



# THE PRINCE GEORGE'S COUNTY GOVERNMENT

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County Council

April 9, 2026

TO: Thomas E. Dernoga, Chair  
Transportation, Infrastructure, Energy, and Environment (TIEE)  
Committee

FROM: J. Kenneth Battle, Jr., Director  
TIEE Committee

THRU: David H. Murray  
Council Administrator

RE: ***Staff Report - WSSC Water FY 2027 Operating & Capital  
Budgets, and Capital Improvements Program (CIP)***

This report contains a detailed summary of the Washington Suburban Sanitary Commission (WSSC Water) FY 2027 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 Council Members with relevant information to support the 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 Management and Budget, 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
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## **Section 1: WSSC Water Goals and Budget Overview**

The Washington Suburban Sanitary Commission (WSSC Water/Commission) provides water and sewer services to approximately 2.0 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 162 million gallons of water per day in FY 2027 and deliver that water to homes and businesses in the region through a system of 6,031 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 2027, it is projected that an average of 195 million gallons of wastewater per day will move to these facilities through 5,711 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 conventional wastewater treatment to provide advanced treatment processes that ensure that the quality of the treated wastewater is better than the quality of the natural water to which it is returned.

### **FY 2027 Proposed Operating and Capital Budgets**

The proposed total budget for FY 2027 for all operating and capital funds totals \$1.97 billion or \$136.95 million (7.5%) more than the FY 2026 Approved Budget and is based on an assumed 5.0% average revenue enhancement.

The chart on the next page summarizes expenditures by the major operating and capital funds for the Approved FY 2026 Budget and the Proposed FY 2027 Budget.

## COMPARATIVE EXPENSES

### Comparative Expenses by Fund

(\$ in thousands)	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2027 Proposed	FY 2027 Over/(Under) FY 2026	% Change
<b>Operating Funds</b>							
Water Operating	\$ 367,236	\$ 415,262	\$ 480,427	\$ 523,081	\$ 550,022	\$ 26,941	5.2 %
Sewer Operating	455,358	486,946	525,201	607,421	643,976	36,555	6.0 %
General Bond Debt Service	9,165	7,035	5,486	2,596	2,615	19	0.7 %
<b>Total Operating</b>	<b>\$ 831,759</b>	<b>\$ 909,243</b>	<b>\$ 1,011,114</b>	<b>\$ 1,133,098</b>	<b>\$ 1,196,613</b>	<b>\$ 63,515</b>	<b>5.6 %</b>
<b>Capital Funds</b>							
Water Supply Bond	\$ 182,016	\$ 204,564	\$ 254,016	\$ 350,064	\$ 312,829	\$ (37,235)	(10.6)%
Sewer Disposal Bond	220,636	202,934	197,313	312,733	422,525	109,792	35.1 %
General Construction*	33,740	2,663	10,215	34,018	34,898	880	2.6 %
<b>Total Capital</b>	<b>\$ 436,392</b>	<b>\$ 410,161</b>	<b>\$ 461,544</b>	<b>\$ 696,815</b>	<b>\$ 770,252</b>	<b>\$ 73,437</b>	<b>10.5 %</b>
<b>Grand Total</b>	<b>\$ 1,268,151</b>	<b>\$ 1,319,404</b>	<b>\$ 1,472,658</b>	<b>\$ 1,829,913</b>	<b>\$ 1,966,865</b>	<b>\$ 136,952</b>	<b>7.5 %</b>

\* Beginning FY 2024, WSSC Water discontinued the issuance of General Construction Bonds

### Comparative Expenses by Major Expense Category

(\$ in thousands)	FY 2025 Actual			FY 2026 Approved			FY 2027 Proposed		
	Capital	Operating	Total	Capital	Operating	Total	Capital	Operating	Total
<b>Expense Categories</b>									
Salaries & Wages	\$ 38,624	\$ 164,688	\$ 203,312	\$ 42,194	\$ 200,396	\$ 242,590	\$ 44,129	\$ 214,066	\$ 258,195
Heat, Light & Power	-	24,433	24,433	-	29,215	29,215	-	31,880	31,880
Regional Sewage Disposal	-	80,409	80,409	-	83,661	83,661	-	89,667	89,667
Contract Work	284,164	-	284,164	383,031	-	383,031	439,360	-	439,360
Consulting Engineers	40,495	-	40,495	117,541	-	117,541	86,337	-	86,337
Debt Service	-	355,024	355,024	-	373,801	373,801	-	388,446	388,446
All Other	98,261	386,560	484,821	154,049	446,025	600,074	200,426	472,554	672,980
<b>Grand Total</b>	<b>\$ 461,544</b>	<b>\$ 1,011,114</b>	<b>\$ 1,472,658</b>	<b>\$ 696,815</b>	<b>\$ 1,133,098</b>	<b>\$ 1,829,913</b>	<b>\$ 770,252</b>	<b>\$ 1,196,613</b>	<b>\$ 1,966,865</b>

### Operating Funds

The Proposed Operating Budget of \$1.2 billion represents an increase of \$63.5 million (5.6%) over the FY 2026 Approved Operating Budget of \$1.1 billion. The proposed budget funds several essential priorities for compliance and infrastructure improvements, including:

- Safe Drinking Water Act and Clean Water Act compliance
- Private Side (customer) lead water service line replacement
- EPA Lead and Copper Rule regulatory compliance
- Comprehensive Per- and Polyfluoralkyl Substances (PFAS) management strategy
- Operations and maintenance of infrastructure assets to support the core mission
- Debt service to support the capital improvements program
- Reduced reliance on bonds via increases to the PAYGO allocation

- Adherence to financial metrics to retain the AAA bond rating
- Inspection of large-diameter pipes and valve exercising
- Investments to ensure operational reliability and resilience
- Upgrading Water Filtration and Water Resource Recovery Facilities to drive operational cost savings and maintain compliance
- Upgrading aging pumping stations and force mains
- Modernizing the meter infrastructure
- Proactive investment to safeguard the environment

### ***Capital Funds***

The Proposed Capital Budget of \$770.2 million represents an increase of \$73.4 million (10.5%) from the FY 2026 Approved Capital Budget of \$696.8 million. The increase is driven primarily by CIP programs related to Blue Plains Wastewater Treatment Plants (WWTP) and projects funded with state grants. Key investments in the FY 2027 Proposed Capital Budget are as follows:

- Invest \$114.1 million to replace 63.5 miles of sewer pipe in the Sewer Reconstruction Program.
- Invest \$68.0 million to replace 35 miles of water pipe in the Water Reconstruction Program.
- Invest \$58.0 million to replace 5 miles of large diameter water pipe in the Large Diameter Water Pipe & Large Valve Rehabilitation Program.
- Invest \$34.0 million in Lead and Copper Reduction regulatory compliance.
- Invest \$26.4 million to replace 7.4 miles of Trunk Sewer line in the Trunk Sewer Reconstruction Program.
- Invest \$24.0 million in the Anacostia Depot Reconfiguration for mechanical upgrades at the warehouse and heavy equipment shop and the replacement of the warehouse's roof.
- Invest \$22.8 million to replace and upgrade Support Center assets that have reached the end of their useful lives such as: Replacement of the primary 13.2 kV switchgear and associated equipment that supply power to the building and replacement of the emergency generators and fuel tanks, building Envelope improvements, 8th and 12th floor upgrades, and green roof improvements and upgrades.
- Invest \$16.3 million in Energy Performance Program.
- Invest \$15.2 million in Master Planning and Facilities Planning and Investments.
- Invest \$12.8 million in Smart Water Meter Infrastructure.

\*A map of the capital projects located in Prince George's County is in the Proposed Budget book on page 8-12. The map does not include projects with multiple job

sites, like the water and sewer reconstruction programs.

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 the Sanitary Sewer Overflow (SSO) Consent Decree
- Compliance with the Potomac Water Filtration Plant Consent Decree
- Environmental regulations directives
- Maintaining the security of the water infrastructure
- Security of staff and field personnel
- Information Technology Improvements

**Financial Assistance Programs**

With residents struggling to meet their monthly expenses, WSSC Water has increased its FY 2027 financial assistance to continue providing relief to thousands of customers. Programs include the following:

- Flexible payment options
- Customer Assistance Program (CAP)
- Bay Restoration Fund Exemption Program
- Bill adjustments
- Water Fund Donation
- CAP Leak Repair Program
- PipeER Program (also known as the Connection Pipe Emergency Replacement Loan Program)

The FY 2027 budget proposes increased funding for financial assistance programs by \$1.8 million (20.0%) from \$8.9 million in FY 2026 to \$10.6 million in FY 2027. WSSC Water has increased funding levels for these various financial assistance programs by \$5.4 million (152.5%) since FY 2024 (from \$3.5 million in FY 2024 to \$8.9 million in FY 2026). The CAP, which is funded by WSSC Water revenues, is proposed to be maintained at \$2.2 million for FY 2027.

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Flexible Payment Plans - Contract	\$ -	\$ -	\$ 3,300,000	\$ 3,630,000	\$ 3,630,000
Customer Assistance Program	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Bill Adjustments	1,212,000	1,212,000	1,212,000	1,212,000	1,212,000
Water Fund Donation			500,000	750,000	750,000
CAP Leak Repair Program			350,000	350,000	700,000
PipeER Program	100,000	100,000	200,000	200,000	200,000
New/Enhanced Program TBD	-	-	-	525,000	1,948,400
<b>Total Budget for Assistance Programs</b>	<b>\$ 3,512,000</b>	<b>\$ 3,512,000</b>	<b>\$ 7,762,000</b>	<b>\$ 8,867,000</b>	<b>\$ 10,640,400</b>

CAP customers who qualify based on income eligibility are exempt from fixed fees and receive credits capped in FY 2027 at \$60.52 per quarterly bill or \$242.08 per year. This is an increase from the FY 2026 level of \$57.64 per quarter (\$230.56 per year). The number of CAP customers in Prince George's County grew from 3,306 in April 2025 to 4,859 in April 2026, representing a 47% increase over the previous year. A summary of CAP customers by Council District is included in Attachment B at the end of this report.

**Section 2: Proposed Rates, Fees and Charges**

The FY 2027 proposed budget calls for a 5.0% average water and sewer volumetric and fixed-rate increase, and a 1.0% revenue enhancement from a one-time adjustment from interest income and the rate stabilization fund, resulting in an overall revenue enhancement of 6.0% for FY 2027. The proposed rate increase meets the 5.0% Spending Affordability Guideline recommended by Prince George's County and is lower than the 6.0% Guideline recommended by Montgomery County.

## COMBINED WATER AND SEWER OPERATING FUNDS - PROPOSED RATE IMPACT

### 5.0% Average Water and Sewer Revenue Enhancement

		FY 2027 Proposed (\$ in thousands)
<b>FUNDING SOURCES</b>		
<b>Revenues (estimates)</b>		
Consumption Charges	\$	892,540
Account Maintenance Fees (AMF)		68,690
Infrastructure Investment Fees (IIF)		84,670
Uncollectible		(5,491)
<b>Other Revenues</b>		
Interest Income		18,907
Miscellaneous Revenues		66,157
<b>Subtotal</b>	<b>\$</b>	<b>1,125,473</b>
<b>Other Credits and Transfers</b>		
Use of Fund Balance		5,500
Systems Development Charges (SDC) Debt Service Offset		5,748
Underwriters Discount Transfer		2,000
Cost Sharing Reimbursement		2,982
<b>Total Funding Sources</b>	<b>\$</b>	<b>1,141,703</b>
<b>EXPENSES</b>		
Operating, Maintenance & Support Services Expenses		705,552
Debt Service		388,446
Pay-As-You-GO (PAYGO)		100,000
<b>Total Expenses</b>	<b>\$</b>	<b>1,193,998</b>
Shortfall to be Covered by Revenue Enhancement	<b>\$</b>	<b>(52,295)</b>
Proposed Average Water and Sewer Rate Increase (Shortfall divided by Consumption Charges, AMF and IIF)		<b>5.0 %</b>

The FY 2027 Proposed Budget is supported overall by a 6.0% revenue enhancement comprised of a 5.0% average water and sewer volumetric and fixed rate increase. With the additional 1.0% achieved using one-time revenue from interest income and a temporary rate stabilization fund. This proposed increase meets the 5.0% Spending Affordability Guidelines (SAG) limit recommended by Prince George's County but is below the 6.0% limit recommended by Montgomery County. Even with this revenue enhancement, WSSC Water rates remain favorable when compared to many other comparable water and sewer utilities as shown in section 3.

Below is an analysis of approved volumetric rate increases from FY 1999 through FY 2026:

Fiscal Year	Approved		Fiscal Year	Approved	
	Rate Increase	Budget in (000s)		Rate Increase	Budget in (000s)
FY99	0.0%	443,575	FY13	7.5%	661,733
FY00	0.0%	445,946	FY14	7.3%	698,773
FY01	0.0%	457,946	FY15	5.5%	707,190
FY02	0.0%	463,921	FY16*	6.0%	715,173
FY03	0.0%	465,835	FY17*	6.5%	736,382
FY04	0.0%	448,580	FY18	3.5%	741,236
FY05	3.0%	465,253	FY19	4.5%	781,581

FY06	2.5%	494,347	FY20	5.0%	817,393
FY07	3.0%	465,253	FY21	6.0%	849,656
FY08	6.5%	525,874	FY22	5.9%	852,093
FY09	8.0%	556,035	FY23	6.5%	864,606
FY10	9.0%	590,531	FY24	7.0%	931,182
FY11	8.5%	605,550	FY25*	8.5%	1,014,059
FY12	8.5%	626,145	FY26*	9.5%	1,130,502
			FY27**	5.0%	1,193,998

Average Rate Increase (FY22-26): 7.5%  
Average Rate Increase (FY17-26): 6.3%  
Average Rate Increase (FY06-26): 6.4%

\*Customer Impact is shown for FY16, 17, 25, and 26, which includes the volumetric rate increase and increases in fixed fees

\*\*Based on the WSSC Water Proposed Budget

The following chart compares WSSC Water rate increases to DC Water and Baltimore City for FY 2016 Approved through Proposed FY 2027:

Agency/Region	Actual FY 2016	Actual FY 2017	Actual FY 2018	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Actual FY 2024	Actual FY 2025	Actual 2026	Proposed FY 2027
<b>WSSC Water</b>												
Water and Sewer Rate Increase****	6.0%	6.5%	3.5%	4.5%	5.0%	6.0%	5.9%	6.5%	7.0%	8.5%	9.5%	5.0%
<b>DC Water**</b>												
Water and Sewer Rate Increase	4.9%	5.0%	5.0%	5.0%	11.5%	9.9%	7.8%	9.5%	3.3%	8.0%	6.0%	7.0%
<b>Baltimore City*</b>												
Water Rate Increase	9.9%	9.0%	9.9%	9.9%	9.9%	9.9%	9.9%	3.0%	3.0%	3.0%	12.3%	9.0%
Sewer Rate Increase	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	3.5%	3.5%	3.5%	25.4%	9.0%

**Bold** represents approved rates

\*Baltimore City rates increase between FY 2025 and FY 2026 were phased-in in two segments.

\*\*DC Water fiscal year is October through September

\*\*\*Fairfax Water rates are

\*\*\*\*WSSC added ready-1

In addition to the water and sewer volumetric rates, the budget will be funded by the following proposed fixed fee rates and charges.

#### I. 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 \$88.9 million in FY 2027, which represents a 3.7% increase from \$85.8 million in the FY 2026 approved budget.

## II. Account Maintenance Fee

The Account Maintenance Fee (AMF) recovers servicing costs associated with maintaining customers' accounts. The AMF is expected to generate \$72.1 million in FY 2027, which represents a 3.7% increase from \$69.5 million in FY 2026 (For more details, please see the FY 2027 Proposed Budget book page 7-6).

## III. System Development Charge

A 2.4% increase in the System Development Charge (SDC) is proposed for FY 2027 across all categories. State law provides for SDC to new applicants for WSSC Water service, which is intended to recover growth costs, and may be adjusted annually by the change in the Consumer Price Index (CPI) for the Washington, DC area. Since 2000, WSSC Water has adjusted the maximum allowable charge based on the change in the November CPI-W with no changes to the actual fee. In FY 2026, WSSC proposed a 2.5% increase in the SDC, which was approved by both Councils. For FY 2027, the Commission is again proposing an increase in the SDC by 2.4%, as well as the maximum allowable charge based on the change in the CPI-W. (For more details, see FY 2027 Proposed Budget, page 2-6).

## IV. Miscellaneous Fees

WSSC Water provides a number of services for which separate fees or charges have been established. Each year WSSC Water reviews fees and charges to ensure that they are in line with costs based upon a derived costing methodology. Fees and charges may experience an increase or decrease as cost profiles change in relation to the introduction of technology, addressing new regulations or requirements, service levels, benchmarking, and staff compensation changes. (For more details, see FY 2027 Proposed Budget pages 2-7 through 2-16).

## V. Other Revenues

The System Development Charge (SDC) Debt Service Offset is related to prior fiscal years when capital "growth" expenditures exceeded the available SDC account balance. When there is such an occurrence, WSSC Water issues new SDC supported debt to cover this temporary gap rather than increasing the SDC. The portion of debt is then repaid (offset) through future SDC collections, as allowed by state law.

For the FY 2027 Proposed Budget, the SDC offset is programmed at \$5.7 million.

**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 Water’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 that generally conforms to the Spending Affordability Guidelines (SAG) established by both County governments every year since 1994.

For the 2027 fiscal year, Prince George’s County recommends a 5.0% SAG limit, and Montgomery County recommends a 6.0% limit. *WSSC Water’s proposed budget is based on a 5.0% rate increase.*

WSSC Water FY 2027 Proposed Budget vs Spending Affordability Limits  
(\$ In Millions)

	Prince George’s County	Montgomery County	FY 2027 Proposed Budget
New Water and Sewer Debt	\$491.1	\$491.1	\$494.1
Total Water and Sewer Debt Service	\$388.4	\$388.4	\$388.4
Total Water & Sewer Operating Expenses	\$1,183.5	\$1,194.0	\$1,194.0
Water and Sewer Rate Increase	5.0%	6.0%	5.0%

**The 6.0% Proposed Budget provides for:**

- Implementing the first year of the FYs 2027-2032 Capital Improvement Program (CIP);
- \$91.9 million for the District of Columbia Water and Sewer Authority’s (DC Water) Blue Plains Wastewater Treatment Plant (a 9.8% increase over the FY 2026 Approved budget);
- 5.0% Water & Sewer Average Rate revenue enhancement (Volumetric and Fixed);
- 1.0% Revenue Enhancement through the use of one-time revenue from interest income and a temporary rate stabilization fund.

- Operating Budget increase of 6.0%;
- Paying debt service of \$388.4 million; and
- Operating and capital funds total \$1.97 billion, or 7.5% above FY 2026.

Additionally, the budget pays for essential improvements, which include:

- Expanding repair work at our facilities; water tank painting (4) to prevent metal corrosion;
- Maintaining Information Technology (IT) investments in cybersecurity and new and upgraded IT applications;
- Supporting compliance with amendments to the Federal Lead and Copper Rule;
- Removing sediment from the Little Seneca Forebay;
- Funding \$10.6 million for financial assistance programs, which include \$2.2 million for the Customer Assistance Program (CAP), \$3.6 million for the PromisePay program, and \$700,000 for the new CAP Leak repair program;

### ***Major Assumptions and Workload Summary***

- I. Fund Balance (Accumulated Net Revenue) – It was assumed for the purpose of preparing the FY 2027 Proposed Budget that, at the end of FY 2026, accumulated net revenues for the water and sewer operating funds would total \$397.9 million. For FY 2027, the total water and sewer operating revenues are \$1,177.8 million; therefore, at least \$235.6 million will be held in accumulated net revenues in adherence to WSSC Water’s 20% reserve policy (see Fiscal Guidelines page 6-1). The budgeted accumulated net revenue of \$392.4 million exceeds the reserve target and is 33.3% of the total operating revenues.
- II. Water Consumption and Sewer Use Revenues – The estimated FY 2027 revenues from water consumption and sewer use charges are \$425.0 million and \$512.2 million, respectively. Water production is assumed to be 162.1 million gallons per day (MGD) in FY 2027 and water consumption is projected to increase from 127.0 MGD in FY 2026 to 127.6 MGD in FY 2027.
- 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 2027 Capital Budget is \$741.6 million.
- IV. Debt Issuance – The new debt issuance estimates for FY 2027 assume \$277.3 million in Water Supply bonds and \$213.8 million in Sewage Disposal bonds. The water and sewer issues will be 30-year bonds with an estimated 4.5% average interest rate.

- V. Reconstruction Debt Service Offset (REDO) –There will be no transfer in FY 2027 as the fund balance has been spent down as planned.
- VI. Workforce and Compensation – Authorized workyears remain at 2,040. A marker is included for salary enhancements in the FY 2027 budget.

**Section 4. Revenues**

Water consumption and sewer usage rates are the primary sources of revenue for the Water and Sewer Operating Funds. Revenues from the Water and Sewer Operating Funds are estimated at \$1.2 billion in FY 2027. This is a \$55.7 million increase, or about 4.97% over the Approved Budget of FY 2026.

**REVENUE AND EXPENSE TRENDS**

**Water & Sewer Operating Funds - Combined**

(\$ in thousands)	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2027 Proposed
<b>Revenues</b>					
Water Consumption Charges	\$ 331,002	\$ 356,194	\$ 371,913	\$ 401,851	\$ 424,997
Sewer Use Charges	418,435	445,529	461,577	490,689	512,170
Account Maintenance Fees	34,888	37,846	62,730	69,493	72,124
Infrastructure Investment Fees	43,269	46,610	77,324	85,782	88,904
Plumbing and Inspection Fees	20,513	20,975	20,737	22,610	23,289
Rockville Sewer Use	3,879	4,507	4,643	4,500	4,650
Grants Revenue	2,743	3,790	2,563	3,171	2,500
Miscellaneous	25,069	28,827	27,489	27,800	29,730
Interest Income	14,924	27,996	24,572	14,000	18,907
Uncollectible	-	-	-	(4,961)	(5,491)
Renewable/Natural Gas Sales	-	-	2,392	7,107	5,988
<b>Total Operating Revenues</b>	<b>\$ 894,722</b>	<b>\$ 972,274</b>	<b>\$ 1,055,940</b>	<b>\$ 1,122,042</b>	<b>\$ 1,177,768</b>
<b>Other Credits and Transfers</b>					
Use of Fund Balance	-	-	-	-	5,500
Reconstruction Debt Service Offset	-	(20,000)	-	-	-
SDC Debt Service Offset	5,772	5,772	5,772	5,772	5,748
Premium Transfer	2,503	-	-	-	-
Underwriters Discount Transfer	2,000	2,000	2,000	2,000	2,000
Cost Sharing Reimbursement	-	-	-	688	2,982
<b>Total Funds Available</b>	<b>\$ 904,997</b>	<b>\$ 960,046</b>	<b>\$ 1,063,712</b>	<b>\$ 1,130,502</b>	<b>\$ 1,193,998</b>
<b>Expenses</b>					
Salaries & Wages	\$ 127,044	\$ 140,324	\$ 163,592	\$ 199,283	\$ 212,946
Heat, Light & Power	22,390	22,079	24,433	29,200	31,866
Regional Sewage Disposal	71,025	79,822	80,409	83,661	89,667
<b>Debt Service</b>					
Principal Payments	162,080	193,516	203,294	217,921	222,144
Interest Payments	138,013	144,811	148,268	155,880	166,302
PAYGO	31,016	44,000	50,601	93,000	100,000
All Other	271,026	277,656	335,031	351,557	371,073
<b>Total Expenses</b>	<b>\$ 822,594</b>	<b>\$ 902,208</b>	<b>\$ 1,005,628</b>	<b>\$ 1,130,502</b>	<b>\$ 1,193,998</b>

***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
Sewer 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 Charges

It is projected in the FY 2027 operating budget that \$937.2 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 162 MGD.

### Fund Balance

As shown below, the FY 2027 Proposed Budget ending fund balance is lower than the projected FY 2026 ending balance for the Water Operating Fund by 2.2% (\$2.8 million) and for the Sewer Operating Fund by 1% (\$2.7 million). In total, the Proposed FY 2027 ending fund balance for Water and Sewer Operating funds (\$392.4 million) is a \$5.5 million (1.4%) decrease from the projected FY 2026 ending balance of \$397.9 million.

### PROJECTED CHANGE IN FUND BALANCE

Fund (\$ in thousands)	Fund Balance - July 1	Operating Revenues	Operating Expenses	Other Credits and Transfers	Adjust.	Fund Balance - June 30	Fund Balance	
							Increase/ (Decrease)	% Chg
<b>Water Operating</b>								
FY 2026	\$ 125,362	\$ 519,345	\$ (523,013)	\$ 3,668	\$ 1,306	\$ 126,668	\$ 1,306	1.0 %
FY 2027	126,668	540,608	(550,022)	9,414	-	123,863	(2,805)	(2.2) %
<b>Sewer Operating</b>								
FY 2026	270,017	603,385	(607,489)	4,104	1,256	271,273	1,256	0.5 %
FY 2027	271,273	637,160	(643,976)	6,816	-	268,578	(2,695)	(1.0) %
<b>General Bond Debt Service</b>								
FY 2026	21,441	2,972	(2,596)	-	-	21,817	376	1.8 %
FY 2027	21,817	4,335	(2,615)	-	-	23,537	1,720	7.9 %

Operating expenses include debt service.

Additionally, the FY 2027 Proposed Budget ending fund balance for the General Bond Debt Service Fund is 7.9% higher than the projected FY 2026 ending balance.

Revenues for this fund are derived from the front foot benefit charge and house connection fees. Developers now build these types of mains and the decrease in this fund is expected to continue in the future. The revenues 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.

### ***Population Served and Customer Accounts***

WSSC Water's population projected to be served in FY 2027 is expected to reach 2 million. As of June FY 2027, WSSC Water is projected to have 482,000 active customer accounts. The majority of accounts (94.8%) are residential, followed by commercial and industrial (4.6%) and government and other (0.6%).

### ***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 do so again this year. The proposed SDC funding for capital projects for FY 2027 is \$18.0 million, or \$7.1 million lower than funds provided in FY 2026 at \$25.1 million. For the FY 2027 Proposed Budget, the SDC offset is programmed at \$5.7 million.

## **Section 5: Expenditures**

### ***Salaries and Wages***

Salary and wages of \$212.9 million represent 17.8% of gross operating costs, and an increase of \$13.6 million (6.9%) from the FY 2026 Approved Budget of \$199.3 million. WSSC Water's FY 2027 work years will remain at 2040, the same level approved for FY 2026.

### ***Heat, Light, and Power***

Heat, Light & Power is budgeted at \$31.9 million, a \$2.7 million (9.1%) increase from the FY 2026 Approved Budget of \$29.2 million.

## ***Regional Sewage Disposal***

Regional Sewage Disposal represents WSSC Water's share of wastewater treatment costs at the Blue Plains Advanced Wastewater Treatment Plant, owned and operated by DC Water. The FY 2027 Proposed Budget includes \$89.7 million in operating expenses, a 7.2% increase of \$6.0 million from the FY 2026 Approved budget of \$83.7 million. The updated projections from DC Water show an additional increase of \$2.2 million, which WSSC Water plans to offset through reductions to existing programs.

## ***PAYGO***

In FY 2014, WSSC Water began to issue debt for 30 years as opposed to the prior practice of 20 years. This change included the introduction of Pay-As-You-Go (PAYGO). WSSC Water has also budgeted \$100.0 million in PAYGO in FY 2027, an increase of \$7.0 million (7.5%) over the Approved FY 2026 budget, to reduce the amount of new debt issued for capital projects. The recent emphasis on increased PAYGO funding has had a significantly positive impact on financial metrics emphasized by the bond rating agencies.

The increased PAYGO funding has lowered the year-over-year debt service growth from 12.7% in FY 2023 to 2024 actual, to 3.9% in FY 2026 Approved to the FY 2027 Proposed Budget. However, the magnitude of PAYGO increases totaling \$62.0 million (199.8%) from FY 2023 to FY 2026 is one primary driver of recent rate increases. The impact on the ratepayers may require a more gradual approach.

## ***All Other***

All Other expenditures are budgeted at \$372.5 million for FY 2027, which represents an increase of \$19.5 million (5.5%) over the Approved FY 2026 budget of \$353.0 million. All Other expenses include professional services, employee benefits, chemicals, materials, consulting engineers, and contract work.

## **Section 6: Debt Service**

The proposed debt service expense is based upon paying the FY 2027 principal and interest payments on current outstanding debt as of June 30, 2025, budgeted new debt issues approved for FY 2026 and the proposed issuance of \$491.1 million in new debt for FY 2027 (\$277.3 million for water and \$213.8 million for sewer). The new debt issues are necessary to implement the first year of WSSC Water's Proposed Capital Improvements Program (CIP) for FYs 2027-2032, as well as the Information Only projects included in the CIP document.

The FY 2027 Proposed Budget for debt service expenses is \$388.4 million, an increase of \$14.6 million or 3.9% more than the FY 2026 Approved Budget of

\$373.8 million. This increase is driven primarily by rising construction costs, including continued escalation in materials and labor, as well as the need to keep pace with critical asset management and infrastructure reinvestment requirements, including system modernization efforts necessary to reduce operational risk, maintain system reliability, and meet future service demands. The FY 2027 Proposed Budget includes debt service principal and interest payments and all bond sale expenses.

Capital projects are financed primarily with long-term debt through the sale of bonds. WSSC Water bonds are issued to finance major water treatment, storage and transmission 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 is 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.

The WSSC Water's debt is repaid from water consumption and sewer use charges 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 the customer's bills. Other funding sources include:

- Payments from New Service Applications;
- System Development Charges;
- Payments from Local Jurisdictions; and
- State and Federal Grants.

The amount of new debt is calculated by adjusting for other funding sources and incorporating an expected construction completion rate.

### **Section 7: Performance Metrics**

- Treating and delivering 162 MGD of water to 482,000 customer accounts in a manner that meets or exceeds the Safe Drinking Water Act standards;
- Treating nearly 203 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 5,700 miles of sewer mains, 24 hours a day, 7

days a week;

- Accounts Billed On-Time (as of January 1, 2026) – 99.99%
- Average Answer Speed – (as of January 1, 2026) – 3.9 minutes
- Past Due Accounts – Accounts more than 30 days (as of January 1, 2026) – 99,446 past due accounts totaling \$69 million (\$7 million decrease from November 2025). Residential premises account for 75% of the delinquencies, with 95,023 past due accounts totaling \$51 million.

### ***Cost Saving Measures***

The FY 2027 budget reflects the Commission’s commitment to maintaining affordability through the active pursuit and implementation of cost-saving measures. In addition to reductions in the operating and capital budgets, the Commission has deployed several ongoing strategies to identify more cost-effective ways of providing clean water to customers.

### ***Water and Sewer Infrastructure Reliability***

The budget proposes the rehabilitation of 27 miles of smaller water mains (<16 inches in diameter), as WSSC Water begins to ramp back up towards the asset management plan goal of 45 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 customers.

For large diameter water mains, the Prestressed Concrete Cylinder Pipe (PCCP) Program provides for the ongoing Acoustic Fiber Optic monitoring of over 110 miles of pipe, ongoing inspection, and rehabilitation and replacement of large diameter pipes. Inspection, rehabilitation, and replacement of large valves continues at two per year. The PCCP program will continue building toward a goal of replacing up to two miles per year, with several projects in the planning and design phases. Replacement of ferrous pipes is projected at four miles. Funding is also included for the continued compliance with all requirements of the WSSC Water Sanitary Sewer Overflow and Potomac Water Filtration Plant Consent Decrees.

### ***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 environmental features will be affected by the proposed construction of a project.

A further extension of these protections has been funded by approximately \$200.3 million included in the Fiscal Year (FY) 2027 Proposed Budget which is attributable to meeting environmental regulations. These projects are mandated by the U.S. Environmental Protection Agency (EPA) under the Clean Water Act through the Maryland Department of the Environment in the form of more stringent state discharge permit requirements. These capital projects are listed in the following table.

Project Name	Phase	Proposed FY 2027 (\$ in thousands)
S - 1.01 Sewer Reconstruction Program	Ongoing	\$ 114,046
S - 22.11 Blue Plains WWTP: Pipelines & Appurtenances	Ongoing	46,976
S - 170.09 Trunk Sewer Reconstruction Program	Ongoing	26,446
W - 73.33 Potomac WFP Consent Decree Program	Construction	12,855
<b>Total Water Quality Projects</b>		<b>\$ 200,323</b>

## **Section 8: Capital Improvements Program (CIP)**

### ***CIP Overview***

The Capital Budget incorporates spending for the first fiscal year of the six-year Capital Improvements Program, including those projects in the Information Only Section which are not required to be in the CIP; however they are included to provide a more comprehensive review of 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 to provide additional information to customers.

The Capital Budget is comprised of three separate funds:

- Water Supply Bond;
- Sewage Disposal Bond; and
- General Construction Bond.

<b>Capital Fund</b>	<b>Major Purpose</b>	<b>Major Revenue Source</b>
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, System Development Charges (SDC), and Grants
Sewage Disposal Bond	Construct major sewage treatment and transmission facilities; Reconstruct sewerage collection system	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

### **Combined Six-Year Program**

The Proposed FY 2027-2032 Combined Program includes 57 CIP and 15 Information Only projects for a grand total of \$6.8 billion. The grand total is \$284.6 million more than the Adopted FYs 2026-2031 Combined Program.

### **Capital Budget Funding**

The total funding for the FY 2027 Proposed Capital Budget is \$ 770.2 million. This funding is comprised of \$510.5 million in bonds, \$100.0 million in PAYGO, \$133.1

million in state grants, and \$26.6 million from contributions and other funding sources. The \$73.4 million (10.5%) increase from the FY 2026 Approved Capital Budget is driven primarily by CIP programs related to Blue Plains Wastewater Treatment Plants (WWTP) and projects funded with state grants.

**CAPITAL BUDGET FUNDING SUMMARY**  
(in thousands)

<b>Capital Improvements Program</b>	<b>FY 2026 Approved</b>	<b>FY 2027 Proposed</b>
Bonds	\$190,974	\$197,184
PAYGO	93,000	100,000
Federal Grants	-	-
State Grants	21,326	25,188
Local Government Contribution	9,621	8,705
SDC	25,097	17,954
Contribution/Other	<u>18,714</u>	<u>8,306</u>
<b>Total Capital Improvements Program</b>	<b>\$ 358,732</b>	<b>\$ 357,337</b>
 <b>Information Only:</b>		
Bonds	334,797	313,335
State Grants	22,000	107,886
Contribution/Other	-	-
<b>Total Information Only</b>	<b><u>\$ 356,797</u></b>	<b><u>\$ 421,221</u></b>
<b>Total Capital Funding</b>	<b>\$ 715,529</b>	<b>\$ 778,558</b>
Adjustment for Developer Contributions	(18,714)	(8,306)
Capital Reductions to the Approved Budget	-	-
<b>Total Capital Budget Sources</b>	<b>\$ 696,815</b>	<b>\$ 770,252</b>

***Expenditures***

FY 2027 Capital Improvement Proposed Program budget expenditures are budgeted to be \$ 770.2 million, of which \$98.5 million (adjusted for developer contributions of \$8.3 million) is for the Water Program, \$306.3 million is for the Sewerage Program, and \$421.2 million is for Information Only projects. Several facility investments are highlighted below, including:

- Invest \$114.1 million to replace 63.5 miles of sewer pipe in the Sewer Reconstruction Program.
- Invest \$68.0 million to replace 35 miles of water pipe in the Water Reconstruction Program.

- Invest \$58.0 million to replace 5 miles of large diameter water pipe in the Large Diameter Water Pipe & Large Valve Rehabilitation Program.
- Invest \$34.0 million in Lead and Copper Reduction regulatory compliance.
- Invest \$26.4 million to replace 7.4 miles of Trunk Sewer line in the Trunk Sewer Reconstruction Program.
- Invest \$24.0 million in the Anacostia Depot Reconfiguration for mechanical upgrades at the warehouse and heavy equipment shop and the replacement of the warehouse' roof.
- Invest \$22.8 million to replace and upgrade Support Center assets that have reached the end of their useful lives such as: Replacement of the primary 13.2 kV switchgear and associated equipment that supply power to the building and replacement of the emergency generators and fuel tanks, building Envelope improvements, 8th and
- 12th floor upgrades and green roof improvements and upgrades.
- Invest \$16.3 million in Energy Performance Program.
- Invest \$15.2 million in Master Planning and Facilities Planning and Investments.
- Invest \$12.8 million in Smart Water Meter Infrastructure.

### **CAPITAL BUDGET EXPENSE SUMMARY**

(\$ in thousands)

	FY 2026	FY 2027
	Approved	Proposed
<b>Capital Improvements Program:</b>		
Montgomery County Water	\$ 5,483	\$ 2,386
Prince George's County Water	21,552	20,819
Bi-County Water	118,143	75,335
Montgomery County Sewer	13,214	20,028
Prince George's County Sewer	53,536	71,549
Bi-County Sewer	146,804	167,220
<b>Total Capital Improvements Program</b>	<b>\$ 358,732</b>	<b>\$ 357,337</b>
<b>Information Only:</b>		
Water Reconstruction Program	79,500	68,000
Sewer Reconstruction Program	51,637	114,046
Anacostia Depot Reconfiguration	23,822	24,044
Laboratory Division Building Expansion	2,288	5,599

Support Center Building Upgrades	9,548	22,785
Engineering Support Program	25,000	25,000
Energy Performance Program	5,518	16,289
Water Storage Facility Rehabilitation Program	23,044	29,332
Specialty Valve Vault Rehabilitation Program	10,978	9,019
Lead Reduction Program	33,600	34,020
PFAS Management Strategy	-	6,300
Master Planning/ Facilities Planning and Investment	35,000	15,225
High Inflow and Infiltration Basin Rehabilitation	500	530
Metering Infrastructure Upgrade	-	12,890
Other Capital Programs	<u>56,362</u>	<u>38,142</u>
<b>Total Information Only</b>	<b>\$ 356,797</b>	<b>\$ 421,221</b>
<b>Total Capital Expenses</b>	<b>\$ 715,529</b>	<b>\$ 778,558</b>
Adjustment for Developer Contributions	(18,714)	(8,306)
Capital Reductions to the Approved Budget	-	-
<b>Total Capital Budget</b>	<b>\$ 696,815</b>	<b>\$ 770,252</b>

## ***Bi-County Projects***

### **I. Water**

There are five (5) Bi-County Water Projects with a six-year cost of approximately \$615 million, and \$75.3 million budgeted for FY 2027.

- a. Potomac Water Filtration Plant (WFP) Projects** These three (3) projects have an estimated six-year cost of \$451.1 million, a \$9.9 million (2.3%) increase over FY 2026. FY 2027 expenditures are budgeted at \$15.6 million for operational improvements to the Potomac Water Filtration Plant (WFP) in Montgomery County.

The Potomac WFP Submerged Channel Intake project (W-73.30) (no expenditures in FY2027) will provide an additional barrier against drinking water contamination, enhance reliability, and reduce treatment costs by drawing water from a location with a cleaner, more stable water quality. The Potomac WFP Main Zone Pipeline project (W-73.32) (\$2.8 million in FY2027) provides an 84-inch diameter redundancy main from the Main Zone pumping station to the 96-inch diameter and 66-inch diameter main

wye connections on River Road, upgrades to the High Zone pumping station, and replacement of the existing 78-inch and 48-inch PCCP discharge mains.

The Potomac WFP Consent Decree Program project (W-73.33) (\$12.8 million if FY 2027) provides for the planning, design, and construction required for the implementation of Short-Term Operational and Long-Term Capital Improvements at the Potomac Water Filtration Plant (WFP) to allow WSSC Water to meet the new discharge limitations identified in the Consent Decree.

**b. Large Diameter Water Pipe & Large Valve Rehabilitation Program.**

WSSC Water has approximately 867 miles of large diameter water main ranging from 16-inches to 96-inches in diameter. This includes 193 miles of cast iron, 297 miles of ductile iron, 40 miles of steel, and 326 miles of PCCP. Internal inspection and condition assessment is performed on PCCP pipelines 36- inches and larger in diameter. Of the 326 miles of PCCP, 133 miles are 36-inch diameter and larger. The inspection program includes internal visual and sounding, sonic/ultrasonic testing, and electromagnetic testing to establish the condition of each pipe section and determine if maintenance repairs, rehabilitation, or replacement are needed. The total six-year cost of expenditures is about \$474.5 million, with \$58.0 million planned for FY 2027.

**c. Land & Rights of Way Acquisition.** This project is a consolidated estimate of land and right-of-way purchases for previously approved capital projects. The total six-year cost is \$7.2 million, with expenditures of \$1.7 million planned in FY 2027.

## **II. Sewer**

There are seven (7) Bi-County Sewer Projects with a six-year cost of \$1.1 billion. Key projects include:

**a. Anacostia #2 WWPS Upgrades.** This project provides for the replacement of transformers, switch gear, and MCC-A with redesign of 13.8kv switch gear in two IPA enclosures and 4.16KV switch gear in one IPA enclosure at the Anacostia #2 Wastewater Pump Station (WWPS). The Anacostia #2 WWPS is WSSC Water's largest and most critical WWPS with an average flow of 50 to 60 MGD, and storm peaks up to 260 MGD instantaneous flow. This WWPS receives wastewater from a large portion of WSSC Water's service area and delivers it to the Blue Plains Advanced Wastewater

Treatment Plant in Washington, DC. Secondly, this project involves replacement of five existing bar screens and associated electrical upgrades and implementing NFPA 820 requirements for the pump station. Thirdly, the coarse screening of Beaver Dam S.A. flows will be evaluated and rehabilitated. Fourthly, this project includes the replacement of the pump station's roof. Six-year costs are estimated at \$42.6 million, with \$12 million budgeted for FY 2027.

- b. Trunk Sewer Reconstruction Program.** This project is 100% WSSC Water bond funded, and 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 inches. The six-year cost is \$187.9 million, with expenditures of \$26.4 million planned in FY 2027.
- c. Blue Plains Wastewater Treatment Plant Projects.** This group of 4 projects 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. These four Blue Plains projects, which comprise one of the largest groups of expenditures in the CIP, represent 14% of the Six-Year WSSC Water combined program. Cost estimates are derived from the latest available spending projections provided by the District of Columbia Water and Sewer Authority (DCWASA). The six-year cost is approximately \$843.9 million with expenditures of \$99.8 million in FY 2027.
- d. Land & Rights of Way Acquisition – Bi-County Sewer.** This project provides a consolidated estimate of funding for the acquisition of land and rights-of-way for sewer projects and programs. Expenditures are programmed based upon anticipated schedules and are required for the completion of those specific projects. These costs do not include purchases that have already been completed. The six-year cost is estimated at \$1.3 million, with \$298,000 budgeted for FY 2027.

## **Prince George's County Projects**

### **I. Water**

There are nine (9) Prince George's County water projects, at a total cost of \$20.8 million in FY 2027. Key projects include:

- a. Central Ave Water Pumping Station Electrical Equipment and Switchyard Replacement.** This project provides for the planning, design and construction of the replacement of the electrical equipment and switchyard at the Central Avenue Water Pumping Station. The upgrades will replace the 69kv which steps down to 4160V power transformers, the metering transformers, the 69kv oil circuit breakers and protective relays, and the overhead air switches. At the pump station this includes the transformers, switchgear/MCC, and various panels. Six-year costs are estimated at \$16.2 million, with \$5.5 million proposed for FY 2027.
- b. 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. Expenditures of \$6,000 planned in FY 27 to complete the project.
- c. Branch Avenue Water Transmission Improvements.** This project is 100% funded by SDC and Charles County. This project provides for the planning, design, and construction of approximately 18,121 feet of 42-inch, 2,600 feet of 36-inch diameter, and 5,590 feet of 30-inch diameter water transmission main along Branch Avenue, Brandywine Road, and Surratt Road in the Clinton area. The new water main will serve as a primary feed for the new Brandywine tank. The total cost of this four-phase project is \$51.6 million, with \$4 million planned in FY 2027.

- d. Marlboro Zone Reinforcement Main.** This project is funded by WSSC Water bonds and provides for the planning, design, and construction of approximately 4,000 feet of 16-inch diameter water transmission main and a flow control valve along Old Marlboro Pike in the Clinton area. Total project costs are estimated at \$5.6 million, with \$242,000 planned in FY27 to complete the project.
- e. Smith Home Farms Water Main.** This project provides for the planning, design, and construction of 4,310 feet of 16-inch diameter water main to serve the Smith Home Farms Subdivision. 100% of the project is completed. The System Development Charge (SDC) Credit Audits are not completed, so the \$12,000 of costs shown for FY27 are for supervision of the SDC Audits until they are closed out.
- f. Westphalia Town Center Water Main.** This project is funded through 100% developer 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 total cost is \$2.6 million, with \$480,000 planned in FY 2027.
- g. Konterra Town Center East Water Main.** This project is funded through 100% developer 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. The total cost is \$3.7 million, with \$418,000 in the six-year program and expenditures of \$259,000 million planned in FY 2027.
- h. 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 3.5 miles of new 48-inch redundant transmission main for Prince George's 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 six-year cost is \$48.1 million, with expenditures of \$9.5 million planned in FY 2027.

- i. **South Potomac Supply Improvement, Phase 2.** This project is 66% WSSC Water bond-funded and 34% SDC funded. This project provides for the design and construction of 4.4 miles of 42-inch diameter ductile iron transmission water main, 6.0 miles of distribution mains, and a new flow control valve and vault. The project replaces the 3.5 miles of existing 42-inch diameter PCCP transmission main located within the Hanson Creek corridor and will replace parallel aged distribution infrastructure. The total six-year cost is \$54.5 million, with expenditures of \$788,000 in FY 2027.

## II. Sewer

There are seventeen (17) Prince George's County sewer projects, with expenditures of \$ 71.5 million in FY 2027. The project list includes:

- a. **Parkway WRRF Facility & Electrical Upgrades.** This project provides for the planning, design, and construction of improvements and modernizations at the Parkway WRRF required for electrical upgrades to the transformers, switchgears, blowers, and emergency generator; effluent channel rehabilitation; plant water building upgrades; biosolids air compressors and influent pump station replacement; and floodplain vulnerabilities due to climate change. Six-year costs are \$101.9 million, with \$15.6 million in FY 2027.
- b. **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 infrastructure. The total six-year cost is \$125.5 million, with \$36.5 million planned expenditures in FY 2027.

- c. Carsondale WWPS & Force Main.** This project provides for the planning, design, and construction of the modifications to the Carsondale Wastewater Pumping Station and replacement of the Carsondale Force Main. The rehabilitation will replace both pumps, maintaining the pumping station's 0.6 MGD capacity. The existing 3,000 linear feet of 8- inch force main will be replaced. In addition, replacement of all electrical components, including the generator, replacement of the HVAC system, general upgrades to the pump station building and grounds as needed, and the addition of a restroom are included. Six-year costs are \$9.1 million, with \$2.7 million in FY 2027.
  
- d. Forest Heights WWPS & FM.** This project provides for the planning, design, and construction of a 2.48 MGD wastewater pumping station and approximately 1,940 feet of force main. Replacement of the existing force main is in accordance with an initiative to prioritize replacing force mains that have reached their anticipated life expectancy. The six-year cost is \$10.4 million, with expenditures of \$707,000 planned in FY 2027.
  
- e. Swan Creek WWPS & FM.** This project is 100% WSSC Water bond funded. The existing pumping station and 24-inch diameter PCCP force main were built in 1966 and reached the end of their useful life. Work performed will replace the existing 3.9 MGD wastewater pumping station and replacement of approximately 5,500 feet of existing force main. The total cost is \$15.3 million and expenditures of \$1.8 are planned in FY 2027.
  
- f. National View Sewer Main.** This project is funded through 100% contributions. This project provides the planning, design, and construction of 2,000 feet of 15-inch sewer to serve the National View project. The estimated total cost is \$891,000, with \$179,000 programmed for FY 2027 to complete the project.

## **Section 9: Customer Impacts and Budget Summary**

The 5.0% average rate increase will add approximately \$4.92 per month or \$14.75 per quarter (\$59 per year) to the bill of a customer using 145 gallons per day, the average per person consumption of 48 gallons per day for a 3-person household. This increase is inclusive of account maintenance fees and infrastructure investment fees. The average per-person consumption remains at the FY 2026 level of 48.3 GPD. WSSC Water estimates water consumption is projected to increase from 127.0 MGD in FY 2026 to 127.6 MGD in FY 2027.

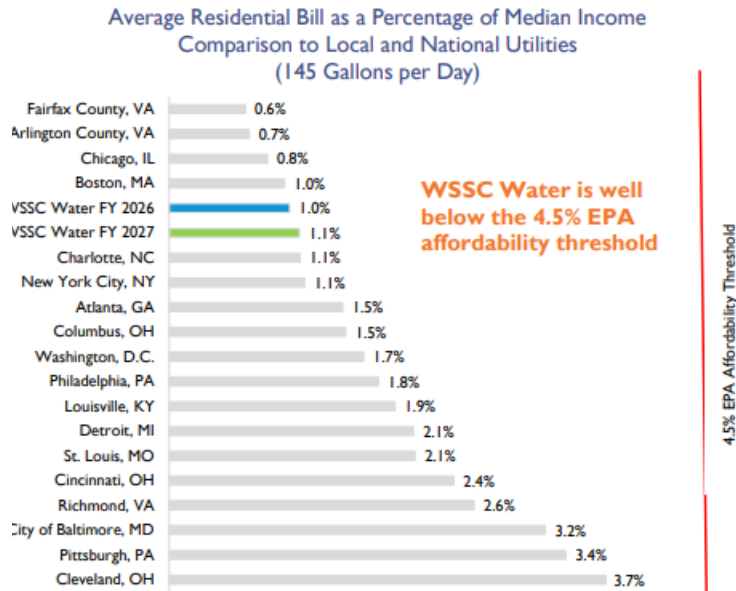
### **Quarterly Bills at Various Consumption Levels**

QUARTERLY CUSTOMER BILLS AT VARIOUS CONSUMPTION LEVELS

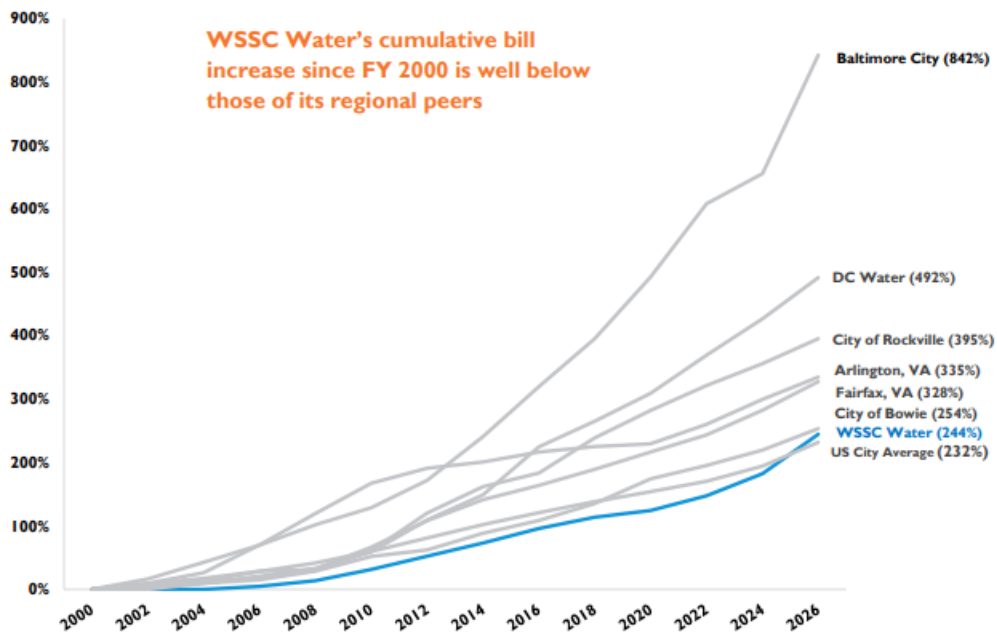
Meter Size	Average Daily Consumption (Gallons Per Quarter)	Approved FY 2023	Approved FY 2024	Approved FY 2025	Approved FY 2026	Proposed FY 2027	% Increase
3/4" Residential Meter	100 (9,125 gal/qtr)	\$ 162.42	\$ 173.77	\$ 197.92	\$ 216.72	\$ 227.56	5.0%
3/4" Residential Meter	145 (13,231 gal/qtr)	227.71	243.96	269.45	295.05	309.80	5.0%
3/4" Residential Meter	500 (45,625 gal/qtr)	946.56	1,012.72	1,057.11	1,157.54	1,215.41	5.0%
2" Meter	1,000 (91,250 gal/qtr)	2,248.01	2,405.15	2,614.45	2,862.82	3,005.96	5.0%
3" Meter	5,000 (456,250 gal/qtr)	11,559.50	12,367.29	13,145.49	14,394.31	15,114.03	5.0%
6" Meter	10,000 (912,500 gal/qtr)	23,432.35	25,069.80	26,702.98	29,239.76	30,701.75	5.0%

Bill examples include the Account Maintenance Fees and Infrastructure Investment Fees shown on pages 2-4 and 2-5

## Average Residential Bill as a % of Median Income (145 Gallons per Day)



## FYs 2000-2024 Bill Increase Comparison (145 Gallons per Day; 5/8" Meter)



## **Maintaining Triple AAA Bond Rating**

WSSC Water:

- Maintained its AAA bond rating from all three credit rating agencies, Fitch Ratings, Standard & Poor's (S&P), and Moody's Investors Service, for the 25th consecutive year, with each agency also affirming a stable outlook.
- Successfully completed a General Obligation Bond sale of \$379.4 million, including \$28.5 million in Green Bonds for 30-year terms with a true interest cost of 4.08%
- Successfully completed all external audits with unqualified opinions and no findings
- Was awarded the Government Financial Officers Association Distinguished Budget Presentation Award for the 31st consecutive year
- Implemented two new accounting standards – GASB 101 for Compensated Absences and 102 for Certain Risk Disclosures
- Successfully migrated the budgeting system from on-premise to the cloud

## **Proposed Budget Summary at a 6.0% revenue enhancement**

FY 2027 WSSC Water's proposed budget includes the following:

- Increases volumetric rates and fixed charges by 5.0%
- Includes a 1.0% Revenue Enhancement through the use of one-time revenue from interest income and a temporary rate stabilization fund.
- Increases Systems Development Charge (SDC) by 2.4%
- Affordability programs are increased 20% to \$10.6 million
- Consent decree projects on time and on budget
- Capital Improvement Program provides for critical infrastructure investments
- 7.5% increase in PAYGO funding to reduce new debt issues

## **Section 10: Staff Recommendations**

- Concur with the Prince George's Spending Affordability Guidelines to increase combined water and sewer rates, not to exceed 5.0% for FY 2027.
  
- Concur with 5.0 % Spending Affordability Guidelines for:
  - New Water and Sewer Debt at \$491.1 million
  - Total Water and Sewer Debt Service at \$388.4 million
  - Total Water and Sewer Operating Expenses at \$1,183.5 million\*

\* The Proposed Budget includes water & sewer operating expenses at the 6% level (\$1,194.0 million) due to the one-time use of fund balance (\$5.5 million) and interest income (\$4.9 million). WSSC Water may want to discuss the FY2028 budget impact of this proposal.
  
- Concur with WSSC Water's Proposed 2.4% increase in System Development Charge (SDC) fees and 2.4% increase in the maximum ceiling on this charge, as is consistent with State Law.
  
- Concur with WSSC Water FY 2027 – FY 2032 CIP projects.

## **Section 11: Attachments**

- FY 2027 Proposed Budget WSSC Water Chairman's Transmittal Letter
- FY 2027 Long Range Financial Forecast – Attachment A
- WSSC Public Hearing Record - January 28, 2026
- County Staff Briefing on FY 2027 Proposed Budget
- CAP Customers by District – Attachment B