



# Fiscal Year 2027 Proposed Capital and Operating Budget Briefing

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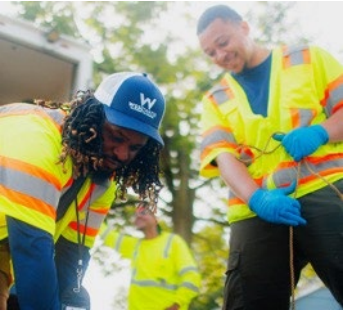
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Briefing for Prince George's County Council  
March 17, 2026



# Sustained & Transformative Change

THE WORKFORCE & THE WORKPLACE



THE INFRASTRUCTURE



INNOVATION & TECHNOLOGY



THE SERVICE



## STRATEGIC PRIORITIES



Workforce Development



Asset Management & Infrastructure Reliability



Culture Shift



Affordability & Financial Viability



Sustainability & Resiliency



Optimizing Operations



Customer Engagement & Partnerships



Digital Transformation

# WSSC Water is an Anchor Institution



**\$8.8M**

Financial assistance for income-constrained customers in FY26



**11,650**

Customers received financial assistance in FY25



**11,000+ Miles**

Water and sewer mains in service area



**\$9B**

In infrastructure assets maintained on behalf of our customers



**1,800+**

Members of Team H<sub>2</sub>O deliver on our mission



**45%**

Members of Team H<sub>2</sub>O live in service area



**\$634.5M**

Over the past 5 years (FY21-FY25), WSSC Water's work has contributed to businesses in Montgomery & Prince George's counties



**225**

Community events annually

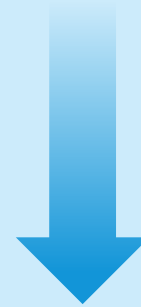


# Bottom-Line Upfront

WSSC Water formulated a balanced budget with millions in cuts and cost containment



WSSC Water targeted a cut of 5% below FY26 Approved Budget; FY27 Proposed Budget is an **8% reduction**



**\$27M cut** from the discretionary portion of departmental budgets across 6 strategic priorities



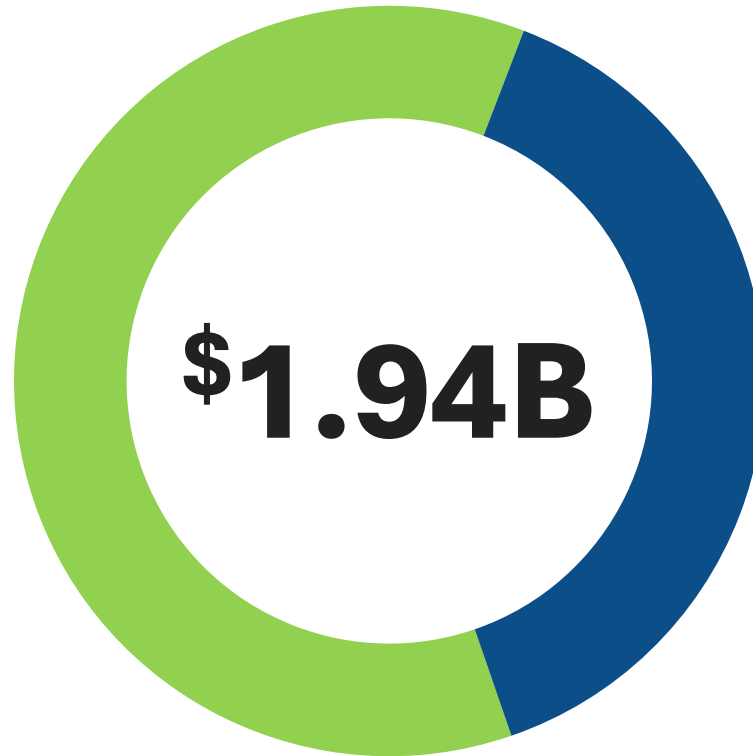
Focused on **cost containment** and sought efficiencies over new headcount



Prioritized capital budget programs to **focus on system vulnerabilities** and use of the available funding to put capital improvements on track

# FY 2027 Proposed Budget

<b>Operating Sources</b>	<b>\$1.197B</b>
Customer Rate Revenue	\$1.098B
Other Sources of Revenue	\$96.5M
External Funding	\$2.5M
<b>Operating Uses</b>	<b>\$1.197B</b>
Operating Expenses	\$708.6M
Debt Service	\$388.4M
PAYGO	\$100.0M



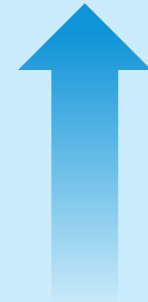
<b>Capital Sources</b>	<b>\$770.3M</b>
Debt	\$510.5M
State	\$133.1M
PAYGO	\$100.0M
SDC & Other Contributions	\$26.7M
<b>Capital Uses</b>	<b>\$770.3M</b>
WSSC Water Infrastructure	\$645.6M
Inter-jurisdictional Investments	\$133.0M
Adjustments for Developer Funded	\$(8.3M)

# FY27 Proposed Budget Drivers



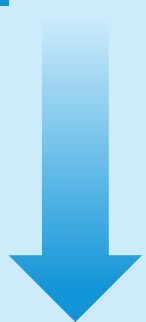
## Debt Service & PAYGO (Pay-As-You-Go)

- Make steady payments on past borrowing
- Directly fund new projects to keep our water and sewer system strong



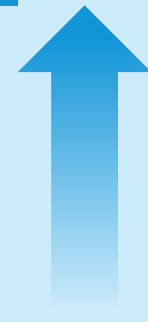
## Competitive Wages

- Livable Wage established as minimum of \$24.75
- Carries forward newly negotiated CBA raises
- Competitive wages critical to hiring and retaining skilled staff



## Federal Funding Constraints

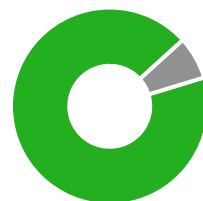
- Federal support is limited compared to overall needs
- Infrastructure Investment and Jobs Act (IIJA) ends after Fiscal Year 2026



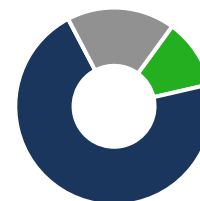
## Rising Costs

- Increases in core operating items like regional sewage disposal fees, employee health care, and utilities (heat & light)
- Budget pressures arising from inflation and tariffs

How Our **Revenue Sources** Compares to Others



**WSSC Water**  
**Ratepayer Revenue: 93%**  
Other Sources: 7%



**WMATA**  
**Fare/Advertising Revenue: 11.4%**  
Federal, State, & Local Funding: 70.9%  
Other Sources: 17.7%

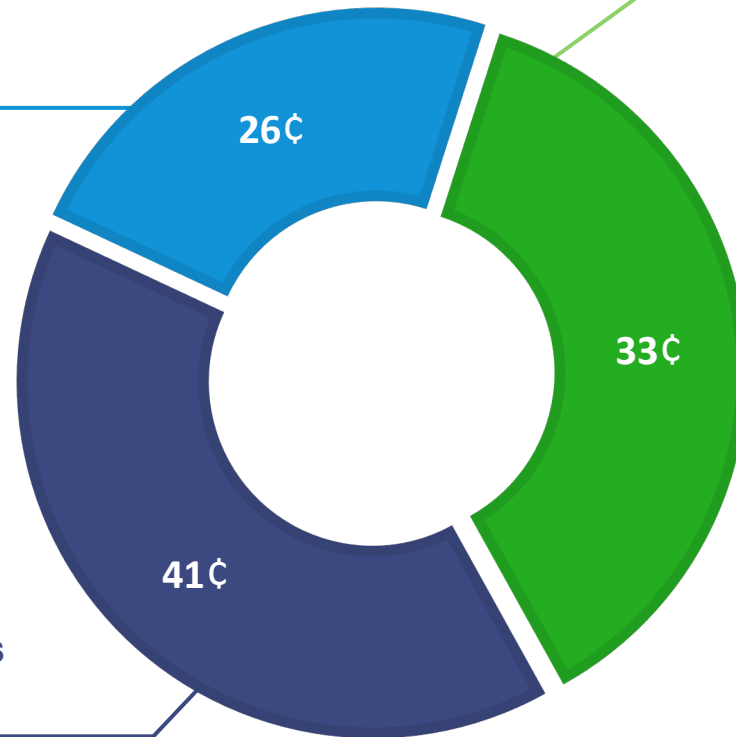
# FY 2027 Budget / Where The Money Goes

## Team H2O

- Salaries and wages
- Employee benefits
- Employee training
- Workforce development

## Capital Improvements (Debt Service & PAYGO)

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



## Operations & Maintenance

- Operations and maintenance for facilities (Including share of Blue Plains)
- Fixing broken or leaking pipes and repairing roads
- Heat, light and power for facilities
- Maintaining vehicles and equipment
- Customer assistance program funding
- Customer service
- Corporate finance
- IT services

## Cost Drivers

56 cents or 56% of costs are due to non-discretionary items such as capital project financing, chemicals, biosolids hauling, healthcare and heat, light & power



# Investment Priorities

# People

## \$10.64M

20% increase over FY26  
financial assistance program  
budget to help protect more  
income-constrained customers



# Commitment to Affordability

## Customer Assistance Programs

	FY 2025	FY 2026	FY 2027
Promise Pay Contract	\$ 3,300,000	\$ 3,630,000	\$ 3,630,000
Customer Assistance Program	2,200,000	2,200,000	2,200,000
Bill Adjustments	1,212,000	1,212,000	1,212,000
Water Fund Donation	500,000	750,000	750,000
Additional Programs	-	175,000	1,948,000
CAP Leak Repair Program	350,000	700,000	700,000
PipeER Program	200,000	200,000	200,000
<b>Total Budget for Assistance Programs</b>	<b>\$ 7,762,000</b>	<b>\$ 8,867,000</b>	<b>\$ 10,640,000</b>

**+20%**  
(+\$1.8M)

**Increase in assistance from FY 2026**

In FY 2026, WSSC Water offered one-time financial assistance of up to \$750 to eligible customers with past-due water and sewer bills, totaling \$2.4 million in funding.

# Helping Our Neighbors – Financial Assistance Programs

## Promise.

Sign up for an affordable, flexible and interest-free payment plan. **Customers with a past-due balance of \$50 or more are eligible.**

## PipeER+

Provides a loan **up to \$10,000** to finance the repair, replacement or diagnostics of sewer or water on-property service line. The WSSC Federal Credit Union administers PipeER.

## Customer Assistance Program (CAP)

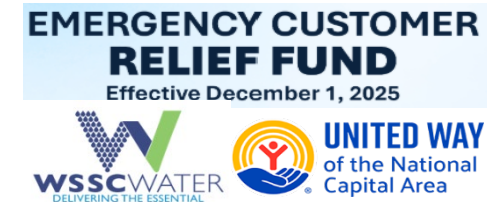
CAP assists approved residential customers by **waiving fixed fees**, providing **free annual plumbing inspections** for water leaks and **much more.**



Customers enrolled in CAP, who suspect they have an on-property leak, can **receive up to \$9,000 per year** in plumbing repair services.



Established in 1994 by WSSC Water employees, the fund helps customers in financial need pay their bill. Eligible customers can receive assistance **multiple times per year, up to \$500.**



One-time Emergency Customer Relief Fund. Eligible customers can receive up to **\$750** to assist with past due bills.



[wsscwater.com/assistance](https://wsscwater.com/assistance)

**\$4.5M**

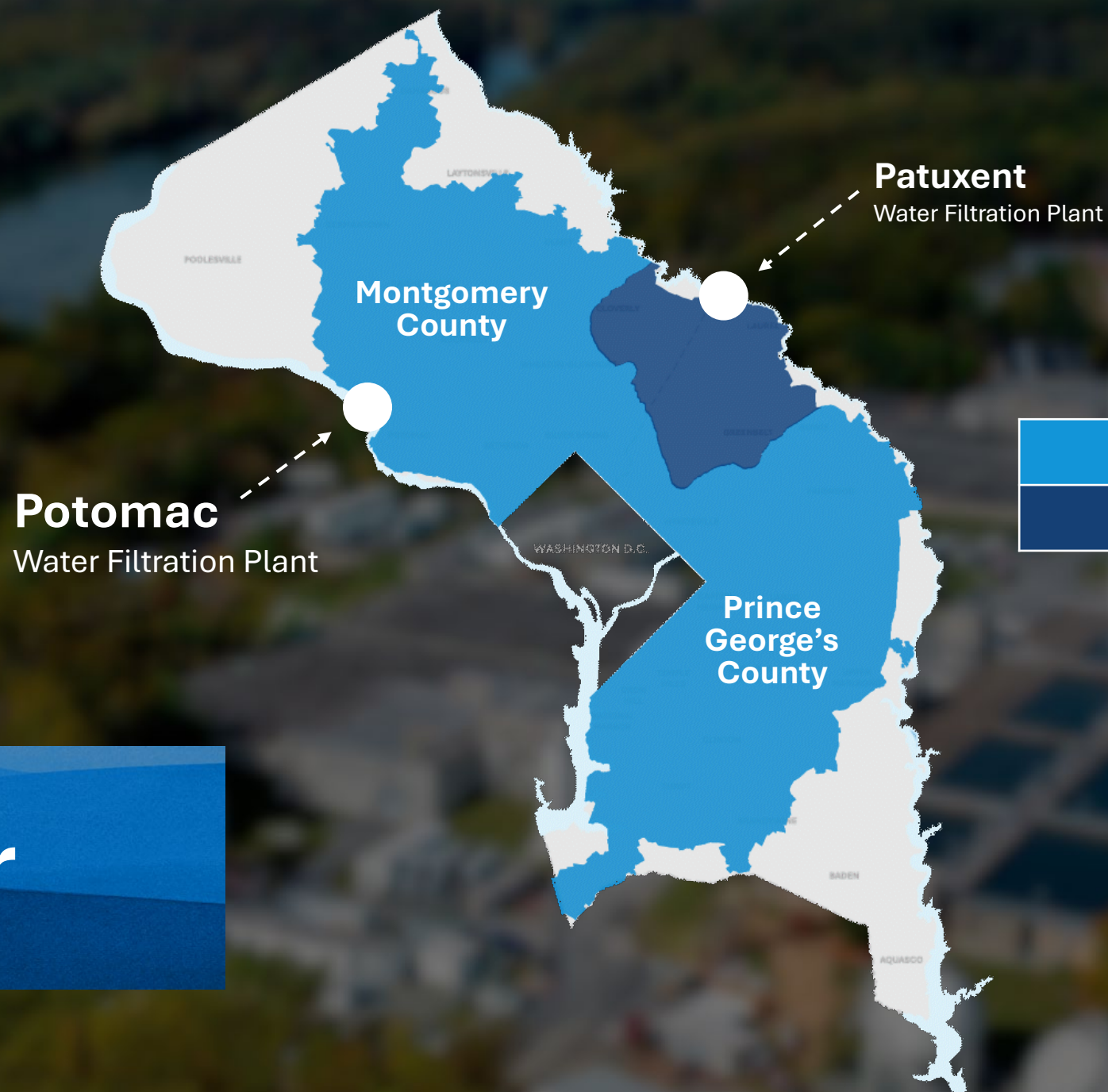
**Proactive Investment in  
Electrical Upgrades**

**Power**

Potomac  
Water Filtration Plant  
**Power Outage**



# Power



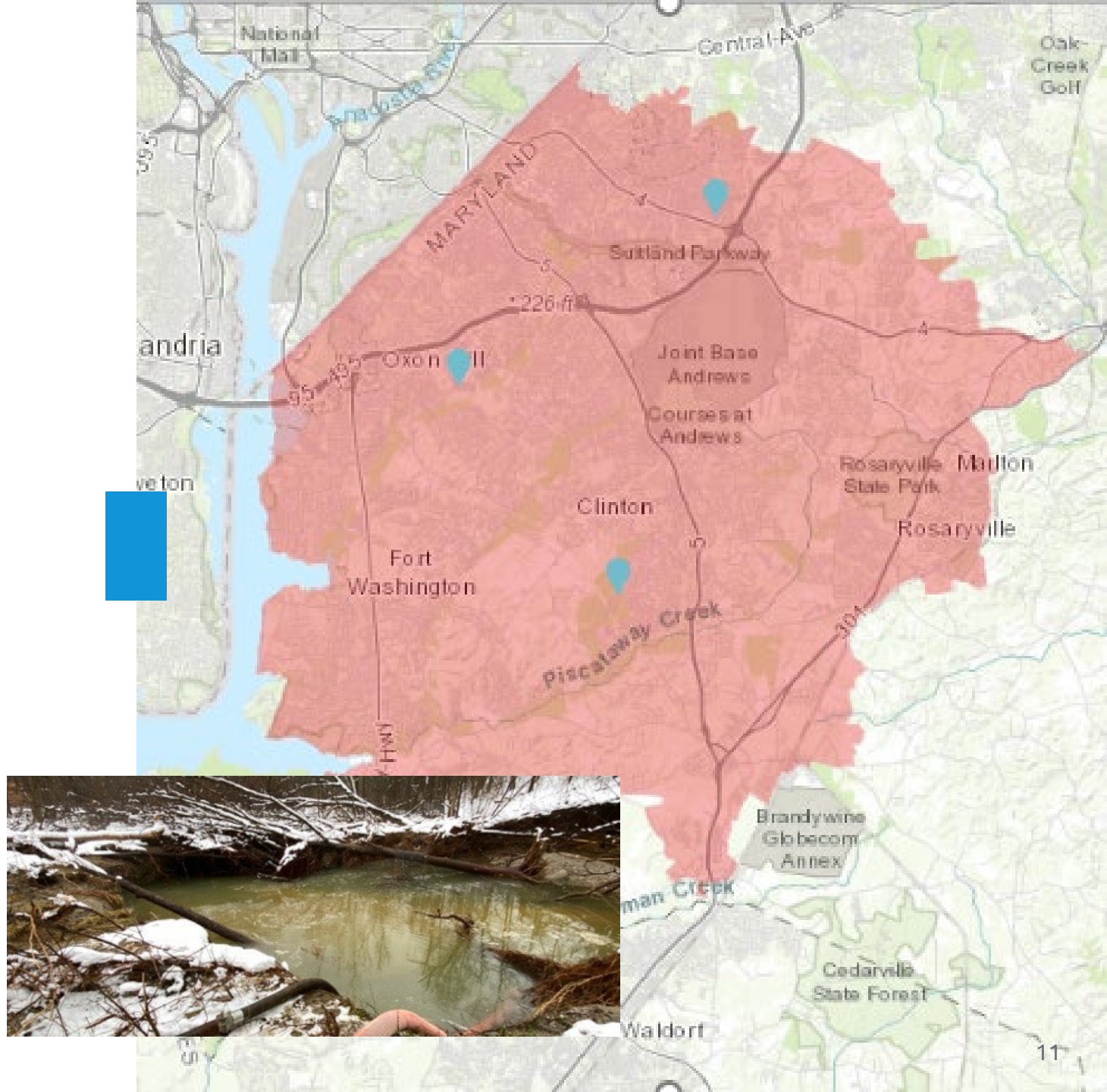
# Pipes

## \$9.5M

Proactive Investment to Improve Reliability and Redundancy

54" **Major Break** in Prince George's County

**~300,000 customers** affected, hospitals, schools, Joint Base Andrews, & National Harbor



# Pipes

**\$8.74M**

Proactive Investment to  
Safeguard Environment



102" Anacostia Sewer Main Corrosion



# Pollutants

## \$6.0M

To evaluate treatment technologies to enhance public health and customer satisfaction. This includes removal of PFAS, tastes, odors, and color.

This work ensures safe, clean, and reliable water today and **prepares our system for the next 20–25 years.**



# Public Health

**\$10.0M** FY27-32

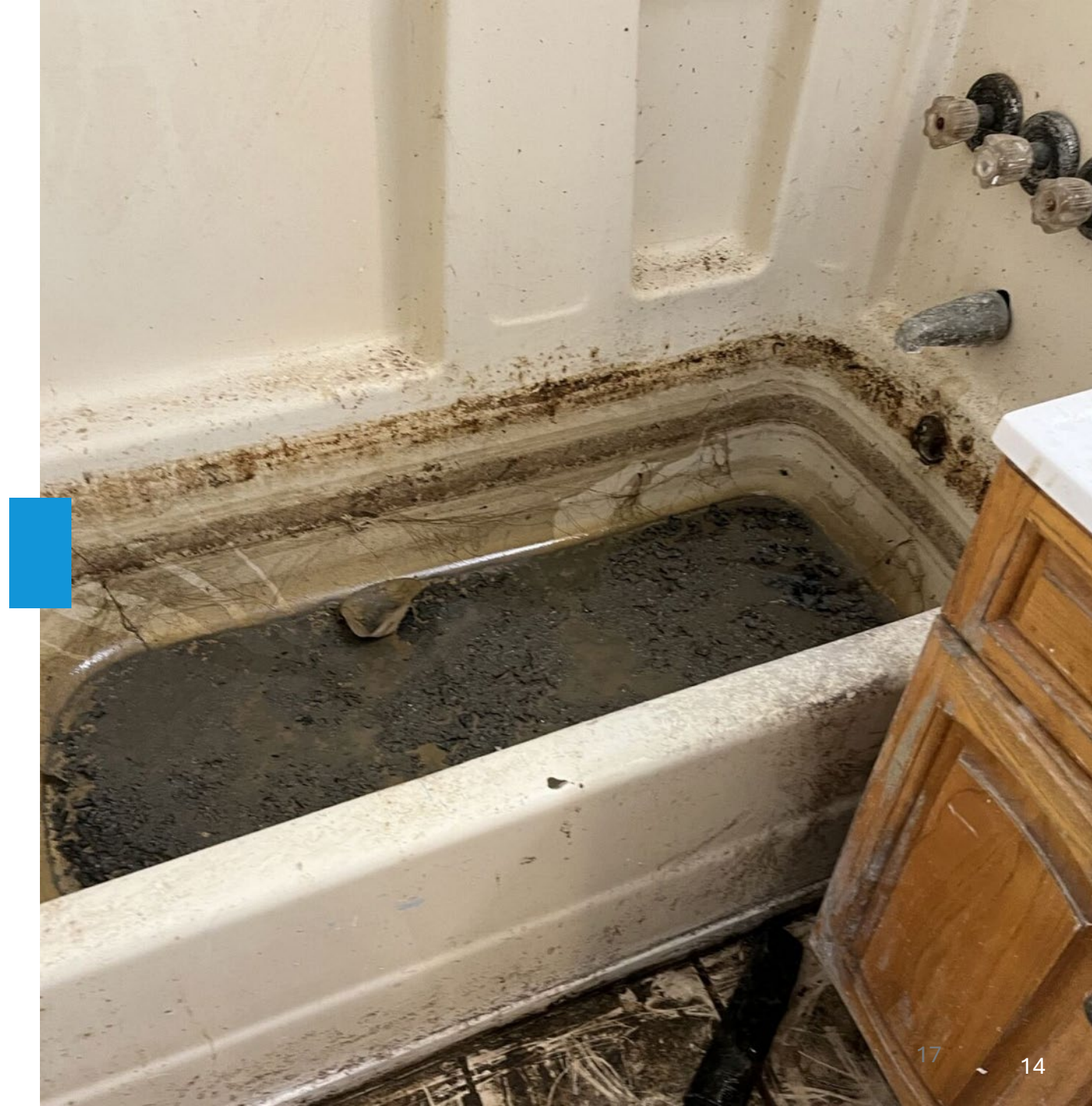
Striving Towards Zero  
Basement Backups

## North Takoma Park

5 miles of repair, rehabilitation, or replacement of sewer mains, including laterals

## Lanham

Launched comprehensive action plan to identify cause of repeated basement backups. Will fund solutions in FY 2027 budget.





# Capital

# FY27 Capital Improvements Program (CIP)

FY27  
Budget  
**\$778.5M\***

Total Six Year  
FY27-32 Budget  
**\$4.84B**



## Projects In Progress

**219**

**\$231M**



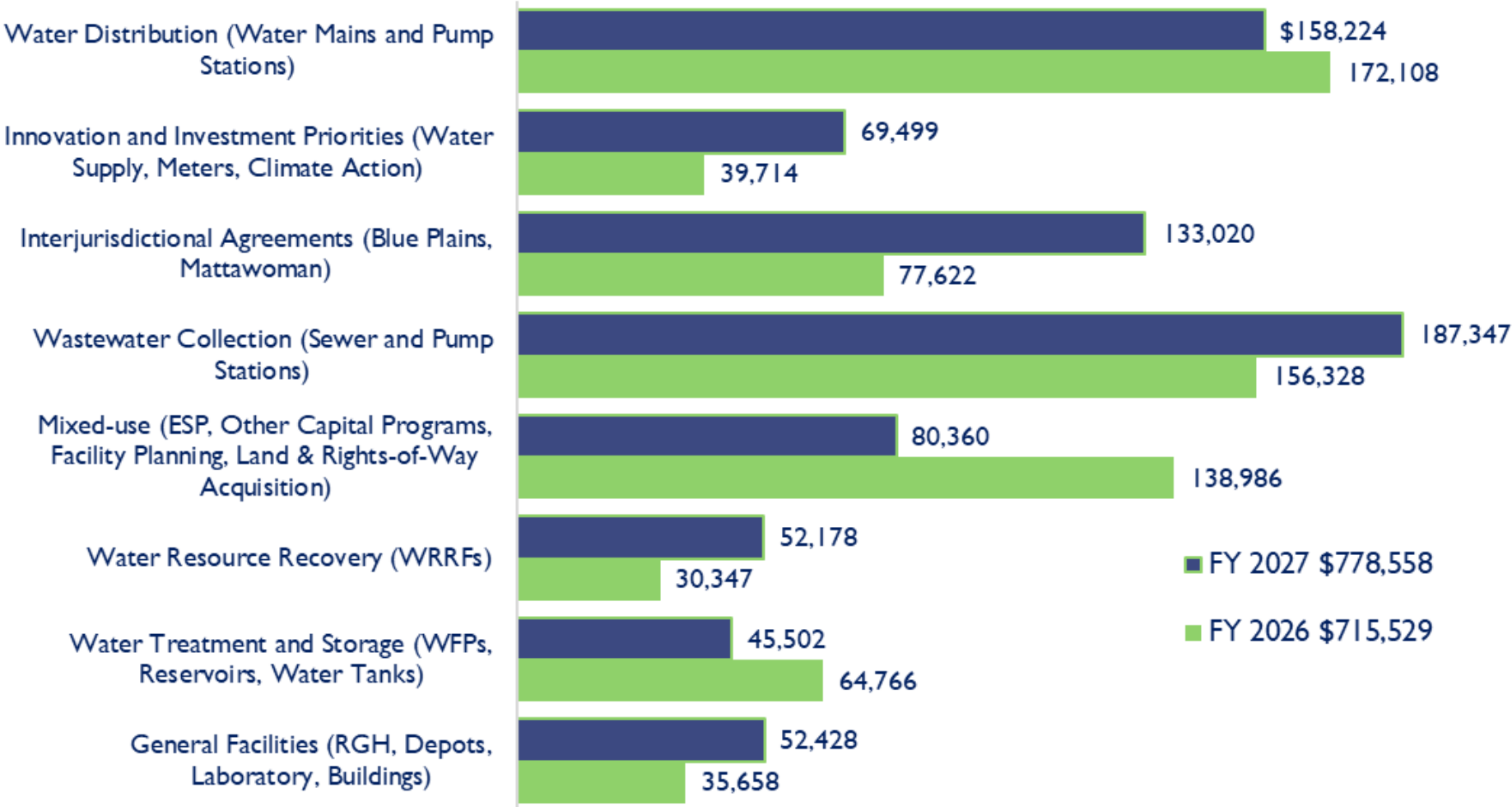
## Projects Launching in 2027

**88**

**\$202M**

\*The remaining 345.5M covers initiatives such as the Lead Reduction Program, PFAs, Blue Plains, Master Planning, Developer Projects = \$778.5 M

# FY27 Proposed vs. FY26 Adopted CIP



## Water Distribution

(Water Mains and Pump Stations)

**\$13,884** (8%)

Main driver(s):

- Optimizing Water Reconstruction

## Mixed-Use

(ESP, Other Capital Programs, Land, Beltway)

**\$49,216** (35%)

Main driver(s):

- I-495/I-270 Traffic Relief Plan;
- Reduction in Master Planning and Facility Planning and Investment

## Water Treatment & Storage

(WFPs, Reservoirs, Water Tanks)

**\$19,264** (30%)

Main driver(s):

- Closing of Potomac Consent Decree

## Innovation & Investment Priorities

(Water Supply, Meters, Climate Action)

**\$29,785** (75%)

Main driver(s):

- Metering Infrastructure Upgrade

## Interjurisdictional Agreements

(Blue Plains, Mattawoman)

**\$55,400** (71%)

Main driver(s):

- DC Blue Plains Capital Investment Schedule

## General Facilities

(Support Center, Depots, Laboratory, Buildings)

**\$16,770** (47%)

Main driver(s):

- Support Center Infrastructure replacement
- Anacostia Depot Reconfiguration

## Water Resource Recovery

(WRRFs)

**\$21,831** (72%)

Main driver(s):

- Western Branch Process Train Improvements

## Wastewater Collection

(Sewer and Pump Stations)

**\$31,019** (20%)

Main driver(s):

- Optimizing Sewer Reconstruction
- Addressing previously deferred projects to address reducing I/I and poor infrastructure

## Proposed FY27 vs. FY26

(\$ Thousands)

**FY26: \$715,529**

**FY27: \$778,558**

**\$63M (8.8%)**



# Revenue Enhancement Recommendation

# FY26 Adopted to FY27 Revenue Enhancement

Fiscal Year	Revenue Enhancement
<b>FY27 Management Base Case Recommendation</b>	<b>6%* (5% Bill Increase)</b>
<b>FY27 SAG</b>	<b>5% - 7%</b>
FY26 Adopted	9.5%

- \*The Preliminary Proposed FY 2027 Budget is funded with:
  - A 5% average revenue enhancement, which includes volumetric and fixed fees.
  - To limit the impact on customers, WSSC Water identified non-rate to offset a portion of the enhancement rate – totaling 1% in one-time revenue from interest income and a transfer from a temporary rate stabilization fund (RSF).
- Building long-term fiscal stability through RSF implementation
  - Working with Financial Advisor to prepare RSF policy that meets the objectives of WSSC Water and aligns with best practices
  - Adopt a formal RSF policy
  - Integrate RSF into long-range financial plan and future rate models for FY 2028 onward

# Combined Water & Sewer Operating Funds

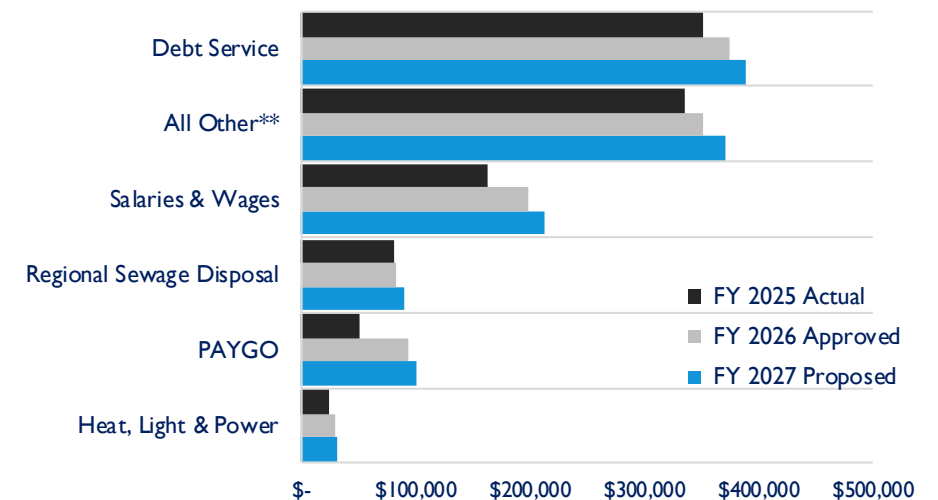
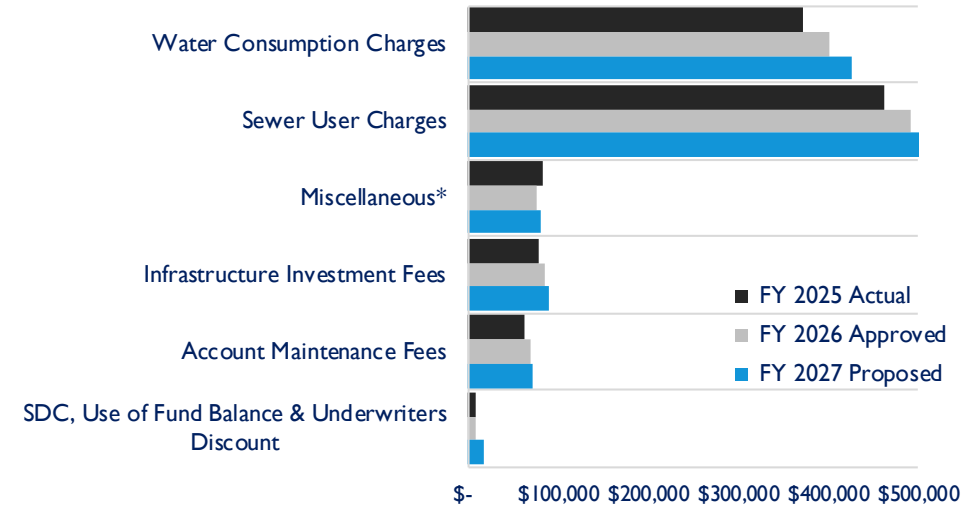
## Annual Comparison (\$s In Thousands)

Sources	FY 2025	FY 2026	FY 2027
	Actual	Approved	Proposed
Water Consumption Charges	\$ 371,913	\$ 401,851	\$ 424,997
Sewer User Charges	461,577	490,689	512,170
Miscellaneous*	82,394	74,915	79,573
Infrastructure Investment Fees	77,325	85,782	88,904
Account Maintenance Fees	62,730	69,493	72,124
SDC, Use of Fund Balance & Underwriters Discount	7,772	7,772	16,230
<b>Total Sources:</b>	<b>\$ 1,063,711</b>	<b>\$ 1,130,502</b>	<b>\$ 1,193,998</b>

Uses	FY 2025	FY 2026	FY 2027
	Actual	Approved	Proposed
Heat, Light & Power	\$ 24,433	\$ 29,200	\$ 31,866
PAYGO	50,602	93,000	100,000
Regional Sewage Disposal	80,409	83,661	89,667
Salaries & Wages	163,591	199,283	212,946
All Other**	335,031	351,557	371,073
Debt Service	351,562	373,801	388,446
<b>Total Uses:</b>	<b>\$ 1,005,628</b>	<b>\$ 1,130,502</b>	<b>\$ 1,193,998</b>

\* Plumbing and inspection fees, Rockville sewer use, interest income Internal Transfer to the GBDS Fund and other miscellaneous fees and uncollectible revenue

\*\* Includes employee benefits, contractors cost, temporary services, fleet and computer equipment



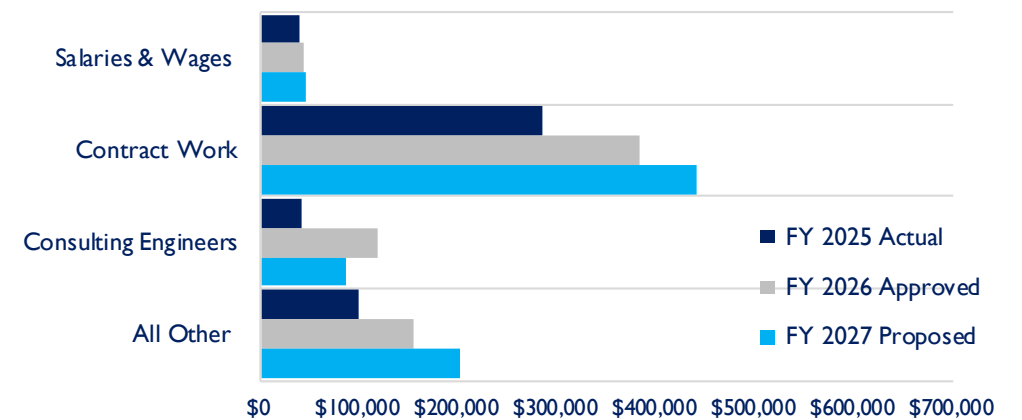
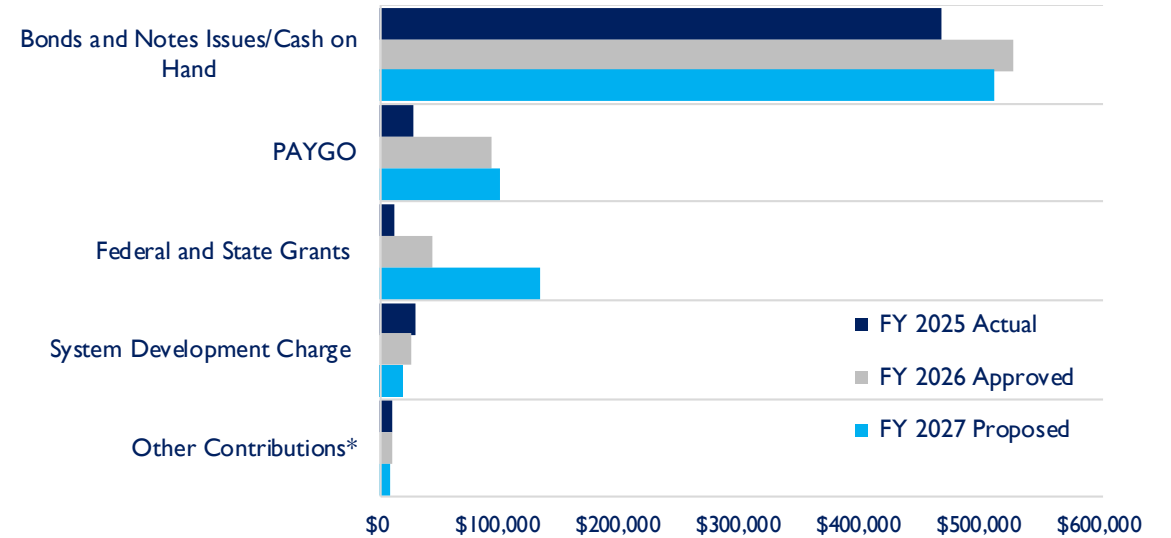
# Capital All Funds

## Annual Comparison (\$s In Thousands)

Sources	FY 2025	FY 2026	FY 2027
	Actual	Approved	Proposed
Bonds and Notes Issues/Cash on Hand	\$466,852	\$525,771	\$510,519
PAYGO	27,150	93,000	100,000
Federal and State Grants	11,076	43,326	133,074
System Development Charge	29,787	25,097	17,954
Other Contributions*	10,170	9,621	8,705
<b>Total Sources:</b>	<b>\$545,035</b>	<b>\$696,815</b>	<b>\$770,252</b>

Uses	FY 2025	FY 2026	FY 2027
	Actual	Approved	Proposed
Salaries & Wages	\$38,624	\$42,194	\$44,129
Contract Work	284,164	383,031	439,360
Consulting Engineers	40,495	117,541	86,337
All Other	98,261	154,049	200,426
<b>Total Uses:</b>	<b>\$461,544</b>	<b>\$696,815</b>	<b>\$770,252</b>

\*Capital budget above excludes developers' projects which total \$8.3 million in FY 2027.



# Bill at a Glance

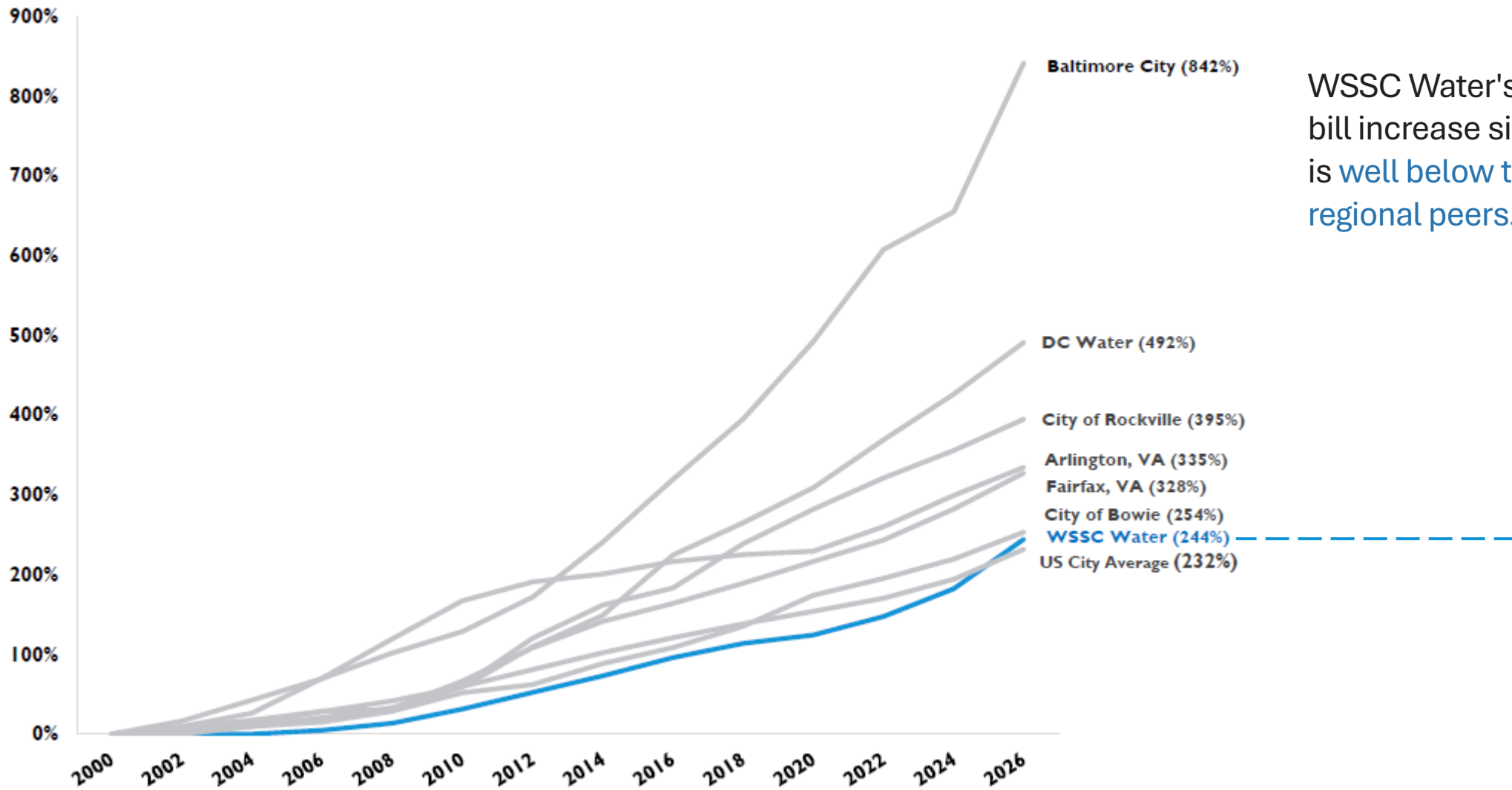
Bill Impact	FY26	FY27 (5%)
Average Gallons Per Day*	145	145
Average Quarterly Bill	\$295.05	\$309.80
<i>Monthly Bill Impact</i>		+\$4.92
<i>Quarterly Bill Impact</i>		+\$14.75
<i>Annual Bill Impact</i>		+\$59.00

\*Based on ¾ inch meter. Average assumes 3-person household

- The 5.0% average rate increase will add approximately \$4.92 per month or \$14.75 per quarter to the bill of a customer using 145 gallons per day
- The average residential bill is approximately 1.0% of the median household income
- The proposed rate increase will maintain the system’s strong financial condition, while supporting a program of investment and growth

# FY00-26 Bill Increase Comparison

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



WSSC Water's cumulative bill increase since FY00 is well below those of its regional peers.

# Questions

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# Appendix





FINANCIAL  
**ASSISTANCE**

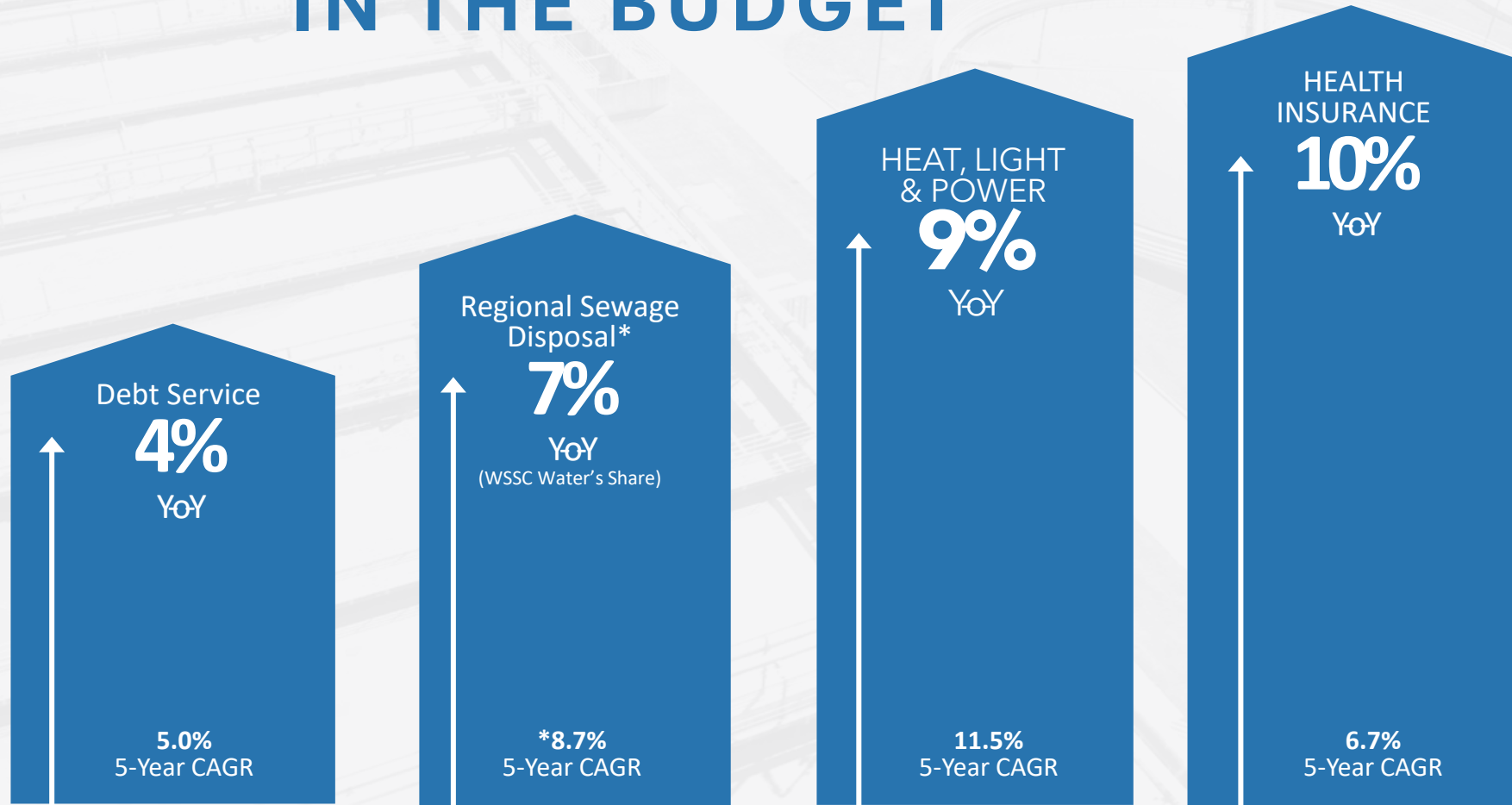
for Our Neighbors

**\$2.9 Million**

Assisting **10,000+**  
Customers in Prince  
George's County in  
FY 2026 to-date

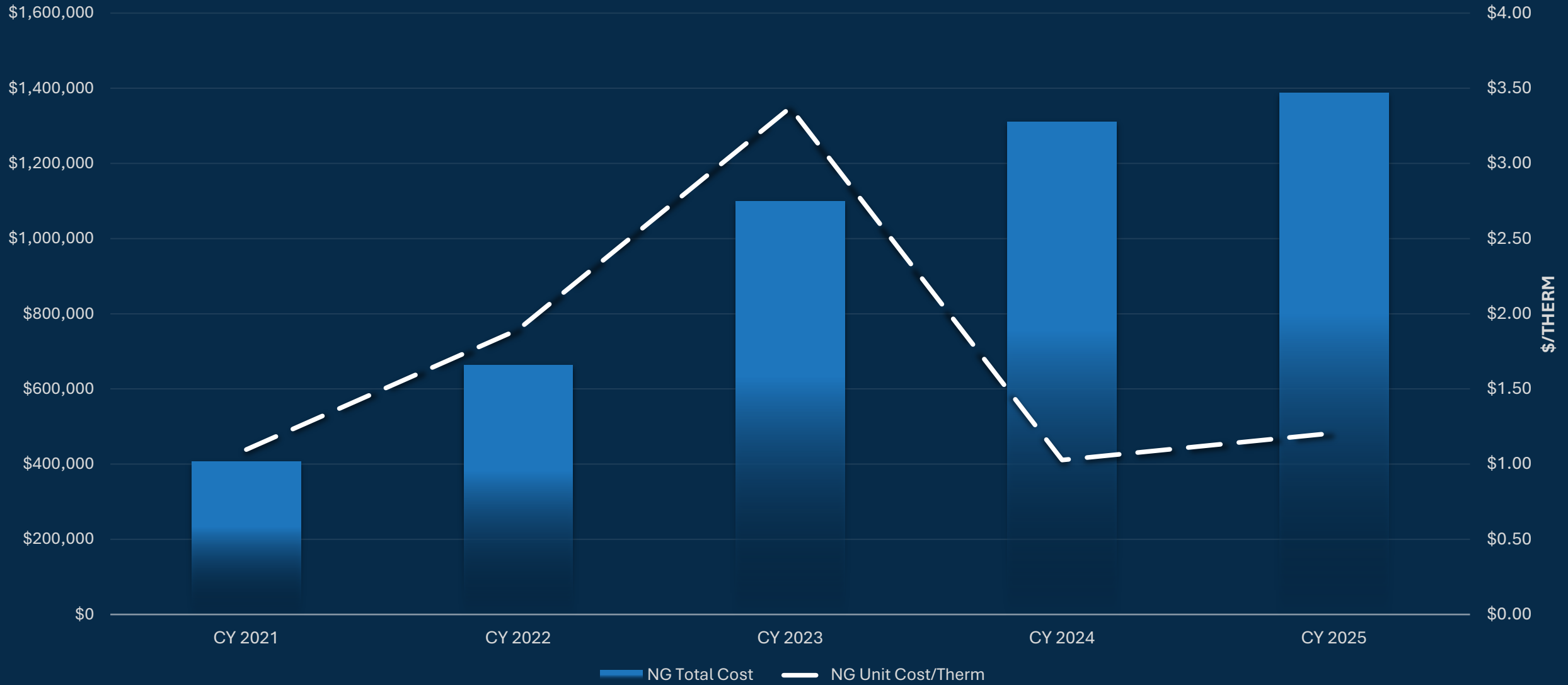
# RISING

## COSTS ABSORBED IN THE BUDGET



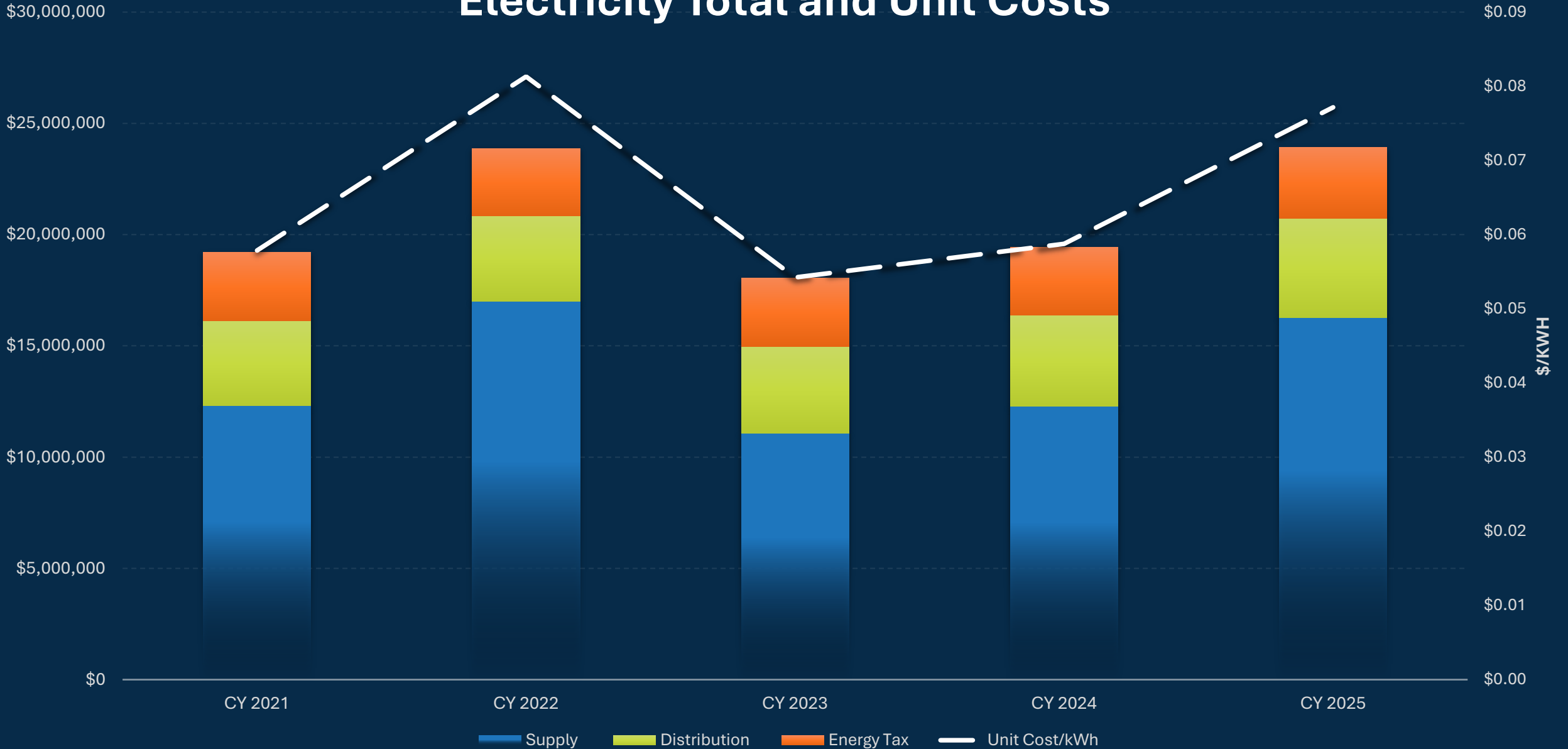
\*Regional sewage disposal costs and capital improvement program costs are increasing due to the increases in the D.C. Water budget.

# Natural Gas Total Cost and Unit Cost



**Dramatic increase in CY 22/CY23** caused by market upheaval from Ukraine-Russia war.

# Electricity Total and Unit Costs



**Dramatic increase in CY 22/CY23** caused by market upheaval from Ukraine-Russia war.

# Average Cost of Diesel per Gallon

The average cost of diesel in March is **17%** higher than in January and expected to climb.

Retail diesel, averaging approximately \$3.50–3.69 per gallon in the months before the war, is tracking toward **\$4.75** if the market sustains current levels.

