



WSSC WATER

DELIVERING THE ESSENTIAL

Prince George's County Council Briefing

March 25, 2025

FY 2022 Proposed Budget & FY 2022 – FY 2027 Capital Improvement Program

Briefing to Prince George's County Council

Calvin Hawkins, Chair

March 25, 2021



WSSC WATER STRATEGIC PLAN

Journey to World Class

MISSION: We are entrusted by our community to provide safe and reliable water, life's most precious resource, and return clean water to our environment, all in an ethical, sustainable, and financially responsible manner.

CORE VALUES

- Accountability
- Environmental Stewardship
- Innovation
- Collaboration
- Excellence

STRATEGIC PRIORITIES

- Enhance Customer Experience
- Optimize Infrastructure
- Spend Customer Dollars Wisely
- Transform Employee Engagement
- Protect Our Resources

GUIDING PRINCIPLES

- Simplify
- Focus
- Connect

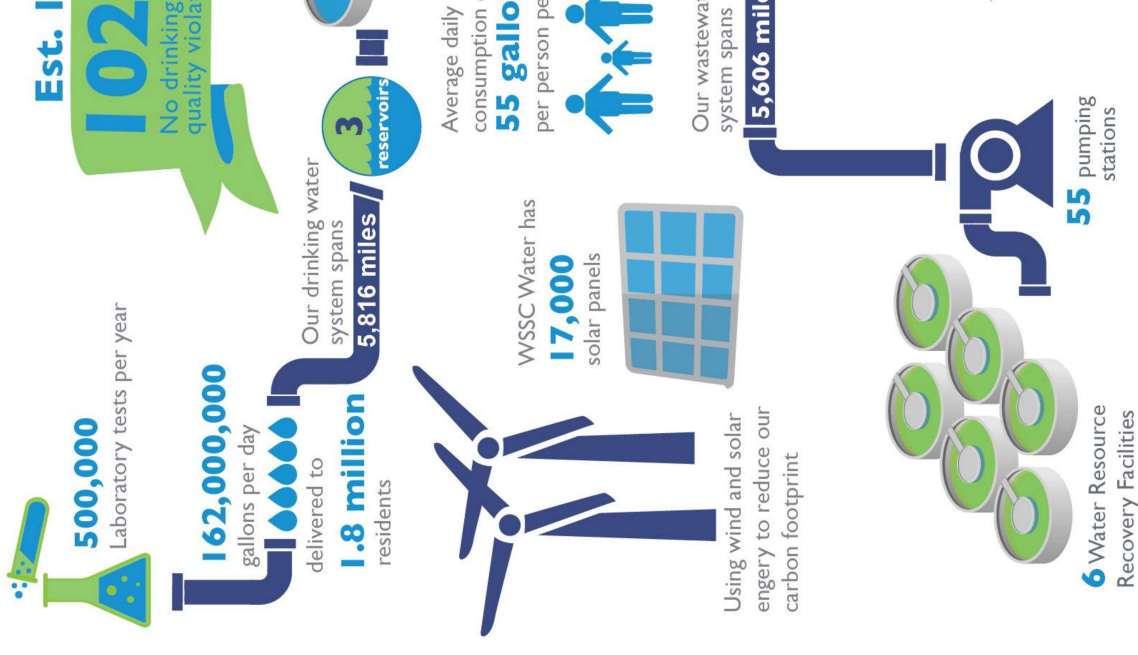
VISION

To be THE world-class water utility, where excellent products and services are always on tap.



WSSC Water at a Glance

- 2 Water Filtration Plants
- 6 Water Resource Recovery Facilities (WRRF)
- 3 Water Storage Dam/Reservoirs
- 60 Water Storage Tanks
- 55 Wastewater Pumping Stations (WWPS)
- 43,000+ Fire Hydrants
- 17,000 Solar Panels
- 0 Water Quality Violations



WSSC Water Innovation Update

Fosterin
innovati

- Networks
 - Optimize Sewer Preventive Maintenance
 - Adopt a Fire Hydrant – Smart Phone App for customers
- Plants
 - Parkway Enhanced Biological Phosphorus Removal – average 40% alum reduction
 - Efficient Nitrogen and Phosphorus removal at Seneca – research to reduce alum
- Product Development
 - Valve monitoring device – remote monitoring of critical valves in the water
- Business Development
 - Contacting manufacturing and distribution companies to license Fire Hydrant App
- Program Management
 - Developing internal training classes for Innovation and Change Management

Calendar Year 2020 Accomplishments

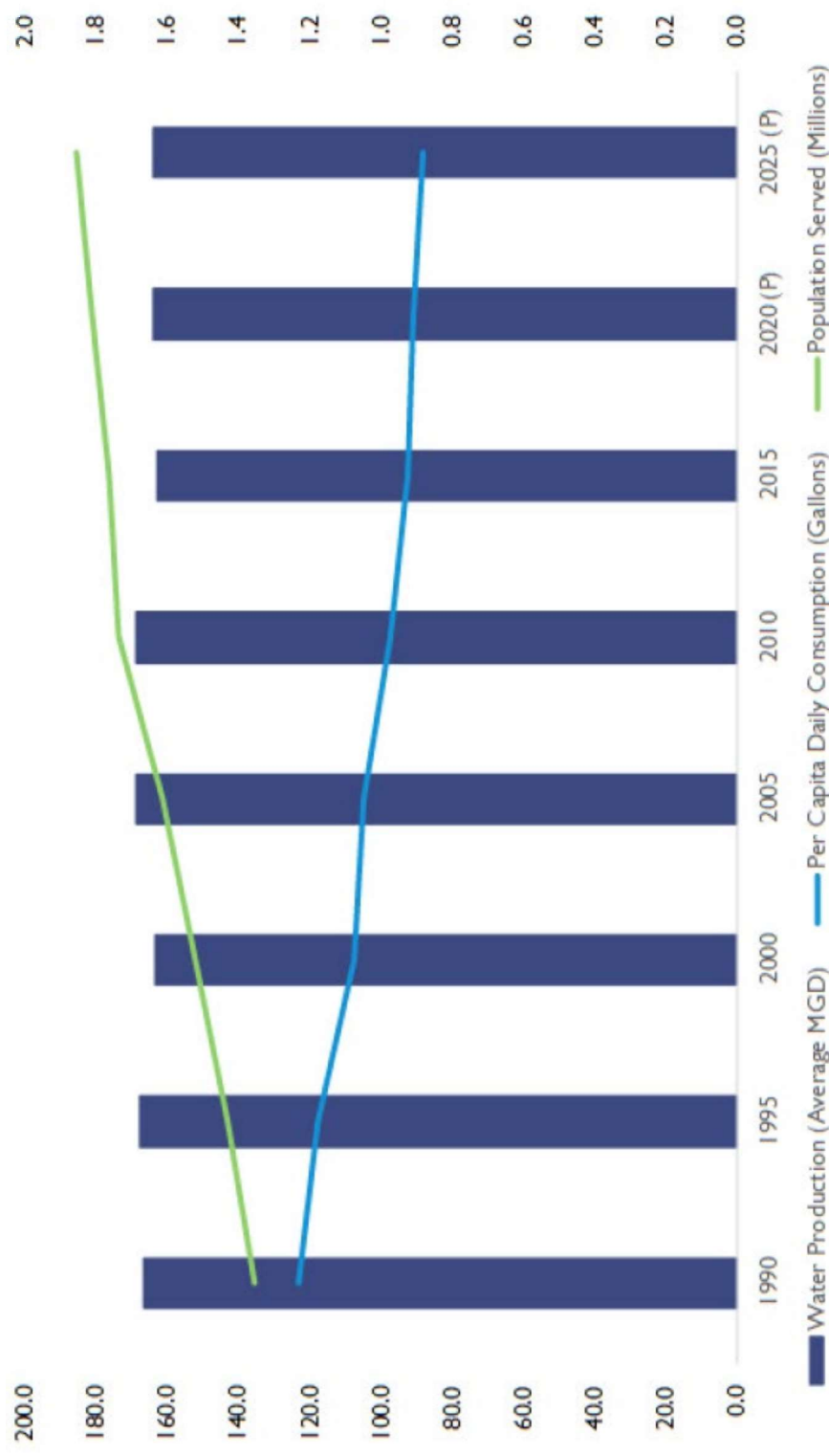
- Successfully implemented Covid-19 Saving Plans to offset revenue
- New Normal Task Force carried out operational continuity, success transitioned to telework, and automated forms and processes
- Here to Help Campaign launched to assist customers
- Broad Creek WWPS upgrades complete
- Piscataway Bioenergy project on target for August 2024 completion
- Piscataway Sewer Holistic Rehabilitation underway
- Earned AAA bond ratings from all three rating agencies
- Issued Green Bonds to Finance Improvements at the Potomac Water Filtration Plant and the Large Diameter Water Pipe & Large Valve Rehabilitation Program

Changing Business Environment

Drinking Water Production vs Customer Accounts FY 1990 – 2025

MGD / Gallons

Millions



Flat dem
custom
created



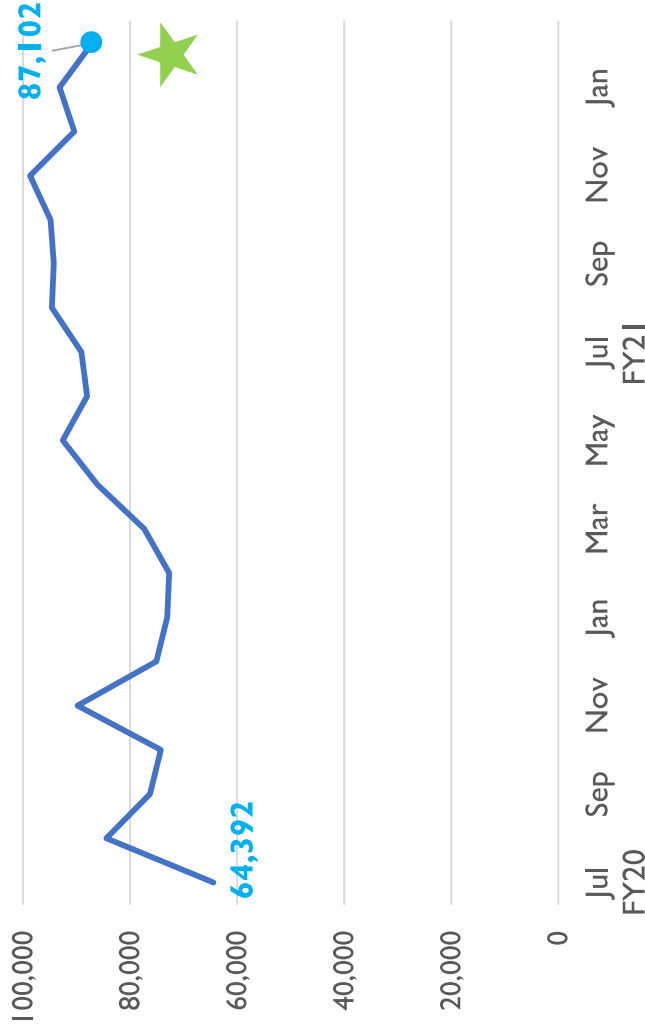
Past Due Accounts/Amounts (2/18/21)

High-Level

Past Due
amounts
rising

Past Due Accounts*

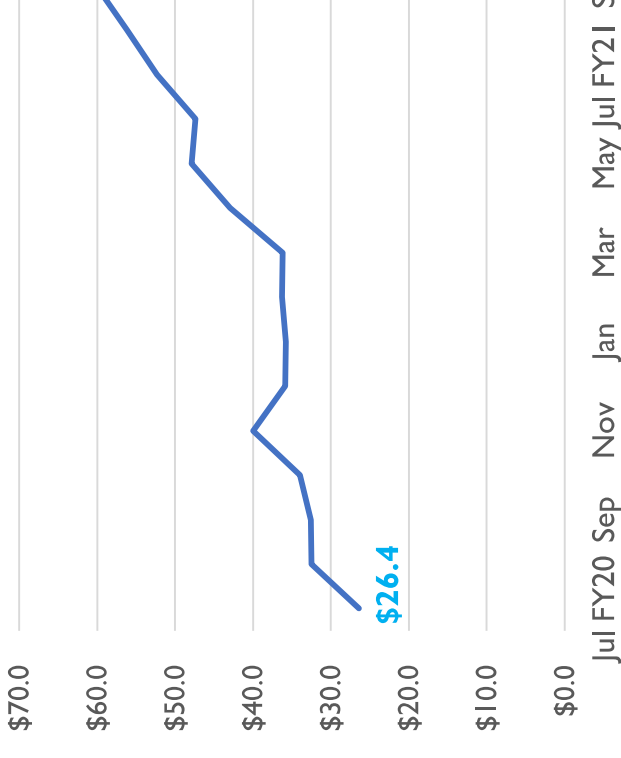
of accounts 30 days past the bill date



★ FY21 Year-End Target: 77,000 accounts

Past Due Amount*

\$ of accounts (millions) 30 days past the bill date

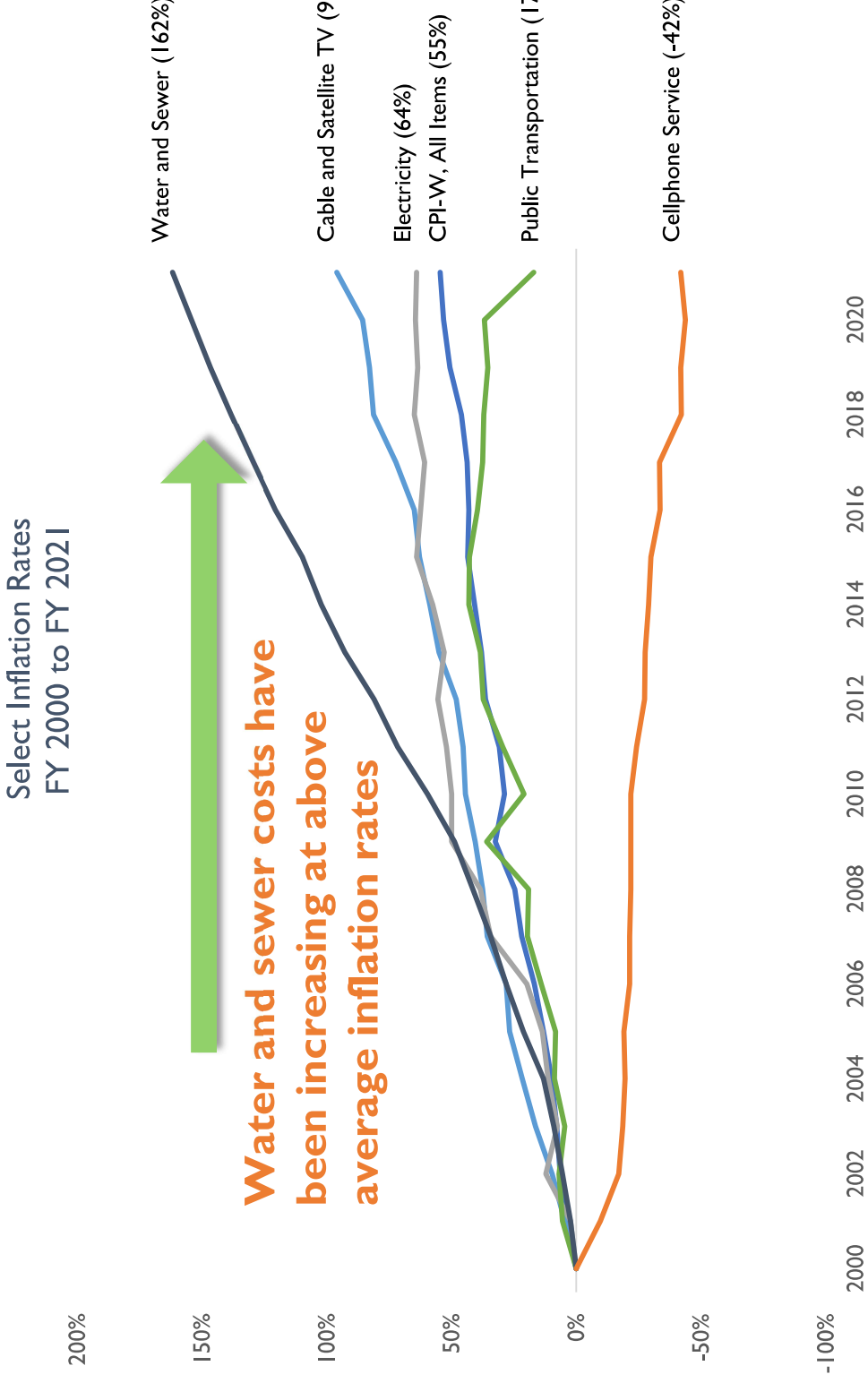


★ FY21 Year-End Target: \$37 million



Inflationary Rates of Various Sectors

Rising Costs Continue to Pressure **Affordability**



Source: U.S. Bureau of Labor & Statistics: CPI-W Index



Rates & Upcoming Major Capital Projects

- WSSC Water's budget & rates are driven by capital costs/debt service
- Several critical capital projects that will have ongoing impacts over the next six years
 - Water Reconstruction Program - \$726.5 million
 - Sewer Reconstruction Program - \$405.4 million
 - Piscataway Bio-Energy Project - \$222.6 million
 - Potomac Consent Decree - \$174.8 million

Rates
re
i

Cost Saving Efforts

- Supply Management project savings since FY 2013
 - Cost reductions in excess of \$41.0 million
 - Cost avoidance savings of nearly \$37.0 million
- Group insurance plan revision savings of \$5.1 million since CY 2017
- 24 Frozen positions
- Reduced overtime expenses of \$4.7 million since FY 2017
- **WORLD CLASS PCCP Condition Assessment Program**
 - \$21.0 million invested to date in acoustic fiber optic monitoring (AFO)
 - \$88.0 million in savings from 44 averted failures
 - PCCP Failures: 46 – only 5 since 2010 (4 on non-AFO monitored pipes)

**Rates would
be higher with
cost saving**

FY 2022 Proposed Budget Overview

Letitia Carolina-Powell

Budget Division Manager



FY 2022 Proposed Budget

The FY 2022 Proposed Capital and Operating Budget totals \$1.556 billion

- 5.9% Water & Sewer Volumetric Average Rate Increase meets SAG
- No increase in Infrastructure Investment Fee or Account Maintenance
- Four new positions added to support Production and Customer Service Departments
- Six project managers unfrozen to expedite capital projects
- Capital Budget increase of 16.2%
- Operating Budget increase of 0.3%

The operating budget is increasing only

FY 2022 Proposed Budget Overview

Closing a \$14 Million Gap (\$ in millions)

- Salary Enhancements – \$3.7 M
- PAYGO - \$3.4 M
- Production – chemicals and miscellaneous services - \$2.4 M
- Information Technology – AMI Licenses & small projects - \$1.0 M
- Engineering & Construction - Paving - \$1.0 M
- Customer Service - temporary services - \$0.7 M
- General Services – various items \$0.5 M
- Other – miscellaneous organizational deductions - \$1.4 M

Budget
required
rate

FY 2022 Proposed Budget - Key Provisions

Operating Budget

- Providing \$3.3 million for customers in the Customer Assistance Program
- Funding critical information technology projects including cybersecurity enhancements
- Funding for maintenance and repairs at critical facilities
- Funding \$1.2 million for hydraulic dredging at the Triadelphia reservoir
- Funding \$3 million for water tank rehabilitations
- Proposing limited compensation enhancements consistent with tentative agreement with AFSCME Local 2898
- Paying debt service of \$316.8 million

**Same service level
with modest increase
essential improvements**



FY 2022 Proposed Budget Overview

Operating Budget Funding Sources = \$850,857 (\$ in thousand)



(*) Plumbing and inspection fees, Rockville sewer use, interest income and other miscellaneous fees
(**) Includes Reconstruction Debt Service Offset (REDO), SDC Debt Service Offset and Underwriter's Discount Tran

FY 2022 Proposed Operating Budget by Major Expense Category

Total Operating Uses = \$852,093 (\$ in thousands)



Deferred Improvements FY 2018 to FY

Deferred Improvement	Risks
Unidirectional Flushing Program	Continued discolored water complaints hydraulic efficiencies & reductions in flow
Large Valve Repair & Replacement Inspections	Backlog of repairs for 16 to 24-inch valves
Fire Hydrant Flow Testing Program	Ineffective firefighting capabilities & control of public water supplies by backflow
Plumbing & Gasfitting Inspectors	Public health, safety and welfare
Rights-of-Way Maintenance Program	Challenge to access WSSC Water assets routine and emergency work

**Needed improvements
have been deferred
multiple years**



FY 2022 Proposed Budget - Key Provisions

Capital Budget

- Funding replacement of 37.5 miles of water mains and 45.4 miles of sewer and lateral lines
- Funding \$71.1 million for large diameter water pipe rehabilitation
- Complying with Sanitary Sewer Overflow and Potomac Plant Consent Decree
- Providing holistic rehabilitation of Piscataway sewer basin to address existing issues at Piscataway Water Resource Recovery Facility
- AMI removed from the CIP reducing FY 2022 capital budget by \$21 million
- AMI removed from the CIP reducing FY 2023 capital budget by \$21 million
- AMI removed from the CIP reducing FY 2024 capital budget by \$21 million
- AMI removed from the CIP reducing FY 2025 capital budget by \$21 million
- AMI removed from the CIP reducing FY 2026 capital budget by \$21 million
- AMI removed from the CIP reducing FY 2027 capital budget by \$21 million

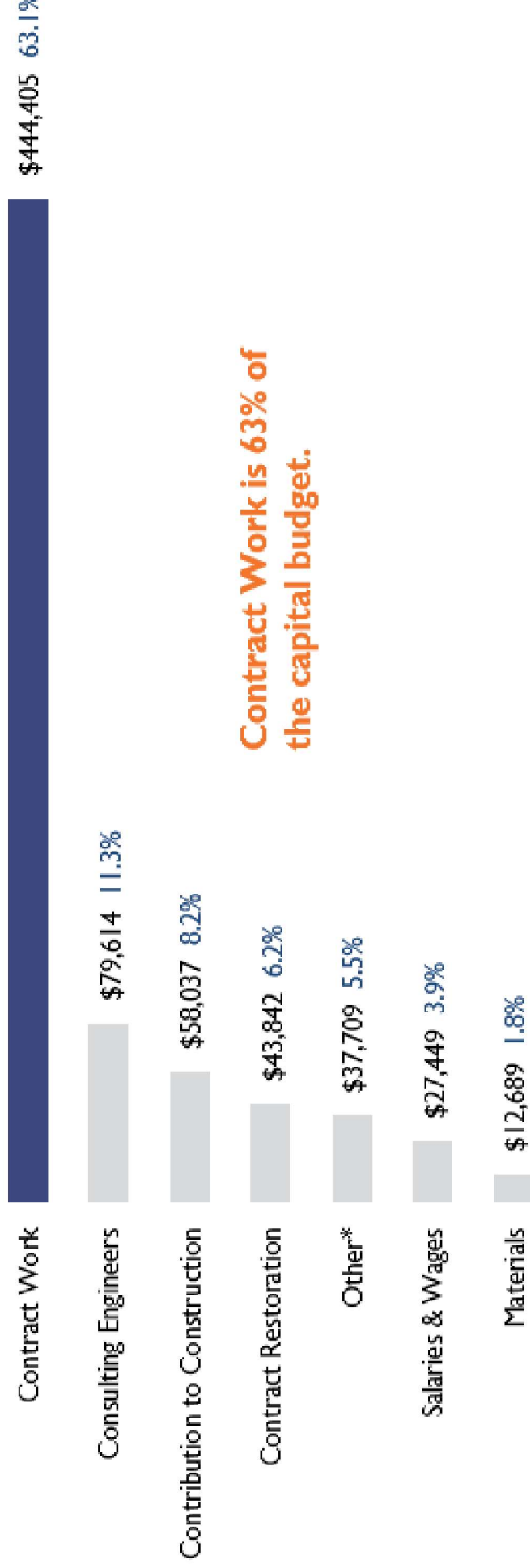
FY 2022-2027 CIP by \$98 million

Focus
infrast
invest



FY 2022 Proposed Capital Budget by Major Expense Category

Total Capital Uses = \$703,745 (\$ in thousands)



* Includes Land, Professional Services, Water Meters, and Non-Departmental Accounts



Proposed FY2022 Rate Increase Drivers

Driver	Amount	Percent
Reduced Revenue		
Sewer Revenue Rebaseline	\$ 12,000,000	1.8%
Interest Income	9,000,000	1.3%
Other Funding Sources*	12,714,000	1.9%
Subtotal - Reduced Revenue	33,714,000	5.0%
Operating Expense Growth	6,274,000	0.9%
Total	\$ 39,988,000	5.9%

Rate increase primarily due to reduced revenue

*Other Funding Sources includes use of fund balance and Reconstruction Debt Service Offset transfers



Long Range Financial Plan

	Projected > >				
	Approved FY 2021	Proposed FY 2022	FY 2023	FY 2024	FY 2025
New Water and Sewer Debt Issues	\$ 409,922	\$ 409,704	\$ 415,548	\$ 356,388	\$ 350,000
Water and Sewer Combined Rate Increase (Avg)	6.0%	5.9%	8.0%	8.0%	7.0%
Debt Service Coverage (1.10 - 1.25 is Target)	1.01	1.04	1.09	1.15	1.19
Debt Service as a % of Total Expenses (< 40% is Target)	37.5%	36.7%	37.4%	37.9%	38.0%
End Fund Balance as a % of Operating Revenue (min. 15%)	20.1%	19.6%	19.6%	20.4%	20.6%
Days Operating Reserve-on-Hand (75-105 Days is Target)	70.9	70.3	71.3	75.3	75.5
Total Workyears (All Funds)	1,776	1,786	1,786	1,786	1,786

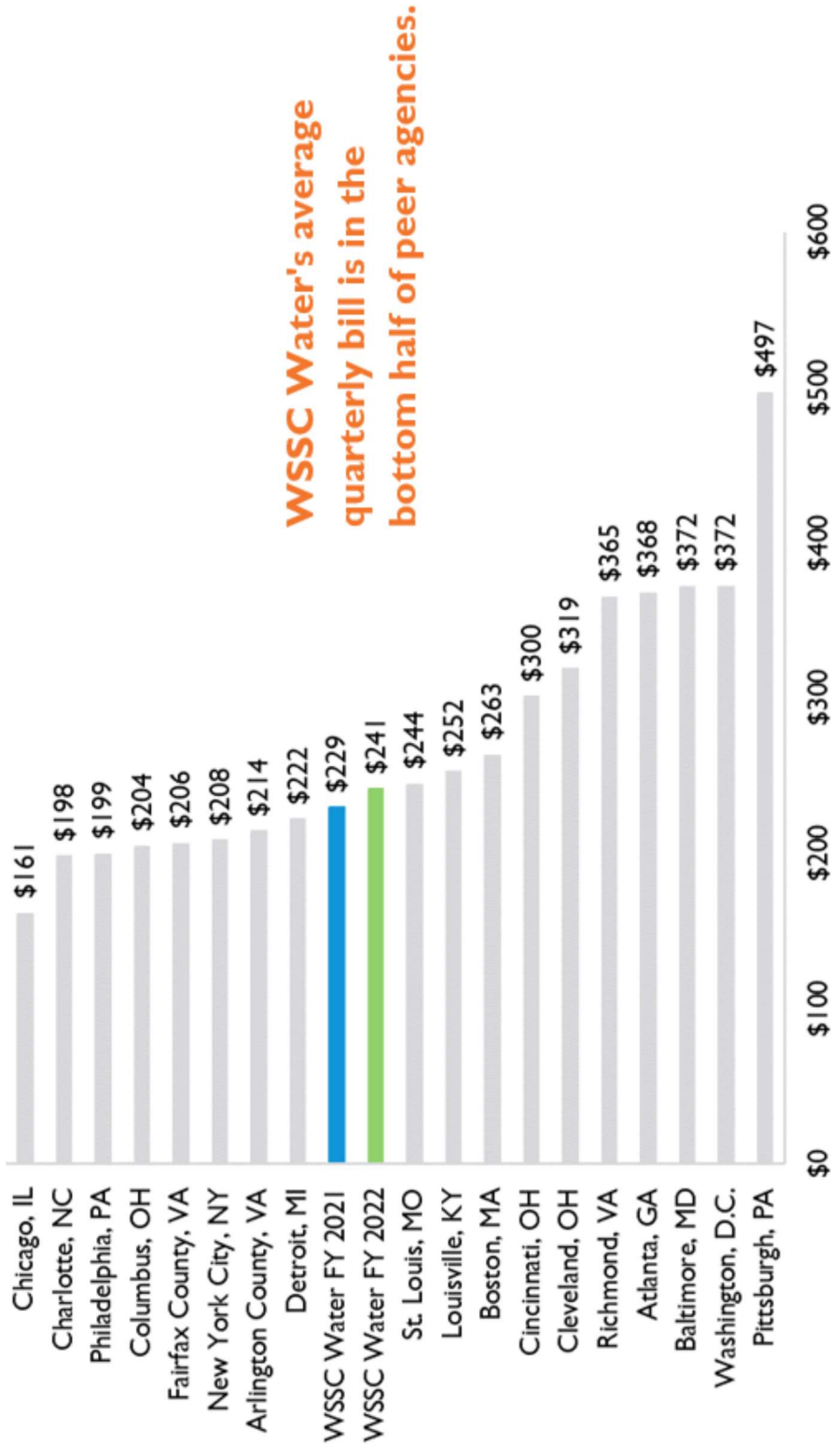
WSSC Water's long range financial plan supports informed decisions that will ensure WSSC Water's measures perform as intended.



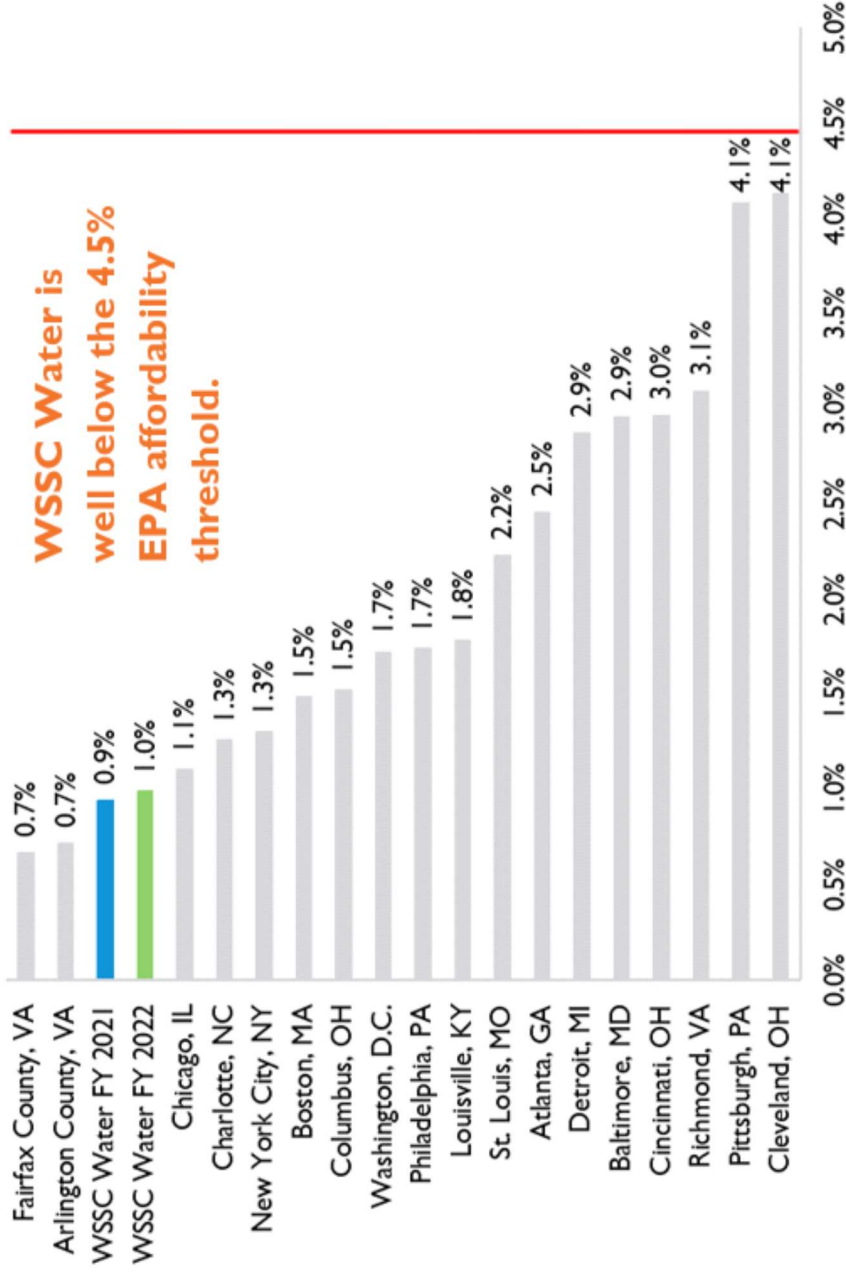
Quarterly Customer Bills at Various

Meter Size	Average Daily Consumption (Gallons Per Quarter)	Approved	Approved	Approved	Approved	Proposed	Percent
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Change
3/4" Residential Meter	100	\$ 122.72	\$ 127.01	\$ 138.94	\$ 145.58	\$ 152.48	4.7%
	(9,125 gal/qtr)						
3/4" Residential Meter	165	206.12	213.95	217.83	229.21	241.04	5.2%
	(15,056 gal/qtr)						
3/4" Residential Meter	500	816.40	851.99	794.66	840.78	888.79	5.7%
	(45,625 gal/qtr)						
2" Meter	1,000	1,878.23	1,952.14	1,903.02	2,004.81	2,110.76	5.3%
	(91,250 gal/qtr)						
3" Meter	5,000	9,169.19	9,552.44	9,736.92	10,284.01	10,853.51	5.5%
	(456,250 gal/qtr)						
6" Meter	10,000	19,085.00	19,878.88	19,748.55	20,852.26	22,001.19	5.5%
	(912,500 gal/qtr)						

Residential Quarterly Water/Sewer Bill Comparison (165 Gallons per Day)



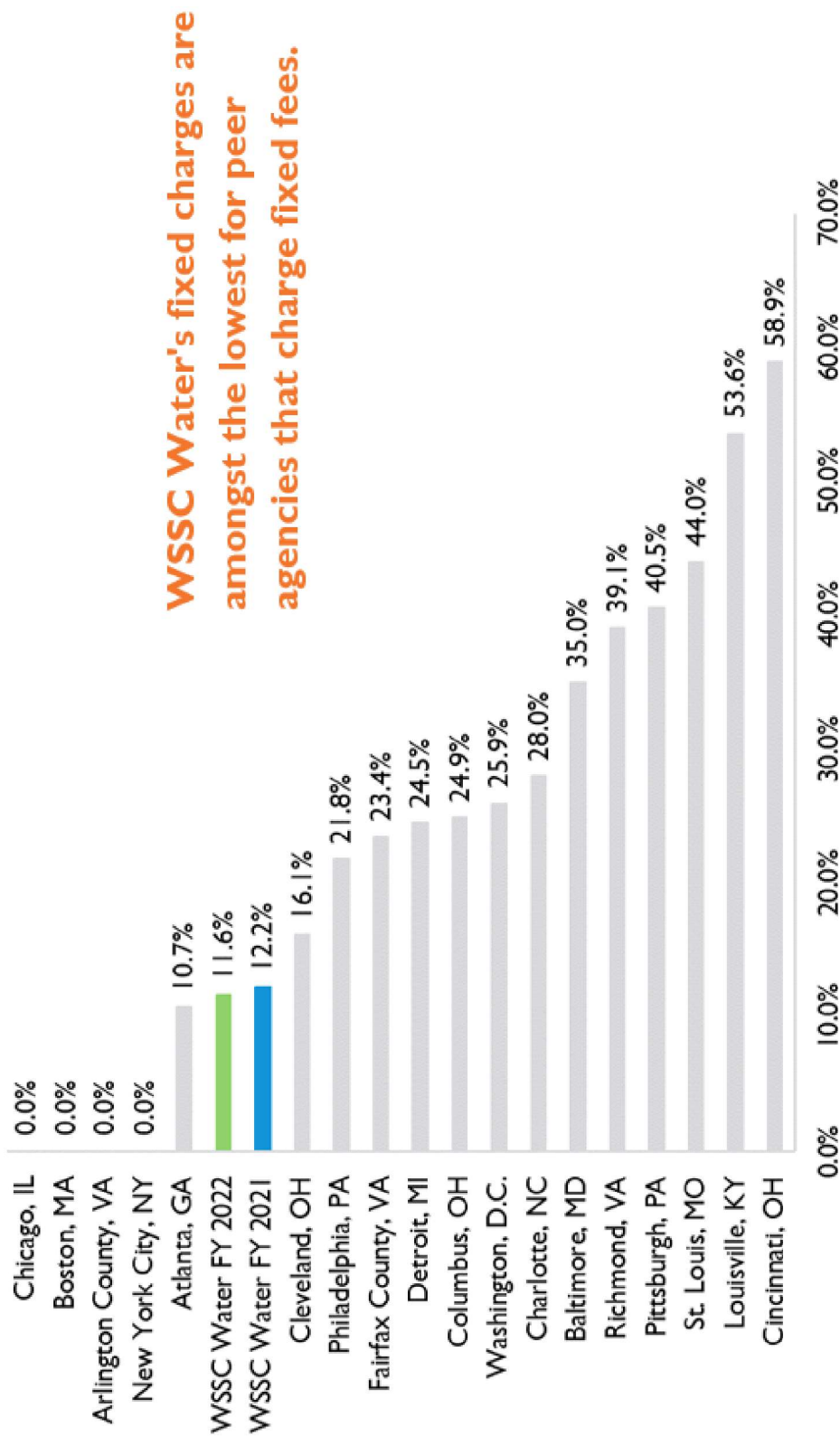
Average Residential Bill as a Percentage of Median Income (165 Gallons per Day)



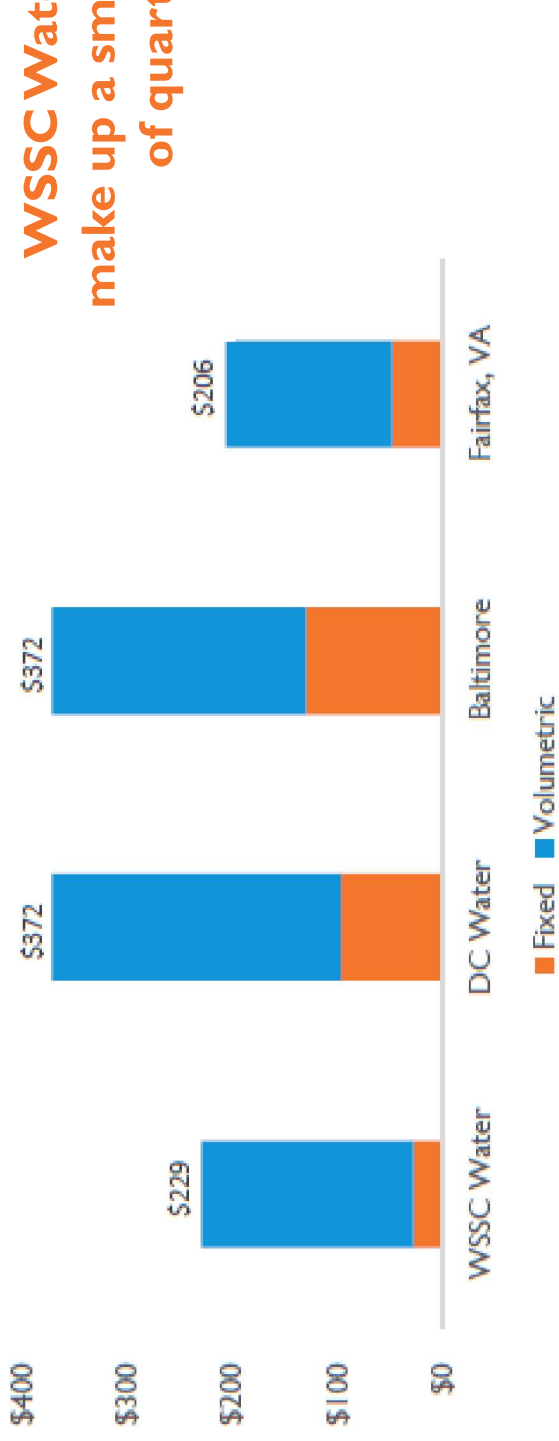
Median household income (in 2017 dollars) 2013-2017. Figures gathered from www.census.gov, 2013-2017 American Community Survey 5-Year Estimates.



Percentage of Average Residential Bill from Fixed Charges (165 Gallons per Day)



FY 2021 Quarterly Bill Comparison (165 Gallons per Day; 3/4" Meter)



	WSSC Water	DC Water	Baltimore	Fairfax, VA
Fixed	\$ 28	\$ 97	\$ 130	\$ 48
Volumetric	\$ 201	\$ 275	\$ 242	\$ 158
Total	\$ 229	\$ 372	\$ 372	\$ 206



Consumption Rate Increase Trend Comparison Local Water and Sewer Utilities

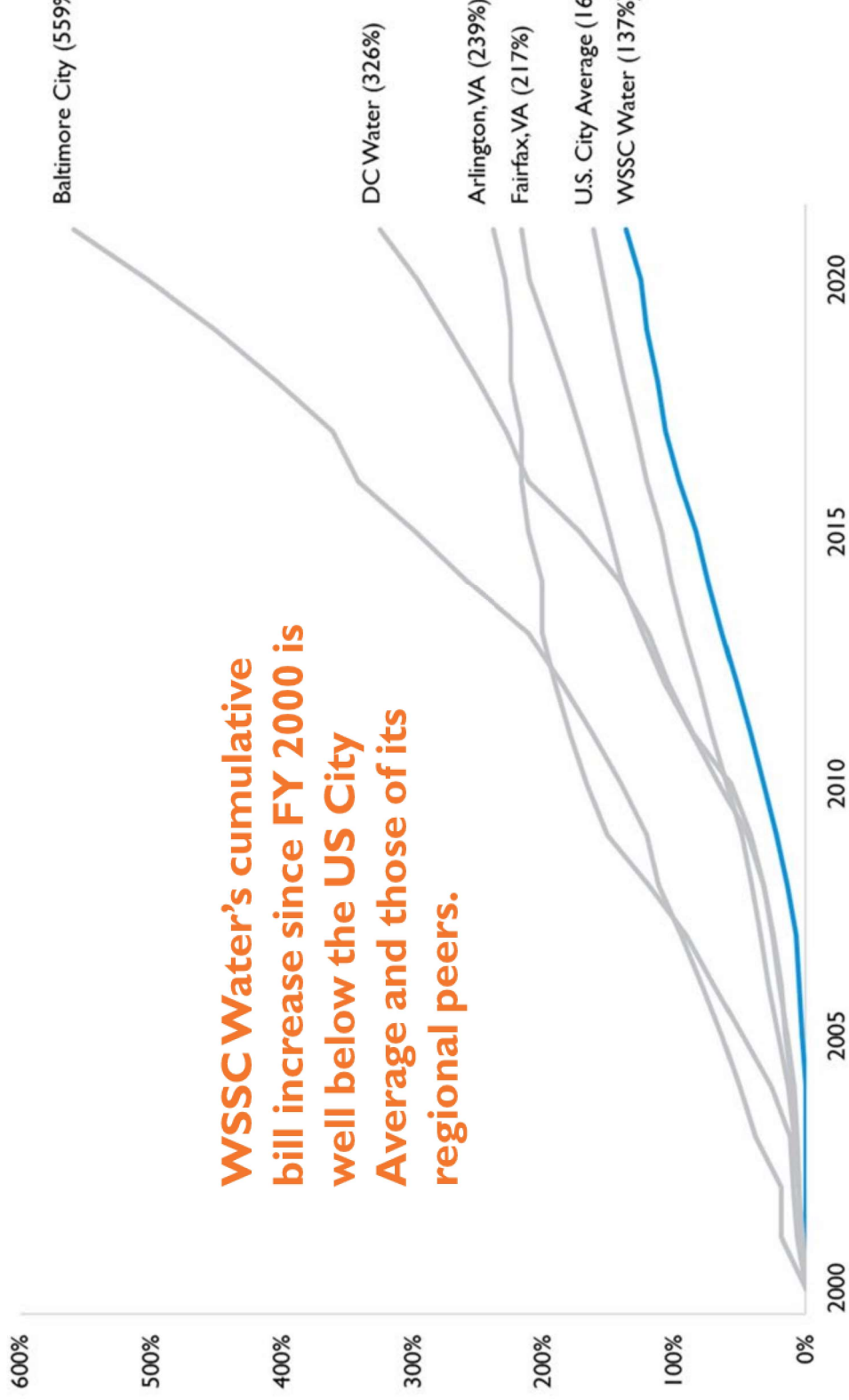
Consumption Charges	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
WSSC Water	5.00%	6.00%	5.90%	8.00%	8.00%	7.00%	6.50%	6.00%
DC Water	11.50%	9.90%	7.80%	8.50%	7.50%	7.50%	7.50%	7.50%
City of Baltimore	9.90%	9.90%	9.90%	9.90%	9.90%	9.90%	6.00%	3.25%
Fairfax Water & Fairfax County Sewer	4.12%	1.26%	7.54%					

* Actual and proposed increases for consumption charges per agency websites.

WSSC Water rate trend is consistently lower or comparable to other area utilities



FYs 2000-2021 Bill Increase Comparison (165 Gallons per Day)



WSSC Water's cumulative bill increase since FY 2000 is well below the US City Average and those of its regional peers.



FY 2022 Proposed Budget & FY 2022-23 Capital Improvements Program Overview

Mark Brackett

Capital Budget Section Manager



Capital Budget Affordability

A fiscally responsible CIP results in:

- Maintaining our AAA credit rating
 - Adhering to financial metrics and guidelines
- An affordable CIP
 - Fits within rate increases as proposed
 - Aligns anticipated bond issuance limits over the six-year program
 - Keeps project funding in line with what is affordable
- Increased importance on prioritization of projects for inclusion, elimination, or deferral
- Use of PAYGO to lower debt service expense and improve metric results especially with rate risk

FY 2022 CIP Overview & Highlights

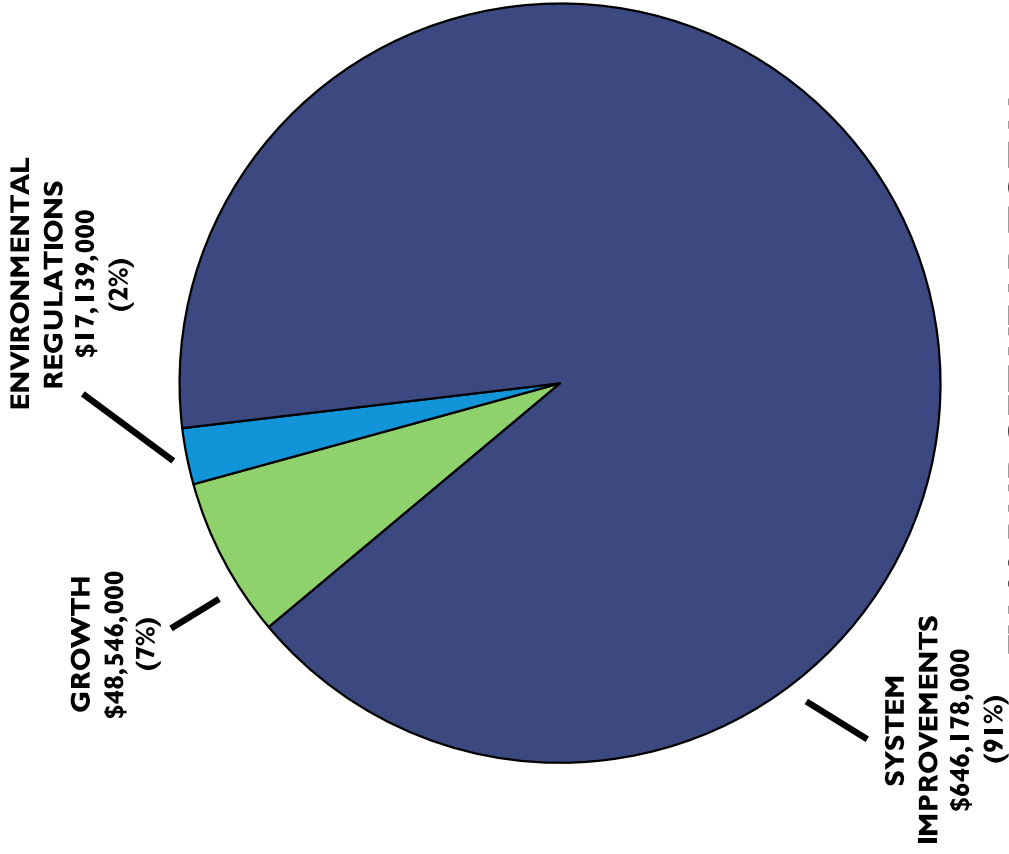
Mid-Cycle

FY 2022 – FY 2027 CIP

- Six-year program cost of \$3.8 billion
 - Bond funded \$3.2 billion (plus PAYGO of \$327.6 million)
 - Mandated projects \$1.3 billion (34%)
 - Blue Plains \$392.1 million
 - Consent Decree \$892.6 million
 - Other Regulatory & Agreement \$14.7 million
- FY 2022 budget year cost of \$711.9 million
 - Bond funded \$607.8 million (plus PAYGO of \$27.6 million)
 - Mandated projects \$198.8 million (28%)



FY 2022 CIP Overview & Highlights



91%

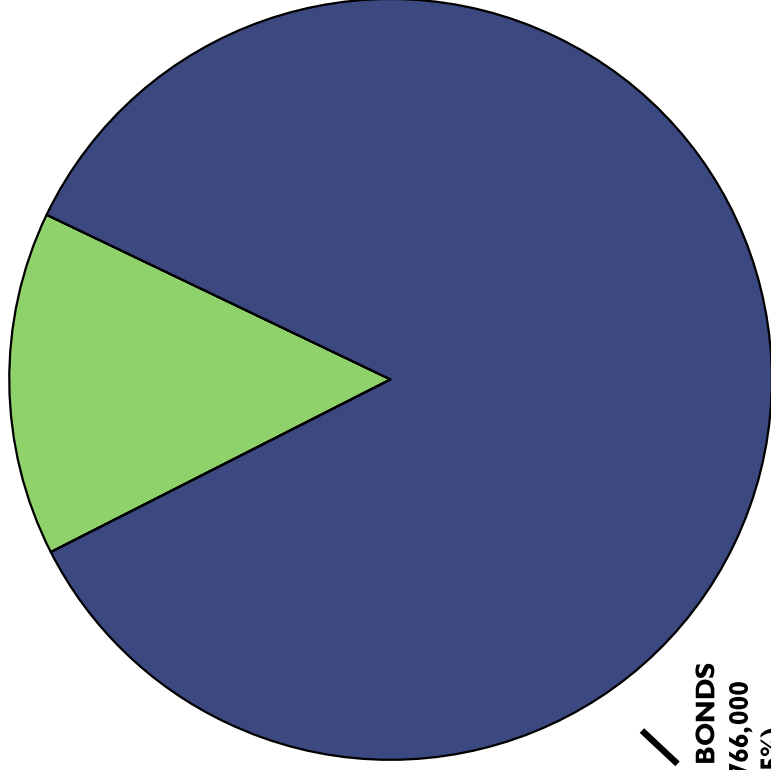
of the FY 22 combined program is reinvestment in our system infrastructure

Major Category	FY 22
Growth	6
System Improvements	6
Environmental Regulations	6
Total	7



FY 2022 CIP Overview & Highlights

ALL OTHER
SOURCES
\$104,097,000
(15%)



WSSC BONDS
\$607,766,000
(85%)

FY 22 BUDGET YEAR TOTAL
\$711,863,000

85%

of the FY 22 combined program
funded through long-term debt

Funding Source

Federal & State Grants

SDC & Others

Local Government Contributions

WSSC Bonds

PAYGO

Total



FY 2022 CIP Overview and Highlights

Water Reconstruction Program

(W-1.00; p. 7-2)

- Program scope: over 4,500 miles of water main and associated water house connections
- Rehabilitated on average more than 50 miles per year over the past 10 years
- Investing in new technology and tools to develop a more efficient and effective program
- FY 2022 program: 31 miles
- FY 2022 budget: \$83.6 million



FY 2022 CIP Overview and Highlights

Large Diameter Water Pipe & Large Valve Rehabilitation Program

(W-161.01; p. 3-7)

- Program scope: over 1,000 miles of water pipe and over 1,400 large water valves
- Over 100 miles of Pre-stressed Concrete Cylinder Pipe (PCCP) inspected and monitored 24/7; avoided 44 imminent pipe failures
- Over 7,900 pipe joints repaired
- Over 550 pipe segments repaired/replaced
- Over 1,300 valves inspected and repaired
- FY 2022 budget: \$61.7 million



FY 2022 CIP Overview and Highlights

Sewer Reconstruction Program

(S-1.01; p. 7-3)

- Program scope: nearly 5,000 miles of sewer main and associated sewer house connections
- Rehabilitate 20 miles per year
- Consent Decree: all 131.4 miles awarded for construction; 131.3 miles completed as of October 2020
- Funding via Maryland Department of the Environment (MDE) low-interest loans and Bay grants
- FY 2022 program: 25 miles sewer mains; 6 miles lateral lines and house connections
- FY 2022 budget: \$71.1 million



FY 2022 CIP Overview and Highlights

Trunk Sewer Reconstruction Program

(S-170.09; p. 4-13)

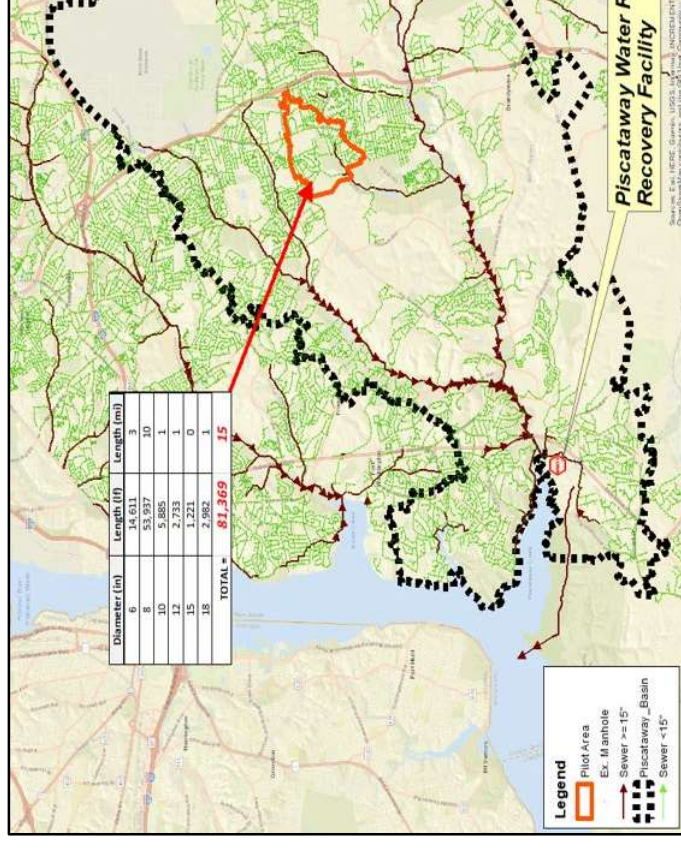
- Inspection and evaluation of all 24 sewer basins complete (over 1,300 miles inspected)
- Comprehensive rehabilitation of sewer pipes in Environmentally Sensitive Areas (ESAs) currently underway to reduce infiltration and inflow
- Replacement of pipe, relining of pipe, pipeline protection, and rehabilitation of manholes and force mains
- Consent Decree: 158.4 of 158.5 miles awarded for construction; 131.2 miles completed as of October 2020
- Sanitary Sewer Overflow (SSO) Consent Decree deadline extended to 2022
- FY 2022 budget: \$58.6 million



FY 2022 CIP Overview and Highlights

Piscataway Rehabilitation Program

- Rehabilitation work for the Piscataway Basin was added to the Sewer and Trunk Sewer reconstruction programs in FY 2022
- The work includes capital activities (pipe replacement and pipe lining) and operating activities (pipe grouting and manhole repairs)
- FY 2022 budget:
 - \$28.3 million in capital
 - \$5.1 million in operating
- Total budget estimate:
 - \$80.0 million in capital
 - \$23.9 million in operating



FY 2022 CIP Overview and Highlights

Potomac Water Filtration Plant (WFP)

- The Potomac WFP produced an average of 112.9 million gallons of water per day (MGD) in FY 2020

Potomac WFP Consent Decree Program

(W-73.33, p. 3-6)

- Long-term Upgrade Plan approved by MDE currently in design
- Total cost estimate: \$203.0 million
- FY 2022 budget: \$10.5 million

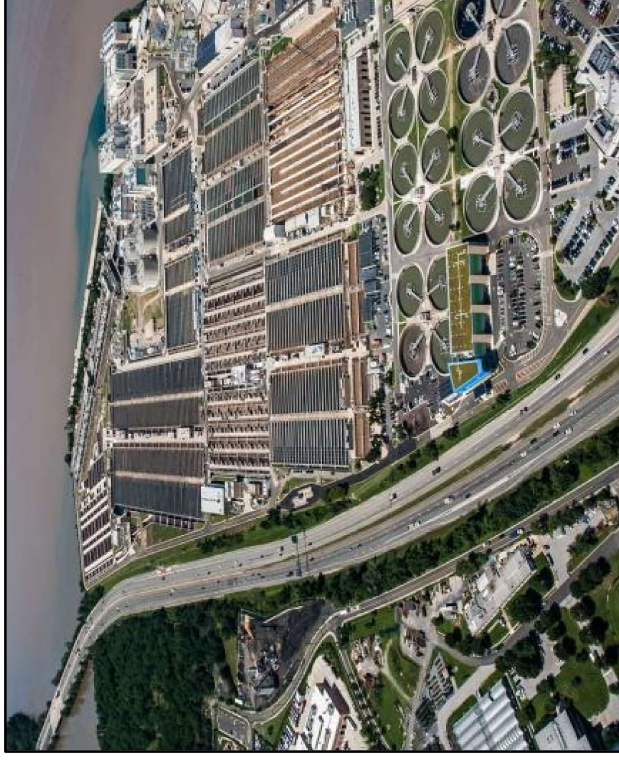


FY 2022 CIP Overview and Highlights

Blue Plains Wastewater Treatment Plant (WWTP)

(S-22.series, p. 4-4 to 4-8)

- The Blue Plains WWTP is owned and operated by DC Water
- WSSC Water's share of the capital costs of the plant is approximately 46%
- Blue Plains treats approximately 65% of WSSC Water's wastewater
- The largest projects include the long-term control plan tunnels
- At \$392.1 million, Blue Plains projects represent 19% of the six-year CIP program
- The FY 2022 budget, at \$54.6 million, represents 12% of the CIP budget year

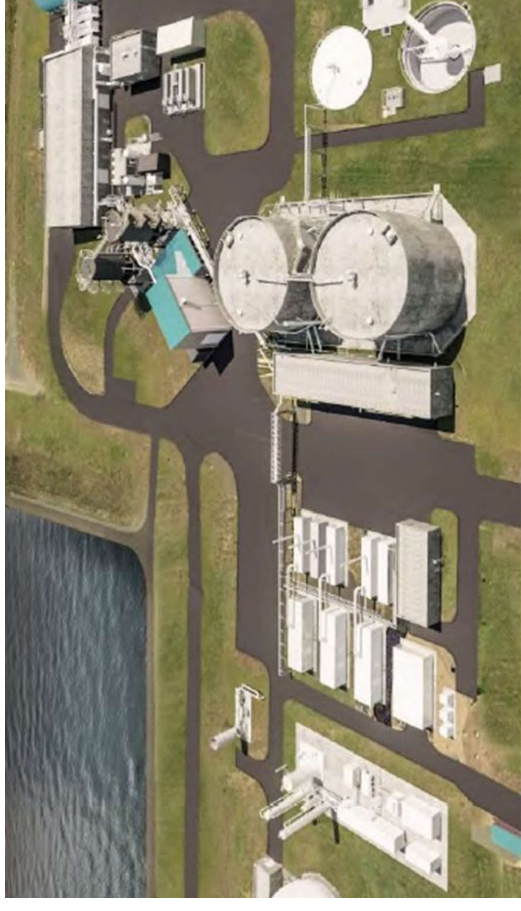


FY 2022 CIP Overview and Highlights

Piscataway Bioenergy

(S-103.02; p. 4-10)

- Innovative project that will transform sewage into renewable energy
- Recover 2-3 megawatts of renewable energy
- Treat biosolids from 5 Water Resource Recovery Facilities (WRRFs)
- Reduce greenhouse gas emissions
- Protect the Chesapeake Bay
- Projected economic benefit of \$3.7 million per year
- Construction started May 2019
- FY 2022 budget is \$97.9 million



FY 2022 CIP Overview and Highlights

Advanced Metering Infrastructure (AMI) (A-109.00; p. 7-9 / p.29)

- Implementation of a system-wide fully automated meter reading infrastructure system comprehensive customer billing and data analysis integration software
- AMI will improve both customer service and operational efficiency including:
 - Allows for monthly billing
 - Provides customers near real-time water usage information to help them save money
 - Reduces customer calls and reduced field investigation visits
 - Creates opportunities to employ more sophisticated rate structures
 - Provides data of customer consumption patterns to detect meters wearing out and perform meter size
 - Monitors customer consumption to support targeted conservation efforts during droughts
 - Improves the monitoring and operation of the distribution system and reduce non-revenue water loss
 - Pays for itself within 11 years with estimated net savings in excess of \$286 million over 20 years
- Updated total cost of \$208.4 million due to need to replace all meters
- Mid-Cycle CIP – Propose to remove all funding based on Commission decision in November 2020 to indefinitely suspend the project due to the difficult economic conditions cause Pandemic.

FY 2022 Budget Summary Highlights

- Proposed Operating Budget increasing only .3%
- 5.0% of the 5.9% rate increase addresses revenue declines
- Proposed Budget required \$14 million in reductions to meet SAG
- Past due amounts increased 135%
- Expanded affordability programs and budgeted amount is proposed million
- Consent decree projects on time and on budget
- Capital Improvement Program provides for critical infrastructure inve

Questions?

