
Washington Suburban Sanitary Commission

MISSION STATEMENT

The Washington Suburban Sanitary Commission (WSSC) is a bi-county governmental agency established in 1918 by an act of the Maryland General Assembly. It is charged with the responsibility of providing water and sanitary sewer service within the Washington Suburban Sanitary District, which includes most of Montgomery and Prince George's counties. In Montgomery County, the Town of Poolesville and portions of the City of Rockville are outside of the District.

WSSC'S PROPOSED BUDGET

WSSC's proposed budget is not detailed in this document. The Commission's budget can be obtained from WSSC's Budget Group at the WSSC Headquarters Building, 14501 Sweitzer Lane, Laurel, Maryland 20707 (phone 301.206.8110) or from their website at www.wsscwater.com.

Prior to January 15 of each year, the Commission prepares preliminary proposed capital and operating budgets for the next fiscal year. On or before February 15, the Commission conducts public hearings in both counties. WSSC then prepares and submits the proposed capital and operating budgets to the County Executives of Montgomery and Prince George's counties by March 1.

By March 15 of each year, the County Executives of Montgomery and Prince George's counties are required by law to transmit the proposed budgets, recommendations on the proposed budgets, and the record of the public hearings held by WSSC to their respective County Councils.

Each County Council may hold public hearings on WSSC's proposed operating and capital budgets, but no earlier than 21 days after receipt from the County Executive. Each County Council may add to, delete from, increase, or decrease any item in either budget. Additionally, each Council is required by law to transmit by May 15 any proposed changes to the other County Council for review and concurrence. The failure of both Councils to concur on changes constitutes approval of the item as originally proposed by WSSC. Should the Councils fail to approve the budgets on or before June 1 of each year, WSSC's proposed budgets are adopted.

ACCOMPLISHMENTS AND INITIATIVES

- ❖ ***Operate and maintain a system of 3 reservoirs impounding 14 billion gallons of water, 2 major water filtration plants, 7 wastewater treatment plants, 5,500 miles of water mains, and 5,400 miles of sewer mains 24 hours a day, 7 days a week.***
- ❖ ***Treat and deliver 170.0 million gallons of water per day to over 442,000 customer accounts, and treat 212.6 million gallons of wastewater per day in a manner that meets or surpasses all Federal and State water and wastewater quality standards and permit requirements.***
- ❖ ***Continue to provide maintenance services at a level consistent with the objective of responding to the customer within 2 hours of receiving notice of a major problem and restoring service to the customer within 24 hours from the time a service interruption occurs.***
- ❖ ***Undertake a six-year Capital Improvement Plan that incorporates 7 new Montgomery County and Bi-County projects, including major new projects for reconstruction of trunk sewers and for rehabilitation of large diameter water mains.***
- ❖ ***Inspect, repair, and install acoustic fiber optic cable (an early warning system) for 15 miles of large diameter pre-stressed concrete cylinder pipe (PCCP) water mains. This program is especially important in view of the recent catastrophic failures of two large PCCP water mains in Montgomery County.***
- ❖ ***Continue to renew WSSC's underground infrastructure through the Water and Sewer Reconstruction Programs. In FY11, the Commission will reconstruct 36 miles of small water mains (5 more miles than in FY10) and rehabilitate 42 miles of sewers.***
- ❖ ***Comply with the Sanitary Sewer Overflow Consent Order.***

- ❖ **Fund the third year of the five-year program to implement an Enterprise Resource Planning/Enterprise Asset Management system.**
- ❖ **Fund the fourth year of the eight-year phase-in to achieve full funding for liabilities related to post-employment benefits other than retirement, based on Governmental Accounting Standards Board Statement No. 45, and continue to increase the operating reserve from 5% to 10% of water and sewer rate revenues.**
- ❖ **Fund the above activities and initiatives in conjunction with an 8.5% rate increase, consistent with the Spending Control Limit recommended by the County Executive and approved by the County Council.**

Spending Control Limits

The spending control limits process requires that the two counties set annual ceilings on WSSC's water and sewer rate increase and on debt (bonded indebtedness as well as debt service) and then adopt corresponding limits on the size of the capital and operating budgets. The two Councils must not approve capital and operating budgets in excess of the approved spending control limits unless a majority of each Council votes to approve them. If the two Councils cannot agree on expenditures above the spending control limits, they must approve budgets within these limits.

The Montgomery and Prince George's County Councils adopted different FY11 spending control limits for WSSC. The following table shows the FY11 spending control limits adopted by each of the Councils, compared to the spending control results projected under WSSC's Proposed Budget and the County Executive's Recommended Budget for WSSC. The Commission's Proposed Budget complies with three of the four spending control limits approved by Montgomery County but exceeds the limit on new water and sewer debt because of the need to incorporate increased expenditures for the six Blue Plains projects included in WSSC's January, 2010 mid-cycle update of its FY11-16 Capital Improvements Program.

FY11 Spending Control Limits Comparison				
SPENDING CONTROL LIMITS	Approved Spending Control Limits		Projected Levels Under:	
	Montgomery County	Prince George's County	WSSC Proposed Budget	County Executive Recommended Budget
Maximum Average Water/Sewer Rate Increase	9.9%	8.0%	8.5%	8.5%
New Debt (\$millions)*	\$273.3	\$273.3	\$290.6	\$290.6
Water and Sewer Debt Service (\$millions)	\$175.8	\$175.8	\$174.5	\$174.5
Total Water and Sewer Operating Expenses (\$millions)	\$549.2	\$536.1	\$544.4	\$544.4

*New debt includes a system completion factor of 80%, except for reconstruction bonds, where the completion factor is 100%.

FY11 COUNTY EXECUTIVE RECOMMENDATIONS

Capital Budget

The County Executive recommends approval of WSSC's proposed FY11 capital budget of \$494.7 million, including the Commission's mid-cycle update to its proposed FY11-16 CIP. WSSC's budget incorporates the County Executive's January 15, 2010 recommendation on WSSC's FY11-16 CIP for a \$35.65 million increase in the total estimated FY11 cost of the six Blue Plains Advanced Wastewater Treatment Plant projects to align them with the updated amounts shown in the District of Columbia Water and Sewer Authority's Proposed FY09-18 CIP.

WSSC's Proposed FY11 Capital Budget provides funds for reconstruction of 36 miles of small water mains and the rehabilitation of 42 miles of small sewers. The County Executive supports these critical efforts to renew WSSC's aging underground infrastructure.

Operating Budget

The County Executive recommends approval of WSSC's proposed FY11 operating budget of \$605.6 million, which reflects an 8.5% average increase in water and sewer rates. The budget provides for the inspection, repair, and fiber optic cabling of 15 miles of large diameter pre-stressed concrete cylinder pipe (PCCP) water mains, a key priority in view of the recent catastrophic failures of such pipes in Montgomery County.

FY11 fiscal projections for all funds and budgets are shown on the next page. Six-year projections for the Water and Sewer Operating Budget are not available at this time from WSSC.

Expenditures by Category - FY11 WSSC Proposed and Executive Recommended

(\$000s)

Expenditure Categories	WSSC Total	WSSC Total	WSSC Total	CE Capital	CE Operating	CE Total	% Chg. (CE Rec. vs. WSSC Proposed)
	Actual FY09	Approved FY10	Proposed FY11	Rec. FY11	Rec. FY11	Rec. FY1	
Salaries and Wages	107,124	113,043	116,825	21,705	95,120	116,825	0.0%
Heat, Light, & Power	26,315	28,422	27,819	--	27,819	27,819	0.0%
Regional Sewage Disposal	44,767	42,224	47,713	--	47,713	47,713	0.0%
Contract Work	88,197	191,561	262,884	262,884	--	262,884	0.0%
Consulting Engineers	29,151	42,652	62,049	62,049	--	62,049	0.0%
All Other	234,923	307,092	349,824	147,962	201,862	349,824	0.0%
Debt Service	<u>214,162</u>	<u>236,689</u>	<u>233,136</u>	<u>100</u>	<u>233,036</u>	<u>233,136</u>	0.0%
Total Budget	744,639	961,683	1,100,250	494,700	605,550	1,100,250	0.0%

Note: Expenditures include water and sewer operating funds, interest and sinking fund, and the three capital funds.

PROGRAM CONTACTS

Contact Sheila Cohen of the Washington Suburban Sanitary Commission at 301.206.8167 or John Greiner of the Office of Management and Budget at 240.777.2765 for more information regarding this agency's capital and operating budgets.

WSSC ORGANIZATION CHART

