

MEMORANDUM

May 12, 2010

TO: Montgomery County Council
Prince George's County Council

FROM: Stephen B. Farber, Montgomery County Council Staff Director
Craig Price, Prince George's County Council Administrator

SUBJECT: Bi-County Meeting Issues for FY 2011

Our joint staff recommendations for the May 13 Bi-County Meeting are as follows:

1. WSTC Budget

We recommend approval of the amounts proposed for Montgomery County (\$103,870) and Prince George's County (\$81,360).

2. Bi-County Central Administrative Services (CAS) Budget (M-NCPPC)

We recommend a \$1,590,750 reduction in funding for the Montgomery County portion of CAS and a \$1,475,750 reduction for the Prince George's County portion, for a total bi-County reduction of \$3,066,500. We further recommend no COLA or merit increases unless they are part of a negotiated and ratified collective bargaining agreement.

The Montgomery County Council, after reviewing the report on CAS prepared by a study team consisting of Montgomery and Prince George's County Council staff, supported its recommendations and suggested that the two Councils should receive periodic updates on CAS's efforts to implement the recommendations. The Prince George's County Council took no action on the report. Our joint staff recommendation is to support the Montgomery County Council's action.

3. WSSC Budget and Capital Program

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

The letters on these issues from President Floreen and Chairman Dernoga (without attachments) are on ©4-8.

**WSSC FY'11 PROPOSED BUDGET
COUNTY COUNCIL RECOMMENDATIONS**

MONTGOMERY COUNTY COUNCIL	PRINCE GEORGE'S COUNTY COUNCIL	JOINT STAFF RECOMMENDATIONS
Supports an 8.5% rate increase.	Supports an 8.5% rate increase.	Adopt both Councils' actions.
Concurs with increasing the water and sewer operating reserve by \$1.5 million in FY'11.	Concurs with increasing the water and sewer operating reserve by \$1.5 million in FY'11.	Adopt both Councils' actions.
Supports WSSC's proposal of no COLAs and no pay incentives for FY'11.	Supports WSSC's proposal of no COLAs and no pay incentives for FY'11.	Adopt both Councils' actions.
Concurs with the proposal to eliminate merit increases for most employees for FY'11.	Concurs with the proposal to eliminate merit increases for most employees for FY'11.	Adopt both Councils' actions.
Concurs with the proposed water production estimate of 170.0 MGD.	Concurs with the proposed water production estimate of 170.0 MGD.	Adopt both Councils' actions.
Concurs with the proposed level of 1,632 authorized workyears.	Concurs with the proposed level of 1,632 authorized workyears.	Adopt both Councils' actions.
Concurs with the proposal to eliminate the high bill adjustment program for customers.	Concurs with the proposal to eliminate the high bill adjustment program for customers.	Adopt both Councils' actions.
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.



**WSSC FISCAL YEARS 2011-2016 CIP
COUNTY COUNCIL RECOMMENDATIONS**

CIP PROJECTS – ADDITIONS & CHANGES

<i>PROJECT NAME</i>	<i>MONTGOMERY COUNTY COUNCIL</i>	<i>PRINCE GEORGE'S COUNTY COUNCIL</i>	<i>JOINT STAFF RECOMMENDATIONS</i>
<p>S-22.06, Blue Plains WWTP: Liquid Train Projects, Part 2</p> <p>S-22.07, Blue Plains WWTP: Biosolids Management, Part 2</p> <p>S-22.08, Blue Plains WWTP: Biological Nutrient Removal</p> <p>S-22.09, Blue Plains WWTP: Plant-wide Projects</p> <p>S-22.10, Blue Plains WWTP: Enhanced Nutrient Removal</p> <p>S-22.11, Blue Plains: Pipelines & Appurtenances</p>	<p>Concurs with revising the Blue Plains PDF amounts based on updated D.C. Water and Sewer Authority (DCWASA) budget information, consistent with the FY'11 Capital & Operating Budget as detailed in the Mid-Cycle Update changes dated January 20, 2010.</p>	<p>Concurs with revising the Blue Plains PDF amounts based on updated D.C. Water and Sewer Authority (DCWASA) budget information, consistent with the FY'11 Capital & Operating Budget as detailed in the Mid-Cycle Update changes dated January 20, 2010.</p>	<p>Adopt both Councils' actions.</p>
<p>S-170.09, Trunk Sewer Reconstruction Program</p>	<p>Concurs with deferring some work from FY'11 to later years, consistent with the FY'11 Capital & Operating Budget as detailed in the Mid-Cycle Update changes dated January 20, 2010.</p>	<p>Concurs with deferring some work from FY'11 to later years, consistent with the FY'11 Capital & Operating Budget as detailed in the Mid-Cycle Update changes dated January 20, 2010.</p>	<p>Adopt both Councils' actions.</p>

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MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

OFFICE OF THE COUNCIL PRESIDENT

May 11, 2010

The Honorable Thomas E. Dernoga
Chairman, Prince George's County Council
County Administration Building
Upper Marlboro, Maryland 20772

Dear Chairman Dernoga: *Tom*

I am pleased to send you the Montgomery County Council's recommendations on the FY11 Operating Budget and FY2011-2016 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 FY11 WSSC Operating Budget as proposed by WSSC on March 1. Some of the highlights of the WSSC request include:

- 8.5% average rate increase – *This increase falls between the rate increases recommended by the Montgomery County Council (9.9%) and the Prince George's County Council (8.0%) as part of last fall's spending control limits process.*
- Employee Compensation: No COLAs, incentive pay, or bonuses for IT contract staff. Flexible worker pay and limited merit increases included for FY11.
- Including \$5.3 million for 15 miles of large diameter PCCP water main inspection and acoustic fiber optic monitoring. *This program is a high priority of the Council. The FY11 proposed program represents a continued strong commitment to this effort.*
- Funding 36 miles of water main reconstruction (up from 31 miles in FY10). *A bi-county working group has been reassembled by the WSSC General Manager to look at long-term solutions to WSSC's infrastructure needs in this and other key areas.*
- Using \$1.681 million from fund balance to fund the third year of a five-year \$35.7 million EAM/ERP initiative.
- A number of cost reductions (as described in WSSC's Operating Budget transmittal).

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Thomas E. Dernoga

May 11, 2010

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WSSC Capital Program

We recommend approval of WSSC's FY2011-2016 Capital Improvements Program with the changes later proposed by WSSC on January 20, 2010 in its "midcycle" update. This update revises WSSC's Blue Plains Wastewater Treatment projects based on more recent budget information available from the District of Columbia Water and Sewer Authority and also adjusts the expenditure schedule of the new "Trunk Sewer Reconstruction" project to reflect a more realistic project schedule in recognition of the complications and associated delays in obtaining the required environmental permits. The revised project description forms from the midcycle update are attached.

Bi-County Portion of the M-NCPPC Budget

We recommend a \$1,590,750 reduction in funding for the Montgomery County portion of Central Administrative Services (CAS), which would require a corresponding Prince George's County reduction of \$1,475,750, for a total bi-County reduction of \$3,066,500. In response to the County Executive's recommended \$5.96 million reduction in the M-NCPPC Administration Fund, the Planning Board recommended allocating this reduction equally among Administration Fund departments.

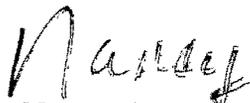
We also endorse the recommendations in the report on CAS prepared by a study team consisting of Montgomery and Prince George's County Council staff. As recommended in the report, the two Councils should receive periodic updates on CAS's efforts to implement the report recommendations.

Washington Suburban Transit Commission

We recommend approval of \$103,870 as Montgomery County's estimated share of the WSTC budget.

We look forward to meeting with the Prince George's County Council on May 13 to review and act on these issues.

Sincerely,



Nancy Floreen
Council President

Attachments



THE PRINCE GEORGE'S COUNTY GOVERNMENT

(301) 952-3700

County Council

MAY 11 2010

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

Dear President Floreen:

The Prince George's County Council has reviewed the FY'11 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 water and sewer rates by 8.5% for FY 11.
- Approve the Commission's water production estimate of 170 million gallons per day in FY'11.
- Approve the Commission's proposed billing factor of \$7.72 per 1,000 gallons of water used.
- Approve the Commission's proposed level of authorized work-years at 1632.
- The Council concurs with no COLAs, Merits or Pay Incentives for FY 2011.
- Approve Commission's proposal to increase the water and sewer operating reserve by \$1.5 million.
- Approve Commission's proposed \$26.5 million for Health Care Costs.
- Approve the Operating Budget of \$605.6 million.

County Administration Building — Upper Marlboro, Maryland 20772

WSSC Capital Budget:

The Council recommends WSSC's six-year Capital Improvement Program totaling \$1.9 billion, with an FY'11 Budget Year total of \$333 million, a \$118.5 million increase from WSSC's FY'10 Approved Budget. Specifically, the Council endorses the following recommendations to the WSSC FY 2011-2016 Capital Improvement Program:

System Development Charge

- The Council concurs with WSSC's recommendations to maintain the SDC combined rate at \$203 per fixture. The Council also approved the Commission's proposal to increase to \$262 per fixture the maximum allowable ceiling for the SDC based on the Consumer Price Index (2.1%) for the preceding 12 months to preserve the option of maximizing the fee's yield in future years.

Capital Support Programs (in thousands)

Engineering Support Program	\$12,400
CIP & Allocated Costs	\$313,402
General Construction	\$2,880
Other Capital Projects	\$31,988
Allocated Costs and Capitalized Interest	\$100K
System Reconstruction Program	\$133,930

Other Capital Support Programs (in thousands)

The Council recommends the Other Capital Support Programs as submitted by WSSC in the amount of \$31.9 million, specifically as follows:

Energy Performance Program	\$6,252
Anaerobic Digestion/Combined Heat & Power	\$1,419
Water Storage Rehabilitation	\$4,000
Utility Master Plan	\$924K
Pressure Reducing Valve Rehabilitation	\$3,630
New House Connections	\$ 2,450
Relocations	\$ 5,975
Water Meters	\$ 2,272
Basic Ordering Agreements	\$4,746
Entrepreneurial Projects	\$ 320K

New CIP Projects

- The Council recommends WSSC's ten (10) new proposed projects in the FY'11 CIP for a total cost of \$601 million over the six-year program period.
- Of the ten (10) projects, four (4) are in Prince George's County: Prince Georges County HG415 Zone Water Main, Landover Mall Redevelopment, Preserves of Piscataway WWPS and Preserves of Piscataway WWPS Force Main.

CIP Revisions

The changes included in the update increased the Blue Plains WWTP projects based upon revised information from DCWASA and deferred some costs in the new Trunk Sewer Reconstruction Program due to anticipated permitting delays. The changes were required to align the CIP with the capital program incorporated in the FY2011 Proposed Budget.

The Council concurs with all other projects as proposed in WSSC' FY 2011-2016 Capital Improvement Program.

MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

We recommend a \$1,165,725 million reduction in the Commission's proposed FY2011 budget for the Central Administrative Services (CAS) Departments. While the Council has identified expenditure reductions in an attachment to this letter, in a departure from past practice with regard to the CAS budget only, we recommend that the Commission work with the appropriate managers to identify the appropriate means to achieve these expenditure reductions which total \$1,165,725 million for the Prince George's portion of the FY2011 CAS budget.

In addition, for the remainder of the Commission's Departments, we are also recommending no merits and COLAs for these Departments, unless these salary enhancements are for existing ratified bargaining group's contracts. (See detail provided on page 3 of **Attachment B.**)

WASHINGTON SUBURBAN TRANSIT COMMISSION

The Council recommends the amount of \$81,360 be appropriated for the Prince George's County portion of the Fiscal Year 2011 Washington Suburban Transit Commission budget.

Sincerely,

Thomas E. Demoga
Chairman

