

# PRINCE GEORGE'S COUNTY COUNCIL

## COMMITTEE REPORT

2021 Legislative Session

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**Reference No.:** CR-127-2021

**Draft No.:** 1

**Committee:** Committee of the Whole

**Date:** 10/26/2021

**Action:** FAV

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### REPORT:

Committee Vote: Favorable, 10-0 (In favor: Council Members Turner, Hawkins, Anderson-Walker, Davis, Dernoga, Franklin, Glaros, Harrison, Ivey, and Taveras)

The Committee convened on October 21, 2021, and again on October 26, 2021 to consider the establishment of spending control limits for the Fiscal Year 2023 Operating and Capital Budgets of the Washington Suburban Sanitary Commission (WSSC). The Spending Affordability Working Group, consisting of staffs from the Montgomery and Prince George's County Councils and both County Executive's offices, met with WSSC staff on September 8th and September 21st to specifically discuss the establishment of spending control limits that can be endorsed by both Counties. The goal of the Spending Affordability process is for the Prince George's and Montgomery County Councils to jointly set certain budgetary limits by November 1st of each year. These limits provide direction to WSSC for the formulation of the Commission's proposed budget. Both Councils reviewed the information compiled by the staff relating to spending control limits on: the percentage of water and sewer rate increase, new debt, debt service and total water & sewer operating expenditures.

Lavinia Baxter, Office of Audits & Investigations, provided a detailed overview of the Fiscal Year 2023 Spending Control Limits at the 10/21/21 COW meeting. Ms. Baxter explained the various scenarios presented by WSSC and additional scenarios requested by the Working Group. WSSC's proposed based case scenario consisted of a 9% rate increase for FY2023. After requests from the Working Group, the Commission also presented a forecast at the 7% level as well. After review of these scenarios, staff recommended a spending control limit of 7%. The Committee took staff's recommendations under advisement until the 10/26 meeting.

The Committee of the Whole continued its review on 10/26, where Mr. Kenneth Battle, TIEE Committee Director, provided a recap of the 10/21 discussion and discussed the difference between the 7% scenario and a proposed 6.5% spending limit. Mr. Battle indicated that the 6.5% scenario will require \$3.9 million in unspecified reductions to WSSC's Operating Budget, without any impact on any Prince George's County projects in the currently approved WSSC CIP. The Prince George's County Executive (through a letter from CAO Jackson dated 10/25/21) recommended support of a 7% spending limit. Mr. Battle reported that the Montgomery County Council T&E Committee recommended 6% at their 10/14/21 meeting, and

the Montgomery Council is scheduled to take final action on spending limits on 10/26/21 also.

After comments from WSSC General Manager Carla Reed and her leadership team, the Committee voted to recommend the following spending control limits for WSSC for FY2023 to the full Council:

Maximum Average Rate Increase: 6.5%

New Water and Sewer Debt: \$430,093,000

Water and Sewer Debt Service: \$328,423,000

Total Water and Sewer Operating Expense: \$859,374,000

At the conclusion of the discussion, the Committee voted favorably on the above Spending Control Limits for FY 2023 by a vote of 10-0.