



THE PRINCE GEORGE'S COUNTY GOVERNMENT

(301) 952-3700

May 10, 2016

County Council

The Honorable Nancy Floreen, President
Montgomery County Council
100 Maryland Avenue, 6th Floor
Rockville, MD 20850

Dear President Floreen:

The Prince George's County Council has reviewed the FY'17 Operating and Capital budgets of the Washington Suburban Sanitary Commission (WSSC), the Maryland-National Capital Park and Planning Commission (M-NCPPC), and the Washington Suburban Transit Commission (WSTC). The Council's recommendations on each of these budgets are provided for your information.

WASHINGTON SUBURBAN SANITARY COMMISSION

WSSC Operating Budget:

WSSC's budget is formulated based on the Spending Affordability limits that were set in the fall of 2015. At that time both Council's supported a cap of the volumetric rate increase at 3.5% for FY17. WSSC's FY 2017 budget proposed a volumetric rate increase of 3%, along with a full phase in of the Infrastructure Investment Fee.

Subsequently, our Council's Transportation, Housing and Environment (THE) Committee met with your Transportation, Infrastructure, Energy and Environment (T&E) Committee to discuss WSSC's complex rate structure and pending rate study, WSSC's efforts to improve the quality of its temporary road patching work, and the major need for substantial infrastructure improvements.

With these concerns in mind, we are proposing some amendments to the WSSC operating budget. Listed below is a summary of recommended actions taken by the Council:

- Increase water and sewer rates by 3.0% for FY 17;
- Accept full phase-in of the Infrastructure Investment Fee for FY'17;

- Reduce the rate supported amount allocated for compensation by \$2,100,304 comparable to compensation for the Prince Georges County Government employees; with this reduction, the rate supported compensation includes \$2,141,796 for COLA and merit pay for WSSC eligible employees and \$119,600 for IT contract employees who are not eligible for COLA or merits.
- Reduce revenue impact for the Customer Assistance Program in the amount of (-\$856,000), based on latest projections;
- Adjust the Blue Plains Regional Sewage Disposal costs to align with the latest projections by (+\$2,900,000);
- Remove 2 additional Permit Specialists positions (-\$103,300);
- Approve additional 5 customer service positions to be filled after January 1, 2017 (+\$330,500);
- The impact of the above adjustments will be a net increase in expenditures of \$178,836, which WSSC will absorb within its original proposed budget.
- Approve the Commission's water production proposal of 164 million gallons per day in FY'17;
- Approve the Commission's proposed level of authorized work-years at 1,773;
- Approve the Operating Budget of \$735.5 million.

WSSC Capital Budget:

The Council recommends WSSC's six-year Capital Improvements Program totaling \$2.0 billion, with the FY'17 Budget Year total of \$492.7 million, a \$53.9 million decrease from WSSC's FY'16 Approved Budget. Specifically, the Council endorses the following recommendations to the WSSC FY 2017-2022 Capital Improvement Program:

A. System Development Charge

- The Council concurs with WSSC's recommendations to maintain the SDC combined rate at \$203 per fixture. The Council also approved the Commission's proposal to increase to \$291 per fixture the maximum allowable ceiling for the SDC based on the Consumer Price Index (0.4%) for the preceding 12 months to preserve the option of maximizing the fee's yield in future years.

B. Capital Program Categories (in thousands)

Total WSSC CIP	\$492,726
Total Information Only	\$208,767

C. New CIP Projects

- The Council recommends WSSC's one new proposed project in the FY'17 CIP project with an estimated 6 year program cost of \$27.2 million and one new Information Only project with an estimated 6 year program cost of \$6.4 million.

D. All Other Projects

- The Council concurs with updated numbers for the Blue Plains Projects and with all other projects as proposed in WSSC FY 2017-2022 Capital Improvements Program.

MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

With regard to the budget items allocable to both counties as submitted by the Commission, we recommend approval of the Commission's proposed FY2017 compensation adjustments for all employees, as reflected in the ratified agreement with MCGEO, which is also passed through to non-represented employees, and the agreement with Fraternal Order of Police Lodge #30, which is scheduled for ratification.

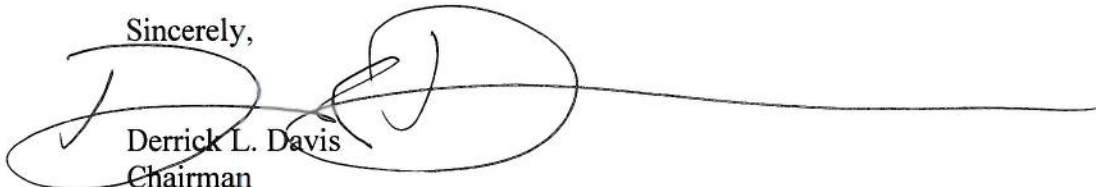
We also recommend approval of the proposed funding for CAS as revised by the compensation adjustment.

WASHINGTON SUBURBAN TRANSIT COMMISSION

The Council recommends the amount of \$117,760 be appropriated for the Prince George's County portion of the Fiscal Year 2017 Washington Suburban Transit Commission budget.

Thank you for your consideration of the Prince George's County Council's recommendations. We look forward to our discussions at the Bi-County meeting on May 12th. Please feel free to contact me at 301-952- 3426

Sincerely,



Derrick L. Davis
Chairman