

**MEMORANDUM**

May 10, 2012

TO: Prince George's County Council  
Montgomery County Council

FROM: Robert J. Williams, Jr., Prince George's County Council Administrator  
Stephen B. Farber, Montgomery County Council Staff Director

SUBJECT: Bi-County Meeting Issues for FY 2013

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 ©1-5.

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

We recommend approval of the CAS budget as proposed and authorization of adjustment for the CAS share of the compensation and benefit restructuring funds budgeted in the non-departmental accounts. With regard to compensation and benefit adjustments in FY 2013, we support the following approach: Within the total dollars proposed by the Commission for compensation and benefits, provide one-time lump-sum pay increases only, except for negotiated longevity increases, and increase employee contributions for group insurance and retirement benefits and/or restructure these benefits. This approach is consistent with the two Councils' agreement on the joint staff recommendation at the May 12, 2011 bi-county meeting: "that the Commission explore making changes to its group insurance and retirement benefits that are comparable to the two counties' changes." We also recommend that the Commission continue to pursue financially sustainable compensation policies.

**3. WSTC Budget**

We recommend approval of the amounts proposed for Montgomery County (\$104,780) and Prince George's County (\$83,380).

The letters on these issues from President Berliner and Chair Harrison are on ©6-11.

**4. Other Issues**

We recommend that the Councils discuss substantive topics regarding WSSC and M-NCPPC that they mutually believe warrant further review and consider the best way to pursue those topics.

**WSSC FY'13 PROPOSED BUDGET  
COUNTY COUNCIL RECOMMENDATIONS**

<b><i>MONTGOMERY COUNTY COUNCIL</i></b>	<b><i>PRINCE GEORGE'S COUNTY COUNCIL</i></b>	<b><i>JOINT STAFF RECOMMENDATIONS</i></b>
Supports a 7.5% rate increase.	Supports a 7.5% rate increase.	Adopt both Councils' actions.
Concurs with increasing the water and sewer operating reserve by \$10.2 million in FY'13.	Concurs with increasing the water and sewer operating reserve by \$10.2 million in FY'13.	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.
Recommends removal of COLAs and merit increases for represented and non-represented employees. Recommends a one-time \$2,000 bonus for all full-time employees (pro-rated for part-time employees) not to affect the employees' base pay.	Supports WSSC's proposal of COLAs and merit increases for represented employees and recommends removal of COLAs and merit increases for non-represented employees. Recommends a one-time \$2,000 bonus for non-represented full-time employees (pro-rated for part-time employees) not to affect the employees' base pay.	Agree to disagree.
Concurs with the proposed level of 1,693 authorized workyears.	Concurs with the proposed level of 1,693 authorized workyears.	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.
Recommends increasing debt service by \$670,400 to accommodate revised DCWater costs for Blue Plains.	Recommends increasing debt service by \$670,400 to align operating budget with latest CIP assumptions.	Adopt both Councils' actions.
Recommends use of \$282,200 of fund balance to cover rate-supported impact of above actions.	Recommends use of \$136,400 of fund balance to cover rate-supported impact of above actions.	Recommends use of \$670,400 of fund balance to cover rate-supported impact of above actions.

**WSSC FY'13 PROPOSED BUDGET  
COUNTY COUNCIL RECOMMENDATIONS**

<b><i>MONTGOMERY COUNTY COUNCIL</i></b>	<b><i>PRINCE GEORGE'S COUNTY COUNCIL</i></b>	<b><i>JOINT STAFF RECOMMENDATIONS</i></b>
No action.	<p>The Triadelphia and Rocky Gorge Watershed Study, Phase 1 shall be concluded by October 31, 2012. WSSC shall publish rules for public access and recreational uses, including horse-back riding, boating, hunting and fishing. Public access that is more restrictive than those policies in effect prior to WSSC's 2011 changes should be supported by science and or industry best practices. Phase 2 of the Study shall not proceed without briefings to Montgomery and Prince Georges County Council on the results of Phase 1. The total budget of this study shall not exceed \$225,000.</p>	Adopt Prince George's Council action.

**WSSC FY'13 PROPOSED BUDGET  
COUNTY 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
<b>REVENUES</b>								
PROPOSED REVENUE	\$ 1,466,290,000	\$ 581,895,000	\$ 1,466,290,000	\$ 581,895,000	\$ 1,466,290,000	\$ 581,895,000	\$ 1,466,290,000	\$ 581,895,000
Water and Sewer Revenue		502,848,000						
Use of Fund Balance		17,858,000	282,200	282,200	136,400	136,400	670,400	670,400
Bonds Issued and Cash on Hand	566,289,000	-	9,805,500	-	9,755,600	-	9,859,000	-
Anticipated Contributions	230,573,000		(18,716,000)		(19,398,000)		(18,716,000)	
REVISED REVENUE		581,895,000	1,457,661,700	582,177,200	1,456,784,000	582,031,400	1,458,103,400	582,565,400
<b>EXPENDITURES</b>								
PROPOSED EXPENDITURES	1,457,925,000	619,608,000	1,457,925,000	619,608,000	1,457,925,000	619,608,000	1,457,925,000	619,608,000
Removal of COLA & merits for all employees			(3,792,200)	(3,083,100)	-	-	-	-
Removal of FICA on COLA & merits for all employees			(274,900)	(223,500)	-	-	-	-
Removal of COLA & merits for non-represented employees			-	-	(2,972,400)	(2,416,600)	-	-
Removal of FICA on COLA & merits for all non-represented employees			-	-	(215,500)	(175,200)	-	-
\$2,000 Bonuses for all employees			3,379,100	2,721,100	-	-	-	-
\$2,000 Bonuses for all non-represented employees					2,381,100	1,918,700		
FICA on Bonuses			245,000	197,300	172,600	139,100	-	-
Increase debt service for revised Blue Plains costs			670,400	670,400	670,400	670,400	670,400	670,400
Blue Plains WWTP: Liquid Train Proj., Part 2			1,655,000	-	1,655,000	-	1,655,000	-
Blue Plains WWTP: Biosolids Mgmt., Part 2			(800,000)	-	(800,000)	-	(800,000)	-
Blue Plains WWTP: BNR			(1,335,000)	-	(1,335,000)	-	(1,335,000)	-
Blue Plains WWTP: Plant-wide Projects			2,365,000	-	2,365,000	-	2,365,000	-
Blue Plains WWTP: ENR			(11,018,000)	-	(11,018,000)	-	(11,018,000)	-
Blue Plains: Pipelines & Appurtenances			(406,000)	-	(406,000)	-	(406,000)	-
Mid-Pike Plaza Sewer Main, Phase I			682,000	-	-	-	682,000	-
REVISED BUDGET	<u>\$ 1,457,925,000</u>	<u>\$ 619,608,000</u>	<u>\$ 1,449,295,400</u>	<u>\$ 619,890,200</u>	<u>\$ 1,448,422,200</u>	<u>\$ 619,744,400</u>	<u>\$ 1,449,738,400</u>	<u>\$ 620,278,400</u>
DIFFERENCE		\$ 37,713,000		\$ 37,713,000		\$ 37,713,000		\$ 37,713,000
<b>RATE INCREASE</b>								
Water/Sewer Rate Increase		7.5%		7.5%		7.5%		7.5%

Note:

**WSSC FISCAL YEARS 2013-2018 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 &amp; Appurtenances</p>	<p>Recommends revising the Blue Plains project amounts based on updated budget information from DC Water.</p>	<p>Recommends revising the Blue Plains project amounts based on updated budget information from DC Water.</p>	<p>Adopt both Councils' actions.</p>
<p>S-25.04, Mid-Pike Plaza Sewer Main, Phase 1</p>	<p>Recommends including this project at an estimated total cost of \$1,488,000. As this project is 100% growth-related, no WSSC rate-supported debt will be required. This developer-funded project provides for the planning, design and construction of 1900 feet of 21-inch diameter sewer main. Estimated FY'13 cost will be \$682,000.</p>	<p>No action taken.</p>	<p>Adopt Montgomery Council action.</p>

5

**WSSC FISCAL YEARS 2013-2018 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>
W-172.07, Patuxent Raw Water Pipeline	No action taken.	Recommends including additional text to clarify WSSC's paving responsibilities as follows: As with any construction project, areas disturbed by construction will be restored. This restoration includes paving of impacted roads in accordance with Prince George's County Policy and Specifications for Utility installation and maintenance Manual (Section 4.7.2).	Adopt Prince George's Council action.



MONTGOMERY COUNTY COUNCIL  
ROCKVILLE, MARYLAND

OFFICE OF THE COUNCIL PRESIDENT

May 7, 2012

The Honorable Andrea Harrison  
Chair, Prince George's County Council  
County Administration Building  
Upper Marlboro, Maryland 20772

Dear Chair Harrison:

I am pleased to send you the Montgomery County Council's recommendations on the FY2013 Operating Budget and FY2013-2018 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 FY2013 WSSC Operating Budget with the following changes to the budget proposed by WSSC on March 1:

- Replace WSSC's proposed 2% COLA and merit increases with a one-time \$2,000 lump-sum payment for each full-time employee, with a pro-rated amount for part-time employees. This change is estimated to reduce WSSC's costs in FY13 by \$389,530, of which \$388,200 involves water and sewer (rate-supported) operating expenses. This recommendation is consistent with the Montgomery County Executive's agreements with the three County unions.
- Increase debt service in the FY13 WSSC Operating Budget by \$670,400 to accommodate revised DCWater costs for Blue Plains Wastewater Treatment Plant joint projects, consistent with our Council's recommended actions on WSSC's FY13-18 Capital Improvements Program.
- Utilize excess fund balance to address the budget impact (+\$282,200) of the above actions, in order to keep the average water and sewer rate increase at WSSC's proposed level of 7.5 percent.

We concur with WSSC with regard to maintaining System Development Charge rates for FY13 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 allowed for under State law.

6

### **WSSC Capital Program**

We recommend approval of WSSC's FY2013-2018 Capital Improvements Program (CIP) with the following changes to the CIP proposed by WSSC on September 26, 2011:

- Revise the Blue Plains Wastewater Treatment Plant projects based on updated DC Water budget information. Revised project description forms for each of these projects are attached.
- Include a new Montgomery County Sewer project, Mid-Pike Plaza Sewer Main Phase I, to the WSSC CIP. This developer-funded project (with no rate-payer impact) was approved as an amendment to the FY12-17 WSSC CIP on February 7, 2012. An FY13-18 project description form for this project is attached.

### **Bi-County Portion of the M-NCPPC Budget**

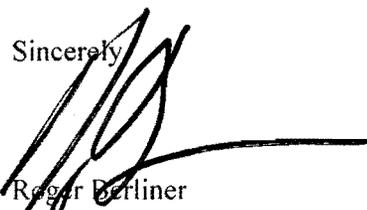
We recommend approval of the Montgomery County portion of Central Administrative Services (CAS) as proposed. With regard to compensation and benefit adjustments in FY2013, we support the following approach: Within the total dollars proposed by the Commission for compensation and benefits, provide one-time lump-sum pay increases only, except for negotiated longevity increases, and increase employee contributions for group insurance and retirement benefits and/or restructure these benefits. This approach is consistent with the two Councils' agreement on the joint staff recommendation at the May 12, 2011 bi-county meeting: "that the Commission explore making changes to its group insurance and retirement benefits that are comparable to the two counties' changes." We also recommend that the Commission continue to pursue financially sustainable compensation policies.

### **Washington Suburban Transit Commission**

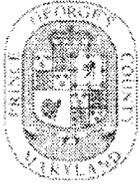
We recommend approval of \$104,280 as Montgomery County's estimated share of the WSTC budget.

### **Other Issues**

We would like to pursue with you some substantive issues regarding WSSC and M-NCPPC, such as the status of WSSC infrastructure financing and questions regarding Central Administrative Services and Commission audits, and to learn of substantive issues that you may wish to pursue. We suggest a discussion in which the two Councils identify topics of mutual interest and consider the best way to follow up. We look forward to seeing you on May 10.

Sincerely  
  
Roger Berliner  
Council President

Attachments



# THE PRINCE GEORGE'S COUNTY GOVERNMENT

ANDREA C. HARRISON, Chair  
Council Member - District 5

MAY 8 2012

The Honorable Roger Berliner, President  
Montgomery County Council  
100 Maryland Avenue, 6<sup>th</sup> Floor  
Rockville, MD 20850

Dear President Berliner:

The Prince George's County Council has reviewed the FY'13 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:**

We are proposing some amendments to the WSSC operating budget. Listed below is a summary of recommended actions taken by the Council:

- Increase water and sewer rates by 7.5% for FY 13.
- Approve the Commission's water production estimate of 170 million gallons per day in FY'13.
- Approve the Commission's proposed billing factor of \$8.71 per 1,000 gallons of water used.
- Approve the Commission's proposed level of authorized work-years at 1693.
- Increase debt service costs by \$670,400 to align the Operating Budget with the latest CIP assumptions.
- Support the continuation of the new MBE program and the upward trend of MBE awards.

County Administration Building  
14741 Governor Oden Bowie Drive – Upper Marlboro, Maryland 20772  
Phone: 301-952-3864 Fax: 301-952-5885

8

- The Triadelphia and Rocky Gorge Watershed Study, Phase 1, shall be concluded by October 31<sup>st</sup>, 2012. Upon completion of Phase 1 of the Study:
  - a. WSSC shall publish rules for public access and recreational uses, including horse-back riding, boating, hunting and fishing.
  - b. Public access that is more restrictive than ~~pre-study policies~~ those policies in effect prior to WSSC's 2011 changes should be supported by the science and industry best practices.
  - c. Phase 2 of the Study shall not proceed without briefings to Montgomery and Prince Georges County Council on the results of Phase I.
  - d. The total budget of this study shall not exceed \$225,000.
  
- The Council supports the following actions in reference to COLAs and Merits for FY 2013:
  - a. Support Merits and COLAs for represented employees
  - b. Eliminate Merits and COLAs for unrepresented employees to be replaced with a one-time bonus of \$2,000.00, for full-time employees, prorated for part-time employees, not to permanently affect the employees' salary base. (estimated savings of \$534,000)
  
- Approve Commission's proposal to increase the water and sewer operating reserve by \$10.2 million.
  
- Approve Commission's proposed \$29.1 million for Health Care Costs.
  
- Approve the Operating Budget of \$661.1 million.
  
- Utilize excess fund balance to address the budgetary impact (+\$136,400) of the above actions to keep the rate increase at 7.5%.

**WSSC Capital Budget:**

The Council recommends WSSC's six-year Capital Improvements Program totaling \$1.7 billion, with an FY'13 Budget Year total of \$564 million, a \$143 million increase from WSSC's FY'12 Approved Budget. Specifically, the Council endorses the following recommendations to the WSSC FY 2013-2018 Capital Improvement Program:

***A. 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 \$275 per fixture the maximum allowable ceiling for the SDC based on the Consumer Price Index (3.6%) for the preceding 12 months to preserve the option of maximizing the fee's yield in future years.

***B. Capital Program Categories (in thousands)***

System Reconstruction Programs	\$213,839
Engineering Support Program	10,000
General Construction - Local Lines	2,424
Other Capital Projects	25,285
Capitalized Interest	100

***C. New CIP Projects***

- The Council recommends WSSC's five (5) new proposed projects in the FY'13 CIP for a total cost of \$17 million over the six-year program period.
- Of the five (5) projects, four (4) are in Prince George's County: Clinton Zone Water Storage Facility, Prince George's High Zone Storage Facilities, Prince George's 450A Zone Water Main and Fort Washington Forest No.1 WWPS Augmentation.

***D. CIP Revisions***

- The changes included in the update decreased the total Blue Plains WWTP projects, but increased FY'13 estimates, based upon revised information from DC Water and included additional text in the Patuxent Raw Water Pipeline project to clarify WSSC's paving responsibilities.
- Update the Patuxent Raw Water Pipeline project to include text that clarifies WSSC's paving responsibilities that all areas disturbed by construction will be restored in accordance with the Prince George's County Policy and Specifications for Utility installation and maintenance Manual (Section 4.7.2).

***E. All Other Projects***

- The Council concurs with all other projects as proposed in WSSC' FY 2013-2018 Capital Improvements Program.

**MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION**

We recommend approval of the Prince George's County portion of Central Administrative Services (CAS) as proposed. With regard to compensation and benefit adjustments in FY 2013, we support the following approach: Within the total dollars proposed by the Commission for compensation and benefits, provide one-time lump-sum pay increases only, except for negotiated longevity increases, and increase employee contributions for group insurance and retirement benefits and/or restructure these benefits. This approach is consistent with the two Councils' agreement on the joint staff recommendation at the May 12, 2011 bi-county meeting: "that the Commission explore making changes to its group insurance and retirement benefits that are comparable to the two counties' changes." We also recommend that the Commission continue to pursue financially sustainable compensation policies.

**WASHINGTON SUBURBAN TRANSIT COMMISSION**

The Council recommends the amount of \$83,380 be appropriated for the Prince George's County portion of the Fiscal Year 2013 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 and meetings at the Bi-County meeting on May 10<sup>th</sup>. Please feel free to contact me at 301-952-3864.

Sincerely,



Andrea C. Harrison  
Chair