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# 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 <http://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 three reservoirs impounding 14 billion gallons of water, two major water filtration plants, seven wastewater treatment plants, 5,500 miles of water mains, and 5,400 miles of sewer mains 24 hours a day, seven days a week.***
- ❖ ***Treat and deliver 170.0 million gallons of water per day to over 446,000 customer accounts, and treat 214.5 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 two 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 Program that includes one new Montgomery County sewerage project, one new bi-county water project, as well as funding for six major projects at the Blue Plains Advanced Wastewater Treatment Plant in the District of Columbia, the new Bi-County Water Tunnel, rehabilitation of large water and sewer mains, and other important water and wastewater projects.***
- ❖ ***Inspect, repair, and install acoustic fiber optic cable (an early warning system) for 12 miles of large diameter pre-stressed concrete cylinder pipe (PCCP) water mains. During FY13, WSSC will complete the inspection of all PCCP water mains 48 inches in diameter and larger, at which point the inspection cycle will begin again.***
- ❖ ***Begin to examine PCCP water mains smaller than 48 inches in diameter by inspecting 3.3 miles of 42 inch diameter PCCP mains using new robotic technology.***
- ❖ ***Continue to renew WSSC's underground infrastructure through the Water and Sewer Reconstruction Programs. In FY13, the Commission will reconstruct 46 miles of small water mains (five more miles than in FY12) and rehabilitate 55 miles of residential sewers (33 miles more than in FY12).***

- ❖ **Comply with the Sanitary Sewer Overflow Consent Decree.**
- ❖ **Fund the fifth year of implementing the Enterprise Resource Planning/Enterprise Asset Management system.**
- ❖ **Fund the sixth 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.**
- ❖ **Continue to increase the operating reserve toward the goal of having reserves equal to 10 percent of water and sewer rate revenues. (The reserve percentage will rise to 7.7% in FY13 from an estimated FY12 level of 6.2%.)**
- ❖ **Fund the above activities and initiatives in conjunction with a 7.5% rate increase - the smallest since 2007 - consistent with the Spending Control Limits adopted by Montgomery and Prince George's counties.**

## 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 following table shows the FY13 spending control limits adopted by the Montgomery and Prince George's County councils, compared to the spending control results projected under WSSC's Proposed FY13 Budget and under the County Executive's Recommended Budget for WSSC. The Commission's Proposed Budget complies with all of the spending control limits approved by the two county councils.

<b>FY13 Spending Control Limits Comparison</b>				
<b>SPENDING CONTROL LIMITS</b>	<b>Approved Spending Control Limits</b>		<b>Projected Levels Under:</b>	
	<b>Montgomery County</b>	<b>Prince George's County</b>	<b>WSSC Proposed Budget</b>	<b>County Executive Recommended Budget</b>
Maximum Average Water/Sewer Rate Increase	8.5%	8.5%	7.5%	7.5%
New Debt (\$millions) <sup>a</sup>	\$481.8	\$481.8	\$481.8	\$491.6
Water and Sewer Debt Service (\$millions)	\$212.7	\$212.7	\$211.3	\$212.0
Total Water and Sewer Operating Expenses (\$millions)	629.0	629.0	\$619.6	\$619.9

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

## FY13 COUNTY EXECUTIVE RECOMMENDATIONS

### Operating Budget

The County Executive recommends that WSSC's proposed FY13 operating budget be approved with the following changes:

The County Executive recommends that the Commission provide only one-time compensation increases that do not add to the base compensation budget. It is recommended that the 2% cost of living adjustment (COLA) for all WSSC employees and the merit increases for all eligible WSSC employees, both of which are included in the Commission's proposed FY13 budget, be eliminated and replaced with a one-time \$2,000 bonus for each full-time employee, with a pro-rated amount for part-time employees. This will ensure that the compensation enhancements to be provided to WSSC employees in FY13 are consistent with those to be provided to Montgomery County employees under the County's Proposed FY13 Operating Budget and Public Services Plan.

The substitution of \$2,000 bonuses for the 2% COLA and merit increases will result in a total FY13 saving of \$389,530 for the operating budget (\$363,200 in salaries and wages and \$26,330 in employee benefits), of which \$388,200 will involve water and sewer (rate supported) operating expenses. The total operating budget for salaries and wages should therefore be reduced by \$363,200 (\$361,960 in water and sewer operating expenses), and the "All Other" budget category (which includes employee benefits) should be reduced by \$26,330 (\$26,240 in water and sewer operating expenses).

WSSC's proposed FY13 operating budget also needs to be adjusted to make it consistent with the County Executive's Recommended FY13-18 CIP, which incorporates DC Water's most recent cost estimates for the six Blue Plains Advanced Wastewater Treatment Plant projects. The expenditure adjustments to these projects will require that the Commission issue an additional \$9.859 million in bonds in FY13, necessitating a \$670,400 increase in water and sewer debt service for FY13. The County Executive recommends that

this increase be funded from the \$388,200 total savings in water and sewer operating expenditures from the compensation changes described above, with the remaining \$282,200 to be taken from fund balance. Unallocated water and sewer fund balance is projected to be \$41.6 million at the beginning of FY13.

The net effect of the changes recommended above will be to increase the water and sewer operating budget by \$282,200 to \$619.9 million, while preserving the 7.5% average increase in water and sewer rates included in the Commission's proposed FY13 operating budget. The total operating budget (including the General Bond Debt Service Fund) will increase by \$280,870 to \$661.3 million.

## Capital Budget

The County Executive recommends approval of WSSC's proposed FY13 capital budget with the following changes:

The substitution of one-time bonuses for the COLA and merit increases included in WSSC's proposed FY13 budget will affect the compensation and benefits budgeted for WSSC employees supported by the Commission's FY13 capital budget. The use of bonuses will decrease total salaries and wages included in the capital budget by \$49,900 and employee benefits (budgeted under "All Other") by \$3,620.

To make the capital budget consistent with the County Executive's Recommended FY13-18 CIP for WSSC, the expenditures and funding for the six Blue Plains Advanced Wastewater Treatment Plant projects should be revised to align them with the updated amounts shown in DC Water's Proposed FY2011-2020 CIP. The recommended changes will result in a net reduction of \$9.539 million to the FY13 capital budget. These expenditure changes will be reflected in the relevant funding sources as follows: a \$19.970 million decrease in State aid, a \$9.859 million increase in WSSC bonds, and a \$572,000 increase in the City of Rockville contribution.

The County Executive also recommends the addition of one new project to WSSC's CIP: the Mid-Pike Plaza Sewer Main, Phase 1 (Project No. 123801). This project will provide for planning, design, and construction of 1,900 feet of 21 inch diameter replacement sewer main to provide sewer service to Mid-Pike Plaza Phase 1. The project was approved by the Montgomery County Council on February 7, 2012 as an amendment to WSSC's Approved FY12-17 CIP. The total cost of the project is estimated to be \$1,488,000 and will be funded by developer contributions; no WSSC rate-supported debt will be required. However, until a System Extension Permit (SEP) is signed with the developer, WSSC's FY13 capital budget needs to be increased by \$593,000 to ensure appropriation authority for project design and construction costs in FY13.

FY13 fiscal projections for all funds and budgets are shown below. Six-year projections for the Water and Sewer Operating Budget are shown on page 15-4.

Expenditures by Category - FY13 WSSC Proposed and Executive Recommended							
(\$000s)							
Expenditure Categories	WSSC Total	WSSC Total	WSSC Total	CE Capital	CE Operating	CE Total	% Change (CE Rec. vs. WSSC Proposed)
	Actual FY11	Approved FY12	Proposed FY13	Recommended FY13	Recommended FY13	Recommended FY13	
Salaries and Wages	110,671	122,371	124,884	23,601	100,870	124,471	-0.3%
Heat, Light, & Power	28,599	25,275	24,223	--	24,223	24,223	0.0%
Regional Sewage Disposal	46,208	49,478	51,309	--	51,309	51,309	0.0%
Contract Work	98,243	270,039	396,446	396,985	--	396,985	0.1%
Consulting Engineers	29,365	61,051	83,213	83,267	--	83,267	0.1%
All Other	260,559	427,990	526,547	283,909	233,069	516,978	-1.8%
Debt Service	<u>239,709</u>	<u>235,863</u>	<u>251,303</u>	<u>100</u>	<u>251,873</u>	<u>251,973</u>	0.3%
<b>Total Budget</b>	<b>813,354</b>	<b>1,192,067</b>	<b>1,457,925</b>	<b>787,862</b>	<b>661,344</b>	<b>1,449,206</b>	<b>-0.6%</b>

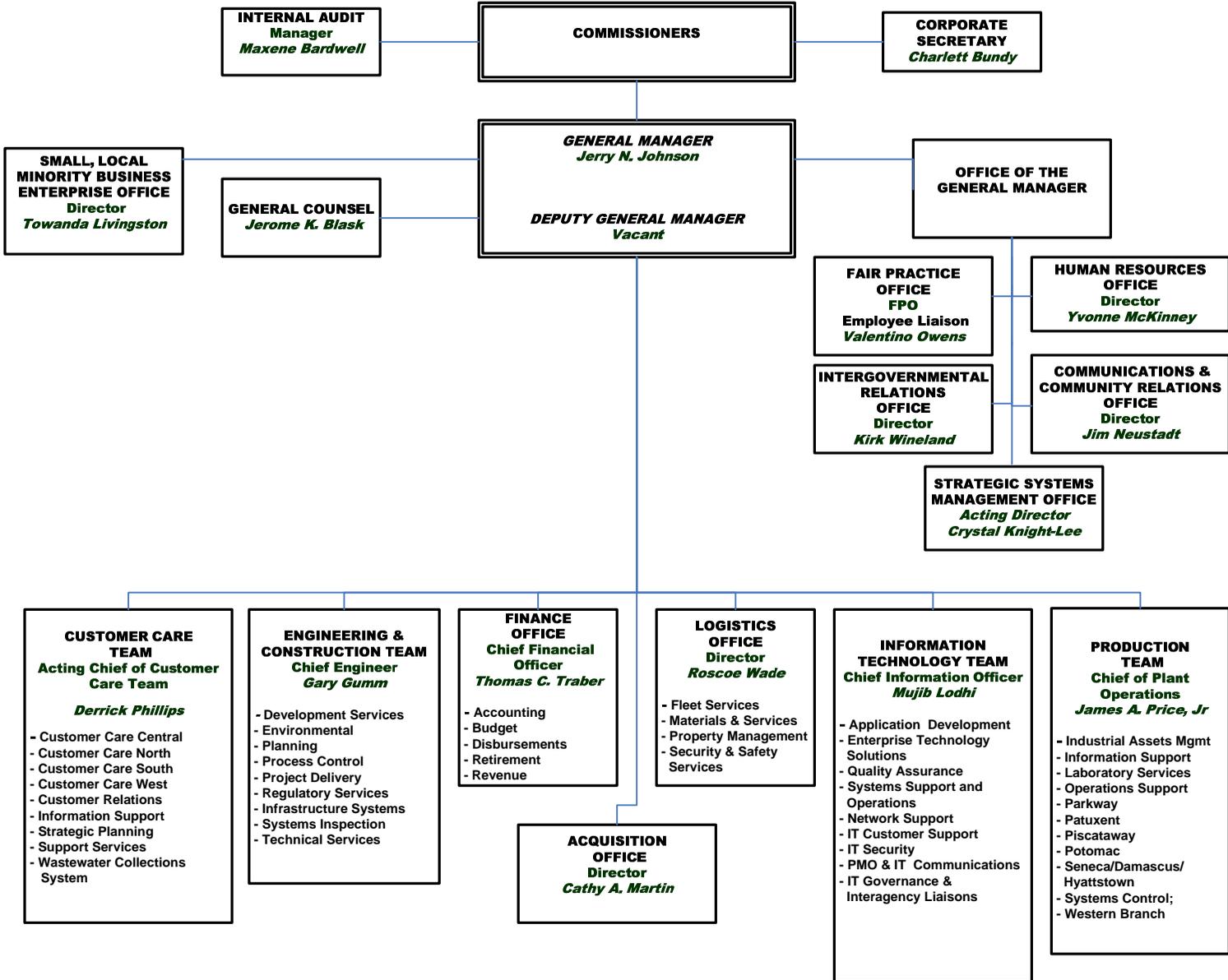
Note: Total expenditures include the water and sewer operating funds, the general bond debt service fund, and the three capital funds.

## 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.

<b>WSSC PROPOSED BUDGET: SIX-YEAR FORECAST FOR WATER AND SEWER OPERATING FUNDS</b>								
<b>FISCAL PROJECTIONS</b>	<b>FY12 ESTIMATED</b>	<b>FY13 PROPOSED</b>	<b>FY13 RECOMMENDED</b>	<b>FY14 PROJECTION</b>	<b>FY15 PROJECTION</b>	<b>FY16 PROJECTION</b>	<b>FY17 PROJECTION</b>	<b>FY18 PROJECTION</b>
<b>SPENDING AFFORDABILITY RESULTS</b>								
New Water and Sewer Debt (\$millions)	\$204.0	\$481.8	\$491.6	\$390.3	\$379.3	\$391.1	\$361.9	\$319.5
Total Water and Sewer Operating Expenses (\$millions)	\$575.0	\$619.6	\$619.9	\$674.0	\$722.0	\$778.2	\$834.1	\$879.4
Debt Service (\$millions)	\$185.9	\$211.3	\$212.0	\$252.3	\$286.5	\$321.9	\$353.3	\$380.0
Average Water and Sewer Rate Increase	8.5%	7.5%	7.5%	12.4%	8.9%	8.2%	7.7%	6.5%
<b>BEGINNING FUND BALANCE (\$000)</b>	<b>83,735</b>	<b>83,735</b>	<b>83,735</b>	<b>76,077</b>	<b>67,969</b>	<b>67,969</b>	<b>67,969</b>	<b>69,209</b>
<b>REVENUES (\$000)</b>								
Water and Sewer Rate Revenue	496,500	540,561	540,561	600,056	655,288	710,941	767,631	819,808
Interest Income	1,000	4,000	4,000	4,050	4,050	4,100	4,100	4,150
Account Maintenance Fee	22,850	22,850	22,850	22,900	22,900	22,950	22,950	23,000
Miscellaneous	21,923	21,147	21,147	21,447	21,761	22,292	22,319	22,450
<b>Total Revenues</b>	<b>542,273</b>	<b>588,558</b>	<b>588,558</b>	<b>648,453</b>	<b>703,999</b>	<b>760,283</b>	<b>817,000</b>	<b>869,408</b>
SDC Debt Service Offset	2,293	2,192	2,192	1,428	1,167	728	207	0
Reconstruction Debt Service Offset (REDO)	11,000	11,000	11,000	10,500	10,500	10,000	10,000	10,000
Use of Prior Year Net Revenue	3,400	17,858	18,140	13,608	6,300	7,200	6,860	0
<b>TOTAL FUNDS AVAILABLE</b>	<b>558,966</b>	<b>619,608</b>	<b>619,890</b>	<b>673,989</b>	<b>721,966</b>	<b>778,211</b>	<b>834,067</b>	<b>879,408</b>
<b>EXPENDITURES (\$000)</b>								
Salaries and Wages	95,572	100,629	100,267	105,661	110,945	116,494	122,319	128,435
Heat, Light, and Power	25,500	24,223	24,223	25,684	26,733	27,824	31,507	33,406
Regional Sewage Disposal	49,478	51,309	51,309	53,207	55,176	57,218	59,335	61,530
Debt Service	171,999	211,297	211,967	252,299	286,530	321,879	353,329	379,986
All Other	213,017	221,950	221,924	231,638	236,282	247,596	259,477	271,951
Reserve Contribution	3,400	10,200	10,200	5,500	6,300	7,200	8,100	4,100
<b>TOTAL USE OF RESOURCES</b>	<b>558,966</b>	<b>619,608</b>	<b>619,890</b>	<b>673,989</b>	<b>721,966</b>	<b>778,211</b>	<b>834,067</b>	<b>879,408</b>
<b>REVENUE/EXPENDITURE SURPLUS/(GAP)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>YEAR END FUND BALANCE w/o additional reserve contribution</b>	<b>80,335</b>	<b>65,877</b>	<b>65,595</b>	<b>62,469</b>	<b>61,669</b>	<b>60,769</b>	<b>61,109</b>	<b>69,209</b>
<b>Additional Reserve Contribution</b>	<b>3,400</b>	<b>10,200</b>	<b>10,200</b>	<b>5,500</b>	<b>6,300</b>	<b>7,200</b>	<b>8,100</b>	<b>4,100</b>
<b>TOTAL YEAR END FUND BALANCE</b>	<b>83,735</b>	<b>76,077</b>	<b>75,795</b>	<b>67,969</b>	<b>67,969</b>	<b>67,969</b>	<b>69,209</b>	<b>73,309</b>
Debt Service as a Percentage of Water and Sewer Operating Budget	30.8%	34.1%	34.2%	37.4%	39.7%	41.4%	42.4%	43.2%
Estimated Water Production (MGD)	169.0	170.0	170.0	170.5	171.0	171.5	172.0	172.5
Total End of Fiscal Year Operating Reserve	31,400	41,600	41,600	47,100	53,400	60,600	68,700	72,800
Total Operating Reserve as a Percentage of Water and Sewer Rate Revenue	6.3%	7.7%	7.7%	7.8%	8.1%	8.5%	8.9%	8.9%
Total Workyears (all funds)	1,517	1,693	1,693	--	--	--	--	--
<b>Assumptions:</b>								
1. The County Executive's operating budget recommendation is for FY13 only and incorporates the Executive's revenue and expenditure assumptions for that budget.								
2. The FY14-18 projections reflect WSSC's multi-year forecast and assumptions, which are not adjusted to conform to the County Executive's Recommended budget for WSSC. The projected expenditures, revenues, and fund balances for these years may be based on changes to rates, fees, usage, inflation, future labor agreements, and other factors not assumed in the County Executive's Recommended FY13 water and sewer operating budget for WSSC.								
3. The FY12 estimated spending affordability results are the values for the four spending affordability parameters implied by the FY12 budget jointly approved by Montgomery and Prince George's counties. The FY13 Proposed spending affordability results are the values of the spending affordability parameters associated with WSSC's proposed FY13 budget. The FY13 recommended spending affordability results are the spending affordability parameters associated with the County Executive's recommended WSSC budget for FY13. The FY14-18 spending affordability figures correspond to the values of the various spending affordability parameters based on the revenue and expenditure forecasts shown for the given year.								
4. The total FY12 estimated workyears shown correspond to the actual workyears as of December, 2011.								

WSSC ORGANIZATION CHART



**INTERNAL AUDIT**  
Manager  
*Maxene Bardwell*

**COMMISSIONERS**

**CORPORATE SECRETARY**  
*Charlett Bundy*

**SMALL, LOCAL MINORITY BUSINESS ENTERPRISE OFFICE**  
Director  
*Towanda Livingston*

**GENERAL COUNSEL**  
*Jerome K. Blask*

**GENERAL MANAGER**  
*Jerry N. Johnson*  
**DEPUTY GENERAL MANAGER**  
*Vacant*

**OFFICE OF THE GENERAL MANAGER**

**FAIR PRACTICE OFFICE**  
FPO  
Employee Liaison  
*Valentino Owens*

**HUMAN RESOURCES OFFICE**  
Director  
*Yvonne McKinney*

**INTERGOVERNMENTAL RELATIONS OFFICE**  
Director  
*Kirk Wineland*

**COMMUNICATIONS & COMMUNITY RELATIONS OFFICE**  
Director  
*Jim Neustadt*

**STRATEGIC SYSTEMS MANAGEMENT OFFICE**  
Acting Director  
*Crystal Knight-Lee*

**CUSTOMER CARE TEAM**  
Acting Chief of Customer Care Team  
*Derrick Phillips*

- Customer Care Central
- Customer Care North
- Customer Care South
- Customer Care West
- Customer Relations
- Information Support
- Strategic Planning
- Support Services
- Wastewater Collections System

**ENGINEERING & CONSTRUCTION TEAM**  
Chief Engineer  
*Gary Gumm*

- Development Services
- Environmental
- Planning
- Process Control
- Project Delivery
- Regulatory Services
- Infrastructure Systems
- Systems Inspection
- Technical Services

**FINANCE OFFICE**  
Chief Financial Officer  
*Thomas C. Traber*

- Accounting
- Budget
- Disbursements
- Retirement
- Revenue

**LOGISTICS OFFICE**  
Director  
*Roscoe Wade*

- Fleet Services
- Materials & Services
- Property Management
- Security & Safety Services

**ACQUISITION OFFICE**  
Director  
*Cathy A. Martin*

**INFORMATION TECHNOLOGY TEAM**  
Chief Information Officer  
*Mujib Lodhi*

- Application Development
- Enterprise Technology Solutions
- Quality Assurance
- Systems Support and Operations
- Network Support
- IT Customer Support
- IT Security
- PMO & IT Communications
- IT Governance & Interagency Liaisons

**PRODUCTION TEAM**  
Chief of Plant Operations  
*James A. Price, Jr*

- Industrial Assets Mgmt
- Information Support
- Laboratory Services
- Operations Support
- Parkway
- Patuxent
- Piscataway
- Potomac
- Seneca/Damascus/Hyattstown
- Systems Control;
- Western Branch