

**PRINCE GEORGE'S COUNTY COUNCIL
AGENDA ITEM SUMMARY**

Meeting Date: 10/10/95

Reference No.: CR-66-1995

Proposer: MacKinnon

Draft No.: 1

Sponsors: MacKinnon

Item Title: To establish spending control limits for the FY1997
Water & Sewerage Operating and Capital Budget of
the Washington Suburban Sanitary Commission

Drafter: J. Kenneth Battle
THE Committee Director

Resource Personnel: J. Kenneth Battle
THE Committee Director

LEGISLATIVE HISTORY:

Date Presented: ___/___/___
Committee Referral:(1) ___/___/___ THE
Committee Action:(1) 10/5/95 FAV
Date Introduced: 10/10/95
Pub. Hearing Date: (1) ___/___/___ __:___ __

Executive Action: ___/___/___ ___
Effective Date: ___/___/___

Council Action: (1) 10/10/95 ADOPTED
Council Votes: AMc:-, DB:A, SD:A, JE:A, IG:A, WM:A, RVR:A, AS:A, MW:A
Pass/Fail: P

Remarks:

10/10/95 - RULES SUSPENDED

TRANSPORTATION, HOUSING AND ENVIRONMENT COMMITTEE DATE: 10/5/95

Committee Vote: Favorable, 4-0 (In favor: Council Members Del Giudice, Gourdine, Scott and Wilson).

The Committee discussed the Working Group's report on spending control limits for the FY1997 budget. The Commission identified issues which could place additional demands on its budget. Specific attention was given to increased maintenance costs at the Blue Plains Sewage Treatment Plant and the construction of solids handling facilities at the Potomac Water Filtration Plant. These issues are beyond the Commission's control since Blue Plains is operated by the District of Columbia

and any decision regarding the Potomac Plant will depend on the Maryland Department of the Environment's actions regarding increased discharge standards. The impact of these two issues could be well in excess of \$100 million.

The Committee voted to approve the working group's recommended spending affordability limits for FY1997. The recommended 3% limit on the water and sewer rate increase is consistent with the rate stabilization concept which attempts to limit rate increases to the rate of inflation.

BACKGROUND INFORMATION/FISCAL IMPACT

(Includes reason for proposal, as well as any unique statutory requirements)

In May of 1993, the Prince George's and Montgomery County Councils agreed to establish a Working Group on WSSC Spending Controls. Councilmember Stephen Del Giudice was appointed to serve on the Working Group for Prince George's County and Councilmember Derick Berlage for Montgomery County. In January of 1994 the Working Group issued their report calling for a spending affordability process and a better coordination of the land use and development processes with the Counties ten year water and sewerage plans. The Working Group's recommendation was approved by both Councils and was utilized for the first time in the formulation of WSSC's FY1996 Operating and Capital Budgets.

This resolution proposes to set spending control limits on the Fiscal Year 1997 Water and Sewer Operating and Capital Budgets of the WSSC for the following items, based on the staffs October 3, 1995 report:

Water and Sewer Rates including the service charge - 3.0%
New Bond Debt - \$80,400,000
Water and Sewer Operating Debt Services - \$141,200,000
Water and Sewer Operating Expenditures - \$357,400,000

If both Councils agree on these limits by November 1, 1995, then WSSC can utilize these limits in preparing their budget for submittal to the public by January 15, 1996. Both Councils have adopted resolutions that state the two Councils must not approve a WSSC budget that would cause the maximum amount of debt, debt service, or water and sewer rates to exceed those adopted by the two Councils before November 1 of each year, unless a majority of each Council concurs with an increase.

CODE INDEX TOPICS: