



Transportation, Infrastructure, Energy & Environment Committee Briefing

March 27, 2025

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Agenda

- FY26 Budget Overview & Priorities
- Operating and Capital Budgets
- Customer Assistance & Community Benefits
- Revenue Enhancement
- Capital Improvements Program (CIP) Highlights
 - Programs/Projects Implemented & Managed by WSSC Water
 - Interjurisdictional Managed Projects
- Questions?

FY26 Budget Overview & Priorities



Outcome-Based Budget

WSSC Water has developed a FY26 budget that will deliver on specific outcomes:

Protect
Public Health

Use Cash (PAYGO) to Lower
Debt Service Expenses &
Improve Financial Metrics

Enhance Customer
Assistance Programs

Continued Compliance
With Regulatory Mandates

Maintain
WSSC Water's AAA
Bond Rating

Continue Operation
& Maintenance of \$9B in
Critical Infrastructure Assets

Operating & Capital Budget Priorities

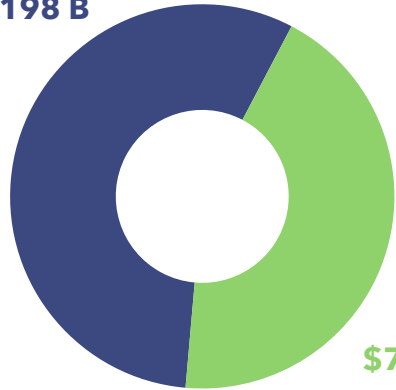
- Maintain compliance with U.S. EPA Regulatory mandates
 - The Safe Drinking Water Act (SDWA)
 - Lead and Copper Rule
 - Per- and Polyfluoroalkyl Substances (PFAS)
 - The Clean Water Act (CWA)
- Leveraging external funding to supplement rate revenue
- Promote environmental justice by ensuring equitable access to our services and programs
- Enhance customer experience through education, affordability, reliability & trust
- Upgrading and modernizing critical infrastructure
- Continue to invest in Team H2O, promote career growth, & workforce development

Total Budget FY25 Approved & FY26 Proposed Budget

**FY25 Approved Budget -
\$1.811 B**

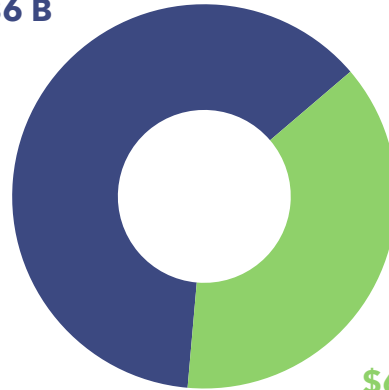
**FY26 Proposed Budget -
\$1.833 B**

\$1.0198 B



\$791.3 M

\$1.136 B



\$696.8 M

■ Operating Budget ■ Capital Budget

■ Operating Budget ■ Capital Budget

FY26 Operating budget is \$116M greater than FY25
FY26 Capital Budget is \$95M less than FY25

Capital budget above excludes developers' projects which total \$18.7 million. FY26 CIP to be revised to \$715.5 in the mid-cycle update.



What Does The FY26 Budget Do?

Supports and enhances Customer Assistance Programs

- \$8.9 M in funding - an increase of 14% from FY25

Provides funding for Private Side (customer) lead water service line replacement

- \$33.6 M in FY26

Continues our outcome-based budgeting approach and addresses the budget priorities

- Achieves mission critical goals and objectives
- Drives efficiencies in operations
- Continuously improves service delivery

Addresses regulatory requirements

- Lead and Copper
- PFAS
- Safe Drinking Water Act and Clean Water Act

Provides enhanced total rewards for Team H2O

- To increase retention, recruitment and engagement

Ensures adherence to Financial metrics

- To maintain WSSC Water's AAA credit rating

Reduces reliance on bonds

- Increases PAYGO allocation to obtain savings on debt service payments

Long term financial model sets plan for future rate enhancement requests

- Provides rate stability to customers and revenue stability to the Commission with Affordability remaining a central theme

Supports the operational and capital needs

- Makes required investments to maintain our \$9B asset portfolio

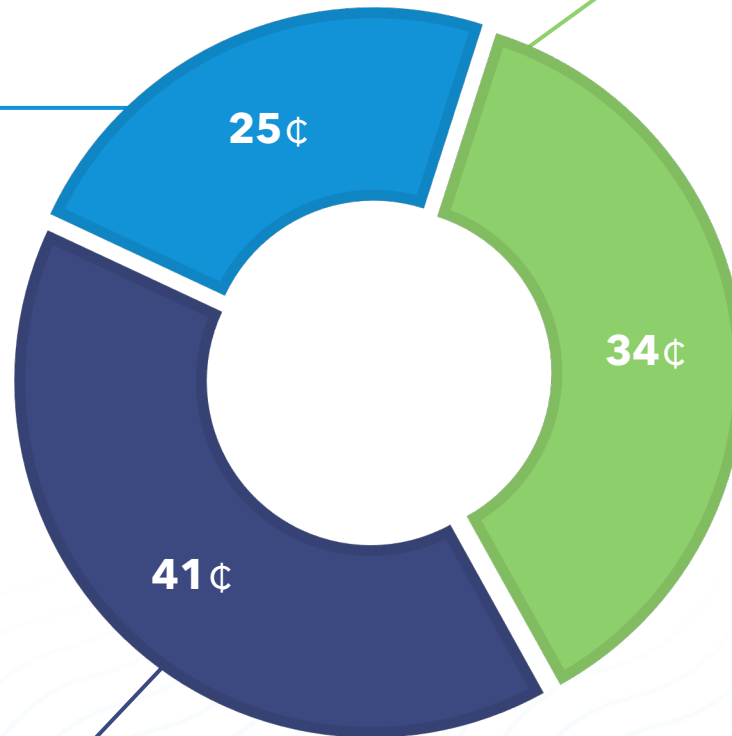
Builds resiliency into our system

- Enhances asset management and continuity of operation programs

FY26 Budget / Where The Money Goes

People

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



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

55 cents or 55% of costs are due to non-discretionary items such as capital project financing, chemicals, biosolids hauling, and heat, light & power

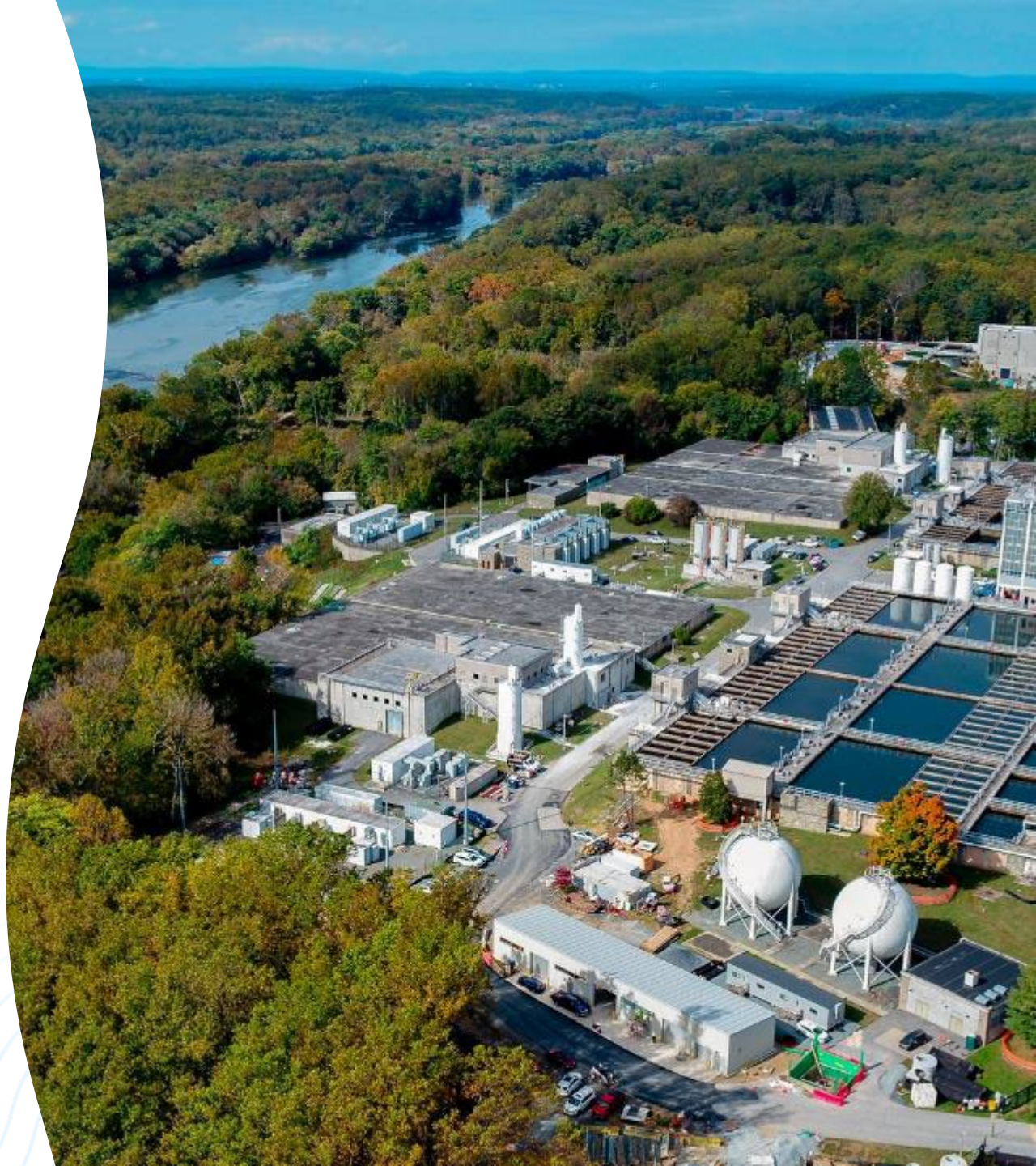
Operating and Capital Budgets



FY26 Proposed Operating Budget

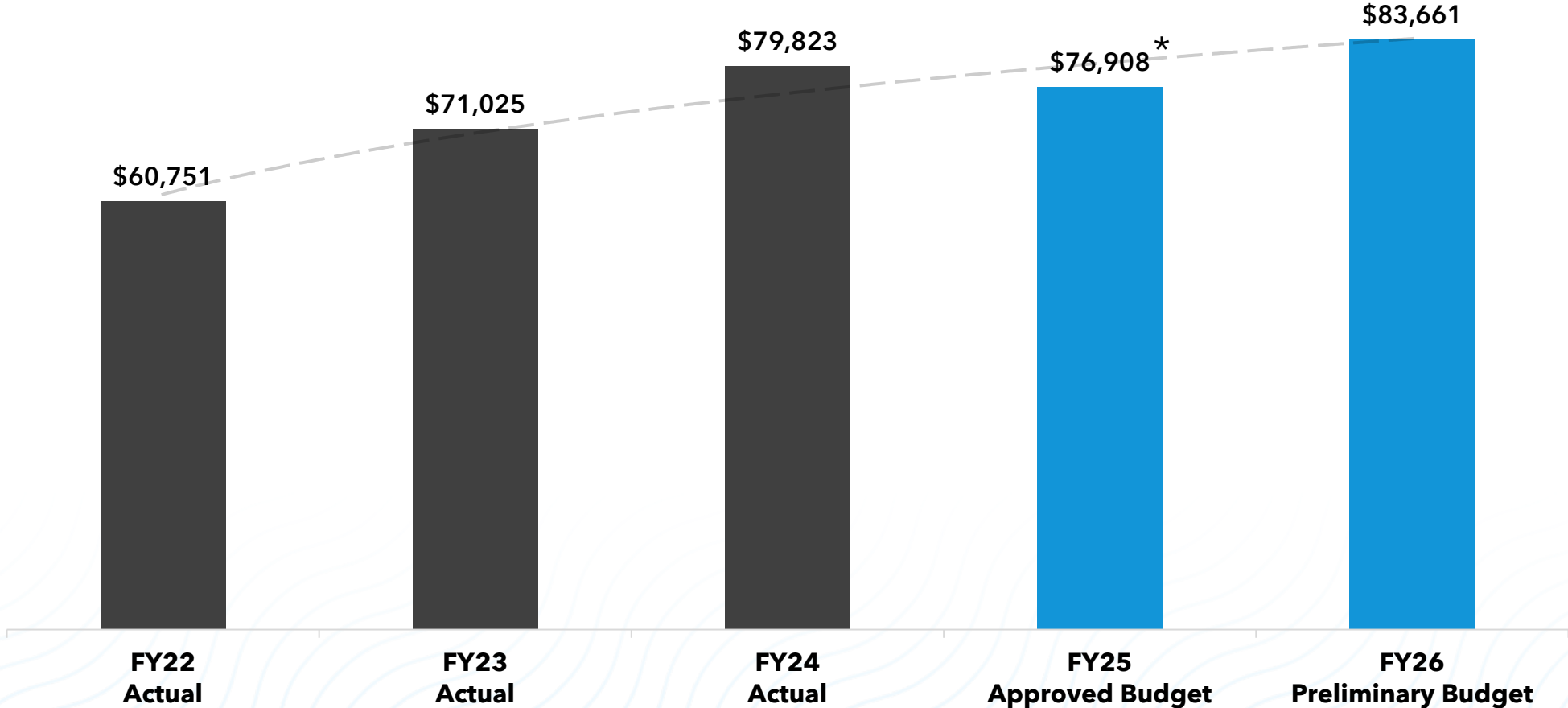
Highlighted Initiatives

- **Investing in our workforce** through compensation, training and ensuring that the tools, systems, processes and organizational structure employees need to be successful are provided
- **Improving the experience** of internal and external stakeholders, as well as the customer experience and ability to connect
- **Continue water quality excellence** by tracking and addressing the regulatory changes on emerging contaminants for safe drinking water and biosolids management
- **Building resilience** in infrastructure and operations through added capabilities in Enterprise Risk Management, cybersecurity, asset management, and continuity of operations programs
- **Integrating diversity, equity, inclusion and environmental justice** into our procurement, EEO, and investment planning processes
- **Ensure adherence to financial metrics** by maintaining AAA credit rating
- **Increase financial assistance** by \$1.1 million to help more customers, bringing the total to more than \$8.9 million or 14% above FY25



Regional Sewage Disposal

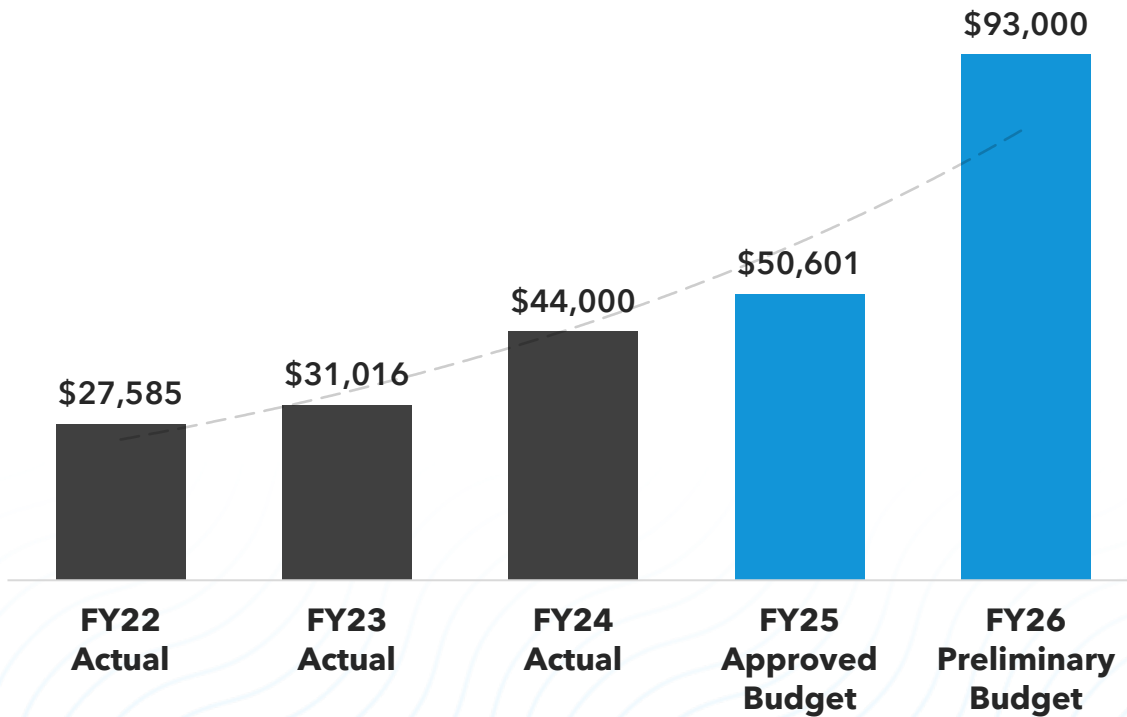
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* The FY25 Budget had already been developed when WSSC Water learned that cost increases at Blue Plains would be much higher than DC Water originally projected.

PAYGO Funded Capital

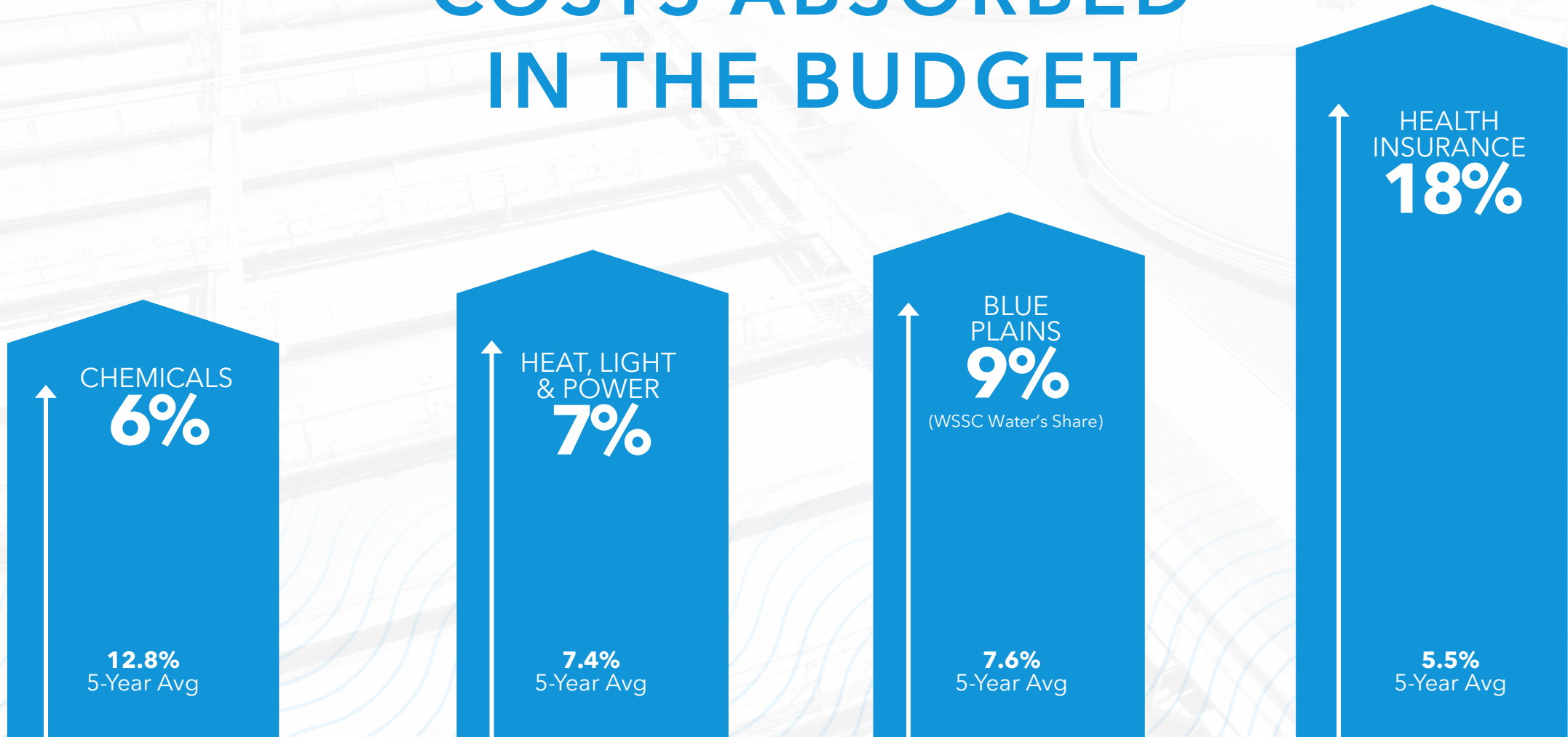
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- The use of PAYGO (Pay-As-You-Go) to fund capital projects with cash instead of debt has many benefits:
 - Improved Debt Ratios:
 - Debt service coverage ratio and debt service as a percentage of total operating expenditures
 - Minimizes the accumulation of long-term liabilities
 - Favorable financial metrics are critical to maintaining a AAA bond rating
 - Resulting in lower borrowing costs and savings for our customers
 - Enhances long-term stability by avoiding over-leveraging
- In FY26, an additional \$42.4 million in PAYGO will be used instead of bonds.
- Use of PAYGO aligns with the Bi-Infrastructure Funding Working Group Consultant's Report recommendations
 - Reduces borrowing and debt service while lowering future water and sewer rate increases

RISING

COSTS ABSORBED IN THE BUDGET



Combined Water & Sewer Operating Funds

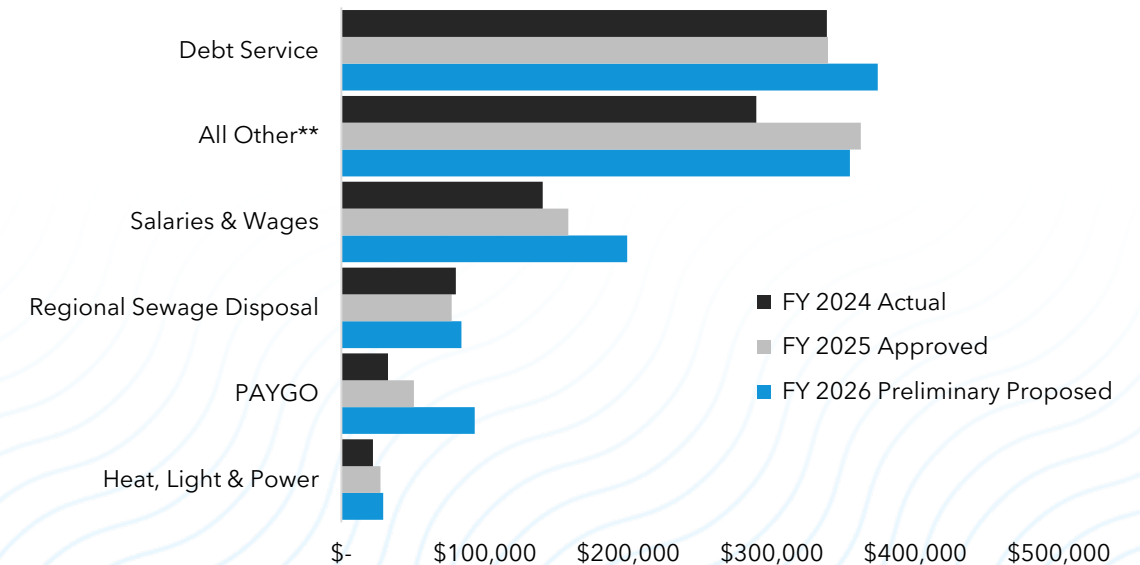
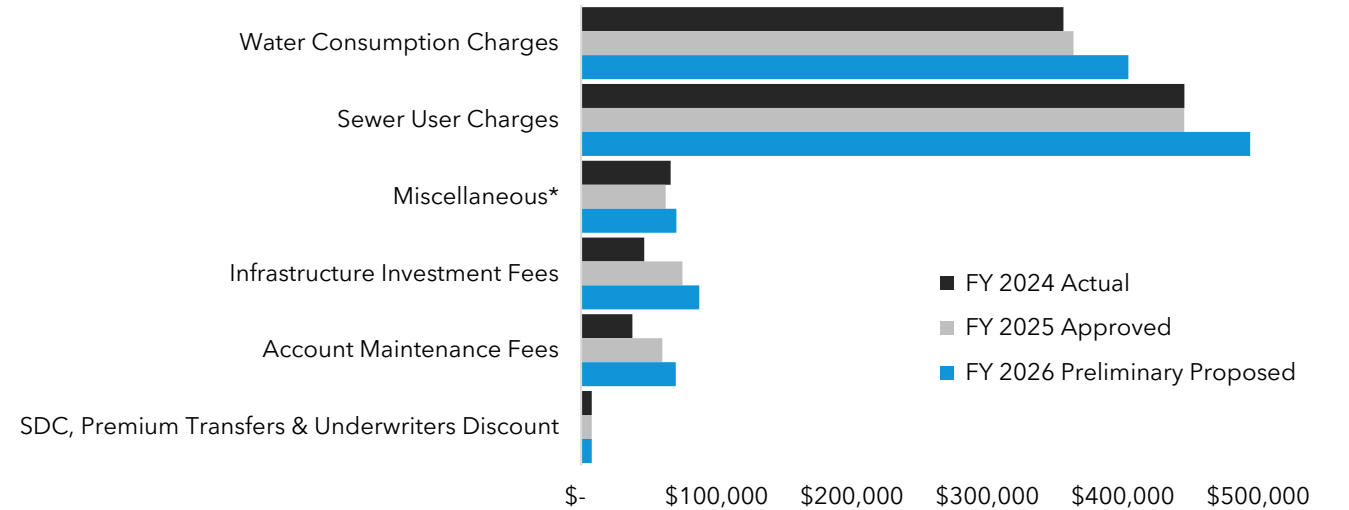
Annual Comparison (\$s In Thousands)

Sources	FY26		
	FY 2024 Actual	FY 2025 Approved	Proposed
Water Consumption Charges	\$ 356,194	\$ 363,662	\$ 402,766
Sewer User Charges	445,529	445,443	492,218
Miscellaneous*	66,095	62,379	74,915
Infrastructure Investment Fees	46,610	74,839	86,016
Account Maintenance Fees	37,846	59,964	69,684
SDC & Underwriters Discount	7,772	7,772	7,772
Total Sources:	\$ 960,046	\$ 1,014,059	\$ 1,133,371

Uses	FY26		
	FY 2024 Actual	FY 2025 Approved	Proposed
Heat, Light & Power	\$ 22,079	\$ 27,278	\$ 29,199
PAYGO	32,506	50,601	93,000
Regional Sewage Disposal	79,822	76,908	83,661
Salaries & Wages	140,324	158,146	199,243
All Other**	289,151	361,968	354,467
Debt Service	338,326	339,158	373,801
Total Uses:	\$ 902,208	\$ 1,014,059	\$ 1,133,371

* 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



FY26-FY31 Capital Improvements Program (CIP)

Six-year Program cost of \$4.88 billion

- Bond funded **\$3.3 billion**
- PAYGO **\$1.0 billion**
- External funding sources **\$0.57 billion**

Mandated projects \$1.28 billion (26%)

- Blue Plains **\$687.5 million**
- Sewer Reconstruction **\$527.6**
- Consent Decree **\$38.7 million**
- Other Regulatory Mandates & Agreements **\$31.6 million**

FY26

- Capital Budget is **\$715.5 million**
- Mandated projects **\$209.8 million (29%)**



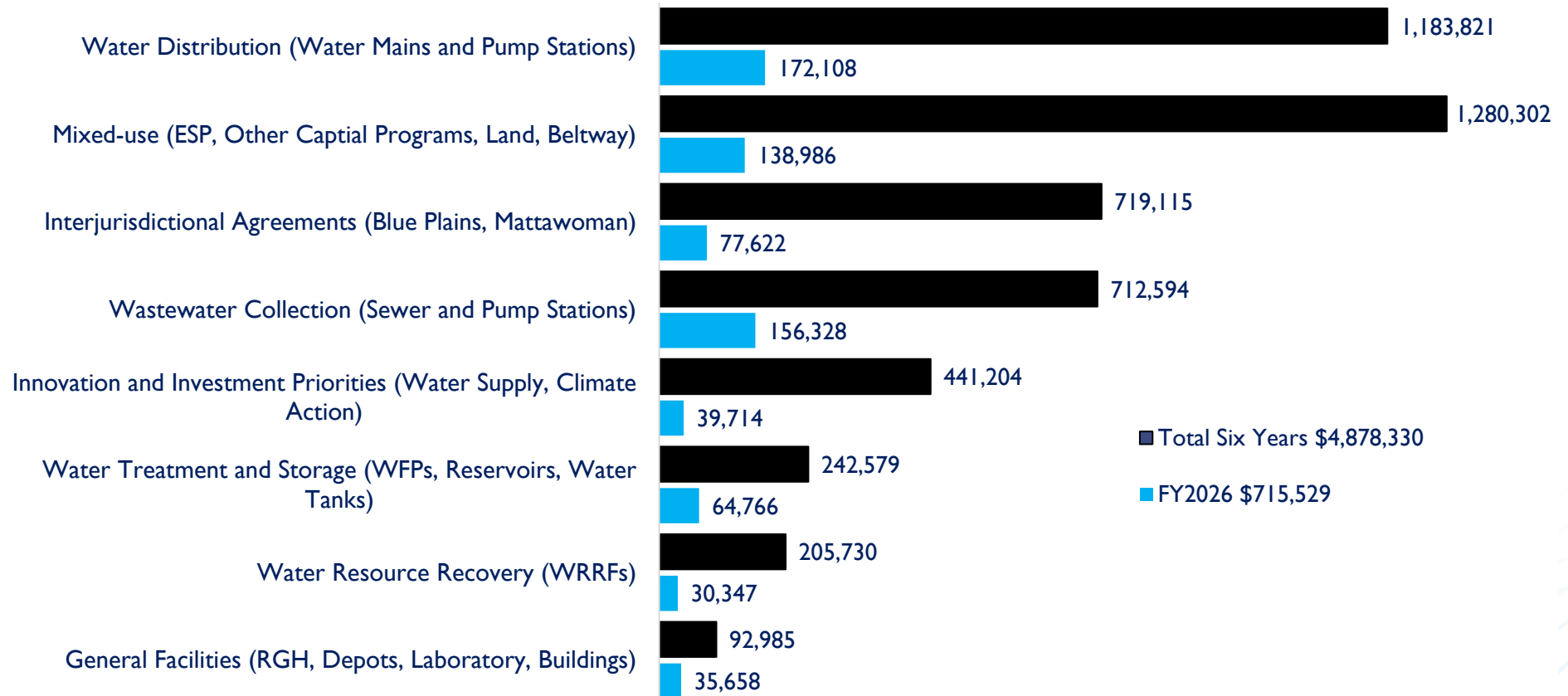
FY26 Capital Budget Priorities

- Lead and Copper Reduction regulatory compliance
- Master and Facilities Planning and Infrastructure Investments beginning in FY26 and increasing funding in FY27-FY31
- Comprehensive PFAS Management Strategy - mitigation in drinking water, wastewater effluent and biosolids beginning FY27-FY31
- Upgrades to Water Filtration and Water Resource Recovery Facilities to drive operational cost savings and maintain compliance
- Upgrade aging pumping stations and force mains
- Modernize Meter infrastructure
- Modernize maintenance depots to improve health and safety for Team H₂O members
- Be intentional in addressing equity and environmental justice



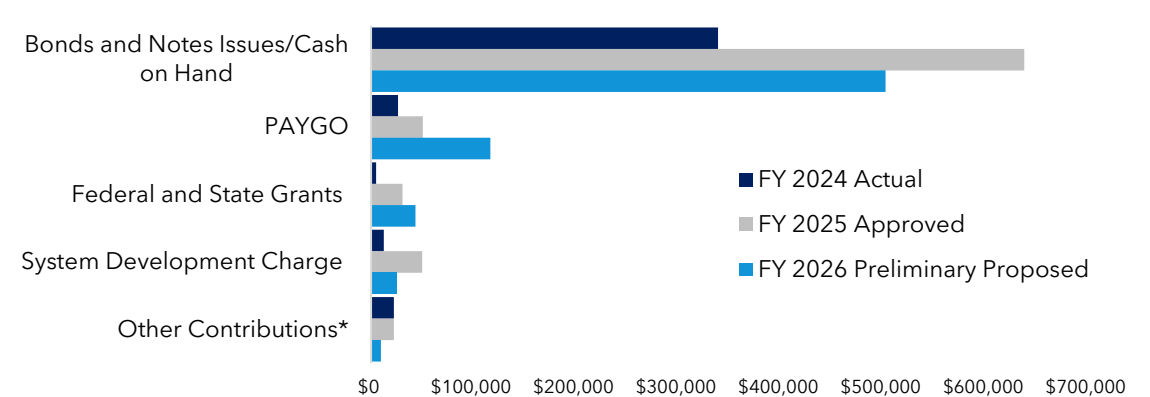
FY26-31 Six-year & FY26 Proposed CIP

8 Categories; 69 Programs/Major Projects

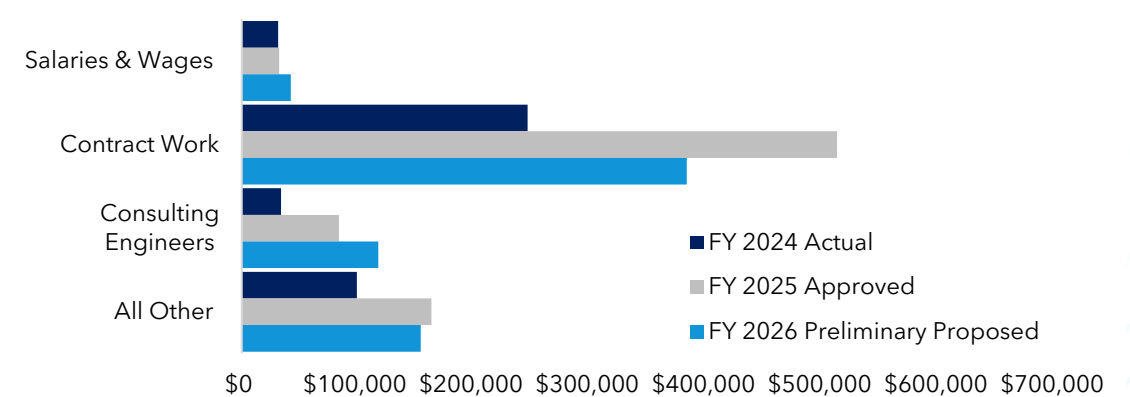


Capital All Funds Annual Comparison (\$s In Thousands)

Sources	FY24 Actual	FY25 Approved	FY26
			Proposed
Bonds and Notes Issues/Cash on Hand	\$338,711	\$637,773	\$502,247
PAYGO	26,333	50,601	116,524
Federal and State Grants	4,959	30,720	43,326
System Development Charge	12,484	49,926	25,097
Other Contributions*	22,227	22,247	9,621
Total Sources:	\$404,714	\$791,267	\$696,815



Uses	FY24 Actual	FY25 Approved	FY26
			Proposed
Salaries & Wages	\$31,381	\$32,120	\$42,194
Contract Work	245,931	512,237	383,031
Consulting Engineers	33,838	83,705	117,541
All Other	99,011	163,205	154,049
Total Uses:	\$410,161	\$791,267	\$696,815



*Developer Contributions are excluded

Capital budget above excludes developers' projects which total \$18.7 million in FY26. The CIP will be revised to \$715.5 in the mid-cycle update.

Customer Assistance & Community Benefits



Commitment to Affordability

Customer Assistance Programs

	FY24	FY25	FY26
PromisePay Contract	\$ -	\$ 3,300,000	\$ 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
New Program TBD	-	-	525,000
CAP Leak Repair Program	-	350,000	350,000
PipeER Program	100,000	200,000	200,000
Total Budget for Assistance Programs	\$ 3,512,000	\$ 7,762,000	\$ 8,867,000

14%
(\$1.1M)

Increase in assistance from FY25

Affordability & Financial Viability

CAP Enhancements and Discounts

- **CAP Subsidy Enhancement** - Will provide additional usage discounts to CAP customers
- Updating the WSSC Water Bill Adjustment Policy to account for chronic leaks
- Develop strategy to transition residential customers with high bills and affordability concerns to monthly billing
- **Plumbing Repair Assistance Program** - Will help CAP-eligible customers repair water leaks that are contributing to high bills. This program is administered by Habitat for Humanity.
- **CAP Discount:** Exemption from Ready-to-Serve Charges (up to \$210.56/year for a ¾ inch meter)
 - Bay Restoration Fund (BRF) Exemption: Waiver of State-mandated \$60 annual fee
 - Bill Adjustments: 100% removal of excess water/sewer charges in one billing cycle once every three years
 - Flexible Pay Plans: Up to 48 months for payment plan
 - Permanent Waiver of Late Fees
 - Annual Inspection for Water Leaks: Conducted by WSSC Water Utility Services Department
 - Water Meter Turn-on: Pays only 50% on small meter turn-on fees

Delivering for Our Customers



Assisting Those in Need

Nearly **\$9 million** in financial assistance to help protect income-constrained customers - a 14% over last year - including funds for a new leak repair partnership with Habitat for Humanity.



Repairing Critical Infrastructure

Nearly **\$228 million** to upgrade aging and failing water and sewer mains.

Protecting Public Safety

Nearly **\$3 million** to increase fire hydrant inspections

Continuing Water Quality Excellence

\$5 million to continue expansion of our state-of-the-art laboratory expansion & purchase equipment to conduct PFAS "Forever Chemicals" monitoring.



Helping Homeowners go Lead-Free

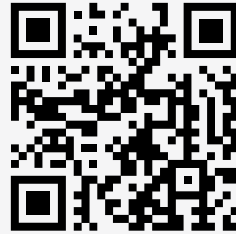
Nearly **\$34 million** to replace customer-owned lead water service lines.

Helping Our Neighbors: Water Bill Assistance



Promise.

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



CUSTOMER ASSISTANCE PROGRAM (CAP)

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



Eligible customers can access the Water Fund multiple times, **up to \$500 per year.**



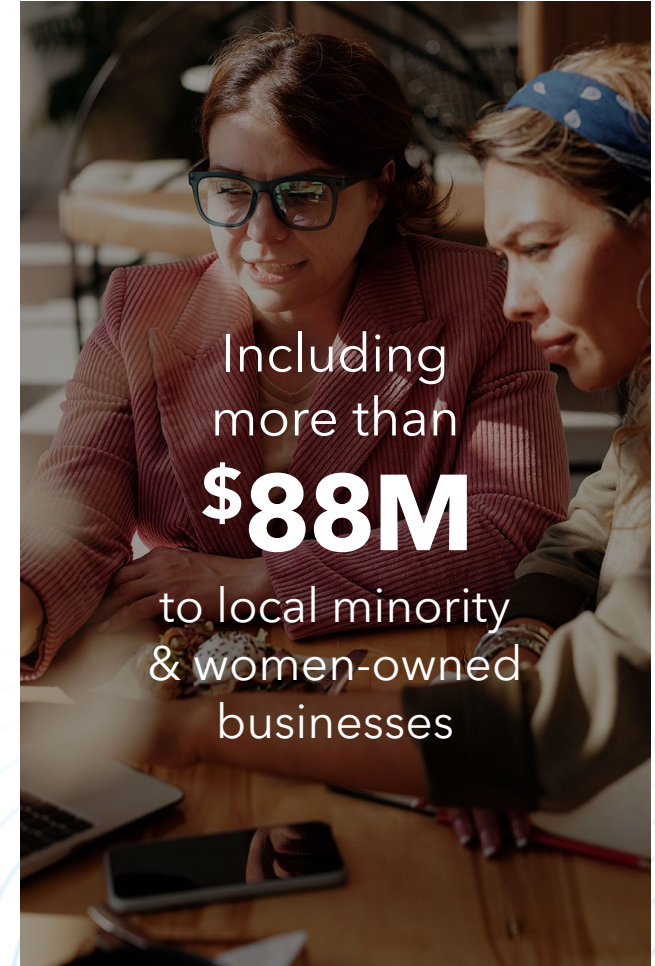
PipeER+

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.



wsscwater.com/assistance

Supporting Economic Output



Recommendation

9.8% Revenue Enhancement



FY25 Adopted to FY26 Revenue Enhancement

Fiscal Year	Revenue Enhancement
FY26 Management Recommendation	9.8%
FY26 SAG	9.0% - 10.2%
FY26 "Same Services" Budget Presentation	12.2%
FY25 Adopted	8.5%

- As part of the annual Spending Affordability Guideline (SAG) process, WSSC Water presented a revenue enhancement of 12.2% based on same service budget needs
 - Requests as submitted would have required 16.2%
- Montgomery County Council passed a resolution in support of a 10.2% rate revenue enhancement. Prince George's County Council supported a 9.0% revenue enhancement
- Staff identified non-rate revenue offsets that were applied against the enhancement request reducing the upper limit of the request by 0.4%
- Management is requesting and recommending that the Proposed FY26 Budget be approved with a 9.8% revenue enhancement

Bill at a Glance

	FY25	FY26
Average Gallons Per Day**	145	145
Average Quarterly Bill	\$269.45	\$295.86
<p>*9.8% Revenue Enhancement Assumption **Based on 3/4 inch meter. Average assumes 3-person household.</p>		

+\$8.80
 Monthly* Bill Impact

The average household spends quarterly...



\$472.74
 on electricity
 from PEPCO

\$423.00 for
 cellular phone
 services



\$269.45 for
 water and sewer
 services from
 WSSC Water



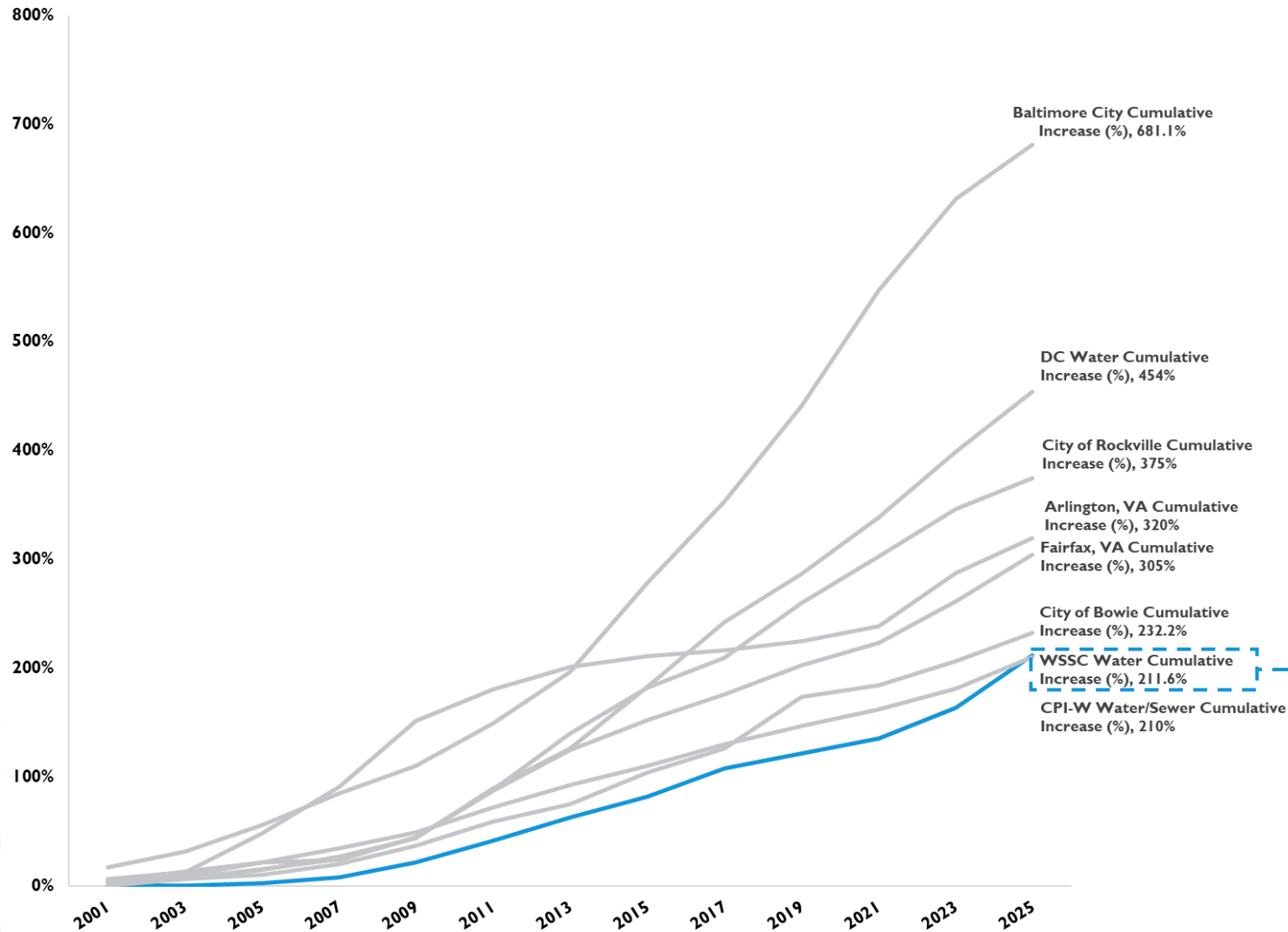
Approximate
 cost of 3 cups
 of coffee



*Quarterly bill impact = \$26.41
 *Annual bill impact = \$105.64

FY00-25 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.

Capital Improvements Program

Programs/Projects Implemented & Managed by WSSC Water



FY26 CIP Category #1

Water Distribution

Water Reconstruction Program (W-1.00)

The purpose of this program is to renew and extend the useful life of water distribution assets. Sub programs include Small Watermains, Cathodic Protection, Large Water service replacement (Meter Vaults), Emergency Contracts at depots.

FY26 Goal: **27 Miles**

FY26 Budget: **\$79.5 Million**

Large Diameter Water Pipe & Large Valve Rehabilitation Program

(W-161.01)

The large diameter water pipe and large valve rehabilitation program manages over 1,000 miles of transmission sized (16" and above) water mains. It includes the pre-stressed concrete cylinder pipe (PCCP) inspection and monitoring programs, which include acoustic fiber optic (AFO).

FY26 Goal: **6 Miles**

FY26 Budget: **\$54.6 Million**

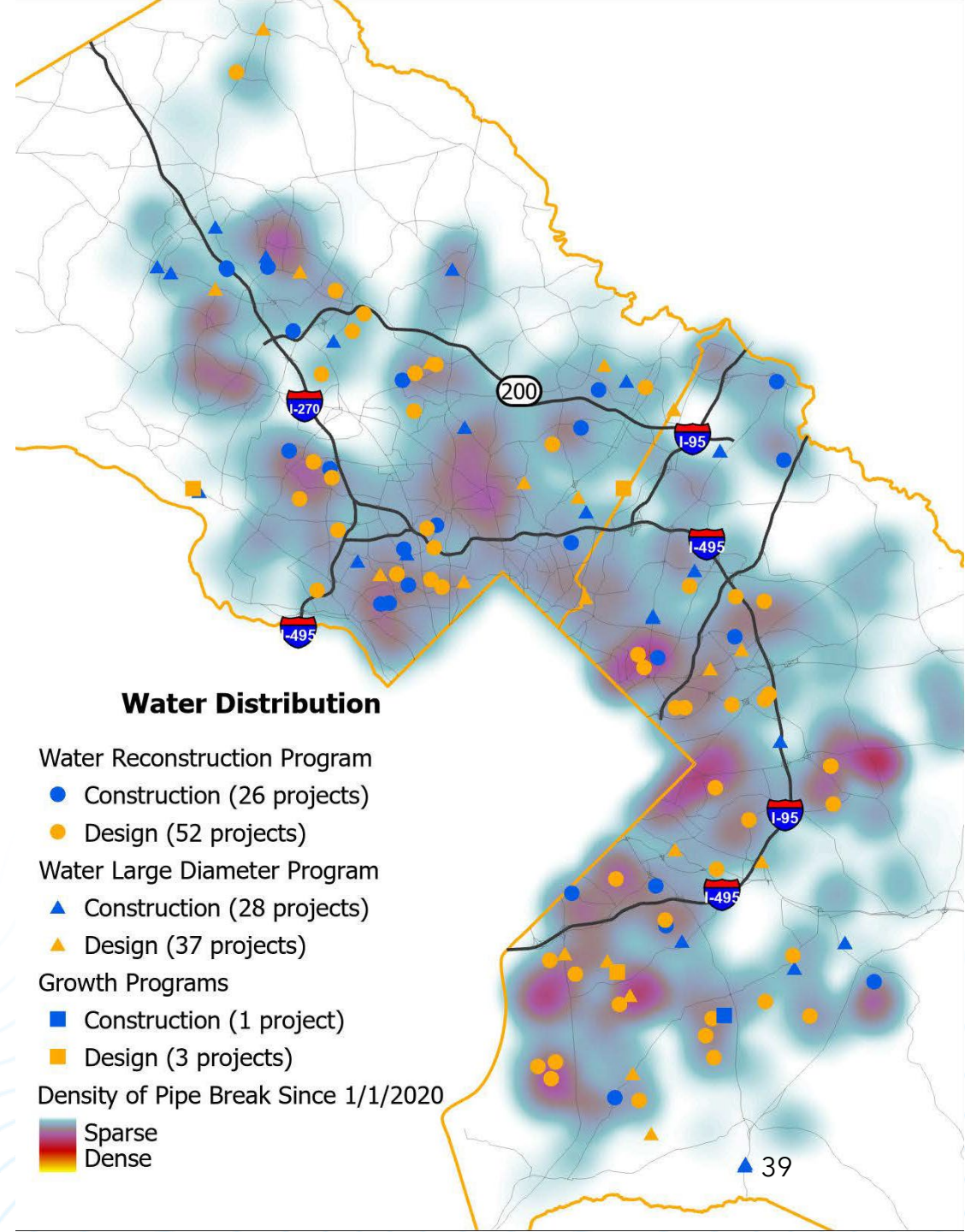


Water Distribution

Impacts and Benefits to the Community:

- Projects under the Water Reconstruction Program and the Large Diameter Water Program correlate with and address water breaks in high density areas.
- Growth Program contributes to the development and economic growth within Prince George's and Montgomery Counties.

Additional 203 meter vault and valve replacement projects not shown for map clarity.



FY26 CIP Category #2

Wastewater Collection

Sewer Reconstruction Program (S-1.01)

This program provides for comprehensive sewer system rehabilitation in residential areas of sewer less than 15-inches in diameter.

This program includes:

Main and Lateral sewer, Sewer House Connection Renewal, and Emergency Repairs.

FY26 Goal: **25 Miles**

FY26 Budget: **\$51.6 Million**

Trunk Sewer Reconstruction Program (S-170.09)

The Trunk Sewer Reconstruction Program provides for the inspection, evaluation, planning, design, and construction required for the rehabilitation of sewer mains and their associated manholes in environmentally sensitive areas (ESAs).

This program includes:

Large sewer replacement or lining, Manhole protection or rebuilding, and Structural and alignment correction.

FY26 Goal: **10 Miles**

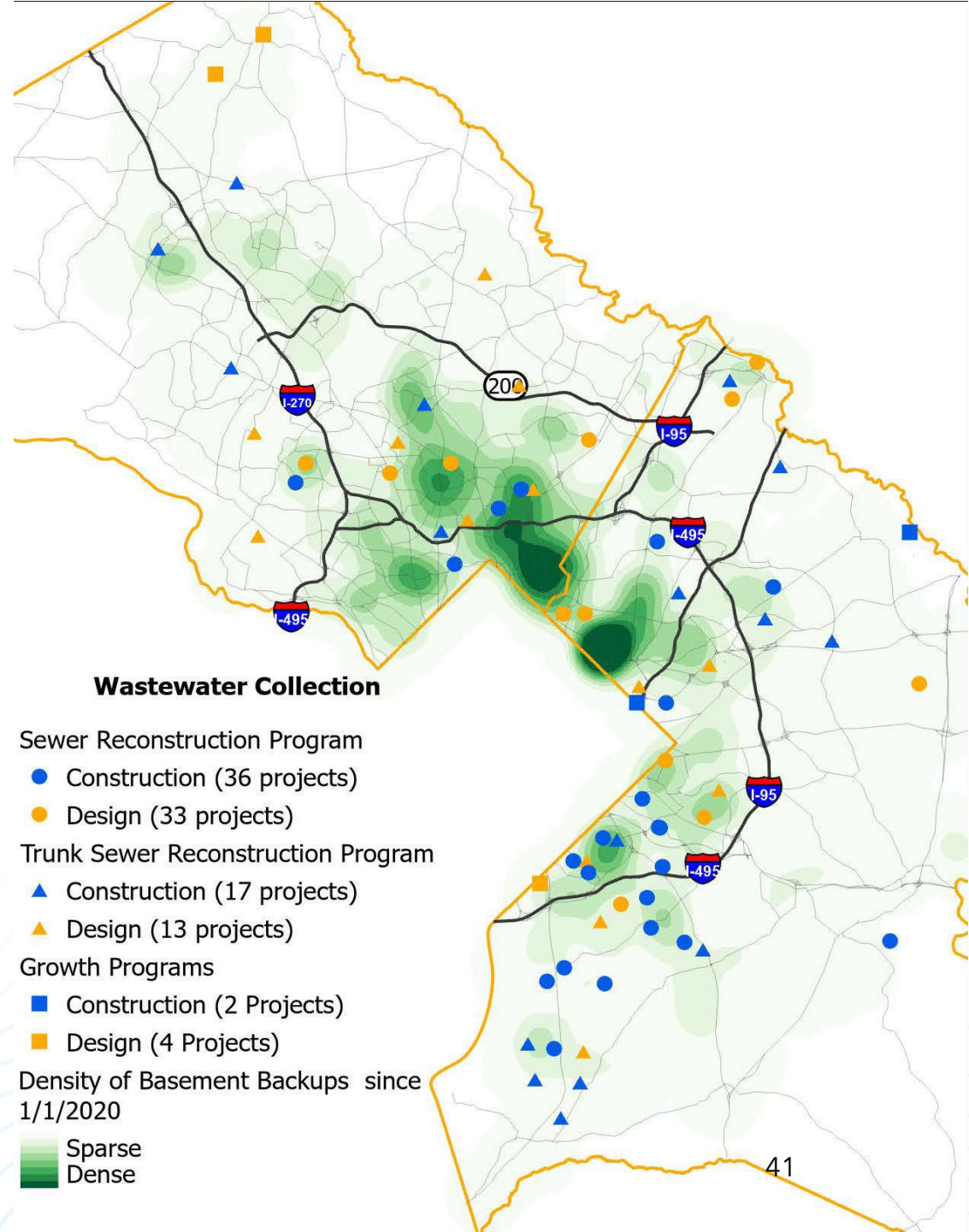
FY26 Budget: **\$41.9 Million**



Wastewater Collection

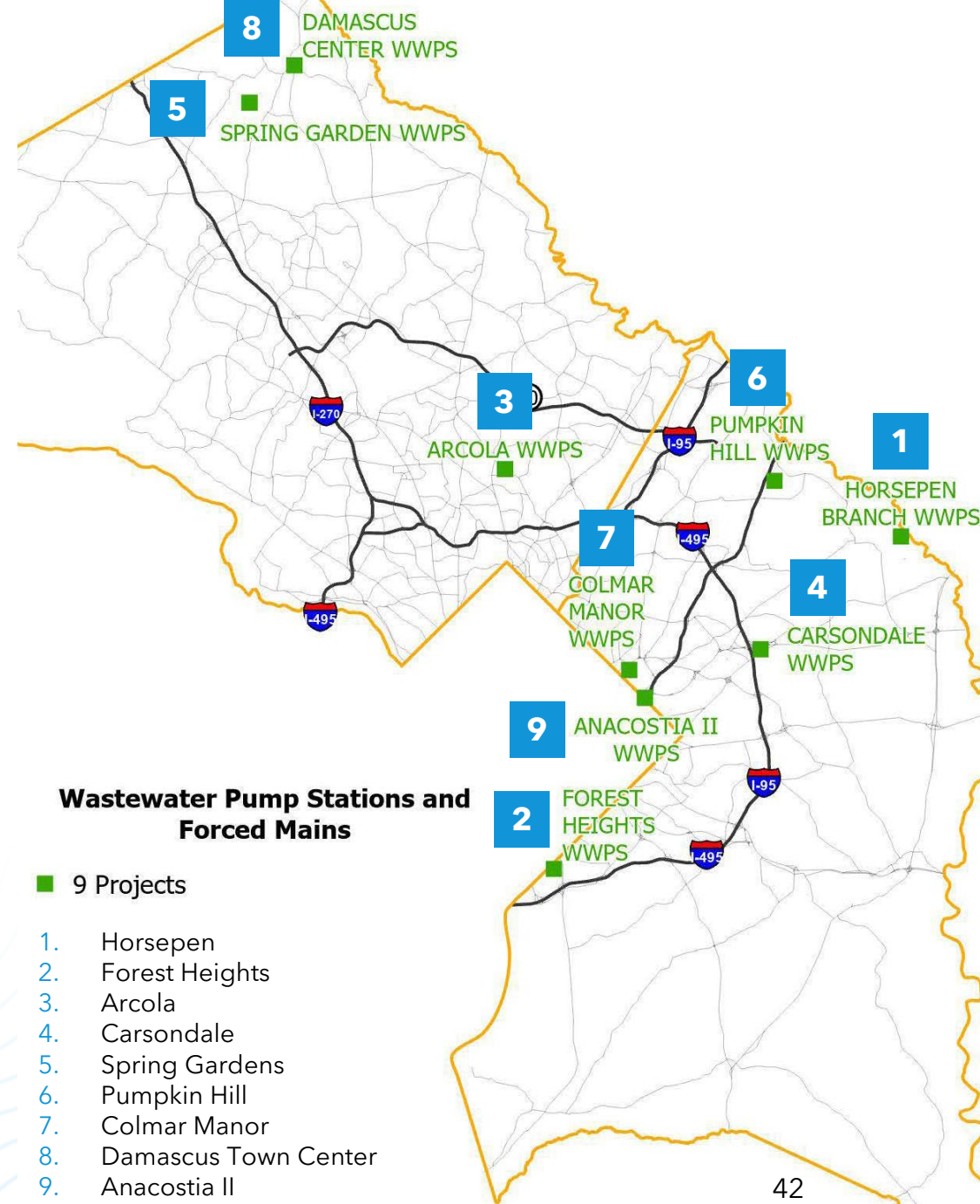
Impacts and Benefits to the Community:

- Projects under the Sewer Reconstruction Program and Trunk Sewer Program correlate with and address basement backups and sanitary overflows in high density areas.
- Growth Program contributes to the development and economic growth within Prince George's and Montgomery Counties.



Wastewater Collection

Impacts and Benefits to the Community: The rehabilitation and upgrades of the wastewater pump stations help reduce basement backups and sanitary overflows.



FY26 CIP Category #3

Water Treatment & Storage

Water Storage Facility Rehabilitation Program (W-105.00)

This program rehabilitates aging water storage tanks and standpipes. Facilities being rehabilitated include Andrews, Bradley Hills, Brink, Cedar Heights, Greenbelt, North Woodside, Wall Lane and Pointer Ridge.

FY26 Budget: **\$23.0 Million**



Water Treatment & Storage

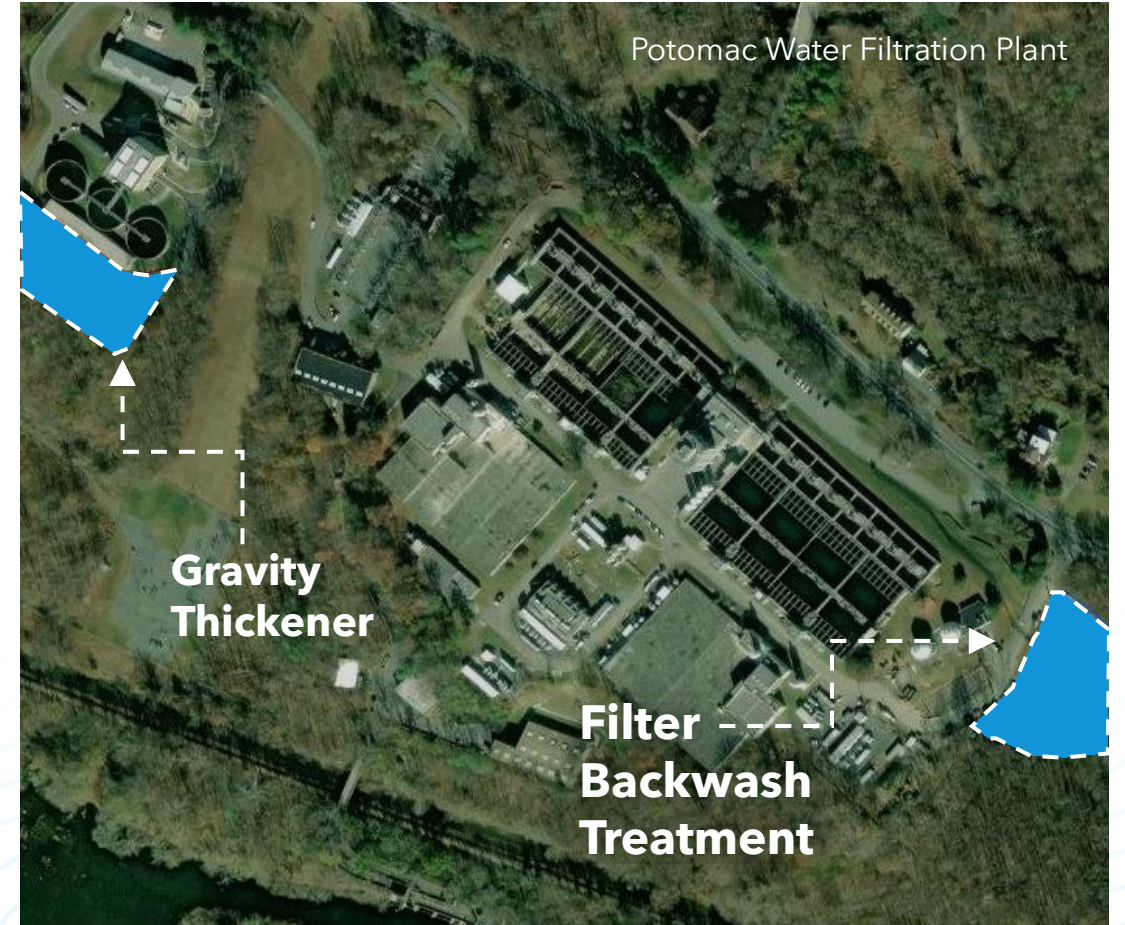
Potomac WFP Consent Decree Program (W-73.33)

This Program includes redundant finished water discharge mains, water pumping stations upgrades, and other process improvements including gravity thickener and filter backwash treatment.

Two additional projects at Potomac:

1. Potomac Submerged Channel Intake (W-73.3)
2. Main Zone Pipeline (W-72.32)

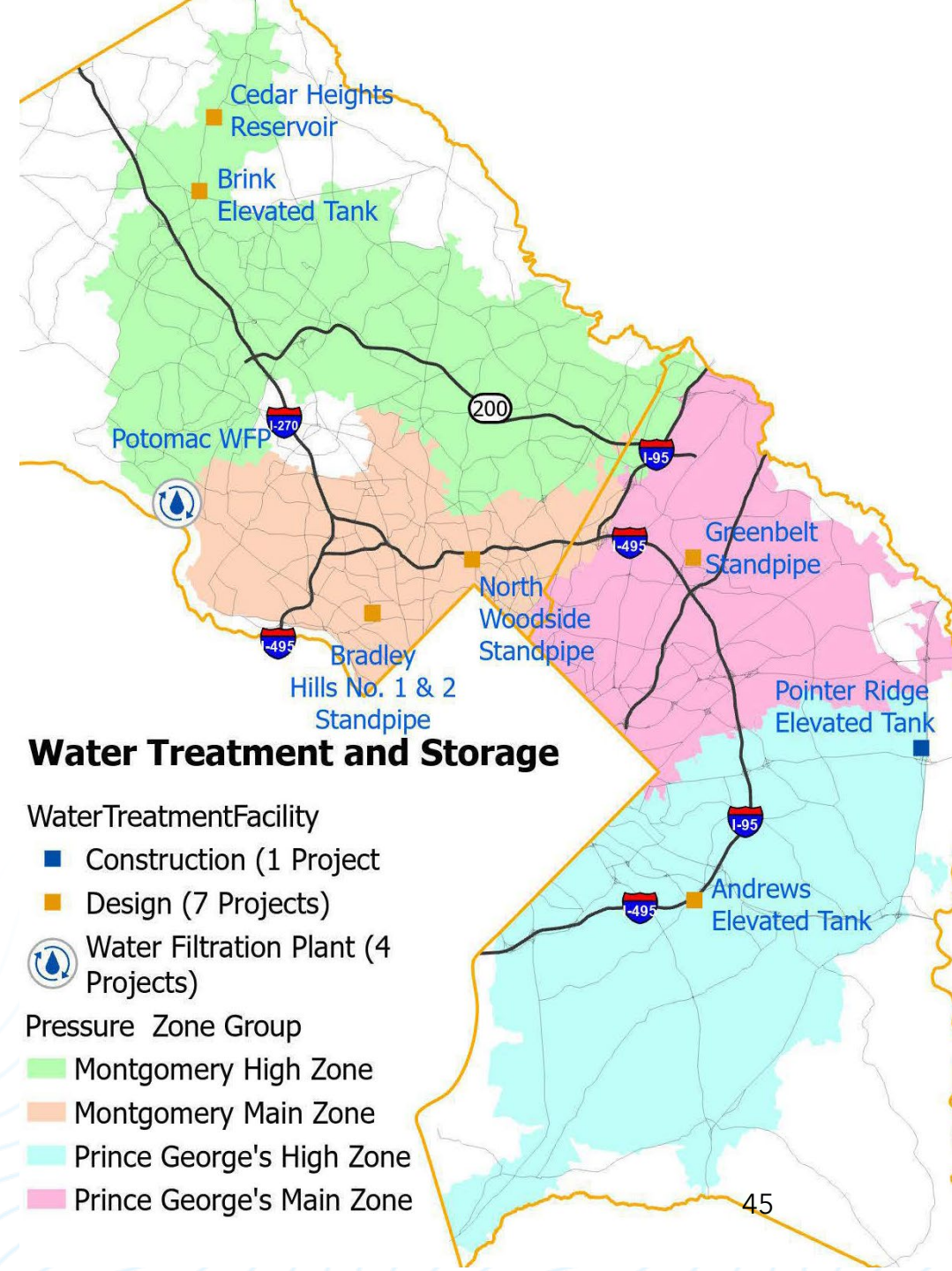
FY26 Budget: **\$41.0 Million**



Water Treatment & Storage

Impacts and Benefits to the Community:

- The rehabilitation of standpipes and elevated tanks help stabilize the water pressure and provide extra storage ensuring system reliability. It also beautifies the look of the tanks increasing the value of neighboring properties.
- Projects at Potomac water filtration plant upgrade old infrastructure increasing efficiency, reducing operations costs, and protecting the environment by reducing solids returned to the Potomac River.



FY26 CIP Category #4

Water Resource Recovery Facility (WRRF)

This Category includes **4 Programs**:

1. Parkway WRRF
 - Electrical Upgrades, Effluent Channel, and Plant Water Upgrades
2. Piscataway Bioenergy Program
3. Piscataway WRRF
 - Plant Upgrades, WWPS Upgrades
- 4. Western Branch WRRF**
 - Process Train Improvements, Main Substation Replacement, Potable Water Upgrades, Raw Influent Building VFD Cooling, SS6 Decommission, Solids Truck Loading Operations

FY26 Total Budget: **\$30.9 Million**



Highlighted Program (#4)

Western Branch WRRF Process Train Improvements

(S-157.02)

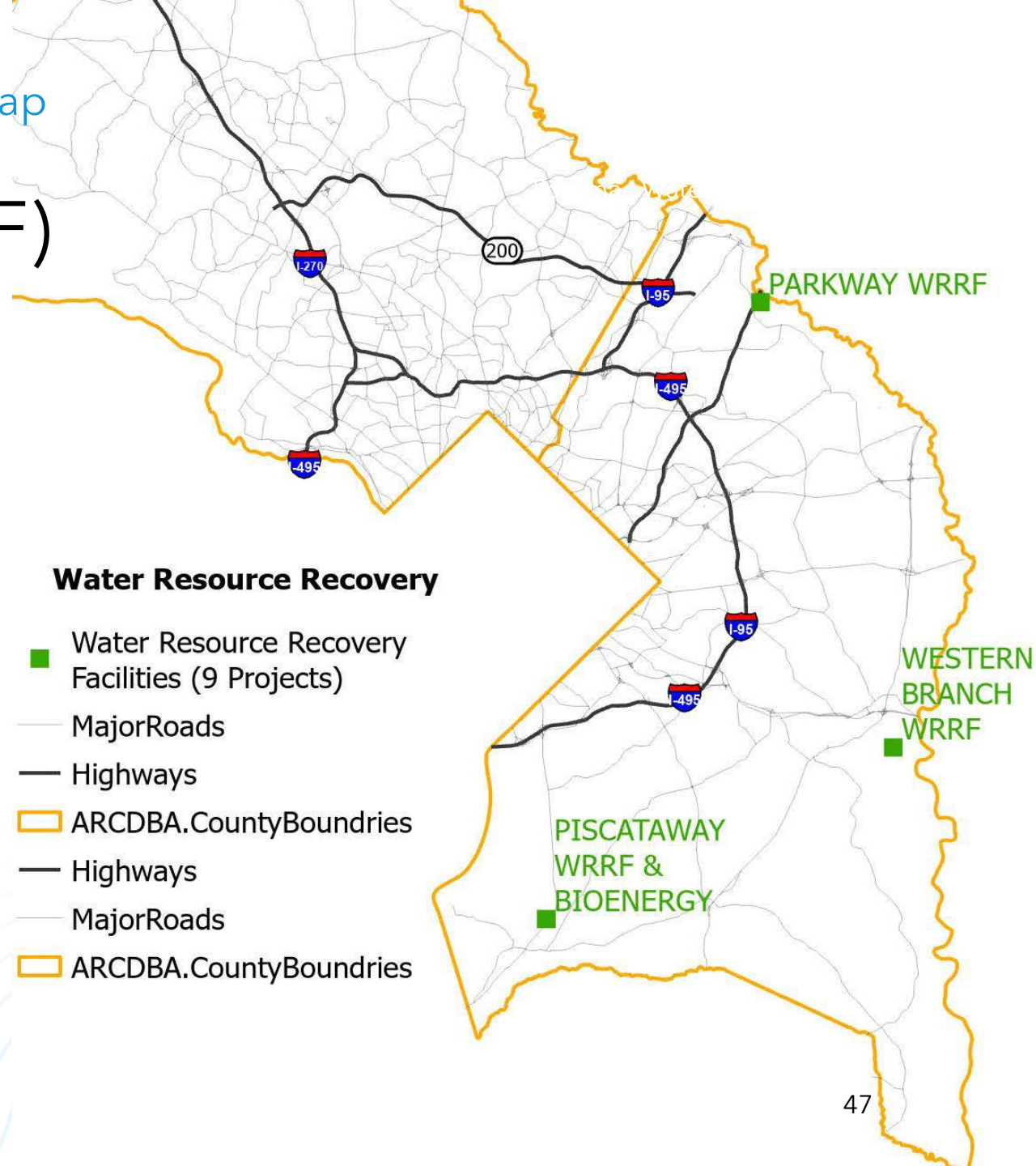
This Program includes improvements at the Western Branch WRRF to extend the life cycle of existing equipment.

FY26 Budget: **\$17.7M**

Water Resource Recovery Facility (WRRF)

Impacts and Benefits to the Community:

- Projects at the WRRFs help upgrade old infrastructure to improve the treatment processes, optimize operations and efficiency, and ensure compliance with discharge permits to protect the environment.
- Helps reduce energy and chemicals usage costs and prepare the WRRFs be more resilient to climate change.



FY26 CIP Category #5

Mixed-Use / Engineering Support Program (ESP)

Categories	Total
1. Water Distribution (Water Mains and Pump Stations)	\$2,460,000 (2 Projects)
2. Wastewater Collection (Sewer and Pump Stations)	\$22,129,151 (10 Projects)
3. Water Treatment and Storage (WFPs, Reservoirs, Water Tanks)	\$3,401,000 (4 Projects)
4. Water Resource Recovery (WRRFs)	\$9,771,873 (7 Projects)
5. Mixed-use (ESP, Other Capital Programs, Land, Beltway)	\$500,000 (1 Projects)
7. General Facilities (RGH, Depots, Laboratory, Buildings)	\$3,600,000 (4 Projects)
Total	\$41,862,024 (28 Projects)

Highlighted ESP Projects:

- Hyattstown WRRF Improvements
- High Voltage Equipment Replacement
- Global Roof Replacement Program
- Hyattsville WWPS upgrade and Improvements
- Central Avenue WPS- Electrical Equipment Replacement



Central Ave Water Pumping Station Electrical Equipment and Switchyard Replacement

FY26 CIP Category #6

Innovation and Investment Priorities

Innovation and Investment

This category includes four programs and one project program investing in innovation and priorities:

1. Smart Water Meter Infrastructure
2. *Energy Performance Program*
3. PFAS Management Program
4. Piscataway Bioenergy

FY26 Total Budget: **\$39.7 Million**

Highlighted Program (#2)

Energy Performance Program (A-103.00)

This Program includes projects to replace and upgrade energy consuming equipment and systems to reduce energy consumption. Active projects include Piscataway Water Resource Recovery Facility blowers and mixer replacement/upgrades.

FY26 Budget: **\$5.5 Million**



Highlighted Program (#3)

Lead Service Program (A-109.02)

This program invests in the removal of lead service lines as required by Federal and State Regulations

FY26 Budget: **\$33.6 Million**



General Facilities

Anacostia Depot Reconfiguration (A-100.01)

The Reconfiguration at Anacostia Depot is the first WSSC Depot that is being designed using Sustainable Design methods. The buildings will feature Solar Power, Sewer Thermal and a green roof.

FY26 Budget: **\$23.8M**

Support Center Building Upgrades (A-101.06)

This program provides for the planning, design, and construction to renovate the workspaces and upgrade assets at the Support Center that have reached the end of their useful lives.

Projects will include:

- Switchgear and Generators replacement
- Replacement of failing green roof, and other work.

FY26 Budget: **\$9.5M**



FY26 CIP Category #8

Interjurisdictional Managed Projects

Blue Plains Wastewater Treatment Plant (WWTP)

DC Water Facility with WSSC Water cost share of 46%. Treats approximately 62% of WSSC Water's wastewater.

Funding for Blue Plains WWTP projects is within three main divisions - Liquid Treatment, Biosolid Management, Plant-wide projects and one additional division funds projects for all shared pipes and facilities outside of the WWTP - Pipelines and Appurtenances.

FY26 Budget: **\$72.96 million**

Mattawoman Wastewater Treatment Plant (WWTP)

FY26 Budget: **\$4.6 million**

**11% of the
FY26 CIP Budget**
is for Blue Plains &
Mattawoman Projects



Questions?

