

PRINCE GEORGE'S COUNTY COUNCIL

COMMITTEE REPORT

2022 Legislative Session

Reference No.: CR-124-2022

Draft No.: 1

Committee: Committee of the Whole

Date: 10/24/2022

Action: FAV

REPORT:

Committee Vote: Favorable, 9-0 (In favor: Council Members Hawkins, Burroughs, Medlock, Dernoga, Franklin, Glaros, Harrison, Ivey, and Taveras)

The Committee convened on October 24, 2022, to consider the establishment of spending control limits for the Fiscal Year 2024 Operating and Capital Budgets of the Washington Suburban Sanitary Commission (WSSC). The Spending Affordability Working Group, consisting of staffs from the Montgomery and Prince George's County Councils and both County Executive's offices, met with WSSC staff on September 14th and September 28th to specifically discuss the establishment of spending control limits that can be endorsed by both Counties. The goal of the Spending Affordability process is for the Prince George's and Montgomery County Councils to jointly set certain budgetary limits by November 1st of each year. These limits provide direction to WSSC for the formulation of the Commission's proposed budget. Both Councils reviewed the information compiled by the staff relating to spending control limits on: the percentage of water and sewer rate increase, new debt, debt service and total water & sewer operating expenditures.

Lavinia Baxter, Office of Audits & Investigations, provided a detailed overview of the Fiscal Year 2024 Spending Control Limits. Ms. Baxter explained the various scenarios presented by WSSC and additional scenarios requested by the Working Group. WSSC's proposed based case scenario consisted of an 8% rate increase for FY2024. After requests from the Working Group, the Commission also presented two forecasts at the 7% level (scenarios 1 and 2) and one forecast at the 6% level (scenario 3) as well. After review of these scenarios, staff recommended spending control limits of 7% corresponding with scenario 1.

The differences between the 7% scenarios 1 and 2 are reflected in the projected increases in FY 25, which are for informational purposes only, as the Spending Affordability Guidelines apply to the upcoming fiscal year only (FY 2024 in this case). The staff report indicates that the 7% scenario will require \$8.2 million in unspecified reductions to WSSC's Operating Budget, without any impact on any Prince George's County projects in the currently approved WSSC CIP. The Prince George's County Executive (through a letter from CAO Jackson dated 10/22/22) indicated that an 8% spending limit appears reasonable. Mr. Battle reported that the Montgomery County Council T&E Committee recommended 7% (scenario 2) at their 10/24/22 meeting, and the Montgomery Council is scheduled to take final action on spending limits on

After discussion and review of the staff report, the Committee voted to recommend the following spending control limits for WSSC for FY2024 to the full Council:

Maximum Average Rate Increase: 7.0%
New Water and Sewer Debt: \$379,960,000
Water and Sewer Debt Service: \$328,467,000
Total Water and Sewer Operating Expense: \$915,245,000

At the conclusion of the discussion, the Committee voted favorably on the above Spending Control Limits for FY 2024 by a vote of 9-0.