

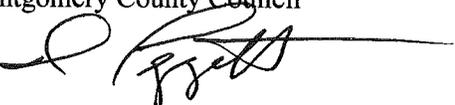


OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

January 15, 2015

TO: George Leventhal, President, Montgomery County Council
 FROM: Isiah Leggett, County Executive 
 SUBJECT: Washington Suburban Sanitary Commission (WSSC)
 FY16-21 Capital Improvements Program (CIP) and FY16 CIP Expenditures

I am pleased to transmit to you, in accordance with State law, my recommended FY16-21 CIP and FY16 CIP expenditures for the Washington Suburban Sanitary Commission.

WSSC's Proposed FY16-21 CIP totals \$2.043 billion, of which \$1.571 billion is for Montgomery County and bi-county projects. The latter figure represents a \$363 million (30%) increase over the six-year total for Montgomery County and bi-county projects in the Commission's approved FY15-20 CIP. The majority of this increase (\$293 million) is due to escalating costs associated with WSSC's trunk sewer rehabilitation program as outlined in a consent decree with the Environmental Protection Agency (EPA). I continue to support the Commission with their efforts to comply with the consent decree and understand the challenges that this work brings to our overall efforts to continue repair of our aging infrastructure.

Despite these challenges, WSSC continues to uphold a responsible and robust infrastructure repair program. WSSC is again projecting to replace water mains at very high levels, with a total of 57 miles slated for FY16. And while sewer reconstruction figures continue to decline in FY16 because of the continuing attention to EPA-mandated trunk sewer repairs, WSSC will make progress in the lateral sewer lining program – increasing treatment to 5 miles of sewer (4 miles above FY15 levels) – in an effort to continue progress in sewer line repair while the trunk sewer rehabilitation program takes priority. The chart below is a summary of the current reconstruction and rehabilitation program:

SMALL WATER AND SEWER MAIN RECONSTRUCTION/REHABILITATION FY16-21 Proposed vs. FY15-20 Approved									
	FY15-20 Approved			FY16-21 Proposed					
	FY15	6-Year	Total	FY16		6-Year		Total	
				Amount	% Change	Amount	% Change	Amount	% Change
Reconstruction Costs									
Water Main Replacement (\$000)	104,509	688,275	707,150	101,658	-2.7%	628,733	-8.7%	775,766	9.7%
Sewer Reconstruction (\$000)	16,418	376,473	702,873	34,784	111.9%	266,475	-29.2%	428,819	-39.0%
Reconstruction Mileage									
Water Main Replacement (miles)	60	360	--	57	-5.0%	377	4.7%	--	--
Sewer Reconstruction (miles)									
Sewer Main Reconstruction	3	93	--	2	-33.3%	47	-49.5%	--	--
Lateral Sewer Lining	1	34	--	6	500.0%	36	5.9%	--	--



New Projects

I support both of the new CIP projects entering the Montgomery and bi-county program this year, including:

- A developer-funded continuation into Part 5 of the Clarksburg Area Stage 3 water main infrastructure development. This project continues the water infrastructure development envisioned in the Clarksburg Master Plan of 1994; and
- A consolidation of land and rights-of-way purchases into a bi-county project which gives the Commission more flexibility as factors impact the timeliness or feasibility of some land purchases.

Blue Plains Projects

I am not proposing any changes to the Blue Plains projects since DC Water has not issued revised project estimates. If and when new project estimates become available, I will communicate a recommendation at a time later in the budget process.

Anaerobic Digestion/Combined Heat and Power Project

While I am supportive of investment in maintaining the Commission's aging infrastructure, I also believe the Commission needs to analyze closely any proposed large capital investments as they continue to prioritize projects with a limited amount of resources. To this end, I maintain my previous recommendation on the proposed Anaerobic Digestion/Combined Heat and Power project. While it is true that this technology is both effective and forward-thinking, the Commission must weigh additional investment in this technology against current investments utilizing the same technology in the Blue Plains facility in Washington, DC. In my estimation, a delay and review of the final assessment of capacity in the Blue Plains digester facilities could lead to significant capital savings in future years and subsequent savings for WSSC ratepayers.

Overall, my recommendations attempt to strike a balance between making the investments to ensure the long-term stability of our utility infrastructure and our current uncertain fiscal climate. With this in mind, I am recommending approval of the FY16-21 WSSC CIP budget as proposed with the following exception:

- Do not include at this time planned expenditures on the Anaerobic Digestion/Combined Heat and Power project.

As always, Executive Branch staff are available to assist you in your deliberations. I look forward to discussing with you any policy matters or major resource allocation issues that arise this spring.

IL:mks

c: Timothy L. Firestine, Chief Administrative Officer
Jerry N. Johnson, General Manager/CEO, Washington Suburban Sanitary Commission
Yvette Downs, Chief Financial Officer, Washington Suburban Sanitary Commission
Stephen Farber, Council Administrator, Montgomery County Council
Dave Lake, Department of Environmental Protection

Attachments: Executive Recommendation – Anaerobic Digestion/Combined Heat and Power
Agency Request Compared to Executive Recommended

EXECUTIVE RECOMMENDATION

Anaerobic Digestion Combined Heat and Power (P063808)

Project Category	WSSC	Date Last Modified	1/6/14
Project SubCategory	Sewerage Bi-County	Required Adequate Public Facility	No
Project Administering Agency	W.S.S.C. (AAGE23)	Relocation Impact	None
Project Planning Area	Bi-County	Status	Planning Stage

EXPENDITURE SCHEDULE (\$000s)

	Total	Thru FY14	Est FY15	Total 6 Years	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	Beyond 6 Yrs
Planning, Design and Supervision	5,750	5,750	0	0	0	0	0	0	0	0	0
Land	0	0	0	0	0	0	0	0	0	0	0
Site Improvements and Utilities	0	0	0	0	0	0	0	0	0	0	0
Construction	0	0	0	0	0	0	0	0	0	0	0
Other	228	228	0	0	0	0	0	0	0	0	0
Total	5,978	5,978	0	0	0	0	0	0	0	0	0

FUNDING SCHEDULE (\$000s)

Federal Aid	3,027	3,027	0	0	0	0	0	0	0	0	0
WSSC Bonds	2,951	2,951	0	0	0	0	0	0	0	0	0
Total	5,978	5,978	0								

COMPARISON (\$000s)

	Total	Thru FY14	Est FY15	Total 6 Yrs	FY16	FY17	FY18	FY19	FY20	FY21	Beyond 6 Yrs	Approp.
Current Approved	5,978	5,978	0	0	0	0	0	0	0	0	0	0
Agency Request	144,019	1,261	4,760	137,998	14,276	42,826	42,826	38,070	0	0	0	14,276
Recommended	0	0	0	0	0	0	0	0	0	0	0	0

Change	TOTAL	%	6-YEAR	%	APPROP.	%
Agency Request vs Approved	138,041	2,309.2%	137,998	0.0%	14,276	0.0%
Recommended vs Approved	(5,978)	(100.0%)	0	0.0%	0	0.0%
Recommended vs Request	(144,019)	(100.0%)	(137,998)	(100.0%)	(14,276)	(100.0%)

Recommendation

DO NOT INCLUDE IN THE CIP

Comments

The County Executive understands and supports the use of Anaerobic Digestion technology as a step forward in the treatment of biosolids. However, from a fiscal perspective, based on the information provided by WSSC and DC Water regarding the Anaerobic Digesters to date, the County Executive maintains his position that WSSC should not proceed with this project at this time due to WSSC's present investment in Anaerobic Digestion facilities at the Blue Plains WWTP as part of the Intermunicipal Agreement (IMA) of 2012 and the possible available capacity in these existing facilities in Washington, D.C.

Cost Changes

The County Executive recommends removal of all planned funding for the six-year period.

**FY16-21 EXECUTIVE RECOMMENDED CIP
Agency Request Compared to Executive Recommended
WSSC**

Project Name (Project Number)

	Agency Request	Executive Recommended
Blue Plains WWTP:Plant Wide Projects (P023805)	6,411	6,411
Blue Plains WWTP: Enhanced Nutrient Removal (P083800)	56,773	56,773
Septage Discharge Facility Planning & Implement. (P103802)	758	758
Blue Plains: Pipelines and Appurtenances (P113804)	20,199	20,199
Trunk Sewer Reconstruction Program (P113805)	191,866	191,866
Blue Plains WWTP: Liquid Train PT 2 (P954811)	9,458	9,458
Blue Plains WWTP: Biosolids Mgmt PT2 (P954812)	6,587	6,587
Anaerobic Digestion Combined Heat and Power (P063808)	14,276	0
Sewerage Bi-County	306,328	292,052
Cabin Branch WWPS (P023807)	449	449
Cabin Branch WWPS Force Main (P023808)	143	143
Clarksburg Triangle Outfall Sewer, Part 2 (P023811)	555	555
Seneca WWTP Enhanced Nutrient Removal (P073800)	22	22
Twinbrook Commons Sewer (P083801)	159	159
Tapestry WWPS Force Main (P083804)	46	46
Preserve at Rock Creek Wastewater Pumping Station (P103800)	680	680
Preserve at Rock Creek WWPS Force Main (P103801)	150	150
Mid-Pike Plaza Sewer Main, Phase 1 (P123801)	37	37
Mid-Pike Plaza Sewer Main, Phase 2 (P143801)	3,107	3,107
Cabin John Trunk Sewer Relief (P063807)	2,662	2,662
Shady Grove Station Sewer Augmentation (P063806)	740	740
Land & Rights-of-Way Acquisition - Bi-County (S) (P163800)	300	300
Sewerage Montgomery County	9,050	9,050
Patuxent WFP Phase II Expansion (P033807)	14,372	14,372
Potomac WFP Submerged Channel Intake (P033812)	1,100	1,100
Patuxent Raw Water Pipeline (P063804)	3,095	3,095
Rocky Gorge Pump Station Upgrade (P063805)	6,205	6,205
Duckett and Brighton Dam Upgrades (P073802)	670	670
Potomac WFP Outdoor Substation No. 2 Replacement (P113802)	5,258	5,258
Large Diameter Water Pipe Rehabilitation Program (P113803)	48,293	48,293
Potomac WFP Main Zone Pipeline (P133800)	440	440
Bi-County Water Tunnel (P934855)	1,123	1,123
Land & Rights-of-Way Acquisition - Bi-County (P983857)	1,125	1,125
Potomac WFP Corrosion Mitigation (P143802)	5,165	5,165
Potomac WFP Pre-Filter Chlorination & Air Scour Improvements (P143803)	253	253
Water Bi-County	87,099	87,099
Newcut Road Water Main, Part 2 (P013802)	138	138
Olney Standpipe Replacement (P063801)	2,286	2,286
Shady Grove Standpipe Replacement (P093801)	3,363	3,363
Clarksburg Area Stage 3 Water Main, Part 4 (P113800)	1,149	1,149
Clarksburg Area Stage 3 Water Main, Parts 1, 2 & 3 (P973818)	1,751	1,751
Clarksburg Elevated Water Storage Facility (P973819)	127	127
Brink Zone Reliability Improvements (P143800)	673	673
Clarksburg Area Stage 3 Water Main, Part 5 (P163801)	147	147
Water Montgomery County	9,634	9,634