

MEMORANDUM

May 9, 2018

TO: Prince George's County Council
Montgomery County Council

FROM: Robert J. Williams, Jr., Prince George's County Council Administrator
Marlene Michaelson, Montgomery County Council Executive Director

SUBJECT: Bi-County Meeting Issues for Fiscal Year 2019

Our joint staff recommendations for the May 10 bi-county meeting are as follows:

1. WSSC Budget and Capital Program

We recommend approval of the joint staff recommendations attached on circles 1-3.

2. Bi-County Portion of the M-NCPPC Budget and Central Administrative Services (CAS)

Regarding the budget items allocable to both counties, we recommend approval of the agency-wide collective bargaining and compensation policies for FY 2019, namely: (a) adjustments required under the Commission's ratified agreement with the Fraternal Order of Police Lodge #30; and (b) the adjustments for other Merit System employees in the amounts required under a confidential agreement with MCGEO that is pending final ratification and also take into account the comparable adjustments for similar employees of both counties and do not exceed the amounts proposed in the Commission's FY 2019 proposed budget (\$2.1 million for Montgomery County and \$2.7 million for Prince George's County).

We also recommend that the Councils concur with the proposed funding for Central Administrative Services as revised by the reductions proposed to meet Montgomery County's fiscal constraints, which also result in reductions to Prince George's County, as reflected on circles 4-7.

3. WSTC Budget

We recommend approval of the FY 2019 amounts proposed for Montgomery County (\$144,553) and Prince George's County (\$122,053).

Letters on these issues from President Riemer and Chair Glaros (without attachments) start on circle 8.

**WSSC FY'19 PROPOSED BUDGET
COUNTY COUNCIL RECOMMENDATIONS**

ITEM	MONTGOMERY COUNTY COUNCIL	PRINCE GEORGE'S COUNTY COUNCIL	JOINT STAFF RECOMMENDATIONS
Rate Increase	Supports a 4.5% rate increase.	Supports a 4.5% rate increase.	Adopt both Councils' actions.
Water Production	Concurs with the proposed water production estimate of 164 mgd.	Concurs with the proposed water production estimate of 164 mgd.	Adopt both Councils' actions.
SDC Rates	Concurs with WSSC's proposal to maintain current SDC rates but to increase the maximum allowable rate.	Concurs with WSSC's proposal to maintain current SDC rates but to increase the maximum allowable rate.	Adopt both Councils' actions.
SDC Exemptions	Recommends adding language to exempt properties providing child care or programs to persons with developmental disabilities, consistent with House Bill 355 enacted by the State of Maryland during the 2017 legislative session.	Recommends adding language to exempt properties providing child care or programs to persons with developmental disabilities, consistent with House Bill 355 enacted by the State of Maryland during the 2017 legislative session.	Adopt both Councils' actions.

**WSSC FISCAL YEARS 2019-2024 CIP
COUNTY COUNCIL RECOMMENDATIONS**

CIP & INFORMATION ONLY PROJECTS – ADDITIONS & CHANGES

PROJECT NAME	MONTGOMERY COUNTY COUNCIL	PRINCE GEORGE'S COUNTY COUNCIL	JOINT STAFF RECOMMENDATIONS
Mid-Cycle Update for the Proposed FY2019-2024 Capital Improvements Program including cost deferrals and reductions to certain projects and revised cost estimates for Blue Plains WWTP projects.	Concurs with the Mid-Cycle Update to FY2019-2024 Capital Improvements Program as transmitted by WSSC on February 21, 2018.	Concurs with the Mid-Cycle Update to FY2019-2024 Capital Improvements Program as transmitted by WSSC on February 21, 2018.	Adopt both Councils' actions.
S-123.26, Marlboro Meadows Community System		Recommends adding this completed project to the Projects Pending Closeout List.	Adopt Prince George's Council's action.

**WSSC FY'19 PROPOSED BUDGET
COUNCIL RECOMMENDATIONS - INCREASES (DECREASES)**

	WSSC PROPOSED			MONTGOMERY COUNTY COUNCIL			PRINCE GEORGE'S COUNTY COUNCIL			JOINT STAFF RECOMMENDATIONS		
	TOTAL	WATER / SEWER OPERATING AMOUNT		TOTAL ADJUSTMENT	WATER / SEWER OPERATING IMPACT		TOTAL ADJUSTMENT	WATER / SEWER OPERATING IMPACT		TOTAL ADJUSTMENT	WATER / SEWER OPERATING IMPACT	
REVENUES												
PROPOSED REVENUE	\$ 1,437,906,749	\$ 735,652,000		\$ 1,437,906,749	\$ 735,652,000		\$ 1,437,906,749	\$ 735,652,000		\$ 1,437,906,749	\$ 735,652,000	
Water and Sewer Revenue	-	600,902,000		-	-		-	-		-	-	
Use of Fund Balance	-	11,580,000		-	-		-	-		-	-	
Bonds Issued and Cash on Hand	605,936,950	-		-	-		-	-		-	-	
Anticipated Contributions	50,389,000	-		-	-		-	-		-	-	
Revenue Adjustment for CAP projections												
REVISED REVENUE		735,652,000		1,437,906,749	735,652,000		1,437,906,749	735,652,000		1,437,906,749	735,652,000	
EXPENDITURES												
PROPOSED EXPENDITURES	1,437,906,749	762,693,000		1,437,906,749	762,693,000		1,437,906,749	762,693,000		1,437,906,749	762,693,000	
Blue Plains WWTP: Liquid Train Proj., Part 2 S-22.06				-	-		-	-		-	-	
Blue Plains WWTP: Biosolids Mgmt., Part 2 S-22.07				-	-		-	-		-	-	
Blue Plains WWTP: Plant-wide Projects S-22.09				-	-		-	-		-	-	
Blue Plains WWTP: ENR S-22.10				-	-		-	-		-	-	
Blue Plains: Pipelines & Appurtenances S-22.11				-	-		-	-		-	-	
Decrease debt service for revised Blue Plains costs				-	-		-	-		-	-	
Debt Service Savings to Fund Balance				-	-		-	-		-	-	
REVISED BUDGET	\$ 1,437,906,749	\$ 762,693,000		\$ 1,437,906,749	\$ 762,693,000		\$ 1,437,906,749	\$ 762,693,000		\$ 1,437,906,749	\$ 762,693,000	
DIFFERENCE	\$	27,041,000		\$	27,041,000		\$	27,041,000		\$	27,041,000	
RATE INCREASE		4.50%			4.50%			4.50%			4.50%	
Water/Sewer Rate Increase												



MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

OFFICE OF THE COUNCIL PRESIDENT

May 8, 2018

The Honorable Dannielle M. Glaros
Chair, Prince George's County Council
County Administration Building
14741 Governor Oden Bowie Drive, 2nd Floor
Upper Marlboro, Maryland 20772

Dear Chair Glaros,

In preparation for the bi-county meeting on May 10, I am pleased to send you the Montgomery County Council's recommendations on the FY2019 Operating Budget and FY2019-2024 Capital Improvements Program (CIP) of the Washington Suburban Sanitary Commission (WSSC), the bi-county portion of the Maryland-National Capital Park and Planning Commission (M-NCPPC), and the Washington Suburban Transit Commission (WSTC).

WSSC

Operating Budget

We recommend approval of the FY2019 WSSC Operating Budget as proposed by WSSC, along with a 4.5 percent combined water/sewer volumetric rate increase as proposed by WSSC.

System Development Charges and Exemptions

We concur with WSSC on maintaining System Development Charge rates for FY2019 at current approved levels while increasing the maximum chargeable rate (the rate the charge could be increased in the future) by a CPI adjustment, as authorized by State law.

Also, during last year's (2017) session, the General Assembly enacted House Bill 335, System Development Charge – Exemptions. This bill reinstated a former SDC exemption for properties primarily serving youth and added new exemptions for properties providing child care or after-school care and properties primarily used for programs and services for developmentally disabled individuals. Our staff have worked with your staff and with WSSC staff to finalize the following definitional language to implement these new exemptions in our FY2019 SDC resolutions:

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Property Used Primarily for Child Care and After-School Care means improved property owned in fee simple by an individual or organization licensed by the State of Maryland to provide child day care services, on which a child day care use or after-school care use, as defined in the Montgomery County or Prince George's County Zoning Ordinance (as applicable), operates as a principal use thereon.

Property Used Primarily for Programs and Services for Developmentally Disabled Individuals means improved property owned in fee simple by an individual or organization licensed by the State of Maryland to provide services to developmentally disabled individuals, on which a use defined in the Montgomery County or Prince George's County Zoning Ordinance (as applicable) as one that provides services to developmentally disabled individuals, operates as a principal use thereon.

Please note that the definitions above are assumed to include condominiums as fee simple property, consistent with *Andrews v. City of Greenbelt* 293 Md. 694 (1982).

WSSC FY18-23 Capital Improvements Program

We recommend approval of WSSC's FY2019-2024 Capital Improvements Program (CIP) with the following changes to the CIP:

- Include the changes proposed by WSSC as part of its "mid-cycle" update transmitted to both Councils on February 21, 2018. These changes include six-year bond-funded reductions to various projects totaling \$136.7 million (with \$50 million in reductions in FY19) as well as six-year bond-funded increases in the Blue Plains Wastewater Treatment Plant projects totaling \$24 million (with a \$6.4 million increase in FY19). The Blue Plains project cost changes are based on updated DC Water budget information.

Volumetric Rate Structure Review

Finally, as you know, WSSC is planning to move to a new rate structure next year (effective July 1, 2019). After a substantial amount of bi-County staff review and public comment, WSSC forwarded several rate structure options under consideration by WSSC to both Councils last fall. This Council's Transportation, Infrastructure, Energy & Environment Committee received a briefing from WSSC and its consultants this past February. While this Council has not taken a position on a particular new rate structure, it continues to support WSSC moving away from its current 16-block rate structure to a more equitable structure. We look forward to a continued close collaboration with you on this and other important issues.

M-NCPPC Compensation and Bi-County Budget (Central Administrative Services)

Regarding the Commission's budget proposal for the administrative funds that are jointly allocable to both counties under Section 18-106 of the Maryland Land Use Article, we recommend that we concur, subject to certain decreases. Specifically, we recommend the decreases suggested by the Commission to meet Montgomery County's fiscal constraints, as presented in the attached Exhibit A.

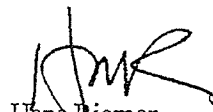
We further recommend that we concur in the agency-wide collective bargaining and compensation policies for FY 2019, namely: (a) adjustments required under the Commission's ratified agreement with the Fraternal Order of Police Lodge #30; and (b) the adjustments for other Merit System employees in the amounts required under a confidential agreement with MCGEO that is pending final ratification. The Commission has confirmed that the adjustments for MCGEO and other employees take into account the comparable adjustments for similar employees of both counties and do not exceed the amounts proposed in the Commission's FY 2019 proposed budget (\$ 2.1 million for Montgomery County and \$ 2.7 million for Prince George's County).

Washington Suburban Transit Commission

We recommend approval of \$144,553 as Montgomery County's share of the FY2019 WSTC budget.

We look forward to seeing you at the bi-county meeting on May 10.

Sincerely,

A handwritten signature in black ink, appearing to read 'Hans Kiemer', is written over the printed name.

Hans Kiemer
President, Montgomery County Council

Attachments



THE PRINCE GEORGE'S COUNTY GOVERNMENT

(301) 952-3700

County Council

MAY 8 2018

The Honorable Hans Riemer, President
Montgomery County Council
100 Maryland Avenue, 6th Floor
Rockville, MD 20850

Dear President Riemer:

The Prince George's County Council has reviewed the Fiscal Year (FY) 2019 Operating and Capital budgets of the Washington Suburban Sanitary Commission (WSSC), the Maryland-National Capital Park and Planning Commission (M-NCPPC), and the Washington Suburban Transit Commission (WSTC). The Council's recommendations on each of these budgets are provided for your information.

WASHINGTON SUBURBAN SANITARY COMMISSION

WSSC Operating Budget:

Listed below is a summary of recommended actions taken by the Council:

- Increase the combined water and sewer rates by 4.5% for FY 2019;
- Approve the Commission's water production proposal of 164 million gallons per day in FY 2019;
- Approve the Commission's proposed level of authorized work-years at 1,776;
- Approve the Operating Budget of \$781.6 million.

WSSC Capital Budget:

The Council recommends WSSC's six-year Capital Improvements Program totaling \$3.6 billion, with FY 2019 Budget Year total of \$401.5 million, a \$75.7 million decrease from WSSC's FY 2018 Approved Capital Improvements Program. Specifically, the Council endorses the following recommendations to the WSSC FY 2019 - 2024 Capital Improvements Program:

A. System Development Charge

- The Council concurs with WSSC's recommendation that the maximum allowable charge be increased by 1.6%, but still maintains the current rate of \$203 per fixture unit.

B. Capital Program Categories

Total WSSC CIP	\$401.5 million
Total Information Only	\$226.1 million

C. New CIP Projects

- The Council concurs with the addition of one new sewer project in Prince George's County, **S-77.20, Parkway North Substation Replacement**. The total estimated cost is \$5 million of which \$2.65 million is planned to be expensed in FY 2019.
- The Council concurs with moving project, **S-123.26, Marlboro Meadows Community System** previously authorized under CB-15-2018, which has now been completed and will incur no additional costs, to the Projects Pending Closeout List for the FY 2019 CIP.

D. All Other Projects

- The Council concurs with all projects as proposed in WSSC FY 2019 - 2024 Capital Improvements Program, including the mid-cycle update changes transmitted on February 21, 2018.

MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

We recommend approval of the agency-wide collective bargaining and compensation policies for FY 2019, namely: (a) adjustments required under the Commission's ratified agreement with the Fraternal Order of Police Lodge #30; and (b) the adjustments for other Merit System employees in the amounts required under a confidential agreement with MCGEO that is pending final ratification and also take into account the comparable

adjustments for similar employees of both counties and do not exceed the amounts proposed in the Commission's FY 2019 proposed budget (\$2.1 million for Montgomery County and \$2.7 million for Prince George's County).

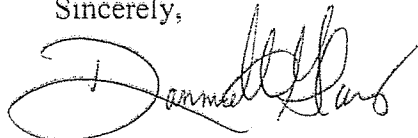
We also recommend approval of the proposed funding for Central Administrative Services as revised by the reductions proposed to meet Montgomery County's fiscal constraints, which also result in reductions to Prince George's County, as reflected in Attachment 1.

WASHINGTON SUBURBAN TRANSIT COMMISSION

The Council recommends the amount of \$122,053 to be appropriated for the Prince George's County portion of the Fiscal Year 2019 Washington Suburban Transit Commission budget.

Thank you for your consideration of the Prince George's County Council's recommendations. We look forward to our discussions at the Bi-County meeting on May 10, 2018. Please feel free to contact me at (301) 952-3060.

Sincerely,

A handwritten signature in black ink, appearing to read "Dannielle M. Glaros", written over a large, stylized circular flourish.

Dannielle M. Glaros
Chair

CIO/CWIT Initiatives

The budget amounts shown below are the total budgets for these initiatives, followed by the split between counties. Budgeted in an internal service fund, the CIO/CWIT initiatives are funded pro rata from each of the using departments/funds, which, of course, includes PGC departments.

Commission Intranet upgrade Budget: \$150,000 (\$88,400 PGC / \$61,500 MC)

Upgrade of existing Intranet (InSite) to a new supported platform. Additionally, the upgrade will allow access to content outside of our network in a secure manner. The addition of features such as Tutorials and step by step guides, Commission News, employee profiles; and allow access from outside the network as an Extranet.

Impact: This initiative is key to upgrade the current platform to a more effective one to provide access to policies, procedures, forms, Commission News, and access to shared documents and information delivery.

Enterprise Content Management (ECM) Feasibility & Requirements Study Budget: \$150,000 (\$88,400 PGC / \$61,500 MC)

An Enterprise Content Management (ECM) solution will help the Commission to organize, manage and distribute documents, images, departmental specific information. The project involves conducting a thorough needs assessment and for the Project team to establish a comprehensive inventory of requirements and identify a solution that will store, track, edit, and collaborate on content creation and other information related projects, while maintaining appropriate security levels. The solution will also streamline the life-cycle of information and automate various business processes using embedded workflows. ECM Key Features: Regulatory Compliance, Access Controls, Document Capture, Archiving & Retention, Document and Content Management, Document Security, Business Process Automation, E-Forms, Electronic Signature, Disaster Recovery.

Impact: ECM solution will enable the Commission to transform from paper to digital focused organization and will establish the platform to comply with State document classification and retention regulations.

Consulting Services Budget: \$60,000 (\$34,821 PGC / \$25,179 MC)

This is intended to increase the funding for the consulting services to be able to conduct specific studies and assessment. It will also allow the flexibility for the CIO to facilitate presentations from independent consultants before IT Council and Department Heads. Additionally, the Implementation of the IT Governance that is currently underway and is at the point where expert validation and compliance to industry standards will require the capability of external consulting IT firms

Impact: Consulting Services provides, in most cases, a vital independent evaluation of IT initiatives

Commission-Wide Training Budget: \$90,000 (\$52,233 PGC / \$37,770 MC)

This fund will provide training to MNCPPC IT professional in Enterprise IT technology discipline that is normally not recognized or performed at the department level. New training in networking and security disciplines will arise as requirements to realize Enterprise Infrastructure strengthening.

Office Supplies Budget: \$15,000 (\$8,705 PGC / \$6,294 MC)

The OCIO Staff grew to 5 full time employees which requires additional operations related supplies

Impact: OCIO staff will need to strictly control supply related expenditures

Annual Commission Wide IT Security Assessment Budget: \$135,000 (\$67,700 PGC / \$67,600 MC)

Annual penetration testing and vulnerability risk assessment by external vendor. This Includes verifying fixes to vulnerabilities resulting from previous assessments and identify any new threats or vulnerabilities.

Benefits: Continuous improvement of the Commission's security posture; Minimize risk of hacking threats and vulnerabilities

Impact: Considering the progress of the current assessment, we can embark on most pressing recommendations and defer other recommendations to FY20. Therefore, the request can be reduced from \$135,000 to \$80,000.

Enterprise Service Bus (ESB) Architecture Budget: \$150,000 (\$88,400 PGC / \$61,500 MC)

Enterprise Service Bus infrastructure (ESB) addresses several corresponding needs for robust, cost efficient information management solutions:

ESB provides a streamlined data integration and transformation solution between Commission applications. Current application total is 264, MC side has 106, PG side has 52, and CAS has 106 applications.

Considering the ESB complexity the roll out will be done over multiple years. I recommend that we fund a project to carry out a detailed study of how an Enterprise ESB will be deployed within the Commission.

Impact: ESB can be delayed without any noticeable impact while we mature our current Applications and systems.