0v_

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