



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, only 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 full 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 any given year, WSSC's proposed budgets are adopted.

Accomplishments and Initiatives

- Operating and maintaining a system of three reservoirs impounding 14 billion gallons of water, two water filtration plants, six water resource recovery facilities, 5,700 miles of water mains, and 5,550 miles of sewer mains, 24 hours a day, 7 days a week.
- Treating or delivering 164 Million Gallons per Day (MGD) of water to over 466,000 customer accounts in a manner that meets or exceeds the Safe Drinking Water Act standards.
- Replacing 25 miles of water main and 26 miles of sewer main and lateral lines.
- Providing maintenance services at a level consistent with the objective of responding to the customer within two hours and restoring service within 24 hours.

- Answering 100 percent of all customer billing calls received.

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 FY20 spending control limits adopted by the Montgomery and Prince George's County Councils, compared to the spending control results projected under WSSC's Proposed FY20 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 except for the Total Water and Sewer Operating Expenses which are slightly higher than the approved ceiling.

FY20 Spending Control Limits Comparison				
SPENDING CONTROL LIMITS	Approved Spending Control Limits		Projected Levels Under	
	Montgomery County	Prince George's County	WSSC's Proposed Budget	County Executive Recommended Budget
Maximum Average Water/Sewer Rate Increase	5.0%	5.0%	5.0%	5.0%
New Debt (\$millions)	\$385.5	\$385.5	\$384.9	\$384.9
Water and Sewer Debt Service (\$millions)	\$306.4	\$306.4	\$306.3	\$306.3
Total Water and Sewer Operating Expenses (\$millions)	\$799.0	\$799.0	\$802.6	\$802.6

County Executive Recommendations

Operating Budget

The County Executive recommends that WSSC's proposed FY20 budget be approved with a water and sewer rate increase of 5.0 percent in FY20 consistent with the Commission's resource needs outlined in their proposed budget.

Capital Budget

The County Executive recommended the WSSC FY20-25 Capital Improvements Program (CIP) budget be approved as submitted by the Commission.

FY20 fiscal projections for all funds and budgets are shown below.

Expenditures by Category - FY20 WSSC Proposed and Executive Recommended						
(\$000s)						
Expenditure Categories	WSSC Total	WSSC Total	CE Capital	CE Operating	CE Total	% Change (CE Rec. vs. WSSC Proposed)
	Approved FY19	Proposed FY20	Recommended FY20	Recommended FY20	Recommended FY20	
Salaries and Wages	159,112	157,288	27,154	130,134	157,288	0.0%
Heat, Light, & Power	20,577	19,444	--	19,444	19,444	0.0%
Regional Sewage Disposal	53,617	59,000	--	59,000	59,000	0.0%
Contract Work	376,223	383,332	383,332	--	383,332	0.0%
Consulting Engineers	68,912	58,073	58,073	--	58,073	0.0%
All Other	434,101	427,883	169,967	257,916	427,883	0.0%
PAYGO	31,016	31,016	--	31,016	31,016	0.0%
Reserve Contribution	--	--	--	--	--	--
Debt Service	<u>294,349</u>	<u>319,883</u>	<u>0</u>	<u>319,883</u>	<u>319,883</u>	0.0%
Total Budget	1,437,907	1,455,919	638,526	817,393	1,455,919	0.0%
Note: Total expenditures include the water and sewer operating funds, the general bond debt service fund, and the three capital funds						

PROGRAM CONTACTS

Contact Letitia Carolina-Powell of the Washington Suburban Sanitary Commission at 301.206.8379 or Trevor Lobaugh of the Office of Management and Budget at 240.777.2763 for more information regarding this agency's operating budget.

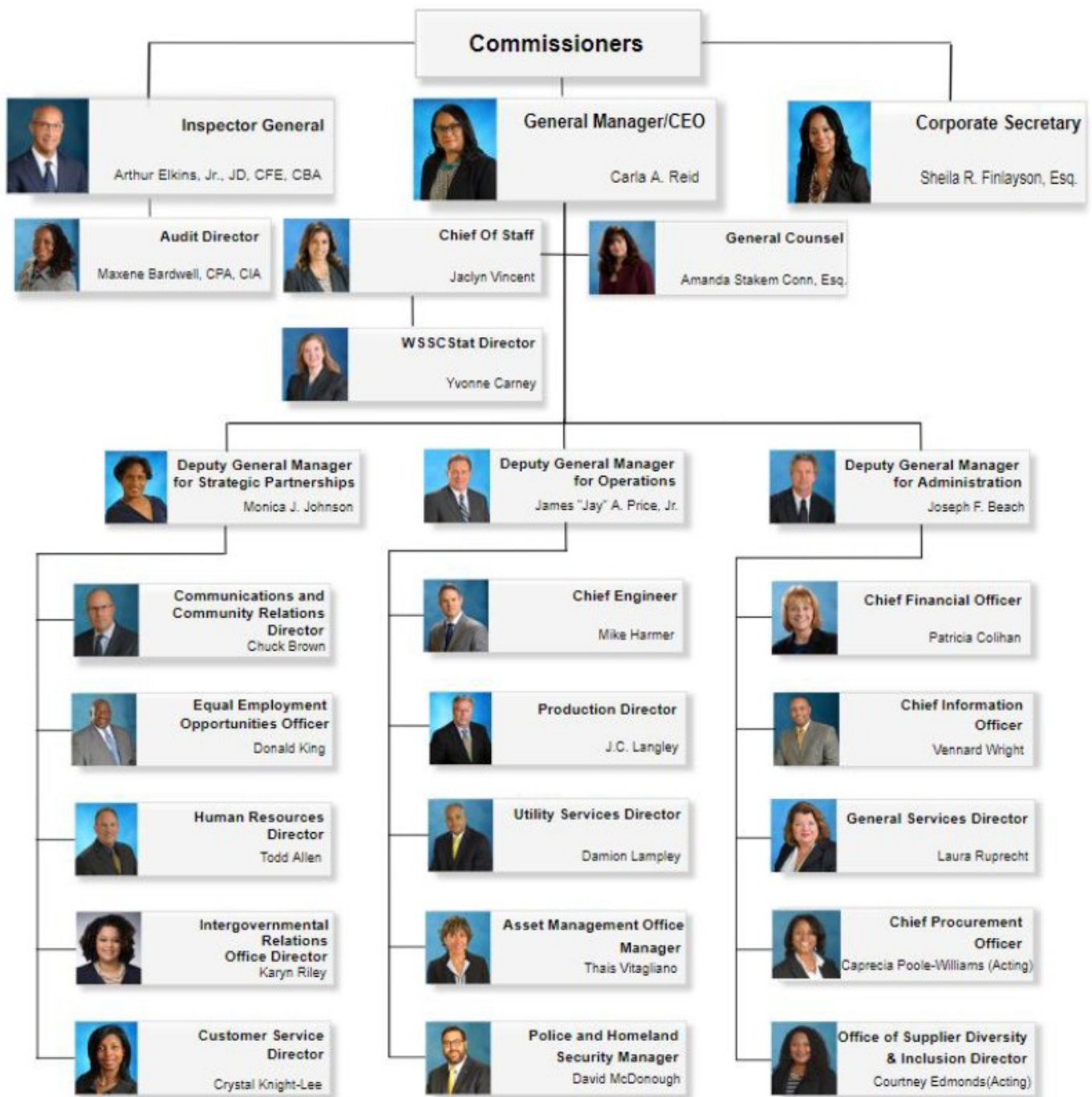
WSSC PROPOSED BUDGET: SIX-YEAR FORECAST FOR WATER AND SEWER OPERATING FUNDS

FISCAL PROJECTIONS	FY19 ESTIMATED	FY20 PROPOSED	FY20 CE REC	FY21 PROJECTION	FY22 PROJECTION	FY23 PROJECTION	FY24 PROJECTION	FY25 PROJECTION
SPENDING AFFORDABILITY RESULTS								
New Water and Sewer Debt (\$millions)	\$486.8	\$384.9	\$384.9	\$439.2	\$432.1	\$368.7	\$350.0	\$350.0
Total Water and Sewer Operating Expenses (\$millions)	\$277.1	\$306.3	\$306.3	\$324.0	\$342.0	\$357.4	\$377.3	\$393.2
Debt Service (\$millions)	\$762.7	\$802.6	\$802.6	\$830.5	\$861.8	\$901.1	\$935.3	\$966.0
Average Water and Sewer Rate Increase	4.5%	5.0%	5.0%	6.0%	6.0%	6.0%	5.5%	5.0%
BEGINNING FUND BALANCE (\$000)	185,297	173,717	173,717	162,376	158,006	162,879	172,225	185,393
REVENUES (\$000)								
Water and Sewer Rate Revenue	627,942	658,899	658,899	698,900	740,834	785,284	828,475	869,899
Interest Income	1,500	5,500	5,500	4,821	4,844	4,846	3,941	3,939
Account Maintenance Fee	32,182	32,296	32,296	32,331	32,376	32,441	32,505	32,570
Infrastructure Investment Fee	38,894	39,331	39,331	39,409	39,484	39,560	40,544	40,623
Miscellaneous	34,731	35,700	35,700	36,173	36,764	37,369	37,988	38,622
Total Revenues	735,249	771,726	771,726	811,634	854,302	899,500	943,453	985,653
SDC Debt Service Offset	3,364	4,658	4,658	4,984	4,983	4,982	4,984	4,984
Reconstruction Debt Service Offset (REDO)	12,500	11,600	11,600	9,500	7,400	6,000		
Use of Fund Balance	11,580	11,341	11,341	8,000	7,000	6,000	5,000	
Premium Transfer	0	2,900	2,900					
Miscellaneous Offset		395	395					
TOTAL FUNDS AVAILABLE	762,693	802,620	802,620	834,118	873,685	916,482	953,437	990,637
EXPENDITURES (\$000)								
Salaries and Wages	127,901	129,675	129,675	139,672	145,957	152,525	159,389	166,561
Heat, Light, and Power	20,577	19,436	19,436	21,830	22,485	23,160	23,854	24,570
Regional Sewage Disposal	53,617	59,000	59,000	61,200	62,424	63,672	64,946	66,245
Debt Service	277,061	306,307	306,307	324,047	341,953	357,427	377,262	393,204
PAYGO	31,016	31,016	31,016	31,016	31,016	31,016	31,016	31,016
All Other	252,521	257,186	257,186	262,722	267,977	273,336	278,803	284,379
Reserve Contribution				3,631	11,873	15,346	18,167	24,662
Unspecified Expenditure Reductions				(10,000)	(10,000)			
TOTAL USE OF RESOURCES	762,693	802,620	802,620	834,118	873,685	916,482	953,437	990,637
REVENUE/EXPENDITURE SURPLUS/(GAP)	0	0	0	0	0	0	0	0
YEAR END FUND BALANCE w/o additional reserve contribution	173,717	162,376	162,376	154,376	151,006	156,879	167,225	185,393
Additional Reserve Contribution	0	0	0	3,631	11,873	15,346	18,167	24,662
TOTAL YEAR END FUND BALANCE	173,717	162,376	162,376	158,007	162,879	172,225	185,393	210,055
Debt Service as a Percentage of Water and Sewer Operating Budget	36.3%	38.2%	38.2%	38.8%	39.1%	39.0%	39.6%	39.7%
Total End of Fiscal Year Operating Reserve	73,525	73,525	73,525	77,156	89,029	104,375	122,542	147,204
Total Operating Reserve as a Percentage of Water and Sewer Rate Revenue	11.7%	11.2%	11.2%	11.0%	12.0%	13.3%	14.8%	16.9%
Total Workyears (all funds)	1,649	1,776	1,776	--	--	--	--	--

Assumptions:

- The County Executive's operating budget recommendation is for FY20 only and incorporates the Executive's revenue and expenditure assumptions for that budget.
- The FY21-25 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 FY20 water and sewer operating budget for WSSC.
- The FY19 estimated spending affordability results are the values for the four spending affordability parameters implied by the FY19 budget jointly approved by Montgomery and Prince George's counties. The FY20 Proposed spending affordability results are the values of the spending affordability parameters associated with WSSC's proposed FY20 budget. The FY20 recommended spending affordability results are the spending affordability parameters associated with the County Executive's recommended WSSC budget for FY20. The FY21-25 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 and are provided by WSSC.
- The total FY19 estimated workyears shown correspond to the actual workyears as of December, 2018.
- Estimates of revenue in FY21-25 assume the rate increases projected by WSSC in the Average Water and Sewer Rate Increase line.
- In the projection for FY21-25 additional unspecified expenditure reductions are included to close WSSC's projected revenue shortfall in these years.

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