

# PRINCE GEORGE'S COUNTY COUNCIL

## COMMITTEE REPORT

2018 Legislative Session

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**Reference No.:** CR-79-2018

**Draft No.:** 1

**Committee:** TRANSPORTATION, HOUSING & ENVIRONMENT

**Date:** 10/11/2018

**Action:** FAV

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### REPORT:

Committee Vote on Spending Affordability Limits (Report), 3-0 (In favor Turner, Lehman and Taveras)

The Spending Affordability Working Group, consisting of staffs from the Montgomery and Prince George's County Councils and both County Executive's offices, met on September 11<sup>th</sup> and September 25<sup>th</sup> to specifically discuss the establishment of spending control limits that can be endorsed by the County for the Fiscal Year 2020 Water and Sewer Operating and Capital Budgets of the Washington Suburban Sanitary Commission (WSSC).

The Prince George's County government is represented in the working group process by: County Council, Office of Audits and Investigations, the Office of Management and Budget and the Department of Public Works. The goal of both the Prince George's and Montgomery County Council is to set certain budgetary limits by November 1<sup>st</sup> of each year. These limits provide direction to WSSC as to what to request as a proposed budget. Prince George's County Council and the Montgomery Council reviewed the information compiled by the staff relating to spending control limits on the percentage of water and sewer increase, new debt, debt service and operating expenditures.

Canjor Reed, Office of Audits and Investigation, provided a detailed overview of the Fiscal Year 2020 Spending Control Limits (report attached). Ms. Reed explained the various scenarios presented by WSSC and additional scenarios requested by the respective Counties. WSSC's proposed based case scenario consisted of a 6% increase as compared to the 4.5% rate increase approved by the Counties for FY 2019 Spending Affordability Control Limits. The Capital Improvement projects deferred in FY 2019 are carried forward in the proposed FY 2020 Spending Affordability Guidelines forecast. WSSC indicated that if a rate increases less than 6% is recommended, then additional adjustments or deferrals will need to be taken in FY 2020 to the construction improvement program (CIP) for projects which are not mandated or currently in the construction phase.

After consideration of the analysis of each scenario and the impact of the unspecified reductions, a 5% rate increase was recommended by staff. A 5% rate increase assumes that WSSC will seek \$10.8 million in unspecified adjustments, \$0 increase in additional or reinstated projects; \$11.3 million use of fund balance; and, no increase in staff positions. Montgomery County Executive provided written correspondence in support of a 5% rate increase. Montgomery County Council has also proposed a 5% rate increase.

WSSC staff, Mr. Joseph Beach, Deputy General Manager for Administration, Letitia Carolina-Powell, Budget Division Manager, Joe Mantua, Deputy General Manager, Operations, Amanda Conn, General Counsel, and Monica Johnson, Deputy General Manager for Strategic Partnerships participated in the committee work session providing additional comments and responses to the committee questions.

Mr. Joseph Beach provided a presentation on WSSC's new rate structure effective: July 2019). Ms. Reed provided a perspective of how the new 4 tier inclining block rate structure will impact various customer types based on their typical daily water usage.