



# WSSC Water

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## MISSION STATEMENT

The Washington Suburban Sanitary Commission (WSSC Water) 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 WATER'S PROPOSED BUDGET

WSSC Water's proposed budget is not detailed in this document. The Commission's full budget can be obtained from WSSC Water's Budget Group at the WSSC Water Headquarters Building, 14501 Sweitzer Lane, Laurel, Maryland 20707 (telephone: 301.206.8000) or from their website at <https://www.wsscwater.com/budget>.

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 Water 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 Water to their respective County Councils.

Each County Council may hold public hearings on WSSC Water'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 Water. Should the Councils fail to approve the budgets on or before June 1 of any given year, WSSC Water'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, 6,000 miles of water mains, and over 5,700 miles of sewer mains, 24 hours a day, seven days a week.
- Treating or delivering 163 Million Gallons per Day (MGD) of water to over 475,000 customer accounts in a manner that meets or exceeds the Safe Drinking Water Act standards.
- Replacing 37.5 miles of water main and 45.4 miles of sewer main and lateral lines.
- Restoring normal service within 24 hours from when the agency is notified of an emergency, and to limit time a customer is

without water service to less than 6 hours.

- More than doubling the Customer Assistance Program (CAP) from \$900,000 in FY21 to \$2.1 million in FY22 to help those economically impacted by the COVID pandemic.

## Spending Control Limits

The spending control limits process requires that the two counties set annual ceilings on WSSC Water'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 FY22 spending control limits adopted by the Montgomery and Prince George's County Councils, compared to the spending control results projected under WSSC Water's Proposed FY22 Budget and under the County Executive's Recommended Budget for WSSC Water. 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. These additional operating costs will be recouped with additional miscellaneous fee income.

<b>FY22 Spending Control Limits Comparison</b>				
<b>SPENDING CONTROL LIMITS</b>	<b>Approved Spending Control Limits</b>		<b>Projected Levels Under</b>	
	<b>Montgomery</b>	<b>Prince George's</b>	<b>WSSC's</b>	<b>County Executive</b>
	<b>County</b>	<b>County</b>	<b>Proposed Budget</b>	<b>Recommended Budget</b>
Maximum Average Water/Sewer Rate Increase	5.9%	5.9%	5.9%	5.9%
New Debt (\$millions)	\$427.9	\$427.9	\$409.7	\$409.7
Water and Sewer Debt Service (\$millions)	\$309.7	\$309.7	\$309.0	\$309.0
Total Water and Sewer Operating Expenses (\$millions)*	\$841.4	\$841.4	\$842.3	\$842.3

\* Covered by offsetting non rate related funding sources.

Source: WSSC Water FY22 Proposed Budget

## County Executive Recommendations

### Operating Budget

The County Executive recommends that WSSC Water's proposed FY22 budget be approved with a water and sewer rate increase of 5.9 percent in FY22 consistent with the Commission's resource needs outlined in their proposed budget.

### Capital Budget

The County Executive recommended the WSSC Water FY22-27 Capital Improvements Program (CIP) budget be approved as submitted by the Commission.

**Expenditures by Category - FY22 WSSC Water Proposed and Executive Recommended**  
(\$000s)

Expenditure Categories	WSSC Water	WSSC Water	CE	CE	CE	% Change (CE Rec. vs. WSSC Water Proposed)
	Total	Total	Capital	Operating	Total	
	Approved FY21	Proposed FY22	Recommended FY22	Recommended FY22	Recommended FY22	
Salaries and Wages	155,552	160,488	27,449	133,039	160,488	0.0%
Heat, Light, & Power	20,700	18,715	222	18,493	18,715	0.0%
Regional Sewage Disposal	58,000	59,160	--	59,160	59,160	0.0%
Contract Work	353,066	444,405	444,405	--	444,405	0.0%
Consulting Engineers	77,183	79,614	79,614	--	79,614	0.0%
All Other	432,023	447,032	152,055	294,977	447,032	0.0%
PAYGO	31,016	27,585	--	27,585	27,585	0.0%
Reserve Contribution	--	--	--	--	--	--
Debt Service	<u>319,883</u>	<u>309,045</u>	--	<u>309,045</u>	<u>309,045</u>	0.0%
<b>Total Budget</b>	<b>1,447,423</b>	<b>1,546,044</b>	<b>703,745</b>	<b>842,299</b>	<b>1,546,044</b>	<b>0.0%</b>

Note: Total expenditures include the water and sewer operating funds and the three capital funds.

Source: WSSC Water FY22 Proposed Operating Budget

FY22 fiscal projections for all funds and budgets are shown below.

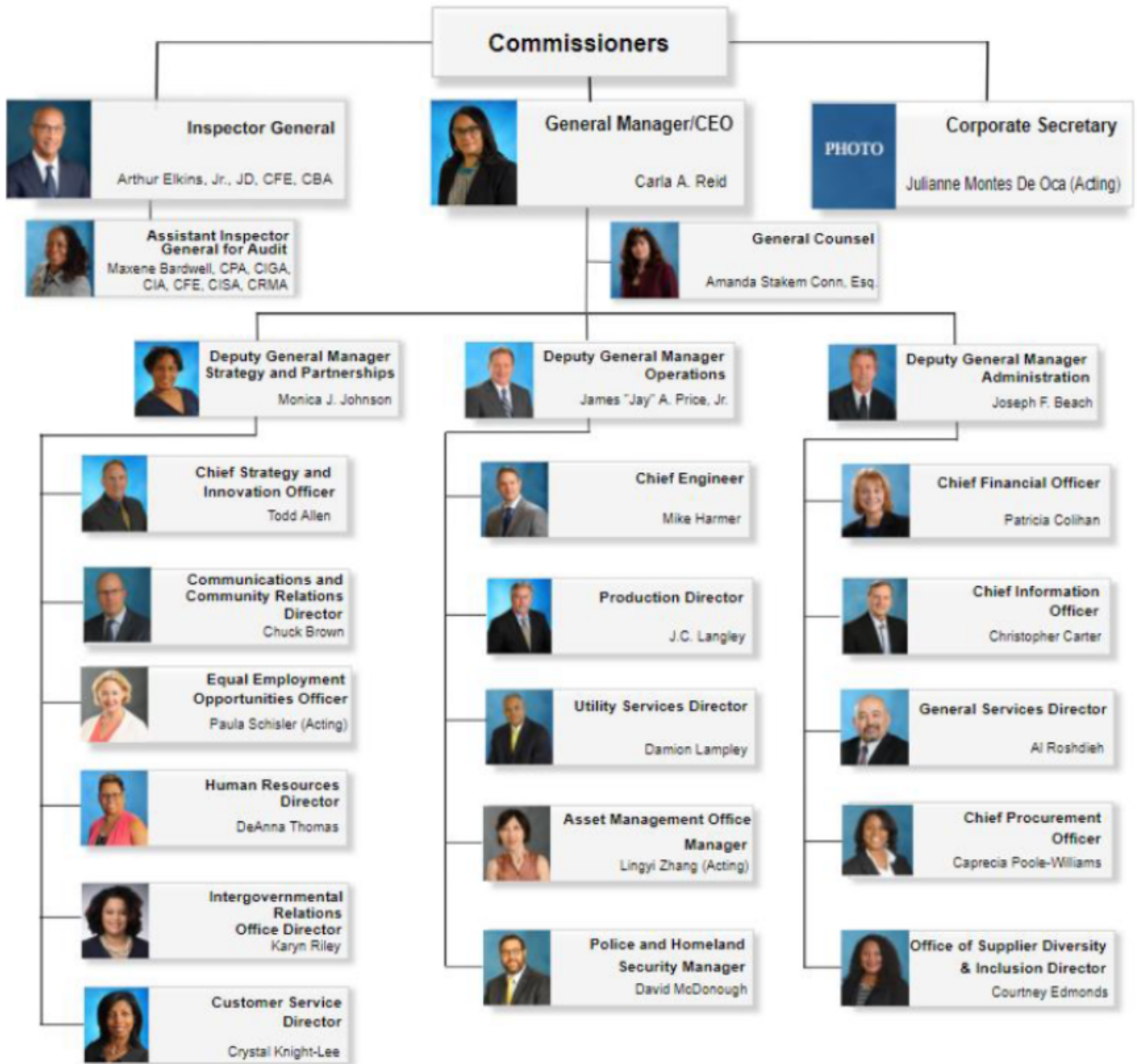
## PROGRAM CONTACTS

Contact Letitia Carolina-Powell of the WSSC Water at 301.206.8379 or Rafael Pumarejo Murphy of the Office of Management and Budget at 240.777.2775 for more information regarding this agency's operating budget.

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

FISCAL PROJECTIONS	FY21 APPROVED	FY22 CE REC	FY23 PROJECTION	FY24 PROJECTION	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION
<b>SPENDING AFFORDABILITY RESULTS</b>							
New Water and Sewer Debt (\$millions)	\$409.9	\$409.7	\$415.6	\$356.4	\$350.0	\$350.0	\$350.0
Total Water and Sewer Operating Expenses (\$millions)	\$836.0	\$842.3	\$879.0	\$929.9	\$994.3	\$1,043.8	\$1,094.5
Debt Service (\$millions)	\$313.9	\$309.0	\$328.5	\$352.2	\$377.5	\$398.4	\$418.5
Average Water and Sewer Rate Increase	6.0%	5.9%	8.0%	8.0%	7.0%	6.5%	6.0%
<b>BEGINNING FUND BALANCE (\$000)</b>	<b>147,605</b>	<b>162,291</b>	<b>162,291</b>	<b>171,665</b>	<b>191,711</b>	<b>205,715</b>	<b>230,353</b>
<b>REVENUES (\$000)</b>							
Water and Sewer Rate Revenue	689,210	717,803	765,097	827,329	886,354	945,173	1,003,177
Interest Income	10,000	1,000	1,000	1,500	2,000	2,500	3,000
Account Maintenance Fee	32,360	31,866	31,930	31,994	32,058	32,122	32,186
Infrastructure Investment Fee	39,410	38,808	38,886	38,963	39,041	39,119	39,198
Miscellaneous	38,271	39,050	39,697	40,358	41,036	41,728	42,438
<b>Total Revenues</b>	<b>809,251</b>	<b>828,527</b>	<b>876,610</b>	<b>940,144</b>	<b>1,000,489</b>	<b>1,060,642</b>	<b>1,119,999</b>
SDC Debt Service Offset	5,772	5,772	5,772	5,772	5,772	5,772	5,748
Reconstruction Debt Service Offset (REDO)	9,500	6,000	4,000	2,000			
Use of Fund Balance	8,000						
Premium Transfer	1,500						
Underwriters Discount Transfer	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Miscellaneous Offset							
<b>TOTAL FUNDS AVAILABLE</b>	<b>836,023</b>	<b>842,299</b>	<b>888,382</b>	<b>949,916</b>	<b>1,008,261</b>	<b>1,068,414</b>	<b>1,127,747</b>
<b>EXPENDITURES (\$000)</b>							
Salaries and Wages	127,726	133,039	138,813	145,059	151,587	158,408	165,537
Heat, Light, and Power	20,423	18,493	19,233	20,003	19,191	18,413	19,278
Regional Sewage Disposal	58,000	59,160	60,343	61,550	62,781	64,037	65,317
Debt Service	313,865	309,045	328,519	352,154	377,451	398,406	418,476
PAYGO	31,016	27,585	31,016	44,000	65,000	80,000	80,000
All Other	284,993	294,977	301,084	307,105	313,247	319,512	325,903
Reserve Contribution							
Unspecified Expenditure Reductions					5,000	5,000	20,000
<b>TOTAL USE OF RESOURCES</b>	<b>836,023</b>	<b>842,299</b>	<b>879,008</b>	<b>929,870</b>	<b>994,257</b>	<b>1,043,776</b>	<b>1,094,511</b>
<b>REVENUE/EXPENDITURE SURPLUS/(GAP)</b>	<b>0</b>	<b>0</b>	<b>9,374</b>	<b>20,046</b>	<b>14,004</b>	<b>24,638</b>	<b>33,236</b>
<b>YEAR END FUND BALANCE w/o additional reserve contribution</b>	<b>147,605</b>	<b>162,291</b>	<b>171,665</b>	<b>191,711</b>	<b>205,715</b>	<b>230,353</b>	<b>263,589</b>
<b>Additional Reserve Contribution</b>	<b>14,686</b>						
<b>TOTAL YEAR END FUND BALANCE</b>	<b>162,291</b>	<b>162,291</b>	<b>171,665</b>	<b>191,711</b>	<b>205,715</b>	<b>230,353</b>	<b>263,589</b>
Debt Service as a Percentage of Water and Sewer Operating Budget	37.5%	36.7%	37.4%	37.9%	38.0%	38.2%	38.2%
Total End of Fiscal Year Operating Reserve	162,291	162,291	171,665	191,711	205,715	230,353	263,589
Total Operating Reserve as a Percentage of Water and Sewer Rate Revenue	20.1%	19.6%	19.6%	20.4%	20.6%	21.7%	23.5%
Total Workyears (all funds)	1,776	1,786	1,786	1,786	1,786	1,786	1,786

- Assumptions:**
- The County Executive's operating budget recommendation is for FY22 only and incorporates the Executive's revenue and expenditure assumptions for that budget.
  - The FY23-27 projections reflect WSSC Water's multi-year forecast and assumptions, which are not adjusted to conform to the County Executive's Recommended budget for WSSC Water. 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 FY22 water and sewer operating budget for WSSC Water.
  - The FY22 estimated spending affordability results are the values for the four spending affordability parameters implied by the FY21 budget jointly approved by Montgomery and Prince George's counties. The FY22 Proposed spending affordability results are the values of the spending affordability parameters associated with WSSC Water's proposed FY21 budget. The FY22 recommended spending affordability results are the spending affordability parameters associated with the County Executive's recommended WSSC Water budget for FY22. The FY23-27 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 Water.
  - The total FY21 estimated workyears shown correspond to the actual workyears as of December, 2020.
  - Estimates of revenue in FY23-27 assume the rate increases projected by WSSC Water in the Average Water and Sewer Rate Increase line.
  - In the projection for FY23-27 additional unspecified expenditure reductions are included to close WSSC Water's projected revenue shortfall in these years.
  - Totals in this chart and WSSC Water's FY22 Proposed Long-Range Fiscal Plan for Water and Sewer Operating Funds may not match due to rounding.



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