




THE PRINCE GEORGE'S COUNTY GOVERNMENT

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County Council

April 8, 2021

TO: Calvin S. Hawkins, II, Chair
County Council, Committee of the Whole

FROM: Alex Hirtle, Budget & Policy Analyst
Office of Audits and Investigations 

THRU: Robert J. Williams
Council Administrator

RE: ***WSSC Water FY 2022 Operating, Capital and Capital
Improvement Program (CIP) Budget Report***

This report contains a detailed summary of WSSC Water's FY 2022 Proposed Operating, Capital and Capital Improvements 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
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- Section 8: Capital Improvements Program (CIP)
- Section 9: Staff Recommendation
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Section 1: WSSC Water Goals and Budget Overview

WSSC Water 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. WSSC Water's two water filtration plants (WFP), drawing raw water from the Potomac and Patuxent Rivers, are projected to produce an average of 163 million gallons of water per day in FY 2022, and deliver that water to homes and businesses in the region through a system of 6,000 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 2022, it is projected that an average of 192 million gallons of wastewater per day will move to these facilities through over 5,700 miles of sewer lines maintained by WSSC Water. The six WRRFs owned by 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 wastewater 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 2022 Strategic Priorities and Key Provisions

- I. Enhance Customer Experience
 - Deliver the essential: Produce an average of 163 MGD of safe, clean, reliable drinking water and safely process an average of 192 MGD of wastewater for their 475,000 customer accounts.
 - Initiate Advanced Metering Infrastructure (AMI) so customers can better track their water usage, which can significantly reduce their bills and save them money.
 - Enhance and expand customer affordability programs.
 - Stabilize Customer-to-Meter (C2M) billing system.

- II. Spend Customer Dollars Wisely
 - Continue efforts to control costs and save money through strategic sourcing, reducing overtime, freezing positions, limiting growth in the cost of insurance plans, conserving energy and focusing on employee safety to reduce lost work days.
 - Improve contract lifecycle 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 first year of the Fiscal Years 2022-2027 Capital Improvements Program (CIP).
- 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.
- Continue to invest in innovative technology, processes, and ideas.
- Invest in maintenance programs to improve 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 WFP consent decrees.
- Develop a biosolids and water treatment residuals master plan.
- 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 address the new normal.
- Consolidate and enhance employee training, learning and development.
- Drive employee culture change through research, data-driven decision making and program management.
- Update employee on-boarding process and new employee orientation.

FY 2022 Proposed Operating and Capital Budgets

The proposed total budget for FY 2022 for all operating and capital funds totals \$1.556 billion or \$100.8 million increase, which is 6.9% more than the Approved FY 2021 budget.

Comparative Expenditure By Fund						
	FY 2019 Actual	FY 2020 Actual	FY 2021 Approved	FY 2022 Proposed	FY 2022 Over/(Under) FY 2021	% Change
(\$ in Thousands)						
Operating Fund						
Water	\$ 339,200	\$ 338,471	\$365,190	380,565	\$ 15,375	4.2%
Sewer	419,633	413,421	470,833	461,734	(9,099)	-1.9%
General Bond Debt Service	18,847	14,292	13,633	9,794	(3,839)	-28.2%
Total Operating	777,680	766,184	849,656	852,093	2,437	0.3%
Capital Fund						
Water Supply	\$ 210,783	\$ 162,378	256,499	291,667	\$ 35,168	13.7%
Sewage Disposal	152,891	211,729	308,014	384,600	76,586	24.9%
General Construction	23,121	20,278	40,869	27,478	(13,391)	32.8%
Total Capital	386,795	394,385	605,382	703,745	98,363	16.2%
Grand Total	\$1,164,475	\$ 1,160,569	1,455,038	1,555,838	\$ 100,800	6.9%

Operating Funds

The Proposed Operating Budget of \$852.1 million represents an increase of \$2.4 million (0.3%) over the FY 2021 Approved Operating Budget of \$849.7 million. This is basically a same service level budget with modest increases to fund essential improvements, including:

- Much needed repairs to WSSC Water facilities
- Triadelphia Reservoir dredging to remove accumulated sediment
- Cybersecurity enhancements to protect customer information
- The cost of these improvements is partially offset by reduced debt service expenses

Capital Funds

The Proposed Capital Budget of \$703.7 million represents an increase of \$98.3 million (16.2%) from the FY 2021 Approved Capital Budget of \$605.4 million.

This increase is due to the ramping up of construction on the Piscataway Bioenergy Project and the addition of five new wastewater pumping stations and force main replacement projects to address aging assets that are at or beyond their useful life. All costs and related increased revenues associated

with the Advanced Metering Infrastructure Project have been removed from the Proposed FY 2022 operating and capital budgets.

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

Financial Assistance Programs

With more residents struggling to meet their monthly expenses during these unprecedented and uncertain times, WSSC Water has increased its Customer Assistance Program (CAP) and provided relief to thousands of customers this year. The CAP will continue in FY 2022 and is proposed to increase by \$1.2 million from the FY 2021 budgeted revenue offset of \$888,000 to \$2.1 million. The budget also includes \$1.2 million for bill adjustments and \$100,000 to fund the third year of the Pipe Emergency Replacement Loan Program (PipeER), which provides loans of up to \$5,000 per eligible residential customer to finance the replacement of leaking on property water service lines. The remaining balance in the loan fund is returned to WSSC Water and then transferred to the Water Fund beginning in FY 2021.

Section 2: Proposed Rates, Fees and Charges

I. Fund and Fee Structure

The proposed FY 2022 Water Operating Fund is \$380.6 million, increasing by approximately \$15 million (4.2%); the Sewer Operating Fund is \$461.7 million, decreasing by approximately \$9 million (1.9%); and the General Bond Debt Service Fund is \$9.8 million, decreasing by approximately \$3.8 million (28.2%). These comparisons are being made to the FY 2021 Approved Operating Budget. The Proposed FY 2022 Combined Water and Sewer Operating Budget provides for a 5.9% 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 \$38.8 million in FY 2022 as compared to the \$39.4 million in FY 2021. (For more details see, FY 2022 Proposed Budget, page 1-20).

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 \$31.9 million in FY 2022 as compared to \$32.3 million in FY 2021. (For more details see, FY 2022 Proposed Budget, page 1-20).

IV. System Development Charge

No increase is proposed for the System Development Charge (SDC) for FY 2022 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 2022 Proposed Budget, page 2-6).

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 2022 Proposed Budget, page 2-7 thru 2-16).

VI. Other Revenues

Other revenues include the Reconstruction Debt Service Offset (REDO). This was established in FY 1983 and utilizes unused surplus funds in the General Bond Debt Service account to offset a portion of the debt service costs of the Systems Reconstruction Program; this benefits all ratepayers through lower rates. The Offset, a transfer of funds from the General Bond Debt Service to the Water and Sewer Operating Funds, is set at \$6.0 million in FY 2022, a reduction from FY 2021 that was approved at \$9.5 million. When the unallocated or unused balance in the General Bond Debt Service Fund is exhausted, the future associated expenses will have to be incorporated into the rate structure.

**Combined Water/Sewer Operating Funds
FY 2022 Proposed Rate Impact**

5.9% Average Water and Sewer Rate Increase

Funding Sources	FY 2021 Approved (\$ in thousands)	FY 2022 Proposed (\$ in thousands)
Revenues		
Consumption Charges	\$ 627,523	\$ 677,812
Account Maintenance Fee	32,360	31,866
Infrastructure Investment Fee	39,410	38,808
Miscellaneous Revenues	48,720	40,050
Subtotal	770,237	788,536
Use of Fund Balance	8000	
Reconstruction Debt Service Offset	9500	6000
System Development Charge Debt Offl	5772	5772
Premium Transfer	1500	
Underwriters Discount Transfer	2000	2000
Miscellaneous Offset		
Total Funding Sources	797,009	802,308
Expenditures		
Operating, Maintenance & Support Services E	497,642	505,669
Debt service	313,865	309,045
Debt Reduction (PAYGO)	31,016	27,585
Total Expenditures	842,523	842,299
Shortfall to be Covered by Rate Increase	\$ (45,514)	\$ (39,991)

In order to reconcile the FY 2022 budget requests with the Counties' Spending Affordability Guidelines, a funding gap of about \$14 million was closed by removing or deferring certain programs from the budget and offsetting expenses with not rate related funding sources, including:

- Implementation a system-wide flushing program our water distribution pipe network to reduce discolored water complaints;
- Testing all 43,000 fire hydrants in our service area on a ten-year cycle which is a best practice;
- Increasing the number of regulatory inspectors allowing more time for gas-fitting and plumbing inspections;
- Increasing workyears and funding to support pipe relocations required for projects such as the I-495/I-270 widening and MAGLEV High Speed Train from Baltimore to DC;
- Twenty-four positions remain frozen.

Section 3: Spending Affordability

In May 1993, the Prince George’s and Montgomery County Councils created the Bi-County Working Group on WSSC Spending Controls to review WSSC Water’s finances and recommend spending control limits. The Working Group recommended the Counties set annual ceilings on WSSC’s rates and debt (bonded indebtedness and debt service), and then place corresponding limits on the size of the capital and operating budgets.

Each year, the spending affordability process focuses on balancing these considerations against resources to serve existing customers, meet environmental mandates, and maintain budgets and debt service at prudent and sustainable levels.

The agency has submitted an annual budget which generally conforms to the Spending Affordability Guidelines (SAG) established by both County governments every year since 1994.

WSSC WATER FY 2022 PROPOSED BUDGET VS. SPENDING AFFORDABILITY LIMITS
(\$ in Millions)

	<u>FY 2022 Proposed Budget</u>	<u>Prince George’s County Limit</u>	<u>Montgomery County Limit</u>
New Water and Sewer Debt	\$409.7	\$427.9	\$427.9
Total Water and Sewer Debt Service	\$309.0	\$309.7	\$309.7
Total Water/Sewer Operating Expenses	\$842.3*	\$841.4	\$841.4
Water/Sewer Rate Revenue Increase	5.9%	5.9%	5.9%

*Exceedance covered by offsetting funding sources

The Proposed Budget provides for:

- Implementing the first year of the FYs 2022-2027 Capital Improvements Program (CIP);
- Paying WSSC Water's share of operating (\$59 million in FY 2022) and capital costs (\$55 million in FY 2022 □ \$392 million in FYs 2022-2027) for the District of Columbia Water and Sewer Authority's (DC Water) Blue Plains Wastewater Treatment Plant;
- Paying debt service of \$316.8 million of which \$309.0 million is in the Water and Sewer Operating Funds;
- Holistically rehabilitating the Piscataway basin to reduce infiltration and inflow;
- Funding additional operating costs at the Piscataway Water Resource Recovery Facility (WRRF) due to increased flows;
- Funding maintenance and repairs at critical facilities;
- Replacing 31 miles of small diameter and 6.5 miles of large diameter water mains;
- Rehabilitating 31 miles of small diameter sewer mains and lateral lines and 14.4 miles of large diameter sewer mains;
- Funding \$5.3 million for water meter replacements;
- Funding \$71.1 million for large diameter pipe rehabilitation. This includes \$35.3 million for PCCP inspection, repair, and acoustic fiber optic monitoring of the pipes' condition; \$32.4 million for large diameter repairs and cathodic protection; \$3.4 million for large valve inspections, replacement, and repairs;
- Complying with the SSO and the Potomac WFP Consent Orders;
- Operating and maintaining a system of three reservoirs impounding 14 billion gallons of water, two water filtration plants, six WRRF's, 6,000 miles of water main, and over 5,700 miles of sewer main 24 hours a day, seven days a week; and
- Proposing limited compensation enhancements considering the very challenging fiscal environment.

Major Assumptions and Workload Summary

Below is a summary of the budget outcomes from the FY 2022 SAG process:

- I. Fund Balance – At the end of FY 2021, accumulated net revenues for water and sewer operating funds may total \$162.3 million. For FY 2022, at least \$124.3 million will be held in accumulated net revenues in adherence to the WSSC Water reserve policy.
- II. Revenues – The estimated FY 2022 revenues for water consumption and sewer use charges are \$318.9 million and \$398.9 million respectively. For the purposes of this estimate, water production is assumed to be 163.0 million gallons per day and water purchases are projected to increase from 122.1 MGD in FY 2021 to 126.4 MGD in FY 2022.
- III. 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 2022 Capital Budget is \$703.8 million.

- IV. Debt Service – The debt service estimates for FY 2022 assume that \$208.5 million in water bonds and \$201.2 million in sewer bonds will be issued in FY 2022, in addition to repayment of existing debt. The WSSC Water’s water and sewer bond issues will be 30-year bonds with an estimated 4.0% average interest rate.
- V. Reconstruction Debt Service Offset (REDO) – For FY 2022, \$6.0 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 – Four additional authorized workyears are included. Funding for compensation enhancements is limited due to the very challenging fiscal environment.

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 \$828.5 million in FY 2022. This is a \$19.2 million increase, or about 2% above the Approved Budget of FY 2021.

The FY 2022 proposed total revenues for Water and Sewer Operating Funds are \$842.3 million, including transfers and credits that amount to \$13.8 million. WSSC Water proposes to use \$302.4 million (35.9%) in the category of operations and maintenance and \$309.0 million (36.7%) for debt service in FY 2022.

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 2022 operating budget that \$717.8 million in revenues (excluding offsets and use of fund balance) will come from water and sewer consumption charges. Revenues are assumed based on a water production level of 163 MGD.

Fund Balance

As shown below, the Proposed FY 2022 ending fund balances are the same as the projected FY 2021 ending balance for the combined Water and Sewer Operating Funds. This is because WSSC Water is no longer funding projects with fund balance.

Additionally, the General Bond Debt Service Fund as proposed by the FY 2022 ending fund balance is 6.4% lower than the projected FY 2021 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.

PROJECTED CHANGE IN FUND BALANCE

Fund (\$ in thousands)	Fund Balance - July 1st	Operating Revenues	Operating Expenses	Other Credits and Transfers	Adjust.	Fund Balance - June 30th	Fund Balance	
							Increase/ (Decrease)	% Chg
Water Operating								
FY 2021	\$ 34,469	\$ 351,994	\$ (365,190)	\$ 13,196	\$ 6,732	\$ 41,201	\$ 6,732	19.5 %
FY 2022	41,201	373,864	(380,565)	6,701	-	41,201	-	- %
Sewer Operating								
FY 2021	113,136	457,257	(470,833)	13,576	7,954	121,090	7,954	7.0 %
FY 2022	121,090	454,663	(461,734)	7,071	-	121,090	-	- %
General Bond Debt Service								
FY 2021	21,818	11,207	(13,633)	-	-	19,392	(2,426)	(11.1) %
FY 2022	\$ 19,392	\$ 8,558	\$ (9,794)	\$ -	\$ -	\$ 18,156	\$ (1,236)	(6.4) %

Operating expenses include debt service.

Population Served and Customer Accounts

WSSC Water's population projected to be served in FY 2022 is expected to increase by 0.5%. For FY 2022, WSSC Water is estimated to have 475,000 active customer accounts. The majority of accounts are residential at 95.4%, followed by commercial and industry at 3.8% 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 2022 is \$31.3 million, or \$21.8 million higher than funds provided in FY 2021 at \$9.5 million. For the FY 2022 Proposed Budget, the SDC offset is programmed at \$5.8 million.

Section 5: Expenditures

Comparative Expenditures by Major Expense Category

(\$ in Thousands)		FY 2020 Actual Operating	Total	Capital	FY 2021 Approved Operating	Total	Capital	FY 2022 Proposed Operating	Total
Expense Categories									
Salaries & Wages	\$26,388	\$132,574	\$158,962	\$27,826	\$128,369	\$156,195	\$27,449	\$133,730	\$161,179
Heat, Light & Power	155	15,534	15,689	277	20,431	20,708	222	18,501	18,723
Regional Sewage	-	56,414	56,414	-	58,000	58,000	-	59,160	59,160
Contract Work	211,404	18,342	229,746	353,066	22,846	375,912	444,405	21,337	465,742
Consulting Engineers	44,478	18,534	63,012	77,183	19,326	96,509	79,614	19,890	99,504
Debt Service	-	292,322	292,322	-	325,593	325,593	-	316,827	316,827
All Other	111,960	232,464	344,424	147,030	275,091	422,121	152,055	282,648	434,703
Grand Total	\$394,385	\$766,184	\$1,160,569	\$605,382	\$849,656	\$1,455,038	\$703,745	\$852,093	\$1,555,838

Salaries and Wages

- Salary and wages represent 15.7% of gross operating costs and show no significant increase from the Adopted Budget of FY 2021. For the first time since FY 2017 this budget includes funding for additional positions. After a thorough analysis of departmental backlogs, WSSC Water is proposing two positions in Production, two positions in Customer Service and unfreezing six CIP funded positions in Engineering and Construction to meet mission-critical needs. Twenty-four positions remain frozen.

Section 6: Debt Service

The proposed debt service expense is based upon paying the FY 2022 principal and interest payments on current outstanding debt as of June 30, 2020, as well as budgeted new debt issues approved in FY 2021 and the proposed issuance of \$410.3 million in new debt for FY 2022. The new debt for FY 2022 includes the following:

- \$208.5 million for water
- \$201.2 million for sewer
- \$0.6 million for general construction

The proposed debt service expense for FY 2022 is \$316.8 million, a decrease of \$8.8 million or 2.7% less than the Approved FY 2021 Budget of \$325.6 million. The decrease is primarily due to the current low interest rate environment that is

expected to persist through at least FY 2022 based on projections from members of the Federal Reserve Board's Federal Open Market Committee.

The total Capital budget for FY 2022 is \$703.7 million. This is comprised of \$466.9 million in CIP projects, \$245.0 million in Information Only projects; and an adjustment of \$8.1 million to account for expenditures funded via developer contributions for projects with a signed Service Extension Permit (SEP). The FY 2022 Capital Budget is \$98.3 million higher than the FY 2021 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 and wastewater treatment, storage and transmission and collection facilities. These bonds are repaid to bond holders over a 30-year period by annual principal and interest payments. The annual debt service on outstanding bonds are paid from WSSC Water'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.

WSSC Water's debt is repaid from water consumption and sewer use charges, infrastructure investment fees, 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 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 had been budgeting \$31.0 million in PAYGO each fiscal year to reduce the amount of planned debt issued for capital projects. For FY 2022 PAYGO was lowered to \$27.5 million due to financial challenges related to COVID-19 savings plans and to help meet the 5.9% rate increase limit.

Capital Budget Expenditure Summary				
	FY 2021 Approved	FY 2022 Proposed	\$ Change	% Change
(\$ in Thousands)				
Capital Improvement Program				
Montgomery County Water	\$ 1,821	\$ 2,864	\$ 1,043	57.3%
Prince George's County Water	36,484	62,481	25,997	71.3%
Bi-County Water	85,314	87,972	2,658	3.1%
Montgomery County Sewer	\$ 9,637	\$ 8,512	\$ (1,125)	-11.7%
Prince George's County Sewer	38,756	70,103	31,347	80.9%
Bi-County Sewer	203,061	234,947	31,886	15.7%
Total Capital Improvement Program	375,073	466,879	91,806	24.5%
Total Information Only	239,932	244,984	5,052	2.1%
Total Capital Expenditures	615,005	711,863	96,858	15.7%

Section 7: Performance Metrics

Cost Saving Measures

The FY 2022 budget reflects WSSC Water’s commitment to maintaining affordability through the active pursuit and implementation of cost saving measures. WSSC Water has deployed several ongoing strategies to identify more cost-effective ways of providing clean water to customers, including the following:

- The Supply Chain Management Transformation Project has produced significant cost reductions in excess of \$41 million in the operating and capital budgets since FY 2013, as well as cost avoidance savings of nearly \$37 million;
- The Innovation Program has identified promising methods for locating and remediating water system leakages and extending pipe life, as well as developing new approaches to wastewater treatment that have the potential to significantly reduce processing costs while also improving our environmental stewardship efforts;
- Changes made to monitoring and supervision of overtime costs have reduced these expenses by \$4.7 million since FY 2017.

Water and Sewer Infrastructure Reliability

The proposed budget includes the rehabilitation of 31 miles of smaller water mains (<16 inches in diameter), as WSSC Water begins to ramp back up toward its asset management plan goal of 55 miles per year, continued development of the enhanced pipe condition assessment program, and evaluation of new water main rehabilitation technologies to help control costs while also minimizing disruption for WSSC Water customers.

For large diameter water mains, the Pre-stressed Concrete Cylinder Pipe (PCCP) Program provides for the ongoing acoustic fiber optic (AFO) monitoring of more than 118 miles of pipe, ongoing inspection, and rehabilitation and replacement of large diameter pipes. The program will replace one-half mile of pipe in FY 2022, eventually building up to two miles per year. Inspection, rehabilitation, and replacement of large valves continues at a pace of two per year. Replacement of ferrous pipes is projected at six miles. Funding is also included for the continued compliance with all requirements of the SSO and Potomac Water Filtration Plant (WFP) Consent Decrees.

WSSC Water Information Technology (IT) Modernization

In addition to ongoing investments in WSSC Water's physical infrastructure, the FY 2022 budget invests in our organizational infrastructure. Funding is included to enhance WSSC Water's cybersecurity program to efficiently and effectively mitigate risks by ensuring that electronic data and computer systems and networks are protected from theft, attack or unauthorized access. Cybersecurity program initiatives include artificial intelligence threat detection, new end-user security awareness training and risk reduction of identity theft through two-step authentication.

The budget also provides for an Enterprise Asset Management/Work Management system. This comprehensive solution provides applications, modules, tools and supporting data for managing and monitoring all activities required for operations, maintenance, repair and capital planning for water/wastewater underground infrastructure.

Summary of Key Provisions of the FY 2022 Proposed Budget

- Treating and delivering 163.0 MGD of water to over 475,000 customer accounts in a manner that meets or exceeds the Safe Drinking Water Act standards;
- Treating nearly 192 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, 6,000 miles of water mains, and over 5,700 miles of sewer mains, 24 hours a day, 7 days a week;
- Implementing the first year of the FY 2022-2027 Capital Improvements Program;

- Complying with the Sanitary Sewer Overflow and the Potomac Plant Consent Orders;
- Funding the replacement of 37.5 miles of water mains and rehabilitating 45.4 miles of sewer mains and lateral lines;
- Issuing \$409.7 million in new water and sewer debt;
- Paying debt service of \$316.8 million - of which \$309 million is in the Water and Sewer Operating Funds;
- Funding \$71.1 million for large diameter pipe rehabilitation. This includes \$35.3 million for PCCP inspection, repair, and acoustic fiber optic monitoring of the pipes' condition; \$32.4 million for large diameter repairs and cathodic protection; \$3.4 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;
- Rehabilitating holistically the Piscataway basin to reduce infiltration and inflow;
- Funding additional operating costs at the Piscataway WRRF due to increase flows;
- Providing increased funds for customers in the Customer Assistance Program;
- Proposing limited compensation enhancements considering the very challenging fiscal environment.

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 \$150.7 million included in the Proposed Budget FY 2022 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 2022 Budget (\$ in Thousands)
S-1.01	Sewer Reconstruction Program	Ongoing	\$71,083
S-22.10	Blue Plains ENR	Construction	116
S-22.11	Blue Plains WWTP	Ongoing	10,460
S-170.09	Trunk Sewer Reconstruction Program	Ongoing	58,565
W-73.33	Potomac WFP Consent Decree	Design	10,500
Total Water Quality Projects			\$150,724

Section 8: Capital Improvements 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 Improvements 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 WSSC Water’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 is comprised of three separate funds:

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

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 2022 is \$703.7 million. This is comprised of \$466.9 million in CIP projects, \$245 million in Information Only projects and an adjustment of \$8.1 million to account for expenditures funded via developer contributions for projects with a signed SEP. The FY 2021 Capital Budget is \$98.3 million higher than

the FY 2021 Approved Capital Budget.

Capital Budget Funding Sources				
(\$ in Thousands)	FY 2021 Approved	FY 2022 Proposed	\$ Change	% Change
Capital Improvement Program				
Bonds	\$ 311,921	383,072	\$ 71,151	22.8%
PAYGO	31,016	27,585	(3,431)	-11.1%
Federal Grants	1,500	4,120	2,620	174.7%
State Grants	1,500	351	(1,149)	-76.6%
Local Government Contribution	3,675	3,343	(332)	-9.0%
System Development Charge	9,530	31,329	21,799	228.7%
Contribution/Other	15,931	17,079	1,148	7.2%
Total Capital Improvement Program	\$ 375,073	\$ 466,879	91,806	24.5%
Information Only				
Bonds	219,738	224,694	4,956	2.3%
State grants	20,000	20,000	-	N/A
Contribution/Other	194	290	96	49.5%
Total Information Only	\$ 239,932	\$ 244,984	5,052	2.1%
Total Capital Funding	\$ 615,005	\$ 711,863	96,858	15.7%

The Proposed FYs 2022-2027 Combined Program includes 56 CIP and 10 Information Only projects for a grand total of \$5.7 billion. The grand total is \$137.6 million greater than the Adopted FYs 2021-2026 Combined Program primarily due to the increases in the Water Reconstruction Program as the replacement mileage ramps back up and increases in the Sewer Reconstruction Program for the rehabilitation work in the Piscataway Basin.

The \$466.9 million in CIP projects for FY 2022 include ramping up of construction on the Piscataway Bioenergy project, and the addition of five new wastewater pumping station (WWPS) and force main (FM) replacement projects to address aging assets beyond their useful lives.

FY 2022 budget expenditures are estimated at \$703.7 million, or \$ 98.3 million greater than the funding level approved for FY 2021. This increase is primarily due to ramp-up in Piscataway Bioenergy project construction the five new WWPS and FMs.

Of the \$703.7 million, WSSC Water plans accordingly (without accounting for the adjustment for developer contributions):

- \$153.3 million for the Water Program

- \$313.6 million for the Sewerage Program
- \$245.0 million for Information Only projects

There are currently 29 CIP projects in the County, as well as five projects that are associated with the Blue Plains Advanced Wastewater Treatment Plant (Blue Plains), which are owned and operated by DC Water. There are an additional 5 Bi-County wastewater projects, 8 Bi-County water projects, and 10 Information Only projects that either include work in the County, enhance services to customers within the County, or both. The total \$703.7 million Capital Budget is comprised of \$607.8 million in bonds, \$27.6 million in PAYGO, and \$68.4 million in grants, contributions, and other funding sources. Key changes leading to the increase in bond funding included the ramping up of construction for the Piscataway Bioenergy project, and the addition of five new WWPS and FM replacement projects.

Funding Growth

The portion of CIP needed to accommodate growth is approximately \$129.9 million, which equals 3% of the six-year total expenditures, and \$48.5 million or 7% of the FY'22 budget. The major funding sources for this part of the program are System Development Charge (SDC) revenues and payments by Applicants. In the event that growth costs are greater than the income generated by growth funding sources, either SDC supported or rate-supported water/sewer bonds may be used to close any gap.

It is estimated that there will be an overall growth funding surplus of \$3.7 million over the six-year program period. The gap or surplus between growth funding sources (SDC, developer contributions, and Applicant payments under System Extension Permits) and the estimated growth-related expenditures vary over the six-year period. If growth related expenditures were to exceed the available SDC account balance in any given fiscal year, it is anticipated that new SDC-supported debt would be issued to cover this temporary gap. The debt will be repaid through future SDC collections, as allowed by State Law. Further, it is currently anticipated that no significant additional growth projects will evolve in the later years of the six-year period.

Bi-County Projects

I. Water

There are eight (8) Bi-County Water Projects (plus two (2) projects pending close-out) with a total cost of about \$1 billion. The Regional Water Supply Resiliency 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 2022 - 2027 Potomac WFP combined projects estimated costs \$353.3 million in total with \$11.6 million planned in FY 2022.

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

The following project is 100% funded with federal aid.

- ii. **Regional Water Supply Resiliency.** This 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 2022 - 2027 total costs is about \$15.5 million with \$4.1 million planned in FY 2022.

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

- iii. **Large Diameter Water Pipe and Large Valve Rehabilitation Program.** This project will rehabilitate or replace large diameter water transmission mains and valves. The FY 2022 - 2027 total costs \$519.0 million with expenditures of \$61.7 million planned in FY 2022.
- iv. **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 2022 - 2027 total project costs is \$34.3 million with expenditures of \$9.5 million planned in FY 2022. 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).

- v. **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 2022 - 2027 total costs is \$11.4 million with expenditures of \$1.1 million planned in FY 2022.

II. Sewer

There are ten (10) Bi-County Sewer Projects with a total cost of \$1.79 billion. Key projects include:

- 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 \$323.3 million and State & Federal Aid at \$3.9 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 2022 - 2027 total project costs is \$327.2 million with expenditures of \$97.9 million planned in FY 2022.
- 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 19% 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. The FY 2022 – 2027 proposed total costs is approximately \$1.0 billion or 6.0% less than the Adopted FY 2021 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 2022 - 2027 total costs is \$40.0 million with expenditures of \$12.5 million planned in FY 2022.

- 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 2022 - 2027 total cost is \$348.4 million with expenditures of \$58.6 million planned in FY 2022.
- 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 \$1.6 million and SDC at \$0.3 million. The FY 2022 - 2027 total costs is \$1.9 million with expenditures of \$495 thousand planned in FY 2022.

Prince George's County Projects

I. Water

There are twelve (12) Prince George's County water projects (plus two (2) projects pending close-out) at a total cost of \$62.5 million in FY 2022. Key projects include:

- i. **Prince George's County HG415 Zone Water Main.** This project is 100% WSSC Water bond funded and provides for 1,990 feet of 24-inch diameter and 142 feet of 16-inch diameter water main construction and new isolation valves, pressure relief valves with flow control capability which will improve system reliability by improving the flexibility of the delivery system. The FY 2022 - 2027 total cost is \$4.0 million with expenditures of \$2.3 million planned in FY 2022.
- 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 2022 - 2027 total cost is \$21.8 million with expenditures of \$5.6 million planned in FY 2022. 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

2022 - 2027 total cost is \$43.9 million with expenditures of \$14.2 million planned in FY 2022.

- 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 2022 - 2027 total cost is \$4.3 million with expenditures of \$1.95 million planned in FY 2022.
- 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 2022 - 2027 total cost is \$8.76 million with no expenditures planned until FY 2027.
- vi. **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 2022 - 2027 total cost is \$3.7 million with expenditures of \$452 thousand planned in FY 2022.
- vii. **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 2022 - 2027 total cost is \$1.8 million with expenditures of \$358 thousand planned in FY 2022.
- viii. **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 2022 - 2027 total cost is \$47.8 million with expenditures of \$13.8 million planned in FY 2022.
- ix. **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 2022 - 2027 total cost is \$2.4 million with expenditures of \$758,000 planned in FY 2022.

- x. **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 2022 - 2027 total cost is \$2.8 million with expenditures of \$442,000 planned in FY 2022.
- xi. **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 2022 - 2027 total cost is \$3.1 million with expenditures of \$1.0 million planned in FY 2022.
- xii. **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 2022 - 2027 total cost is \$67.9 million with expenditures of \$21.7 million planned in FY 2022.

II. Sewer

There are seventeen (17) Prince George's County sewer projects (plus two (2) projects pending close-out) at a total cost of \$70.1 million in FY 2022. Key projects include:

- 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 2022 - 2027 total estimated cost is \$62.5 million of which \$7.2 million is planned to be expensed in FY 2022.
- 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 2022 - 2027 total estimated cost is \$9.3 million of which \$127 thousand is planned to be expensed in FY 2022.

- iii. **Westphalia Town Center Sewer Main.** This project is funded through 100% Contributions. This project provides for the planning, design and construction of 4,550 feet of 15-, 18- and 21-inch diameter sanitary sewer main to serve the Westphalia Town Center. The FY 2022 - 2027 total cost is \$1.6 million with expenditures of \$161,000 planned in FY 2022.
- 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 2022 - 2027 total cost is \$7.1 million with expenditures of \$0.0 planned in FY 2022.
- v. **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 1,450 feet of 18-inch diameter sewer mains to provide service for the Landover Mall Redevelopment. The FY 2022 - 2027 total cost is \$1.4 million with expenditures of \$668,000 planned in FY 2022.
- vi. **Mattawoman WWTP 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 2022 - 2027 total cost is \$19.6 million with expenditures of \$4.0 million planned in FY 2022.
- vii. **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 2022 - 2027 total cost is \$884,000 with expenditures of \$194 thousand planned in FY 2022.
- viii. **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 2022 - 2027 total cost is \$169.8 million with expenditures of \$44.2 million planned in FY 2022.
- ix. **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 2022 - 2027 total cost is \$962,000 with expenditures of \$432,000 planned in FY 2022.

- x. **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 2022 - 2027 total cost is \$1.89 million with expenditures of \$1.1 million planned in FY 2022.
- xi. **New Projects.** The FY 2022 – 2027 Program includes seven new projects, shown on the table below:

Agency #	Project Name	Project Cost*	Budget Year Cost*
S-28.20	Pumpkin Hill WWPS & FM	\$4,496	\$1,725
S-77.21	Parkway WRRF Electrical Upgrades	11,066	1,760
S-87.19	Horsepen WWPS & FM	35,349	4,146
S-89.25	Little Anacostia WWPS & FM	9,239	1,370
S-118.10	Viva White Oak Sewer Augmentation	1,080	432
S-131.11	Calm Retreat Sewer Main	981	883
S-131-12	Swan Creek WWPS & FM	12,186	1,793
	Totals	\$74,397	\$12,109

*All figures in thousands

Section 9: Staff Recommendations

- Concur with WSSC Water's proposal to increase combined water and sewer rates, not to exceed 5.9% for FY 2022.
- 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 2022 – FY 2027 CIP projects as reflected in the Proposed CIP as provided on October 1, 2020.

Section 10: Attachments

- February 9 County Briefing - FY 22 Preliminary Proposed Budget
- March 25 FY 22 WSSC Water Proposed Capital and Operating Budget Presentation
- March 1 letter from Chair Denis to the Council