



WSSC Water

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 (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.
- 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.
- Increasing the Customer Assistance Program (CAP) to \$2.2 million in FY23 from \$2.1 million in FY22 to help those that continue to be economically impacted by the COVID pandemic. To date, CAP has assisted more than 15,500 customers.

Spending Control Limits

The spending control limits process requires that the two counties set annual ceilings on WSSC Water's water and sewer rate increases 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 FY23 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 FY23 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.

FY23 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	6.5%	6.5%	7.0%	6.5%
New Debt (\$millions)	\$430.1	\$430.1	\$358.8	\$430.1
Water and Sewer Debt Service (\$millions)	\$328.4	\$328.4	\$324.1	\$328.4
Total Water and Sewer Operating Expenses (\$millions)*	\$859.4	\$859.4	\$864.8	\$860.9

* Amount reflects updated revenue projections in WSSC Water's FY23 Proposed Budget from their FY23 SAG submission.
Source: WSSC Water FY23 Proposed Budget

County Executive Recommendations

Operating Budget

The County Executive recommends that WSSC Water's proposed FY23 budget be approved with a water and sewer rate increase of 6.5 percent in FY23 consistent with the County Council's FY23 Spending Affordability Guidelines.

Capital Budget

The County Executive recommended the WSSC Water FY23-28 Capital Improvements Program (CIP) budget be approved as submitted by the Commission.

Expenditures by Category - FY23 WSSC Water Proposed and Executive Recommended						
(\$000s)						
	WSSC Water Total	WSSC Water Total	CE Capital	CE Operating	CE Total	% Change (CE Rec. vs. WSSC Water Proposed)
Expenditure Categories	Approved FY22	Proposed FY23	Recommended FY23	Recommended FY23	Recommended FY23	
Salaries and Wages	160,488	164,582	28,172	136,410	164,582	0.0%
Heat, Light, & Power	18,715	19,047	230	18,817	19,047	0.0%
Regional Sewage Disposal	59,160	60,343	--	60,343	60,343	0.0%
Contract Work	444,405	351,478	351,478	--	351,478	0.0%
Consulting Engineers	79,614	72,122	72,122	--	72,122	0.0%
All Other	447,032	448,340	154,241	290,199	444,440	-0.9%
PAYGO	27,585	31,016	--	31,016	31,016	0.0%
Reserve Contribution	--	18,317	--	18,317	18,317	--
Debt Service	309,045	324,144	--	324,144	324,144	0.0%
Total Budget	1,546,044	1,489,389	606,243	879,246	1,485,489	-0.3%

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

Source: WSSC Water FY23 Proposed Operating Budget

FY23 fiscal projections for all funds and budgets are shown below.

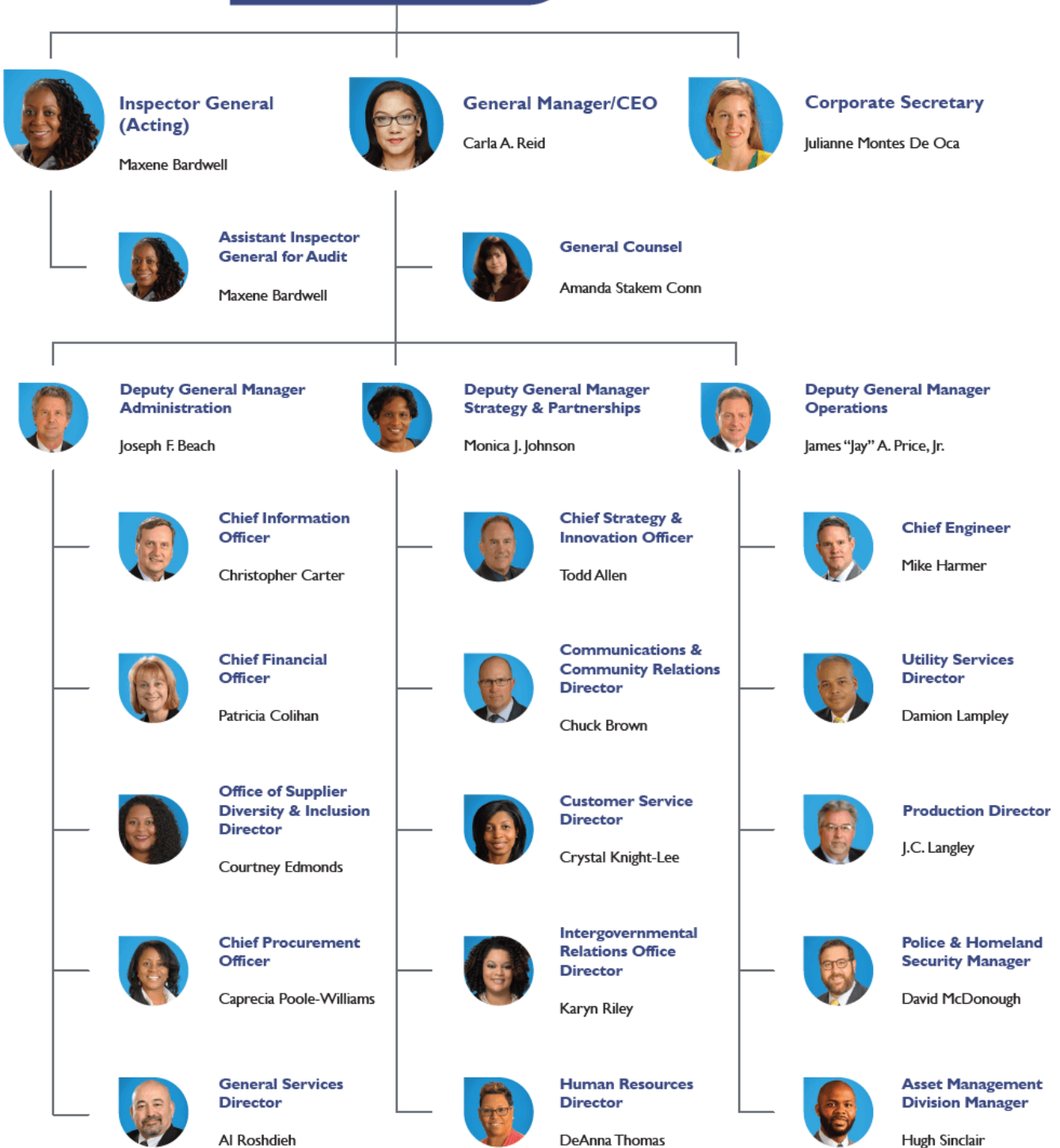
PROGRAM CONTACTS

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	FY22 APPROVED	FY23 CE REC	FY24 PROJECTION	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION	FY28 PROJECTION
SPENDING AFFORDABILITY RESULTS							
New Water and Sewer Debt (\$millions)	\$409.7	\$358.8	\$380.9	\$382.9	\$390.7	\$362.7	\$307.8
Total Water and Sewer Operating Expenses (\$millions)	\$842.3	\$860.9	\$912.7	\$976.1	\$1,033.1	\$1,066.9	\$1,111.6
Debt Service (\$millions)	\$309.0	\$324.1	\$345.4	\$375.7	\$398.5	\$419.4	\$439.2
Average Water and Sewer Rate Increase	5.9%	6.5%	8.5%	6.0%	4.0%	4.0%	4.0%
BEGINNING FUND BALANCE (\$000)	168,897	169,317	187,634	224,882	252,384	268,597	292,893
REVENUES (\$000)							
Water and Sewer Rate Revenue	717,803	753,445	821,335	871,712	907,776	945,358	984,437
Interest Income	1,000	2,800	2,800	2,800	2,800	2,800	2,800
Account Maintenance Fee	31,866	33,903	36,958	39,176	40,743	42,373	44,068
Infrastructure Investment Fee	38,808	41,311	45,033	47,735	49,644	51,630	53,695
Miscellaneous	39,050	33,515	34,058	34,359	40,537	41,282	36,667
Total Revenues	828,527	864,974	940,184	995,782	1,041,500	1,083,443	1,121,727
SDC Debt Service Offset	5,772	5,772	5,772	5,772	5,772	5,748	5,748
Reconstruction Debt Service Offset (REDD)	6,000	4,000	2,000				
Use of Fund Balance							
Premium Transfer		2,500					
Underwriters Discount Transfer	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Miscellaneous Offset							
TOTAL FUNDS AVAILABLE	842,299	879,246	949,956	1,003,554	1,049,272	1,091,191	1,129,475
EXPENDITURES (\$000)							
Salaries and Wages	133,039	136,410	142,548	148,963	155,666	162,671	169,991
Heat, Light, and Power	18,493	18,817	19,569	18,776	18,014	18,861	19,521
Regional Sewage Disposal	59,160	60,343	61,550	62,781	64,037	65,317	66,624
Debt Service	309,045	324,144	345,360	375,671	398,462	419,424	439,234
PAYGO	27,585	31,016	44,000	65,000	80,000	80,000	100,000
All Other	294,977	294,099	299,681	304,861	316,880	320,622	316,229
Unspecified Expenditure Reductions		(3,900)					
TOTAL USE OF RESOURCES	842,299	860,929	912,708	976,051	1,033,059	1,066,895	1,111,599
REVENUE/EXPENDITURE SURPLUS/(GAP)	0	18,317	37,248	27,503	16,213	24,296	17,876
YEAR END FUND BALANCE w/o additional reserve contribution	168,897	169,317	187,634	224,882	252,384	268,597	292,893
Adjustments	420						
Additional Reserve Contribution		18,317	37,248	27,502	16,213	24,296	17,876
TOTAL YEAR END FUND BALANCE	169,317	187,634	224,882	252,384	268,597	292,893	310,769
Debt Service as a Percentage of Water and Sewer Operating Budget	36.7%	37.7%	37.8%	38.5%	38.6%	39.3%	39.5%
Total End of Fiscal Year Operating Reserve	169,317	187,634	224,882	252,384	268,597	292,893	310,769
Total Operating Reserve as a Percentage of Water and Sewer Rate Revenue	20.4%	21.7%	23.9%	25.3%	25.8%	27.0%	27.7%
Total Workyears (all funds)	1,786	1,796	1,796	1,799	1,799	1,799	1,799
Assumptions:							
1. The County Executive's operating budget recommendation is for FY23 only and incorporates the Executive's revenue and expenditure assumptions for that budget.							
2. The FY24-28 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.							
3. The FY23 estimated spending affordability results are the values for the four spending affordability parameters implied by the FY22 budget jointly approved by Montgomery and Prince George's counties. The FY23 Proposed spending affordability results are the values of the spending affordability parameters associated with WSSC Water's proposed FY22 budget. The FY23 recommended spending affordability results are the spending affordability parameters associated with the County Executive's recommended WSSC Water budget for FY23. The FY24-28 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.							
4. The total FY22 estimated workyears shown correspond to the actual workyears as of December, 2021.							
5. Estimates of revenue in FY24-28 assume the rate increases projected by WSSC Water in the Average Water and Sewer Rate Increase line.							
6. In the projection for FY24-28 additional unspecified expenditure reductions are included to close WSSC Water's projected revenue shortfall in these years.							
7. Totals in this chart and WSSC Water's FY23 Proposed Long-Range Fiscal Plan for Water and Sewer Operating Funds may not match due to rounding.							

Commissioners



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