



Angela D. Alsobrooks  
County Executive

# PRINCE GEORGE'S COUNTY GOVERNMENT

## OFFICE OF THE COUNTY EXECUTIVE

The Honorable Calvin S. Hawkins, II  
and Members of the County Council  
County Administration Building  
Upper Marlboro, Maryland 20772

Dear Chair Hawkins and Members of the County Council:

In accordance with Section 17-202 of the Public Utilities Article of the Annotated Code of Maryland (the former Article 29), I am hereby transmitting my recommendations and comments on the Washington Suburban Sanitary Commission's Proposed Budget for FY 2022 and FY 2022 – FY 2027 Proposed Capital Improvement Program.

### **Rate and Fee Overview**

The Commission's Proposed FY 2022 Budget is based on revenues supported by a blended 5.9% rate increase for both water and sewer services. This rate increase is primarily due to a decline in revenue and is aligned with the maximum average rate increase for FY 2022 recommended by the bi-county Spending Affordability Working Group and adopted by resolution of the respective County Councils. The Commission also proposes to increase certain other miscellaneous fees and charges by varying amounts for FY 2022. However, the proposed increases are lower for charges associated with individual dwellings (water, sewer, septic installation, and inspection) than for those associated with larger developers, vendors, and building construction (sewer maintenance, industrial discharge and sediment control, septic haulers, sewer connectors, etc.).

### **Budget Overview**

The FY 2022 Proposed Budget is \$1.556 billion, an increase of \$100.8 million or 6.9% over the FY 2021 Approved Budget. The total budget is comprised of a \$852.1 million operating budget and \$703.7 million capital budget.

### **Operating Budget**

The Commission's FY 2022 Proposed Operating Budget is \$852.1 million, an increase of \$2.4 million (0.3%) over the FY 2021 Approved Budget. The Commission's operating budget can be divided into three broad, programmatic divisions: water operating, sewer operating, and general bond debt service. The water and sewer operating programs are separate, self-supporting programs dedicated to those enterprises. General bonds are issued to support the capital needs of the WSSC administration and smaller projects. The cost drivers in the FY 2022 operating budget are the water operating fund and the sewer operating fund. The water operating program is \$380.6 million for FY 2022, an increase of \$15.4 million, or 4.2%. The sewer operating program is \$461.7 million, a decrease of \$9.1 million or 1.9%. Debt service on the general bonds is \$9.8 million, a decrease of \$3.8 million or 28.2%.

Wayne K. Curry Administration Building • 1301 McCormick Drive, Largo, MD 20774  
(301) 952-4131 • [www.princegeorgescountymd.gov](http://www.princegeorgescountymd.gov)

The major expenditure components of the Commission's FY 2022 Proposed Operating Budget are:

- \$133.7 million for salaries and wages, an increase of \$5.4 million (4.2%)
- \$316.8 million for debt service, a decrease of \$8.8 million (2.7%)
- \$401.5 million for other operating costs and program support, an increase of \$5.8 million (1.5%)

### **Debt Service**

The FY 2022 Proposed Operating Budget includes \$316.8 million in debt service payments comprising 37.2% of the budget. The debt service payment schedule is based on interest and principal payments on current and outstanding debt, and the issuance of \$409.7 million in new debt in FY 2022. The new debt is comprised of \$309.7 million in water and sewer bond. The Commission continues to maintain the practice of issuing 30-year bonds on some of its debt, to lower debt servicing costs and use the savings to fund PAYGO capital projects.

### **Operating Costs and Program Support**

The Proposed Budget includes \$852.1 million in operating expenditures comprising 54.8% of the budget. Operating and support programs include expenses such as:

- Producing 163.0 million gallons per day of safe and reliable water to over 475,000 accounts in a manner that meets the requirements of the Safe Drinking Water Act.
- Treating 201.4 million gallons per day of wastewater in a manner that meets or exceeds Federal and State requirements.
- Operating and maintaining a system of:
  - Three reservoirs with 14 billion gallons of water
  - Two water filtration plants
  - Six wastewater treatment plants
  - 6,000 miles of water main and 5,700 miles of sewer main
- Offset \$6.0 million of debt service with Reconstruction Debt Service Offset (REDO).
- Increasing the Customer Affordability Program, which provides financial assistance for economically disadvantaged customers and is funded by revenue offsets.
- Addressing issues related to aging infrastructure through rehabilitation of 31 miles of small diameter and 6 miles of large diameter water mains, inspection and repair of 18 miles of Prestressed Concrete Cylinder Pipe (PCCP), and installation of acoustic fiber optics to monitor 6 miles of PCCP.
- Implementing operational and fiscal efficiency measures that generate savings or provide for more productivity, including revising procurement practices through the Supply Chain Management Transformation project.

## Capital Budget

The Commission's Proposed Six-Year Capital Improvement Program (CIP) is \$3.9 billion, an increase of \$201 million over the FY 2021 Approved CIP. This increase is driven by new Other Capital projects in the Information Only section and the programmed increase in pipe replacements in the Large Diameter Water Pipe Reconstruction Program. This amount includes approximately 91.3% is for system improvements, 2.8% for system growth, and 5.6% for mandate compliance.

The FY 2022 Proposed Capital Budget is \$703.7 million, an increase of \$98.3 million (16.2%) over the FY 2021 Approved Capital Budget. Similar to the operating budget, the capital budget is divided into four parts: water (21.6%), sewer (44.1%), information (26.8%) and other capital projects (7.5%). The FY 2022 request includes water and sewer projects for Prince George's and Montgomery Counties, along with bi-county projects and general construction for minor lines. The Commission proposes \$466.9 million in construction for water and sewer projects, an increase of \$91.8 million above FY 2021.

The allocations for water and sewer capital expenditures in Prince George's County for FY 2022 are broken down accordingly:

- Water: \$62.5 million (compared to \$2.9 million for Montgomery County and \$89.7 million for Bi-county projects)
- Sewer: \$70.1 million (compared to \$8.5 million for Montgomery County and \$234.9 million for Bi-county projects)

Water and sewer projects affecting the County scheduled for funding in FY 2022 include:

- Piscataway Water Resource Recovery Facility (WRRF) Facility Upgrades (\$44.2 million)
- Old Branch Avenue Water Main (\$5.6 million)
- Branch Avenue Water Transmission Improvements (\$1.3 million)
- Westphalia Town Center Water Main (\$0.3 million)
- Konterra Town Center East Water Main (\$0.8 million)

Bi-county projects impacting Prince George's County include system wide rehabilitation of large pipes and valves, trunk sewer reconstruction, and the Piscataway Waste Water Treatment Plant Bio-Energy Project.

The Commission noted that in any given fiscal year, approximately 85% of capital funds appropriated are expended, a rate dependent on factors such as availability of qualified contractors and Commission supervisors for projects, as well as the timeliness of receiving funding commitments pledged from outside entities.

## Recommendations

I support the Commission's Proposed Operating and Capital Budget and the 5.9% proposed rate increase that supports it. I am pleased that the Commission remains focused on creative solutions to fund water production with the aim of ensuring that the burden of decreased water consumption does not fall solely on the rate-payer. Externally, the Commission continues to make important strides in upgrading and maintaining our water supply and water treatment facilities, water lines, dams, and reservoirs. Internally, the Commission continues to improve customer service care, explore innovative and cost saving technologies and ensure that all operations and costs are sustainable and in the best interest of the customers. The Commission continues to be a partner in improving our environment, health, and business climate.

I acknowledge that the Commission proposes to fund salary enhancements in a manner coordinated with both Prince George's and Montgomery Counties, assuming funding is maintained for Prince George's County government employees per the FY 2022 Proposed Budget that I submitted to the County Council on March 11, 2021. In the event that funding for County government employees is not available, I will endorse the same funding level for Commission employees that is allowed for in the budget approved by the County Council.

Finally, I am pleased with WSSC's continued use of longer-term debt and improved procurement practices to keep costs and obligations down, savings that are ultimately realized by our County rate-payers. We look forward to hearing more on how strategic planning and use of fund balance will impact the County.

As our County can certainly appreciate, the Commission has faced a number of difficult decisions to control its costs in a declining revenue environment. Our citizens – residents and businesses alike – appreciate any opportunity to save money and grow responsibly. With several major infrastructure projects on the horizon, I am certain the Commission will rise to the challenge of serving the County and the region.

Sincerely,



Angela D. Alsobrooks  
County Executive

cc: Howard A. Denis, Chair  
Keith E. Bell, Vice Chair  
Chris Lawson, Commissioner  
T. Eloise Foster, Commissioner  
Fausto R. Bayonet, Commissioner  
Sandra L. Thompson, Commissioner  
Carla A. Reid, General Manager/Chief Executive Officer