



Transportation, Infrastructure, Energy & Environment Committee Briefing

Finance Department

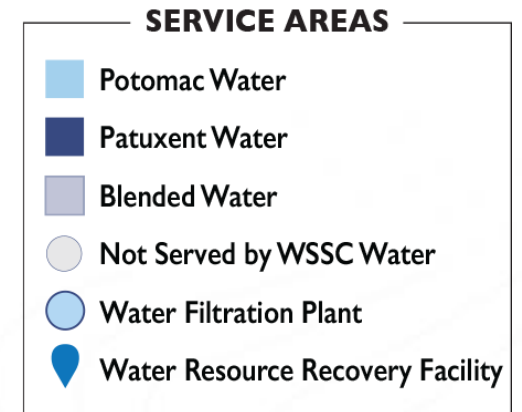
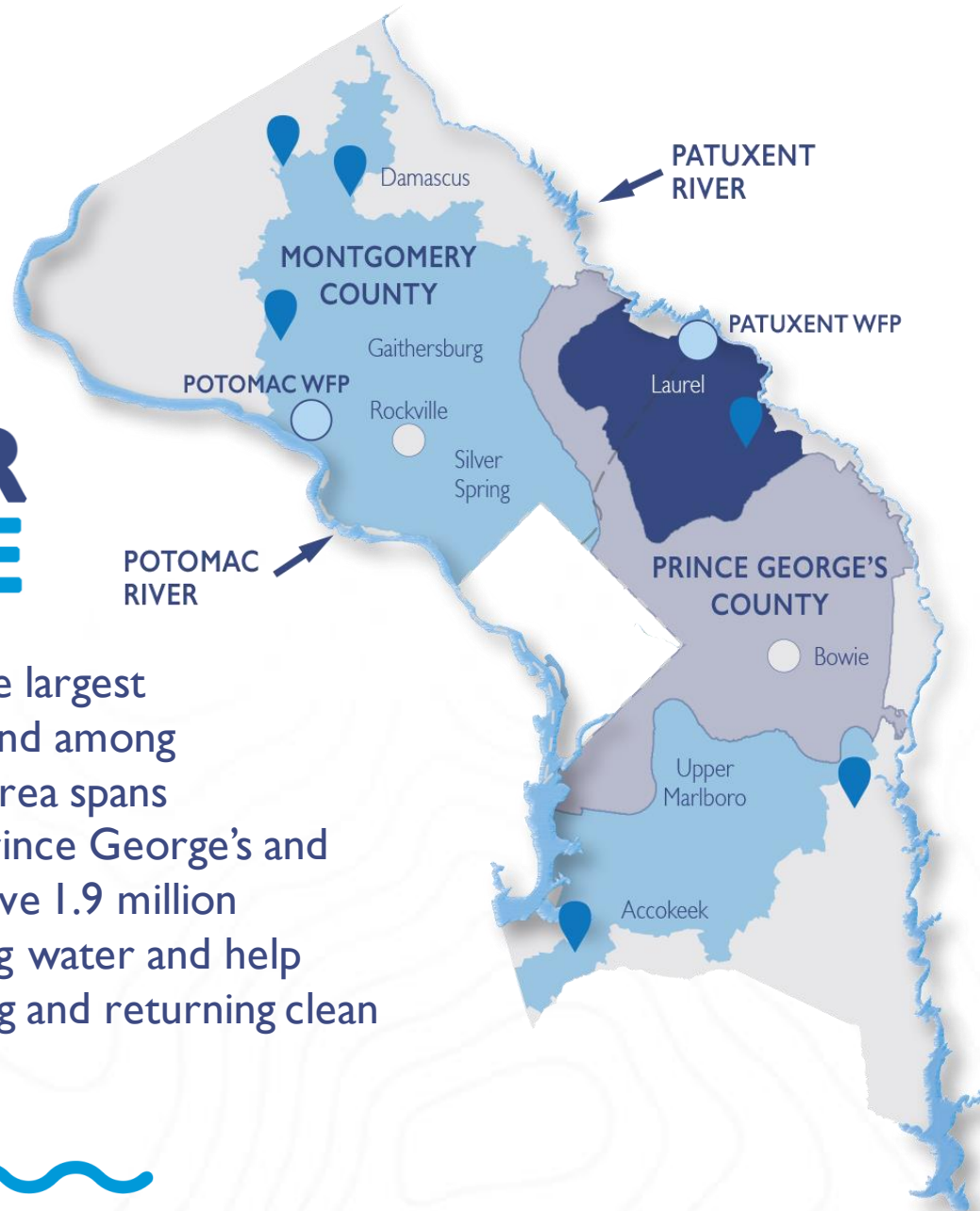
March 23, 2023

105 years & counting
No drinking water quality violations...ever!



WSSC WATER AT A GLANCE

Established in 1918, WSSC Water is the largest water/wastewater utility in Maryland and among the largest in the nation. Our service area spans approximately 1,000 square miles in Prince George's and Montgomery counties. We proudly serve 1.9 million residents with safe and reliable drinking water and help protect the Chesapeake Bay by treating and returning clean water back to Maryland waterways.





162,000,000 GALLONS OF WATER PER DAY
DELIVERED TO **1.9 MILLION RESIDENTS**



3 RESERVOIRS



2 WATER FILTRATION PLANTS



60 WATER TANKS



55 PUMPING STATIONS



6 WATER RESOURCE RECOVERY FACILITIES



1,630 EMPLOYEES



Our drinking water system spans
5,800+ miles



Our wastewater system spans
5,600+ miles



500,000 WATER QUALITY TESTS PER YEAR



504,800 METERS IN OUR SYSTEM



2.25 MILLION METER READS PER YEAR

TEAM H₂O



\$5.3 MILLION

FINANCIAL ASSISTANCE TO **12,345 CUSTOMERS** SINCE THE PANDEMIC BEGAN.
(WSSC WATER, FEDERAL, AND STATE PROGRAMS)

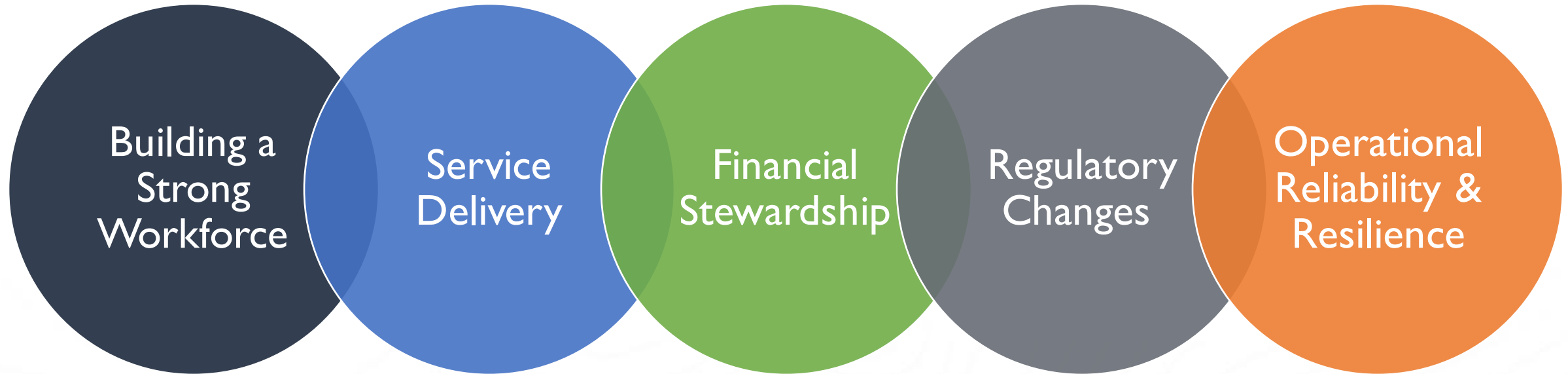
17,343

RESIDENTS ENROLLED IN OUR CUSTOMER ASSISTANCE PROGRAM IN FY 2022.
(\$1.8 MILLION BENEFIT TO ENROLLEES)

\$1.6 BILLION

FY2024
PROPOSED BUDGET

First Year Priorities



- Knowledge Management
- Safety First Culture
- Total Rewards
- Engagement
- Development
- Recruitment and retention

- Stakeholder Engagement and Communications
- Customer Experience
- Metering
- Billing
- Collections
- Service Levels

- Policies
- Reserves
- External Funding
- Alternative Revenue Sources
- Bond Rating/Outlook
- Outcome-Based Budget

- Drinking Water Quality
- Consent Decrees
- PFAS
- Supplier Diversity/MBE

- Infrastructure Investments
- Operational Efficiencies
- Cyber Security
- Climate Adaptation and Mitigation
- Financial Sustainability

Diversity, Equity, Inclusion and Environmental Justice

FY 2024 Proposed Operating and Capital Budget

FY 2024 Proposed Budget

- The FY 2024 Proposed Capital and Operating Budget totals \$1.614 billion
 - Capital Budget increase of 12.9% or \$78.3 million
 - Operating Budget increase of 7.7% or \$66.6 million
- 7.0% Water & Sewer Average Rate Increase (Volumetric and Fixed)
- 40 new positions added to support Production (4), Engineering & Construction (5), and Customer Service (31)*

* 31 Customer Service positions were offset by a reduction to Customer Service temporary staff and therefore have no budget impact.

Major Cost Drivers

- Inflationary increases
 - Chemicals: \$9.9 million; 74% increase
 - Paving: \$6.7 million; 53% increase
 - Heat Light & Power: \$8.6 million; 46% increase
 - Construction: 6.0% increase for capital projects
 - DC Water projected Regional Sewage Payment: \$10.6 million
 - \$3.9 million is in the Proposed Budget whereas \$6.7 million is not budgeted for
- PAYGO: \$13.0 million
- Debt service: \$6.6 million
- Lead & Copper Rule compliance: \$3.4 million
- IT infrastructure: \$4.3 million



Budget Highlights

Capital Budget

- Replacing 27 miles of small-diameter water mains (**\$87.2M**) and 6.5 miles of large-diameter water mains (**\$79.3M**)
- Rehabilitating 25 miles of small-diameter sewer mains and laterals in roadways (**\$65.5M**) and 10 miles of sewer mains in environmentally sensitive areas (**\$55.2M**)

Operating Budget

- Painting of four elevated water tanks (**\$4.4M**)
- Revised Lead & Copper Rule compliance (**\$3.4M**)
- Maintaining cybersecurity program (**\$2.4M**)
- Facility maintenance and repair projects (**\$2.4M**)
- 118 miles of Acoustic Fiber Optic monitoring (**\$1.4M**)

How Each Operating Dollar is Spent



Support Services

- Governance and management of organization
- Customer service
- Corporate finance
- Employee benefits
- IT Services

20¢



Operations & Maintenance

- Operations and maintenance for facilities (including share of Blue Plains)
- Fixing broken or leaking pipes and repairing roads
- Heat, light, and power for facilities
- Maintaining vehicles and equipment

40¢



Capital Project Financing

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

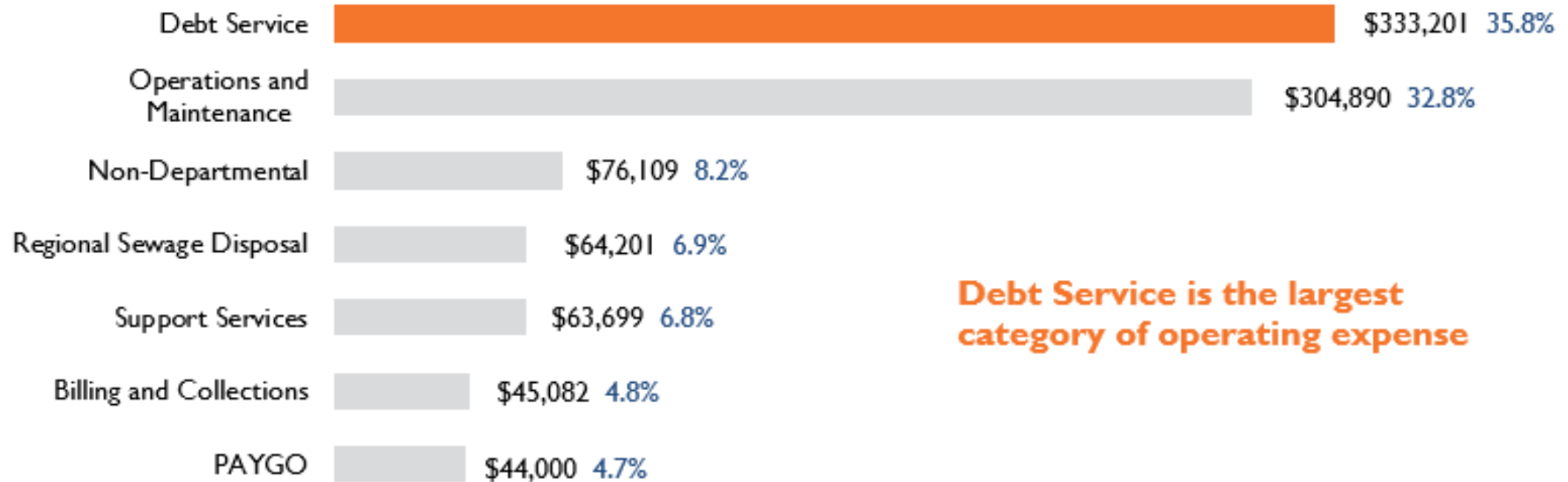
40¢

\$

FY 2024 Operating Budget Funding Uses



Operating Expense = \$931,182 (\$ in thousands)



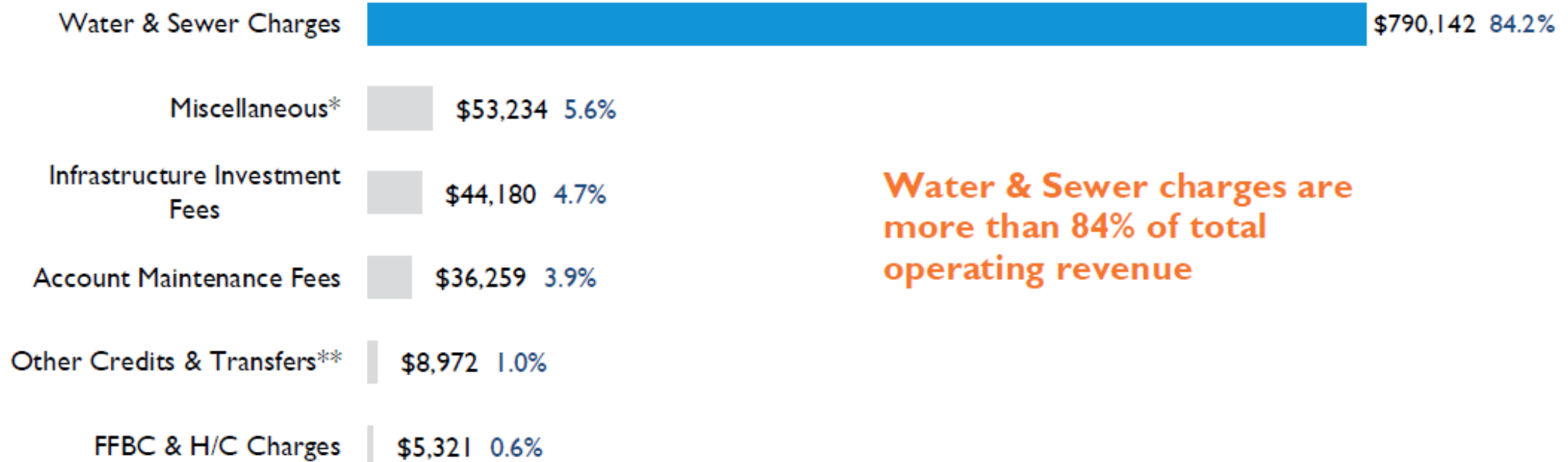
Debt Service is the largest category of operating expense

Includes Water Operating, Sewer Operating and General Bond Debt Service

FY 2024 Operating Budget Funding Sources



Operating Revenue = \$938,108 (\$ in thousands)



(*) Plumbing and inspection fees, Rockville sewer use, interest income and other miscellaneous fees and uncollectible revenue

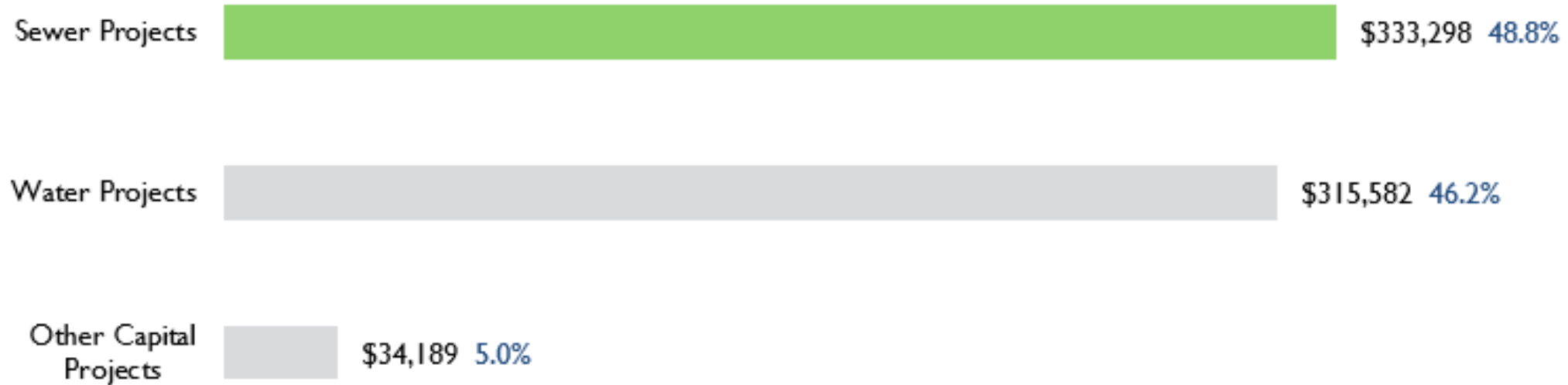
(**) Includes SDC Debt Service Offset, Premium Transfer and Underwriters Discount

Includes Water Operating, Sewer Operating and General Bond Debt Service

FY 2024 Capital Budget Funding Uses



Capital Expense = \$683,069 (\$ in thousands)

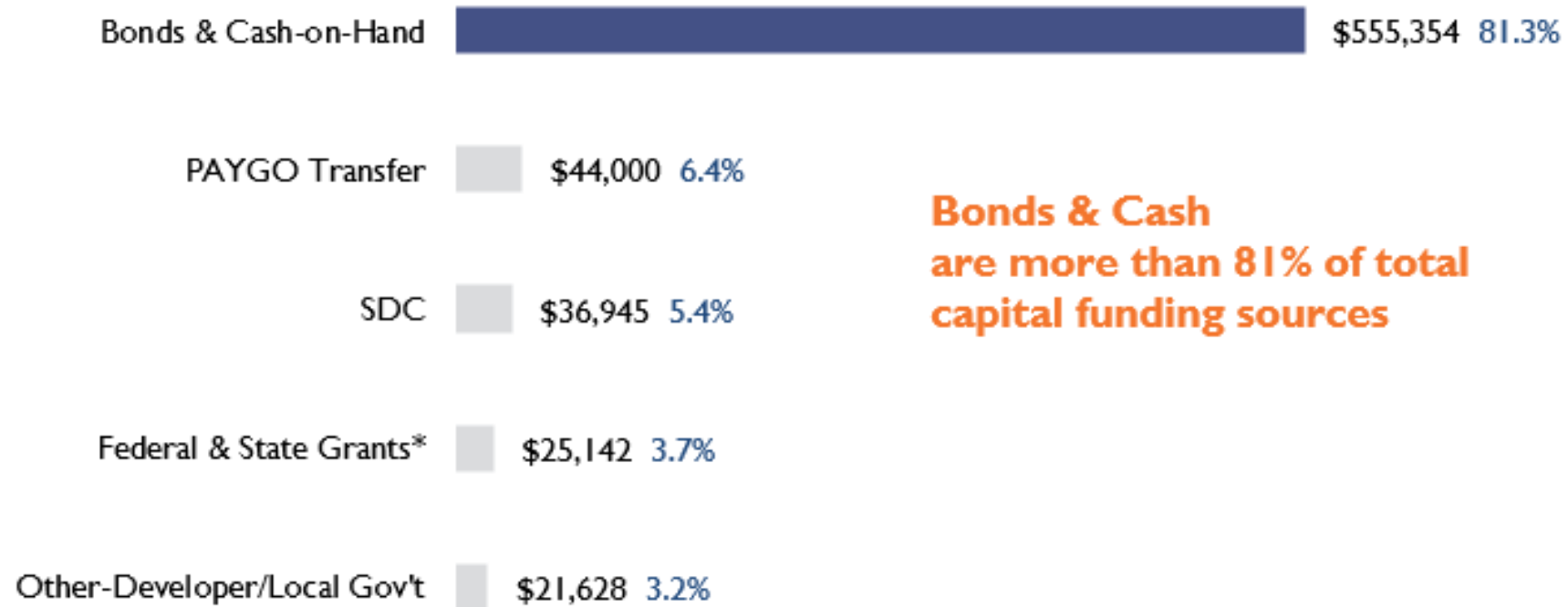


Includes Water Operating, Sewer Operating and General Bond Debt Service

FY 2024 Capital Budget Funding Sources



Capital Funds = \$683,069 (\$ in thousands)



Bonds & Cash are more than 81% of total capital funding sources

Includes funding under Maryland's Bay Restoration Fund

FYs 2024-2029 CIP

Capital Budget Affordability

A fiscally responsible Capital Improvements Program (CIP) results in:

- Maintaining our AAA credit rating
 - Adhering to financial metrics and guidelines
- An affordable CIP
 - Fits within rate increases as proposed
 - Aligns anticipated bond issuance limits over the six-year program
 - Keeps project funding in line with what is affordable
- Increased importance on prioritization of projects for inclusion, elimination, scale-down, or deferral
- Increased use of PAYGO to lower debt service expense and improve metric results - especially with rate risk

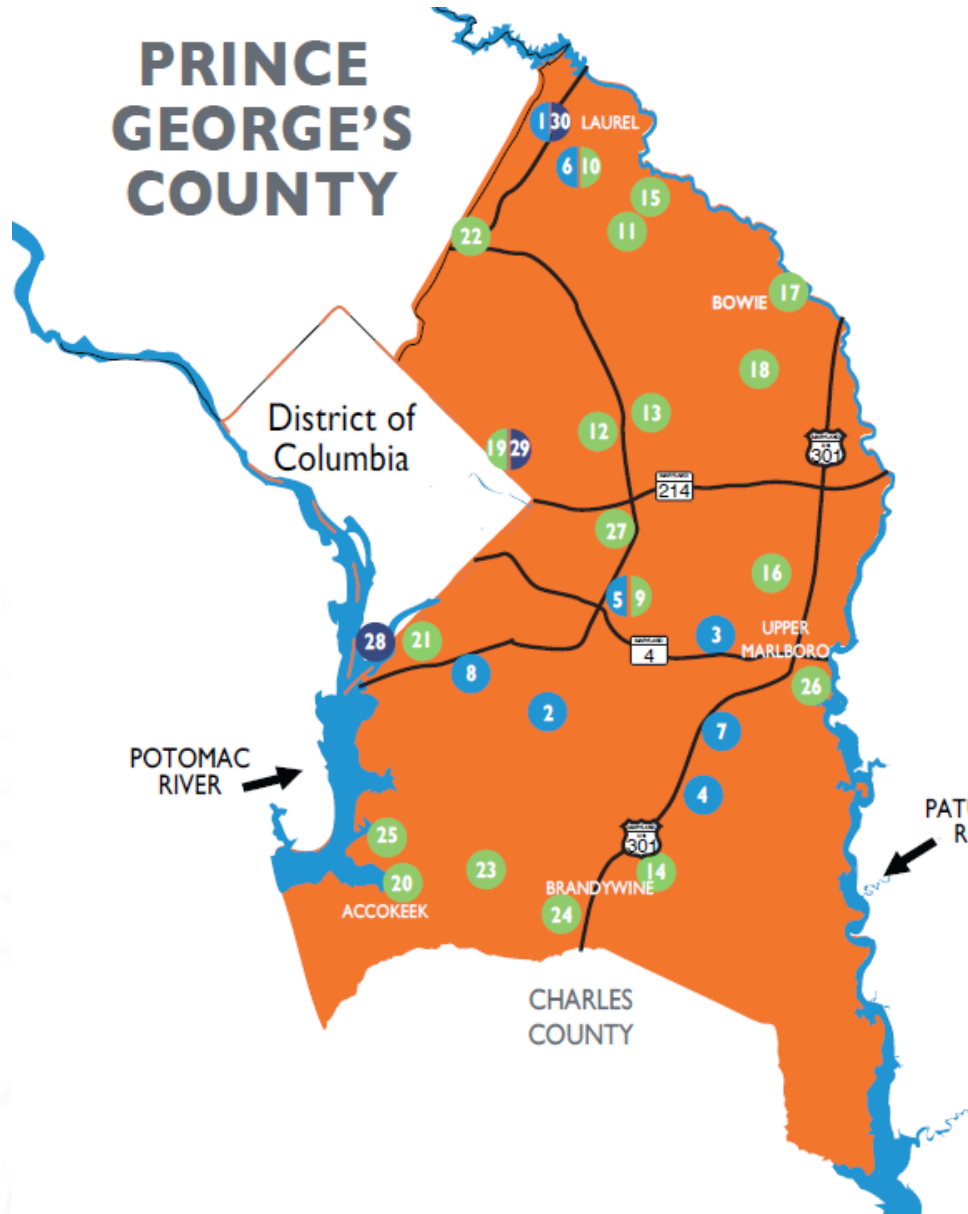
CIP Overview



FY 2024 Proposed CIP (\$ in thousands)

System	Total 6-Year Program Cost	Share
Reservoirs/Source Water Protection	18,490	0.4%
Water Filtration Plants	265,611	5.9%
Water Tanks	46,892	1.0%
Water Pipes	2,253,641	50.0%
Sewer Pipes	994,380	22.1%
Wastewater Pumping Stations/Force Mains	175,820	3.9%
Water Resource Recovery Facilities	595,201	13.2%
Support Facilities	140,291	3.1%
Lab	15,457	0.4%
Total	4,505,783	100.0%

FY 2024 CIP Overview and Highlights



WATER

- 1 Prince George's County HG415 Zone Water Main (W-12.02)
Patuxent Raw Water Pipeline (W-172.07)
- 2 Old Branch Avenue Water Main (W-34.02)
Branch Avenue Water Transmission Improvements (W- 34.04)
- 3 Marlboro Zone Reinforcement Main (W-34.05)
- 4 Rosaryville Water Storage Facility (W-62.06)
- 5 Smith Home Farms Water Main (W-84.03)
Westphalia Town Center Water Main (W-84.04)
Prince George's County 450A Zone Water Main (W-84.05)
- 6 Konterra Town Center East Water Main (W-93.01)
- 7 Marlton Section 18 Water Main, Lake Marlton Avenue (W-105.01)
- 8 South Potomac Supply Improvement, Phase 2 (W-137.03)

SEWER

- 9 Westphalia Town Center Sewer Main (S-27.08)
- 10 Konterra Town Center East Sewer (S-28.18)
- 11 Pumpkin Hill WWPS & FM (S-28.20)
- 12 Landover Mall Redevelopment (S-68.01)
- 13 Carsons Dale WWPS & FM (S-68.02)
- 14 Brandywine Woods WWPS & FM (S-75.23)
- 15 Parkway WRRF Facility & Electrical Upgrades (S-77.21)
- 16 National Capital Business Park Sewer (S-86.20)
- 17 Horsepen WWPS & FM (S-87.19)
- 18 Freeway Airport WWPS & FM (S-87.20)
- 19 Anacostia #2 WWPS Upgrades (S-89.24)
Colmar Manor WWPS & FM (S-89.26)
- 20 Piscataway WRRF Facility Upgrades (S-96.14)
Piscataway Bioenergy (S-103.02)
- 21 Forest Heights WWPS & FM (S-113.13)
- 22 Viva White Oak Sewer Augmentation (S-118.10)
- 23 Pleasant Valley Sewer Main, Part 2 (S-131.05)
Pleasant Valley Sewer Main, Part 1 (S-131.07)
- 24 Calm Retreat Sewer Main (S-131.11)
- 25 Swan Creek WWPS & FM (S-131.12)
- 26 Western Branch WRRF Process Train Improvements (S-157.02)
- 27 D'Arcy Park North Relief Sewer (S-300.01)

OTHER

- 28 Blue Plains WWTP: Liquid Train Projects, Part 2 (S-22.06)
Blue Plains WWTP: Biosolids Management, Part 2 (S-22.07)
Blue Plains WWTP: Plant-Wide Projects (S-22.09)
Blue Plains: Pipelines & Appurtenances (S-22.11)
- 29 Anacostia Depot Reconfiguration (A-100.01)
- 30 RGH Building Upgrades (A-101.06)

Capital: Aging Infrastructure

- 40% of the water mains that we maintain are more than 50 years old (about 2,330 miles out of nearly 5,888 miles)
- 27% are between 31 and 50 years old (about 1,609 miles of water mains)
- 33% are less than 30 years old (about 1,949 miles of water mains)
- Meters are on average 17 years old
- 1,381 water main breaks as of February 2023



Capital: Environmental Compliance

- Sanitary Sewer Overflow Consent Decree: 2005 Agreement with EPA on a multi-year plan to significantly minimize and, where possible, eliminate sewer overflows (Est \$1.6B)
- Potomac Consent Decree: 2016 Agreement requires operational changes and capital improvements at the Potomac Plant for “significant” reduction in solids discharged (Est. \$195M)
- Compliance with other environmental regulations¹ (Est. \$131M)
- Lead & Copper Rule Compliance: Revisions to the Lead & Copper Rule resulted in the addition of \$3.4M (\$2.2M operating impact) to the operating and capital budgets in FY 2024
- Per- and Polyfluoroalkyl Substances (PFAS): This is a developing area that could require significant capital and operating budget investments in the future

¹ Includes Blue Plains Pipelines & Appurtenances and watershed protection

WSSC Water Compared to Other Utilities

Quarterly Customer Bills at Various Consumption Levels



- Quarterly customer bills include Account Maintenance Fees and Infrastructure Investment Fees
- Average per person consumption is reduced from 55 GPD to 50 GPD due to the declining trend in water consumption

Meter Size	Average Daily Consumption (Gallons Per Quarter)	Approved FY 2020	Approved FY 2021	Approved FY 2022	Approved FY 2023	Proposed FY 2024
3/4" Residential Meter	100 (9,125 gal/qtr)	\$ 138.94	\$ 145.58	\$ 152.48	\$ 162.42	\$ 173.77
3/4" Residential Meter	150 (13,688 gal/qtr)	199.62	209.91	220.60	234.96	251.39
3/4" Residential Meter	500 (45,625 gal/qtr)	794.66	840.78	888.79	946.56	1,012.72
2" Meter	1,000 (91,250 gal/qtr)	1,903.02	2,004.81	2,110.76	2,248.01	2,405.15
3" Meter	5,000 (456,250 gal/qtr)	9,736.92	10,284.01	10,853.51	11,559.50	12,367.29
6" Meter	10,000 (912,500 gal/qtr)	19,748.55	20,852.26	22,001.19	23,432.35	25,069.80

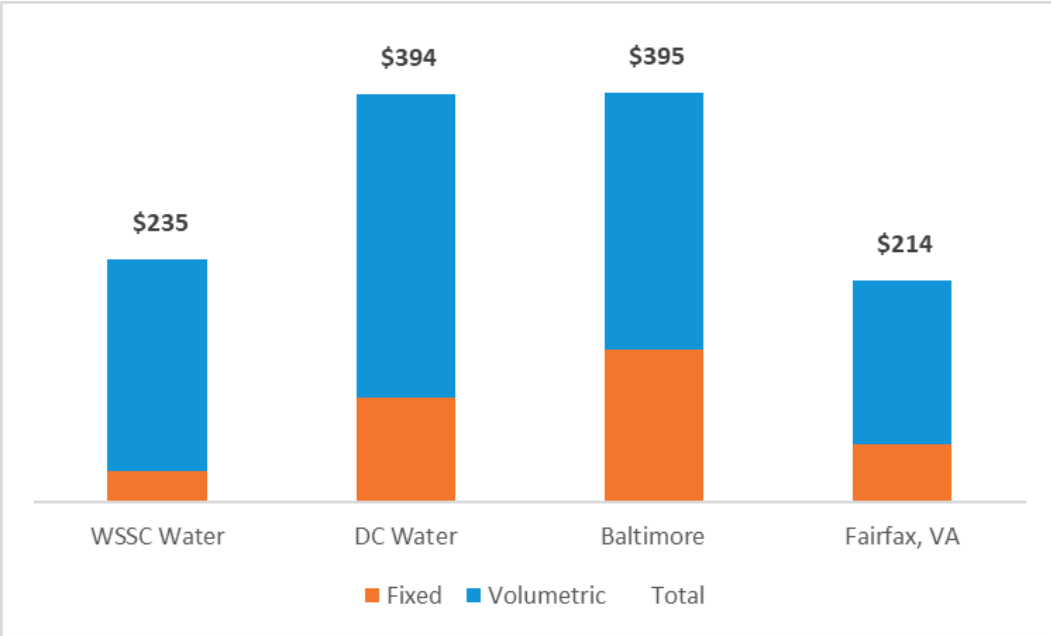
FY 2023 Residential Quarterly Bill Comparison

(150 Gallons per Day; 3/4" Meter)



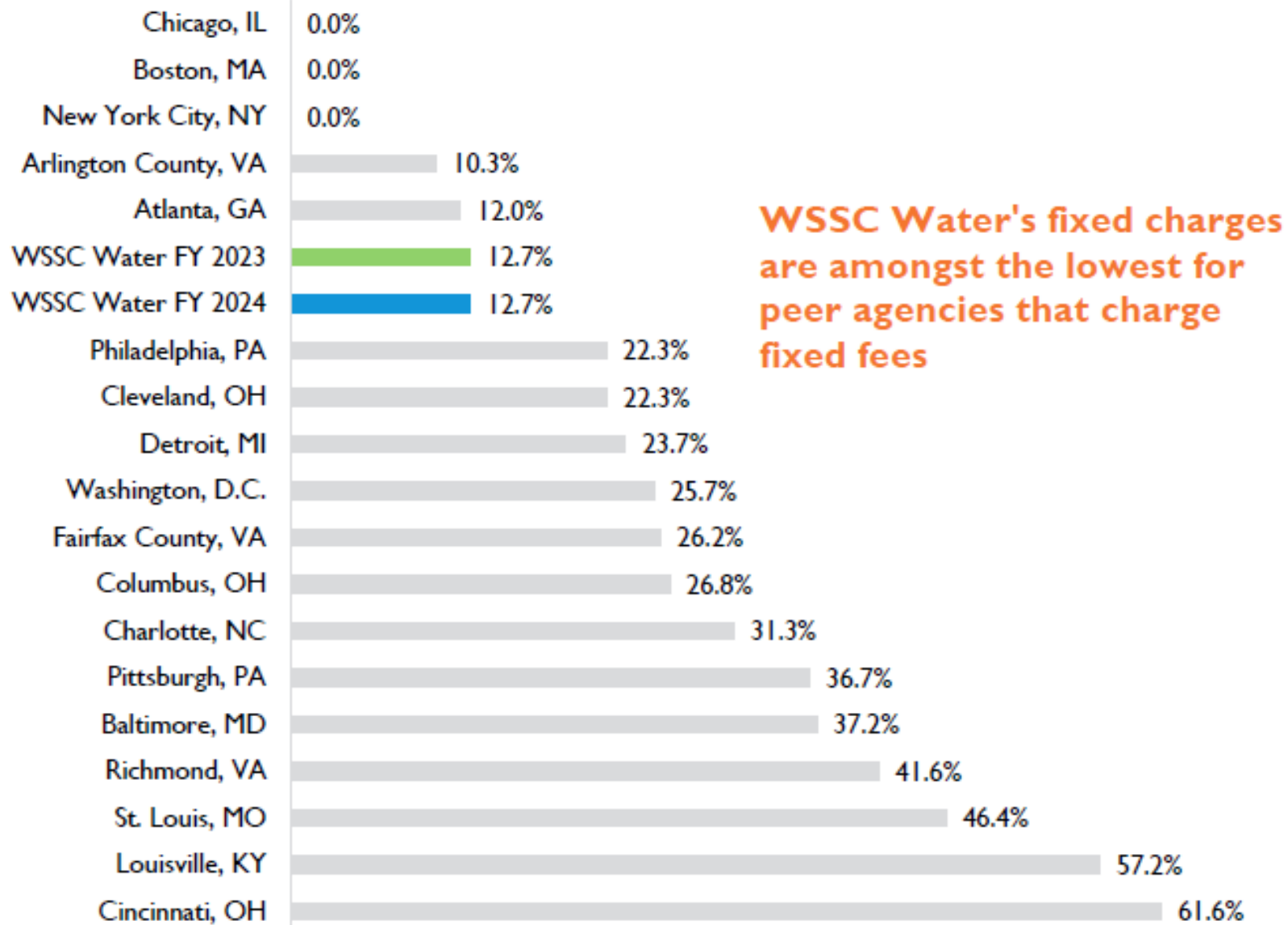
- The Ready-to-Serve charges are the Account Maintenance Fee and the Infrastructure Investment Fee
 - AMF is meant to cover fixed costs for account maintenance
 - IIF helps pay debt service expenses related to pipe replacement

- WSSC Water's fixed charges per quarter are significantly lower than other regional providers

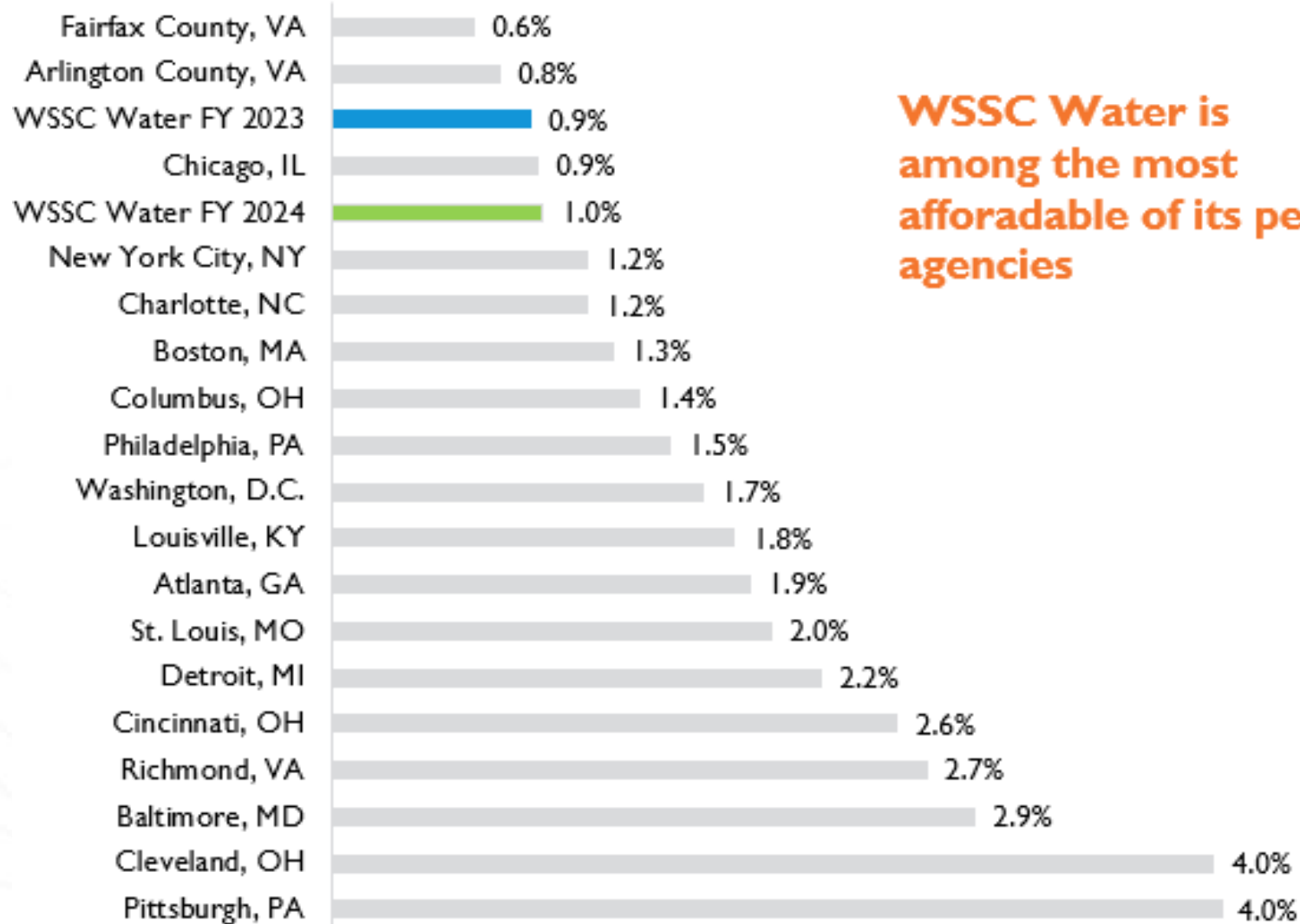


	WSSC Water	DC Water	Baltimore	Fairfax, VA
Fixed	\$ 30	\$ 101	\$ 147	\$ 56
Volumetric	\$ 205	\$ 293	\$ 248	\$ 158
Total	\$ 235	\$ 394	\$ 395	\$ 214

% of Avg. Residential Bill From Fixed Charges (150 Gallons per Day)



Average Residential Bill a % of Median Income (150 Gallons per Day)



**WSSC Water is
among the most
affordable of its peer
agencies**

Rate Increase Comparison



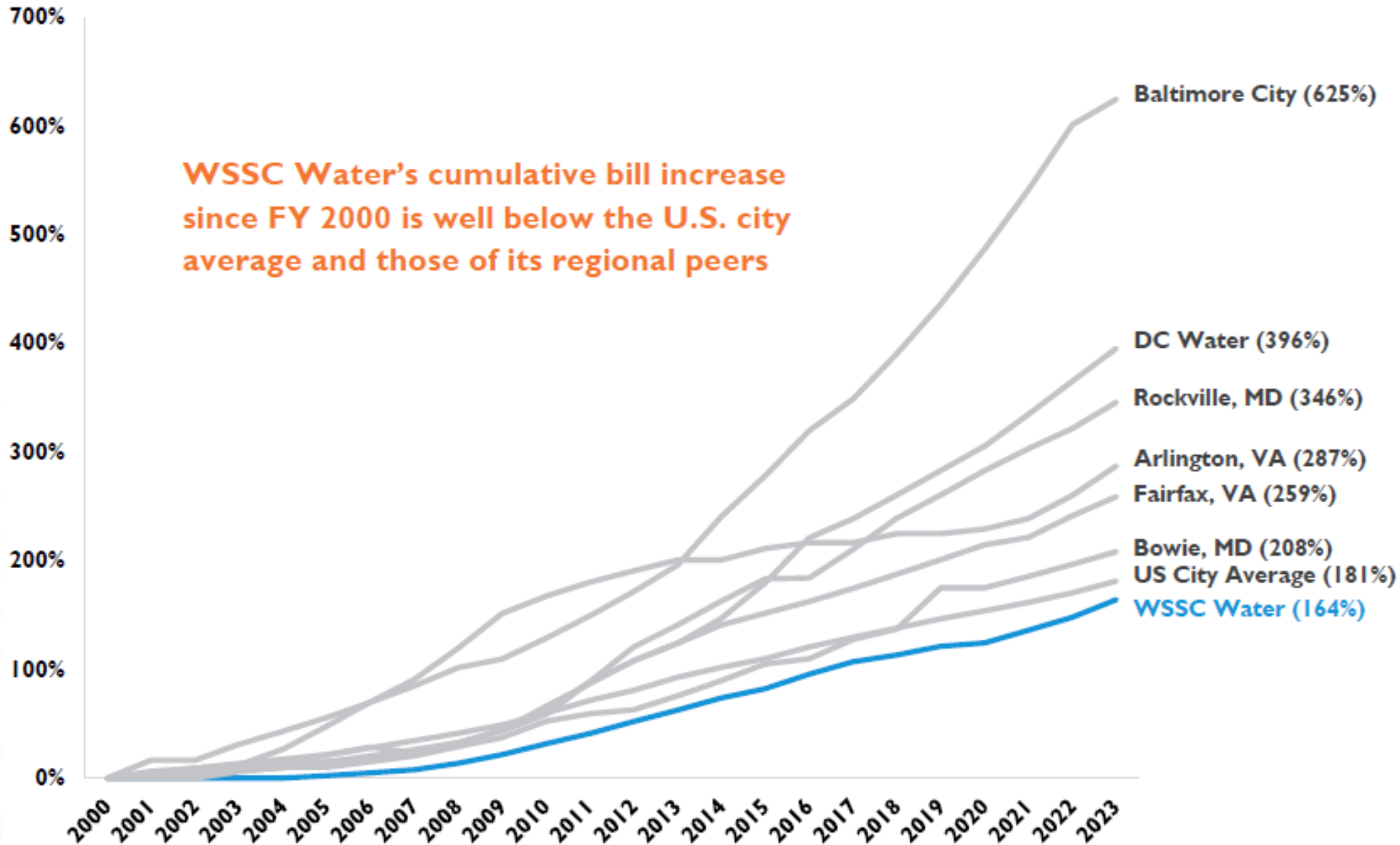
Agency/Region	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
WSSC Water								
Volumetric Rates	5.9%	6.5%	7.0%	8.0%	8.0%	6.5%	6.5%	6.5%
Fixed Fees	0.0%	6.5%	7.0%	8.0%	8.0%	6.5%	6.5%	6.5%
DC Water								
Volumetric Rates	7.8%	9.5%	3.3%	10.0%	7.5%	8.5%	8.0%	8.0%
Fixed Fees	5.7%	-0.8%	11.0%	1.1%	4.4%	4.8%	2.5%	7.0%
Baltimore City								
Volumetric Rates	9.3%	3.4%	3.3%	3.4%				
Fixed Fees	9.5%	3.2%	3.2%	3.2%				
Fairfax, VA *								
Volumetric Rates	5.4%	4.5%	4.8%					
Fixed Fees	8.3%	7.1%	8.5%					

Actual (green) and projected (black) increases per agency websites.

* Fairfax Water is approved through FY 2024, but Fairfax County sewer is only approved through FY 2023.

FYs 2000-2023 Bill Increase Comparison

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



Financial Challenges & Strategies

Financial Status

Combined Water and Sewer Operating Fund

	FY'18	FY'19	FY'20	FY'21	FY'22
<u>REVENUES</u>					
Water Consumption & Sewer Use Charges	\$597,614	\$615,249	\$618,158	\$628,555	\$709,034
Use of Accumulated Net Revenue	227	11,580	11,341	8,000	0
All Other Revenues	112,279	118,313	122,209	109,601	119,495
TOTAL REVENUES	710,120	745,142	751,708	746,156	828,529
<i>Growth Since FY2018</i>					16.7%
<u>EXPENSES</u>					
Operating Expenses	438,048	467,694	472,147	454,780	455,239
PAYGO	10,065	15,754	0	0	27,585
Debt Service Expense	257,502	275,385	279,745	281,844	280,257
GROSS EXPENSES	705,615	758,833	751,892	736,624	763,081
<i>Growth Since FY2018</i>					8.1%
Less: Reconstruction Debt Service Offset	(7,700)	(12,500)	(11,600)	(9,500)	(6,000)
Less: SDC Debt Service Offset	(2,396)	(5,551)	(6,695)	(5,772)	(5,772)
Less: Premium Transfer	0	0	(7,904)	(9,151)	(2,000)
NET EXPENSES	695,519	740,782	725,693	712,201	749,309
NET REVENUE (LOSS) FOR YEAR	\$14,601	\$4,360	\$26,015	\$33,955	\$79,220
ACCUMULATED NET REVENUE - BEGINNING	173,494	179,780	132,931	142,942	163,334
ACCUMULATED NET REVENUE - ENDING	\$187,868	\$172,560	\$147,605	\$168,897	\$242,554
<i>Growth Since beginning of FY2018</i>					39.8%

*The change in the Ending Accumulated Net Revenue in FY 2019 and the Beginning Accumulated Net Revenue in FY 2020 is due to a change in the depreciation calculation

Declining Consumption Trend

- Since FY 2020 water consumption is down 5.9% and sewer consumption is down 3.3%
- Higher delinquencies and shifts in the water and sewer consumption by rate tiers significantly impact volumetric revenue
- In the FY 2024 Proposed Budget, the average per person consumption is reduced from 55 gallons per day (GPD) to 50 GPD due to the declining trend in water consumption

Water Consumption (%)			
	Non-residential	Residential	Total
FY23	25%	75%	100%
FY22	24%	76%	100%
FY21	21%	79%	100%
FY20	27%	73%	100%

Sewer Consumption (%)			
	Non-residential	Residential	Total
FY23	22%	78%	100%
FY22	21%	79%	100%
FY21	19%	81%	100%
FY20	24%	76%	100%

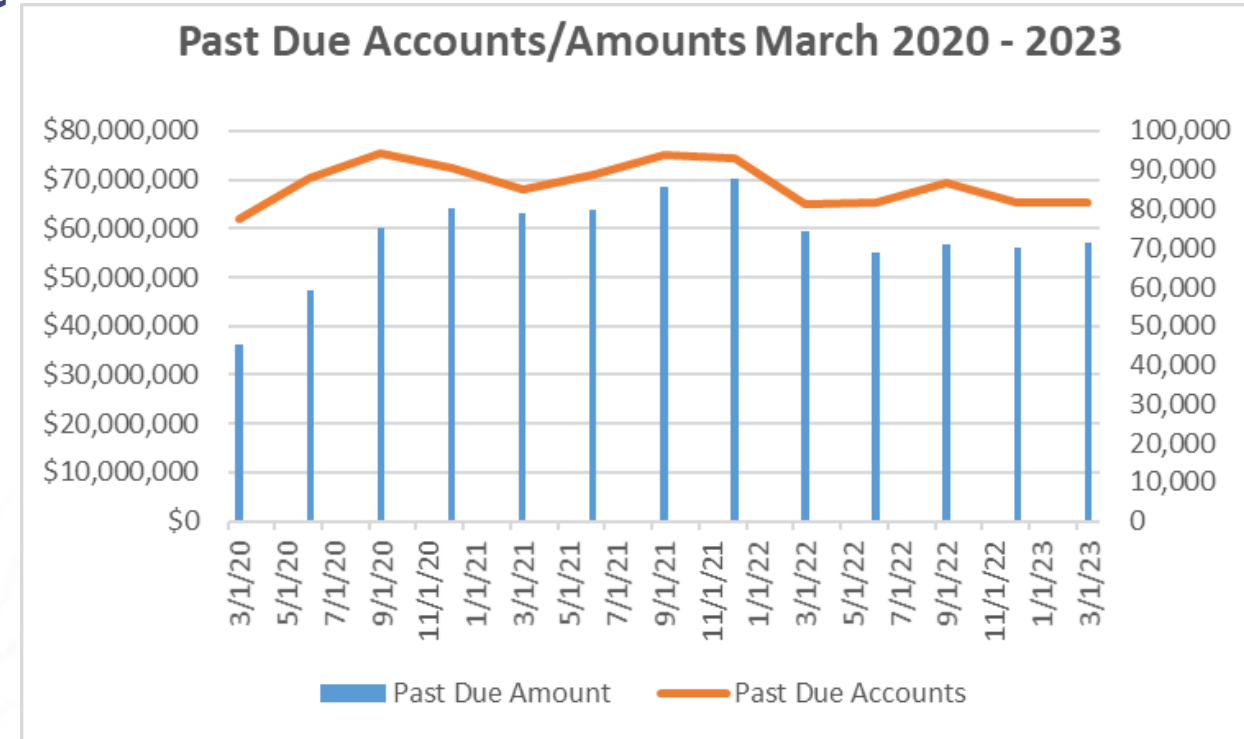
Water Consumption (TG)			
	Non-residential	Residential	Total
FY23	7,394,124	22,433,599	29,827,723
FY22	7,315,707	23,564,502	30,880,209
FY21	6,442,438	23,539,589	29,982,027
FY20	8,678,415	23,024,418	31,702,833

Sewer Consumption (TG)			
	Non-residential	Residential	Total
FY23	6,107,460	21,234,801	27,342,261
FY22	6,033,251	22,173,035	28,206,286
FY21	5,213,877	22,351,318	27,565,195
FY20	6,661,750	21,624,450	28,286,200

1) The water and sewer consumption amounts are thru February of a fiscal year
 2) TG means thousand gallons

Delinquencies

- The pandemic increased delinquent accounts balance which impacted revenue
 - Pre-pandemic delinquencies were \$37 million
 - During the pandemic delinquencies grew and peaked at \$70 million
 - Delinquencies decreased as the economy recovered and water turn-offs were reinstated but continues to be significantly higher than the pre-pandemic level



Rating Agency Analyst Comments/Questions



Moody's

Rating outlook

- Stable outlook reflects expectation that the district's financial position will remain sound, given a **demonstrated willingness to implement annual rate increases**

Factors that could lead to a downgrade

- **Failure to raise rates** or levy ad valorem tax when needed to support operations and debt
- Material erosion of reserves and liquidity
- Substantial deterioration of customer base or service area
- Downgrade of Montgomery or Prince George's counties

S&P

Rating outlook

- WSSD's credit quality is anchored by the extremely strong management team that has historically demonstrated an ability and **willingness to reduce expenditures and increase rates** to maintain sufficient coverage and liquidity

Factors that could lead to a downgrade

- **If management is unable to effectuate necessary rate increases** or contain costs which results in a reduction in reserves or a failure to meet forecast projections, we will lower the rating one or more notches

Fitch

Rating outlook

- Negative Outlook reflects leverage that may again exceed or remain near 10.0x for the next one to two years
- A sustained trend in declining leverage longer-term is **dependent upon continued robust rate adjustments** over the five-year horizon and beyond to generate FADS in support of ongoing capital spending and increasing operating costs

Factors that could lead to a downgrade

- **Failure to secure rate increases** that satisfactorily support operations, continued robust capital investment and declining leverage
- Failure to realize continued improvement in leverage through the five-year horizon

Factors that could lead to stabilization of Outlook

- Sustained improvement in the district's financial performance supporting leverage comfortably below 10.0x and rate increases sufficient to keep pace with expense growth and maintain robust capital investment

Moody's Aaa Medians



2020 Medians US Combined Water and Sewer Utilities by Rating Category					
<u>Selected Indicators</u>	<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>	<u>WSSC</u>
Median Family Income (% of US Median)	111%	95%	83%	94%	165%
Asset Condition: (Remaining Useful Life)	26	27	24	29	42
Debt to Operating Revenues	1.9	1.9	2.4	5.5	4.7
Annual Debt Service Coverage	3.29	2.52	2	1.5	1.16
Days Cash on Hand	827	521	359	148	201
System Size (O&M, \$000)	98,404	25,313	7,533	665	539,416
Debt Service (\$000)	22,492	7,498	2,353	1,969	285,669
Net Revenues (\$000)	85,347	20,352	4,609	4,876	330,189
Net Funded Debt (\$000)	261,193	71,604	24,803	9,128	3,911,011
Total Revenues (\$000)	181,675	43,221	13,278	10,840	833,602

Source: Moody's MFRA database

Financial Strategy to Maintain AAA Rating

- Maintaining the AAA rating is a key part of our strategy for preserving long-term affordability for our customers
- A negative outlook is a time-limited rating category of 18-24 months
- WSSC Water needs to demonstrate a sustained improvement in financial conditions to retain the AAA rating by Fall 2023
- Initiating a plan to reduce delinquencies to pre-COVID levels through application of external funding to eligible customer accounts and expedited shutoffs
- Continue focus on external funding opportunities and growing non-rate revenues including monetizing surplus real estate assets, marketing Class A biosolids, renewable natural gas, and intellectual property licensing
- Revise financial metrics to align with rating agency standards

Recommended Actions to Address Rating Agency Concerns

- Use cash based rather than accrual model for financial projections and metrics
- Primary focus on these three metrics
 - Leverage Ratio = $<10.0x$ (**Total Debt/Funds Available for Debt Service**)
 - No change from current metric
 - Days Cash on Hand; (DCOH) = 250 days (**# of days to pay expenses without new revenue**)
 - Current metric is 120 – 150 days based on accrual model
 - Debt Service Coverage Ratio (DSCR) = 1.50 (**Net Revenue/Debt Service**)
 - Current metric is 1.10 to 1.25 based on accrual model
- Rate Increases to improve Coverage Ratio to 1.50 and maintain other metrics
 - FY 2025 & FY 2026 = 8.0%; Gradual Compliance by FY 2029

FY 2023 Revised Forecast



FY 2024 WITH 8% Rate Increases in FY 25 & FY 26/ INCREASE PAYGO/LEVEL PRINCIPAL

A Financial Plan	FY 2023 Estimate	FY 2024 Proposed	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
I Affordability:							
Rate Increase	6.5%	7.0%	8.0%	8.0%	6.5%	6.5%	6.5%
II Capital Demands:							
New Debt Issues	\$ 358,840	\$ 379,960	\$ 388,352	\$ 326,030	\$ 364,708	\$ 325,870	\$ 287,053
PAYGO	31,016	44,000	65,000	147,000	141,597	148,546	177,000
Total Funding for Bonded Projects	\$ 389,856	\$ 423,960	\$ 453,352	\$ 473,030	\$ 506,305	\$ 474,416	\$ 464,053
III Debt Service Coverage:							
Net Operating Revenue	\$ 347,773	\$ 371,740	\$ 423,397	\$ 486,581	\$ 533,154	\$ 577,911	\$ 632,064
Debt Service	302,982	328,467	366,169	387,288	405,949	424,137	434,635
Net Revenue Strength	\$ 44,791	\$ 43,273	\$ 57,228	\$ 99,293	\$ 127,205	\$ 153,774	\$ 197,429
IV Liquidity and Reserves:							
Ending Fund Balance	\$ 266,601	\$ 274,845	\$ 274,846	\$ 234,910	\$ 228,266	\$ 241,242	\$ 269,418
Net Increase/(Shortfall)	24,047	8,244	0	0	(0)	12,976	28,176

Long-Range Financial Plan Metrics



Capital Policy Guidelines

- Reduce new debt issuance and related debt service expense through increased PAYGO
- Maintain improved liquidity and debt service coverage

Metrics	CFO Guideline	FY 2023 Estimated	FY 2024 Proposed	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
I Debt Service Coverage:								
a Debt Service (P+I) as a Percentage Total Expenditures	<40.0%	35.9%	35.5%	36.6%	34.5%	35.1%	35.3%	34.5%
b Debt Service Coverage "Stress Case" *	1.50	1.34	1.31	1.32	1.40	1.43	1.45	1.52
c Leverage Ratio "Stress Case"	<10.0	9.7	9.6	8.8	8.0	7.5	7.1	6.5
II Liquidity and Reserves:								
a Days Cash-on-Hand "Stress Case"	≥250	227	250	276	275	275	283	310
b Ending Fund Balance as a Percentage of Operating	20.0%	31.1%	29.8%	27.7%	21.9%	20.0%	20.0%	21.0%
III Workforce								
Workyears	n/a	1,796	1,836	1,836	1,836	1,836	1,836	1,836
* The "Stress Case" assumes an increase in capital costs of 10%. This is consistent with how Fitch calculates the Leverage Ratio and Days-Cash-on-Hand								

FY 2024 Budget Summary Highlights



- The proposed budget meets the spending affordability limits of a 7.0% water and sewer rate increase
- Inflation is significantly impacting non-discretionary costs
- Past due amounts continue to be significantly higher than the pre-pandemic levels
- Aging infrastructure with 40% of water mains more than 50 years old
- Consent decree projects on time and on budget
- Capital Improvements Program provides for critical infrastructure investment
- Maintaining customer financial assistance programs
- **Preserving our AAA bond rating**



Questions?

