



THE PRINCE GEORGE'S COUNTY GOVERNMENT


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County Council

April 10, 2025

TO: Eric C. Olson, Chair
Transportation, Infrastructure, Energy, and Environment (TIEE)
Committee

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

THRU: Jennifer A. Jenkins 
Council Administrator

RE: **WSSC Water FY 2026 Operating, Capital, and Capital
Improvements Program (CIP) Budget Report**

This report contains a detailed summary of the Washington Suburban Sanitary Commission (WSSC Water) FY 2026 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
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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 2026 and deliver that water to homes and businesses in the region through a system of 6,000 miles of water mains. To ensure a reliable water supply, WSSC Water operates three reservoirs with a total capacity exceeding 14 billion gallons.

Sewage treatment is provided by six water resource recovery facilities (WRRF) and the Blue Plains Advanced Wastewater Treatment Plant (Blue Plains), operated by the DC Water and Sewer Authority (DC Water). In FY 2026, it is projected that an average of 198 million gallons of wastewater per day will move to these facilities through over 5,700 miles of sewer lines maintained by WSSC Water. The six WRRFs owned by the WSSC Water have a combined capacity of 95 million gallons per day (MGD). It should be noted that WSSC Water pays a proportionate share of the Blue Plains’ operating and capital expenses. All but one of these facilities (Hyattstown plant) go beyond the conventional wastewater treatment to provide advanced treatment processes which ensures that the quality of the treated wastewater is better than the quality of the natural water to which it is returned.

FY 2025 Proposed Operating and Capital Budgets

The proposed total budget for FY 2026 for all operating and capital funds totals \$1.8 billion or \$21.7 million (1.2%) more than the FY 2025 Approved Budget and based on an assumed 9.8% average revenue enhancement. 

The chart on the next page shows a summary of expenditures by the major operating and capital funds for the Approved FY 2025 Budget and Proposed FY 2026 Budget.

Comparative Expenses by Fund

(\$ in thousands)	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual*	FY 2025 Approved	FY 2026 Proposed	FY 2026 Over/(Under) FY 2025	% Change
Operating Funds							
Water Operating	\$ 339,252	\$ 367,236	\$ 415,262	\$ 469,643	\$ 524,122	\$ 54,479	11.6 %
Sewer Operating	423,829	455,358	486,946	544,416	609,250	64,834	11.9 %
General Bond Debt Service	10,720	9,165	7,035	5,744	2,596	(3,148)	(54.8)%
Total Operating	\$ 773,801	\$ 831,759	\$ 909,243	\$ 1,019,803	\$ 1,135,968	\$ 116,165	11.4 %
Capital Funds							
Water Supply Bond	\$ 138,613	\$ 182,016	\$ 204,564	\$ 408,667	\$ 350,064	\$ (58,603)	(14.3)%
Sewer Disposal Bond	238,063	220,636	202,934	340,807	312,733	(28,074)	(8.2)%
General Construction*	21,131	33,740	2,663	41,793	34,018	(7,775)	(18.6)%
Total Capital	\$ 397,807	\$ 436,392	\$ 410,161	\$ 791,267	\$ 696,815	\$ (94,452)	(11.9)%
Grand Total	\$ 1,171,608	\$ 1,268,151	\$ 1,319,404	\$ 1,811,070	\$ 1,832,783	\$ 21,713	1.2 %

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

Operating Funds

The Proposed Operating Budget of \$1.1 billion represents an increase of \$116.2 million (11.4%) over the FY 2025 Approved Operating Budget of \$1.0 billion. The proposed budget funds several essential priorities for compliance and infrastructure improvements, including:

- Safe Drinking Water Act and Clean Water Act compliance
- EPA Lead and Copper Rule regulatory compliance
- Private Side (customer) lead water service line replacement
- Comprehensive Per- and Polyfluoralkyl Substances (PFAS) management strategy
- 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
- Carry forward compensation improvements made in FY 2025 to address stagnant wages below market, establish a living minimum wage, and improve recruitment and retention of workforce

Capital Funds

The Proposed Capital Budget of \$696.8 million represents a decrease of \$94.5 million (-11.9%) from the FY 2025 Approved Capital Budget of \$791.3 million. The decrease is primarily driven by the re-baselining of the CIP projects and the removal of a completion factor utilized in prior years' budgets. Key investments in the FY 2026 Proposed Capital Budget are as follows:

- \$79.5 million to replace 27 miles of water pipe in the Water Reconstruction Program
- \$54.6 million to replace 6 miles of large diameter water pipe in the Large Diameter Water Pipe & Large Valve Rehabilitation Program
- \$51.6 million to replace 25 miles of sewer pipe in the Sewer Reconstruction Program
- \$41.9 million to replace 10 miles of trunk sewer line in the Trunk Sewer Reconstruction Program
- \$35.0 million in Master Planning and Facilities Planning and Investments
- \$33.6 million in Lead and Copper Reduction regulatory compliance
- \$23.8 million in the Anacostia Depot Reconfiguration for mechanical upgrades at the warehouse and the heavy equipment shop and the replacement of the warehouse roof
- \$9.5 million to replace and upgrade assets at the Support Center that have reached the end of their useful lives

*A map of the capital projects located in Prince George's County is in the Proposed Budget book on page 8-10. 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 2026 financial assistance to continue providing relief to thousands of customers. Programs include the following:

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

WSSC Water has increased funding levels for these various financial assistance programs by approximately 157.7% over the last several years, from \$3.4 million in FY 2022 to over \$8.9 million in FY 2026. In FY 2025, the CAP, which is funded by WSSC Water revenues, is proposed to be maintained at \$2.2 million.

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
PromisePay Contract*	\$ -	\$ -	\$ -	\$ 3,300,000	\$ 3,630,000
Customer Assistance Program	2,128,300	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
New Program TBD	-	-	-	-	525,000
CAP Leak Repair Program*				350,000	350,000
PipeER Program	100,000	100,000	100,000	200,000	200,000
Total Budget for Assistance Programs	\$ 3,440,300	\$ 3,512,000	\$ 3,512,000	\$ 7,762,000	\$ 8,867,000

* The PromisePay Contract, Water Fund Donation, and CAP Leak Repair Programs were established in FY 2025

CAP customers who qualify based on income eligibility are exempt from fixed fees and receive credits capped in FY 2026 at \$57.80 per quarterly bill or \$231.20 per year. This is an increase from the FY 2025 level of \$52.64 per quarter (\$210.56 per year).

Section 2: Proposed Rates, Fees and Charges

The FY 2026 proposed budget calls for a combined 9.8% average revenue enhancement for water consumption, sewer revenue, AMF, and IIF. This proposed increase exceeds the 9.0% Spending Affordability Guideline recommended by Prince George's County and is lower than the 10.2% Guideline recommended by Montgomery County. The budget will be funded by the following proposed variable and 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 \$86.0 million in FY 2026, which represents a 15% increase, as compared to the \$74.8 million in the FY 2025 approved budget.

II. Account Maintenance Fee

The Account Maintenance Fee (AMF) recoups servicing costs associated with the maintenance of customers' accounts. The AMF is expected to generate \$69.7 million in FY 2026, which represents a 16.2% increase as compared to \$60 million in FY 2025 (For more details, please see the FY 2026 Proposed Budget book page 2-4).

III. System Development Charge

A 2.5% increase is proposed for the System Development Charge (SDC) for FY 2026 in 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. This year, WSSC Water plans to increase the maximum allowable charge as well as the SDC by the change in the CPI-W, 2.5%. (For more details, see FY 2026 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 2026 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 2026 Proposed Budget, the SDC offset is programmed at \$5.8 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 2026 fiscal year, Prince George’s County recommends a 9.0% SAG limit, and Montgomery County recommends a 10.2% limit. *WSSC Water’s proposed budget is based on a 9.8% rate increase.*

WSSC Water FY 2026 Proposed Budget vs Spending Affordability Limits
(\$ In Millions)

	Prince George’s County	Montgomery County	FY 2026 Proposed Budget
New Water and Sewer Debt	\$430.1	\$489.4	\$494.4
Total Water and Sewer Debt Service	\$371.3	\$373.6	\$373.8
Total Water & Sewer Operating Expenses	\$1,111.0	\$1,122.3	\$1,133.4
Water and Sewer Rate Increase	9.0%	10.2%	9.8%

The 9.8% Proposed Budget provides for:

- Implementing the first year of the FYs 2026-2031 Capital Improvement Program (CIP);

- \$83.7 million for the District of Columbia Water and Sewer Authority's (DC Water) Blue Plains Wastewater Treatment Plant (an 8.8% increase over the FY 2025 Approved budget);
- 9.8% Water & Sewer Average Rate revenue enhancement (Volumetric and Fixed);
- 77 new positions added to enhance operations, support regulatory requirements and convert contract positions
- Operating Budget increase of 9.8%;
- Paying debt service of \$373.8 million; and
- Operating and capital funds total \$1.8 billion, or 1.2% above FY 2025.

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 \$8.9 million for financial assistance programs, which include \$2.2 million for the Customer Assistance Program (CAP), \$3.6 million for the PromisePay program, and \$350,000 for the new CAP Leak repair program;

Major Assumptions and Workload Summary

Below is a summary of the budget outcomes from the FY 2025 SAG process:

- I. Fund Balance – It was assumed that, at the end of FY 2025, accumulated net revenues for the water and sewer operating funds would total \$395.1 million. For FY 2026, the total water and sewer operating revenues are estimated at \$1.13 billion; therefore, at least \$225.1 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 \$395.1 million exceeds the reserve target and is 35.1% of the total operating revenues.
- II. Revenues – The estimated FY 2026 revenues from water consumption and sewer use charges are \$402.8 million and \$492.2 million, respectively. Water production is assumed to be 162.0 million gallons per day (MGD) in FY 2026 and water consumption is projected to increase from 124.7 MGD in FY 2025 to 125.6 MGD in FY 2026.
- 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 2026 Capital Budget is \$696.8 million.

- IV. Debt Service – The debt service estimates for FY 2026 assume that \$284.4 million in Water Supply bonds and \$210.0 million in Sewage Disposal bonds will be issued in FY 2026, in addition to the repayment of existing debt. The water and sewer issues will be 30-year bonds with an estimated 4.5% average interest rate.
- V. Reconstruction Debt Service Offset (REDO) –Is a transfer made to defray the debt service on funds borrowed to finance water and sewer systems reconstruction activities. There will be no transfer in FY 2026 as the fund balance has been spent down as planned.
- VI. Workforce and Compensation – In accordance with WSSC Water’s key priority of building a strong workforce, 77 additional authorized workyears are included, as follows:
 - * 29 support regulatory requirements
 - * 20 support and enhance operations
 - * 28 are budget neutral – conversion of contract positions to permanent
 A marker is included for salary enhancements in the FY 2026 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 \$1.1 billion in FY 2026. This is a \$119.3 million increase, or about 11.9% over the Approved Budget of FY 2025.

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
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It is projected in the FY 2026 operating budget that \$895.0 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.

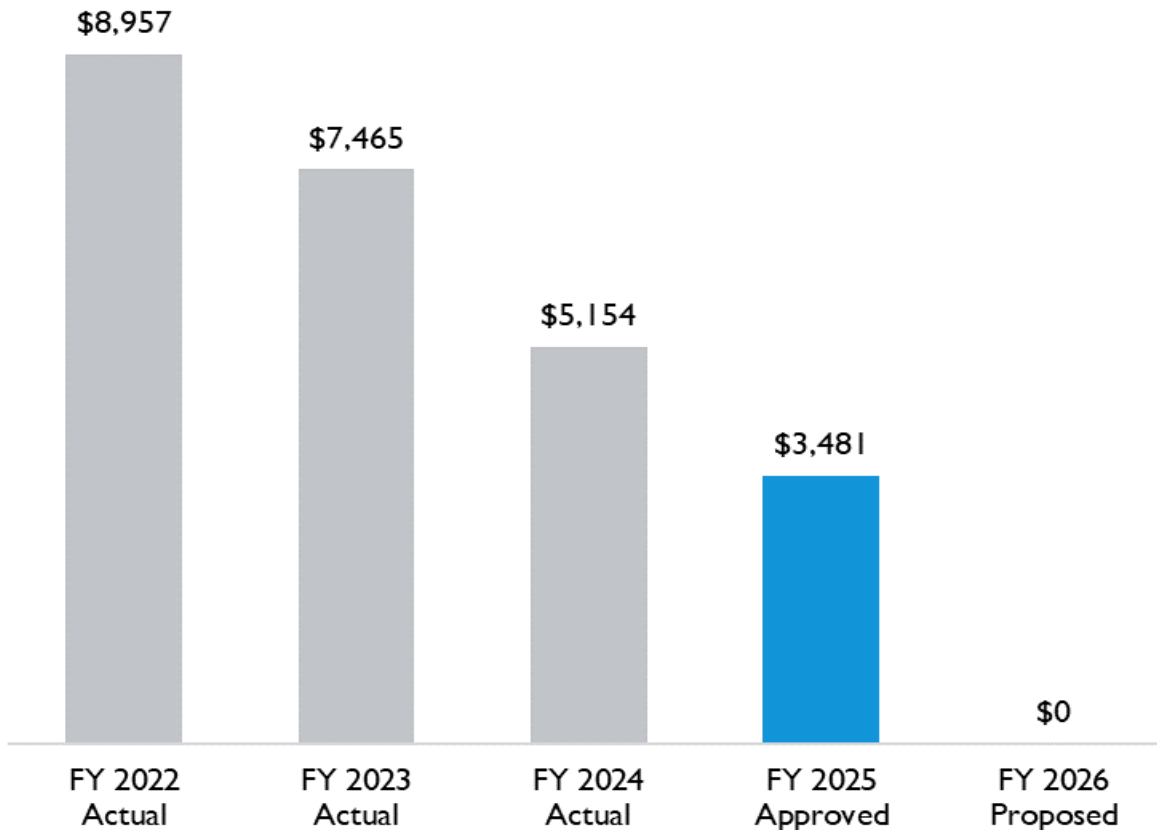
Fund Balance

As shown below, The Proposed FY 2026 ending fund balance is projected to remain equal to the projected FY 2025 ending balance for the combined Water and Sewer Operating Funds. The increase is primarily due to an effort to build up cash reserves and improve the financial metrics.

General Construction Debt Service

The new issuance of General Construction bonds has decreased over the past fiscal years as financing for system extension projects is primarily paid for by developers. Correspondingly, debt service requirements have decreased from \$8.9 million in FY 2022. At year-end FY 2024, WSSC Water paid off \$19.6 million in principal outstanding General Bond Anticipation Notes that contributed to the elimination of debt service expense to the General Bond Debt Service Fund in FY 2026. Any continued debt service expense related to General Construction bonded debt are paid through expense transfers to the Water and Sewer Operating Funds.

General Construction Debt Service (\$ in thousands)



Population Served and Customer Accounts

WSSC Water’s population projected to be served in FY 2026 is expected to reach nearly 2 million. As of June FY 2026, WSSC Water is projected to have 480,000 active customer accounts. The majority of accounts are residential at 94.7%, followed by commercial and industrial at 4.7% and government and other at 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 again this year. The proposed SDC funding for capital projects for FY 2026 is \$25.1 million, or \$24.8 million lower than funds provided in FY 2025 at \$49.9 million. For the FY 2026 Proposed Budget, the SDC offset is programmed at \$5.8 million.

Section 5: Expenditures

Comparative Expenses by Major Expense Category

(\$ in thousands)	FY 2024 Actual			FY 2025 Approved			FY 2026 Proposed		
	Capital	Operating	Total	Capital	Operating	Total	Capital	Operating	Total
Expense Categories									
Salaries & Wages	\$ 31,381	\$ 141,282	\$ 172,663	\$ 32,120	\$ 158,996	\$ 191,116	\$ 42,194	\$ 200,396	\$ 242,590
Heat, Light & Power	-	22,079	22,079	302	27,291	27,593	303	29,215	29,518
Regional Sewage Disposal	-	79,822	79,822	-	76,908	76,908	-	83,661	83,661
Contract Work	245,931	-	245,931	512,237	-	512,237	383,031	-	383,031
Consulting Engineers	33,838	-	33,838	83,705	-	83,705	117,541	-	117,541
Debt Service	-	343,480	343,480	-	365,449	365,449	-	373,801	373,801
All Other	99,011	322,580	421,591	162,903	391,159	554,062	153,746	448,895	602,641
Grand Total	\$ 410,161	\$ 909,243	\$ 1,319,404	\$ 791,267	\$ 1,019,803	\$ 1,811,070	\$ 696,815	\$ 1,135,968	\$ 1,832,783



Salaries and Wages

Salary and wages of \$199.3 million represent 17.6% of gross operating costs and show an increase of 26.0% from the FY 2025 Approved Budget. WSSC Water’s compliment or work years will grow by a total of 77 new positions. This includes twenty-six (26) new positions for the Utility Services Department, Seventeen (17) new positions for the Customer Service Department, eight (8) new positions for the Occupational Health & Safety Division, and seven (7) new positions for the Office of Operational Reliability & Resilience.

Section 6: Debt Service

The proposed debt service expense is based upon paying the FY 2026 principal and interest payments on current outstanding debt as of June 30, 2024, budgeted new debt issues approved for FY 2025 and the proposed issuance of \$494.4 million in new debt for FY 2026 (\$284.4 million for water and \$210.1 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 2026-2031, as well as the Information Only projects included in the CIP document.

The FY 2026 Proposed Budget for debt service expenses is \$373.8 million, an increase of \$11.8 million or 3.3% more than the FY 2025 Approved Budget of \$362.0 million. The increase is primarily due to: project cost escalation due to higher material and labor costs, and deferrals and reductions made to the FY 2025

Approved Capital Budget in order to stay within budget parameters.

WSSC Water has also budgeted \$93.0 million in PAYGO in FY 2026, an increase of \$42.4 million (83.8%) over the Approved FY 2025 budget, to reduce the amount of planned debt issued for capital projects. While this proposal has a significantly positive impact on financial metrics emphasized by the bond rating agencies, the magnitude of the PAYGO increase is a primary driver of the revenue enhancement. The impact on the ratepayers may require a more gradual approach.

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 over 480,000 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 December 1, 2024) – 99.99%
- Past Due Accounts – Accounts more than 30 days (as of December 2024) – 95,702 active and inactive accounts
- Past Due Account more than 30 days – (as of December 2024) – \$58.1 million (\$3.5 million increase from October 2024)

Cost Saving Measures

The FY 2026 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.

WSSC Water Information Technology (IT) Strategic Plan

Information Technology Department is committed to providing a safe and reliable computing infrastructure that effectively meets the current and future needs of the Commission. The proposed FY 2026 budget continues to invest in enhancing the cybersecurity program to efficiently and effectively mitigate cybersecurity risks by ensuring our electronic data, computer systems, and networks are protected from theft,

attack, or unauthorized access. Cybersecurity program initiatives include artificial intelligence threat detection, new end-user security awareness training, and risk reduction of identity theft through two-step authentication.

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.

These protections have been funded by approximately \$149.1 million included in the Proposed Budget FY 2026 (as amended by the Mid-Cycle update transmitted by the Commission on February 19, 2025), which is attributable to meeting the environmental regulations. These projects are mandated by the US EPA under the Clean Water Act through the State of Maryland Department of the Environment in response to pollution control in the form of more stringent state discharge permit requirements and to meet WSSC Water’s commitment to the environment. These capital projects are listed as follows:

Project Number	Project Name	Phase	Proposed FY 2026 Budget (\$ in Thousands)
S-1.01	Sewer Reconstruction Program	Ongoing	\$51,637
S-22.11	Blue Plains WWTP: Pipeline & Appurtenances	Ongoing	16,862
S-170.09	Trunk Sewer Reconstruction Program	Ongoing	41,879
W-73.33	Potomac WFP Consent Decree	Construction	38,717
Total Water Quality Projects			\$149,095

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.

Capital needs, developed independently in planning for the six-year CIP, also shape the operating budget by helping to determine debt service requirements and the operating impacts of projects expected to be completed during the budget year. The annual debt service on outstanding bonds is paid from the Commission's operating funds, primarily through water consumption and sewer use charges paid by customers. Thus, the size of the CIP affects the size of the water and sewer bond issues needed in the budget year, which in turn affects water and sewer bills.

The CIP is driven in part by the development planning and authorization processes of the Counties, especially as manifested in the Counties' ten-year water and sewer plans. In addition, since WSSC Water must contribute to the capital and operating expenses of the Blue Plains Advanced Wastewater Treatment Plant this can have important impacts on planning for WSSC Water's Capital and Operating Budgets.

The Capital Budget is comprised of three separate funds:

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

Capital Fund	Major Purpose	Major Revenue Source
Water Supply Bond	Construct major water supply treatment and transmission facilities; Reconstruct water distribution system; including: dams, reservoirs, water filtration plants, water pumping stations, water storage facilities and water supply lines	Water Supply Bonds, 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

The Proposed FYs 2026-2031 Combined Program includes 55 CIP and 15 Information Only projects for a grand total of \$6.5 billion. The grand total is \$.85 billion less than the Adopted FYs 2025-2030 Combined Program primarily due to re-baselining the capital budget request to reflect projected program completions and the discontinuance of completion factors. The combined program provides funding for Anacostia Depot Reconfiguration (A-100.01), Smart Water Meter Infrastructure (A-109.01), Lead Reduction Program (A-109.02), PFAS Management Strategy (A-112.00), Master Planning and Facilities Planning and Investment (A-113.00) and Hi-Influent Infiltration Basin Rehabilitation (S-1.02). Expenditures for the six-year program period are estimated at \$4.8 billion.

FY 2026 capital budget expenditures are estimated at \$696.8 million. This is comprised of \$358.7 million in CIP projects, \$356.8 million in Information Only projects, and an adjustment of \$(18.7) million to account for expenditures funded via developer contributions for projects with a signed System Extension Permit (SEP). The \$94.4 million decrease from the FY 2025 Approved Capital Budget is driven primarily by the re-baselining of the CIP projects and the removal of a completion factor utilized in prior years' budgets.

There are five new projects this cycle that are shown on Page 31 of the CIP (One Montgomery County Water project, and four Information Only projects).

CAPITAL BUDGET FUNDING SUMMARY
(in thousands)

Capital Improvements Program	FY 2025 Approved	FY 2026 Proposed
Bonds	\$ 313,724	\$ 190,974
PAYGO	50,601	93,000
Federal Grants	4,769	-
State Grants	3,351	21,326
Local Government Contribution	6,246	9,621
SDC	49,925	25,097
Contribution/Other	<u>40,708</u>	<u>18,714</u>
Total Capital Improvements Program	\$ 469,324	\$ 358,732
Information Only:		
Bonds	324,049	334,797
State Grants	22,600	22,000
Contribution/Other	-	-
Total Information Only	<u>\$ 346,649</u>	<u>\$ 356,797</u>
Total Capital Funding	\$ 815,973	\$ 715,529
Adjustment for Developer Contributions	(24,706)	(18,714)
Capital Reductions to the Approved Budget	-	-
Total Capital Budget Sources	\$ 791,267	\$ 696,815

CAPITAL BUDGET EXPENSE SUMMARY

Key investments in the FY 2026 Proposed Capital Budget are as follows:

1. \$79.5 million to replace 27 miles of water pipe in the Water Reconstruction Program
2. \$54.6 million to replace 6 miles of large-diameter water pipe in the Large Diameter Water Pipe & Large Valve Rehabilitation Program
3. \$51.6 million to replace 25 miles of sewer pipe in the Sewer Reconstruction Program
4. \$41.9 million to replace 10 miles of trunk sewer line in the Trunk Sewer Reconstruction Program
5. \$35.0 million in Master Planning and Facilities Planning and Investments
6. \$33.6 million in Lead and Copper Reduction regulatory compliance
7. \$23.8 million in the Anacostia Depot Reconfiguration for mechanical upgrades at the warehouse and the heavy equipment shop and the replacement of the warehouse roof
8. \$9.5 million to replace and upgrade assets at the Support Center that have reached the end of their useful lives

(\$ in thousands)	FY 2025 Approved	FY 2026 Proposed
Capital Improvements Program:		
Montgomery County Water	\$ 8,552	\$ 5,483
Prince George's County Water	65,088	21,552
Bi-County Water	160,961	118,143
Montgomery County Sewer	11,980	13,214
Prince George's County Sewer	62,507	53,536
Bi-County Sewer	160,236	146,804
Total Capital Improvements Program	\$ 469,324	\$ 358,732
Information Only:		
Water Reconstruction Program	109,241	79,500
Sewer Reconstruction Program	73,569	51,637
Anacostia Depot Reconfiguration	27,090	23,822
Laboratory Division Building Expansion	229	2,288
RGH Building Upgrades	7,458	9,548
Engineering Support Program	30,000	25,000
Energy Performance Program	12,956	5,518
Water Storage Facility Rehabilitation Program	20,207	23,044
Specialty Valve Vault Rehabilitation Program	4,186	10,978
Lead Reduction Program	-	33,600
PFAS Management Strategy	-	-
Master Planning/ Facilities Planning and Investment	-	35,000
High Inflow and Infiltration Basin Rehabilitation	-	500
Smart Water Meter Infrastructure	-	6,710
Other Capital Programs	<u>61,713</u>	<u>49,652</u>
Total Information Only	\$ 346,649	\$ 356,797
Total Capital Expenses	\$ 815,973	\$ 715,529
Adjustment for Developer Contributions	(24,706)	(18,714)
Capital Reductions to the Approved Budget	-	-
Total Capital Budget	\$ 791,267	\$ 696,815

Funding Growth

The portion of the Combined Program needed to accommodate growth is approximately \$184.0 million, which equals almost 4% of the six-year total expenditures, and \$45.9 million or 6% of the FY 2026 budget. The funding sources for this part of the program are SDC revenues and payments by applicants. In the event that growth costs are greater than the income generated by growth funding sources, either SDC supported or water and sewage bonds may be used to close any gap.

WSSC Water estimates that there will be an overall growth funding shortfall of \$23.3 million over the six-year program period (\$6.6 million in FY 2026). The surplus or shortfall between growth funding sources (SDC, developer contributions, and System Extension Permit applicant payments) and the estimated growth-related expenditures vary over the six-year period. If growth-related expenditures were to exceed the available SDC account balance in any given fiscal year, it is anticipated that new SDC-supported debt would be issued to cover this temporary gap. The debt will be repaid through future SDC collections, as allowed by state law. Further, it is currently anticipated that no significant additional growth projects will evolve in the later years of the six-year period.

Bi-County & Prince George's Projects

There are currently 27 CIP projects in the County, as well as various bi-county projects with work in and/or serving the County and the four projects that are associated with the Blue Plains Advanced Wastewater Treatment Plant (Blue Plains), which are owned and operated by DC Water. There are nine (9) County water projects (\$21.6 million) and eighteen (18) County sewer projects (\$53.5 million) for a total of \$75.1 million in FY 2026.

Bi-County Projects

I. Water

There are six (6) Bi-County Water Projects with a six-year cost of approximately \$817.1 million.

- a. Potomac Water Filtration Plant (WFP) Projects** These three (3) projects represent operational improvements to the Potomac Water Filtration Plant (WFP) in Montgomery County. The Potomac WFP Submerged Channel Intake project (W-73.30) 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) 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 (W73.33) 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.

Due to budgetary constraints, the Potomac WFP Submerged Channel Intake project (W-73.30) has been deferred to beyond six years.

Expenditure projections for the Potomac WFP Main Zone Pipeline (W-73.32) were increased to reflect inflation. Estimates for the Potomac WFP Consent Decree Program (W-73.33) were updated to reflect actual bids.

- b. I-495/I 270 Traffic Relief Plan Pipeline Relocations.** This project provides for planning, design, and construction of water and sewer pipe relocations necessitated by the State of Maryland’s proposal to expand I-495 and I-270. Preliminary plans indicate that the proposed MDOT SHA project will impact water and sewer assets owned by WSSC Water. The Commission has an existing memorandum of understanding (MOU) agreement with MDOT SHA to review and coordinate potential impacts. The estimated scope has a cost of \$209.7 million, with anticipated expenditures of \$21.3 million in FY 2026. No WSSC Water rate supported debt will be used for this project.
- c. 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 for expenditures is about \$416.6 million, with planned expenditures of \$54.6 million planned in FY 2026.
- d. 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 \$7.1 million, with expenditures of \$1.0 million planned in FY 2026.

II. Sewer

There are eight (8) Bi-County Sewer Projects with a six-year cost of \$952.9 million. Key projects include:

- a. **Piscataway Bioenergy Project.** Engineering, design, construction, maintenance, monitoring, and verification necessary to add sustainable energy equipment and systems to produce biogas and electricity at the Piscataway WRRF. It will provide a reduction in costs associated with operations, maintenance, chemicals, biosolid transportation, and biosolids disposal. It will also enhance existing operating conditions and reliability while continuing to meet all permit requirements and ensure a continued commitment to environmental stewardship. The remaining cost of this project (\$596,000 in FY 2026) is funded by WSSC Water Bonds. Project completion is projected in January 2026.

- b. **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 \$687.5 million with expenditures of \$73.1 million in FY 2026.

- c. **Trunk Sewer Reconstruction Program.** This project is 100% WSSC Water bond funded. This project provides for the inspection, evaluation, planning, design, and construction required for the rehabilitation of sewer mains and their associated manholes in environmentally sensitive areas. This includes both trunk sewers 15 inches in diameter and greater, along with associated smaller diameter pipes less than 15 inches. The six-year cost is \$191.2 million, with expenditures of \$41.9 million planned in FY 2026.

Prince George's County Projects

I. Water

There are nine (9) Prince George's County water projects, at a total cost of \$21.6 million in FY 2026. Key projects include:

- a. **Old Branch Avenue Water Main.** This project is 50% WSSC Water bond-funded and 50% SDC funded. It provides for the planning, design, and construction of approximately 16,000 feet of 30-inch diameter water main and a new flow control valve along Old Branch Ave. from Allentown Road to Piscataway Road. This project will provide the needed redundancy to a large area of Prince George's County. The total project cost is \$34.7

million, with expenditures of \$10,000 planned in FY 26 to complete the project in June 2025.

- b. 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 \$59.7 million, with \$13.7 million planned in FY 2026.
- c. 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 \$4.5 million, with \$35,000 planned in FY26 to complete the project in December 2024.
- d. Smith Home Farms Water Main.** This project is funded through 100% developer contributions. This project provides for the planning, design and construction of 7,600 feet of 16-inch diameter main to serve the Smith Home Farms Subdivision. The total cost is \$2.5 million with expenditures of \$454,000 planned in FY 2026.
- e. 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 \$2.5 million with expenditures of \$495,000 planned in FY 2026.
- f. 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 \$3.0 million, with \$1.8 million in the six-year program and expenditures of \$1.1 million planned in FY 2026.
- g. 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 \$49.9 million, with expenditures of \$5.0 million planned in FY 2026.

- h. 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 \$57.5 million, with expenditures of \$788,000 in FY 2026.

II. Sewer

There are eighteen (18) Prince George's County sewer projects, with expenditures of \$ 53.5 million in FY 2026. The project list includes:

- a. 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 \$106.0 million, with \$17.7 million planned expenditures in FY 2026.
- b. Konterra Town Center East Sewer.** This project is funded through 100% developer contributions. This project provides for the planning, design, and construction of 14,000 feet of 15- to 24-inch diameter sewer main; 240 feet of 24-inch diameter steel sleeve for a 16-inch water main; and, 240 feet of 48-inch diameter steel sleeve for a 24-inch diameter sewer. This project serves the Konterra Town Center East development. FY 26 expenditures of \$4.2 million are planned to complete the \$9.1 million project in FY 2026.
- c. Landover Mall Redevelopment.** This project is funded through 100% contributions. This project provides for the planning, design, and construction of 2,500 feet of 27-inch diameter sewer main; 300 feet of 24-inch sewer main; and 1,450 feet of 18-inch diameter sewer mains to provide service for the Landover Mall Redevelopment. The total cost is \$1.4 million, with expenditures of \$668,000 planned in FY 2025.
- d. Mattawoman WWTP Upgrades.** This project is 100% WSSC Water bond funded. This project provides for WSSC Water's share of the evaluation, design, and construction of capital projects to upgrade and repair Charles

County's Mattawoman interceptor and WWTP. The six-year cost is \$31.6 million with expenditures of \$4.7 million planned in FY 2026.

- e. **Piscataway WRRF Facility Upgrades.** This project is 100% WSSC Water bond funded. This project provides for the planning, design, and construction of improvements at the Piscataway WRRF required to prevent plant overflows or permit violations which can occur during significant rainfall events. The work will remove bottlenecks within the plant process trains, address the physical capacity of the system, and rehabilitate existing equipment that has reached its expected service life ensuring the ability of the plant to achieve its permit required level of service. The total cost is \$195.4 million, with expenditures of \$3.3 million planned in FY 2026 to complete the project.
- f. **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 \$15.0 million and expenditures of \$1.7 are planned in FY 2026.
- g. **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 \$868,000, with \$175,000 programmed for FY 2026 to complete the project.

Section 9: Customer Impacts and Budget Summary

The 9.8% average revenue enhancement will add approximately \$8.80 per month or \$26.41 per quarter (\$105.64 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 2025 level of 48.3 GPD. WSSC Water estimates water consumption is projected to increase from 124.7 MGD in FY 2025 to 125.6 MGD in FY 2026.

Quarterly Bills at Various Consumption Levels

Meter Size	Average Daily Consumption (Gallons Per Quarter)	Approved FY 2022	Approved FY 2023	Approved FY 2024	Approved FY 2025	Proposed FY 2026	% Increase
3/4" Residential Meter	100 (9,125 gal/qtr)	\$ 152.48	\$ 162.42	\$ 173.77	\$ 197.92	\$ 217.32	9.8%
3/4" Residential Meter	145 (13,231 gal/qtr)	213.79	227.71	243.96	269.45	295.86	9.8%
3/4" Residential Meter	500 (45,625 gal/qtr)	888.79	946.56	1,012.72	1,057.11	1,160.71	9.8%
2" Meter	1,000 (91,250 gal/qtr)	2,110.76	2,248.01	2,405.15	2,614.45	2,870.67	9.8%
3" Meter	5,000 (456,250 gal/qtr)	10,853.51	11,559.50	12,367.29	13,145.49	14,433.75	9.8%
6" Meter	10,000 (912,500 gal/qtr)	22,001.19	23,432.35	25,069.80	26,702.98	29,319.87	9.8%

Maintaining Triple AAA Bond Rating

WSSC Water is striving to maintain a triple AAA bond rating, which is a key part of the strategy for preserving long-term affordability for customers. In the Fall of 2021, the utility received a negative outlook from the rating agency Fitch. This rating has since been upgraded to stable, due to WWS Water's proactive measures taken to address key metrics, including:

- Initiating a plan to reduce delinquencies to pre-Covid levels through the application of external funding to eligible customers
- Use cash-based rather than accrual model for financial projections and metrics
- Revise financial metrics to align with rating agency standards
 - Leverage Ratio = <10.0x (Total/Debt/Fund available for debt service)
 - Days Cash on Hand= 250 days (# of days to pay expenses without new revenue)
 - Debt Service Coverage Ratio = 1.50 (Net Revenue/Debt Service)

- Continue focus on external funding opportunities and growing non-rate revenues including monetizing surplus real estate assets, marketing Class A biosolids, renewable natural gas, and intellectual property licensing.
- Significant increase in PAYGO funding - \$42.4 million (83.8% increase from FY 2025 Approved Budget)

Proposed Budget Summary at a 9.8% revenue enhancement

FY 2026 WSSC Water's proposed budget includes the following:

- Increases volumetric rates and fixed charges
- Increases Systems Development Charge (SDC) by 2.5%
- Affordability programs are increased to \$8.9 million
- Consent decree projects on time and on budget
- Capital Improvement Program provides for critical infrastructure investments
- 83.8% 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 9.0% for FY 2026. A 9.0% revenue enhancement would require approximately \$7.6 million in reductions to the WSSC Water Proposed FY 2026 Operating Budget.
- Concur with 9.0 % Spending Affordability Guidelines for:
 - New Water and Sewer Debt at \$430.1 million
 - Total Water and Sewer Debt Service at \$371.3 million
 - Total Water and Sewer Operating Expenses at \$1,111.0 million
- Concur with WSSC Water's Proposed 2.5% increase in System Development Charge (SDC) fees and 2.5% increase in the maximum ceiling on this charge as is consistent with State Law.
- Concur with WSSC Water FY 2026 – FY 2031 CIP projects.

Section 11: Attachments

- FY 2026 Proposed Budget WSSC Water Chairman's Transmittal Letter
- FY 2025 Long Range Financial Forecast – Attachment A
- WSSC Public Hearing Record - February 4, 2025
- County Staff Briefing on FY 2026 Proposed Budget
- CAP Customers by District – Attachment B