



WSSC Water

MISSION STATEMENT

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://wsscwater.com/budget>.

Prior to January 15 of each year, the Commission prepares a preliminary proposed capital and operating budget 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 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 items 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, 7 days a week.
- Treating or delivering 162 million gallons per day (MGD) of water to over 480,000 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 limiting the time a customer is without water service to less than 6 hours.
- Implementing the Customer Assistance Program (CAP) to help those with financial hardship. The CAP was assisting 6,506

customers at the end of FY24.

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 limit, they must approve budgets within these limits.

The following table shows the FY26 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 FY26 budget and under the County Executive's recommended budget for WSSC Water. The Commission's proposed rate increase (9.8 percent) falls between the spending control limits approved by Montgomery County (10.2 percent) and Prince George's County (9.0 percent). In addition, the Total Water and Sewer Operating Expenses are \$22.4 million higher than the Spending Affordability (SAG)- approved guidelines. The additional operating costs will be recouped with additional miscellaneous fee and revenue income.

FY26 Spending Control Limits Comparison (\$ in Millions)				
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	10.2%	9.0%	9.8%	9.8%
New Debt	\$489.4	\$430.1	\$494.4	\$494.4
Water and Sewer Debt Service	\$373.6	\$371.3	\$373.8	\$373.8
Total Water and Sewer Operating Expenses	\$1,122.3	\$1,111.0	\$1,133.4	\$1,133.4

* Covered by offsetting funding sources.

Source: WSSC Water FY26 Proposed Budget

County Executive Recommendations

Operating Budget

The County Executive recommends that WSSC Water's proposed FY26 budget be approved with an average water and sewer rate increase of 9.8 percent in FY26, consistent with Montgomery County's FY26 Spending Affordability Guidelines.

Capital Budget

The County Executive recommended the WSSC Water FY26-31 Capital Improvements Program budget be approved as submitted by the Commission.

Overall Budget

FY26 fiscal projections for all funds and budgets are shown below.

Expenditures by Category - FY26 WSSC Water Proposed and Executive Recommended						
(\$ in Thousands))						
	WSSC Water	WSSC Water	CE	CE	CE	% Change
	Total	Total	Capital	Operating	Total	(CE Rec. vs.
	Approved	Proposed	Recommended	Recommended	Recommended	WSSC Water
Expenditure Categories	FY25	FY26	FY26	FY26	FY26	Proposed)
Salaries and Wages	\$191,116,000	\$242,590,000	\$42,194,000	\$200,396,000	\$242,590,000	0%
Heat, Light, & Power	\$27,593,000	\$29,518,000	\$303,000	\$29,215,000	\$29,518,000	0%
Regional Sewage Disposal	\$76,908,000	\$83,661,000	\$0	\$83,661,000	\$83,661,000	0%
Contract Work	\$512,237,000	\$383,031,000	\$383,031,000	\$0	\$383,031,000	0%
Consulting Engineers	\$83,705,000	\$117,541,000	\$117,541,000	\$0	\$117,541,000	0%
All Other	\$503,461,000	\$509,641,000	\$153,746,000	\$355,895,000	\$509,641,000	0%
PAYGO	\$50,601,000	\$93,000,000	\$0	\$93,000,000	\$93,000,000	0%
Reserve Contribution	\$0	\$0	\$0	\$0	\$0	--
Debt Service	\$365,449,000	\$373,801,000	\$0	\$373,801,000	\$373,801,000	0%
Total Budget	\$1,811,070,000	\$1,832,783,000	\$696,815,000	\$1,135,968,000	\$1,832,783,000	0.0%
Note: Total expenditures include the water and sewer operating funds and the two capital funds.						

Source: WSSC Water FY26 Proposed Operating Budget

PROGRAM CONTACTS

Contact Letitia Carolina-Powell of the WSSC Water at 301-206-8379 or Richard H. Harris of the Office of Management and Budget at 240-777-2795 for more information regarding this agency's operating budget.

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

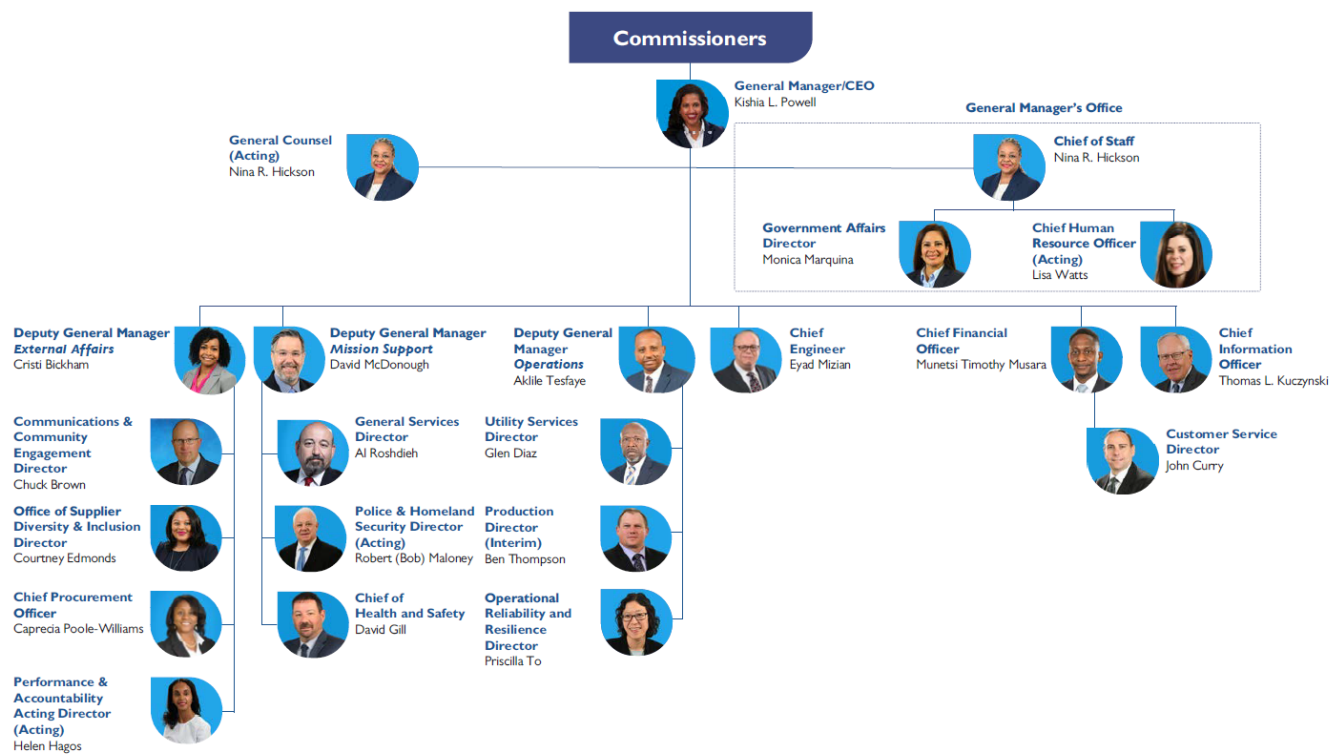
(\$ IN THOUSANDS)

FISCAL PROJECTIONS	FY25 APPROVED	FY26 CE REC	FY27 PROJECTION	FY28 PROJECTION	FY29 PROJECTION	FY30 PROJECTION	FY31 PROJECTION
SPENDING AFFORDABILITY RESULTS							
New Water and Sewer Debt	\$390,262	\$494,441	\$611,109	\$532,360	\$588,064	\$556,029	\$554,797
Total Water and Sewer Operating Expenses	\$1,014,059	\$1,133,372	\$1,235,171	\$1,329,028	\$1,418,169	\$1,503,118	\$1,586,444
Debt Service	\$361,968	\$373,801	\$398,364	\$436,564	\$463,586	\$494,108	\$522,115
Average Water and Sewer Rate Increase	8.5%	9.8%	9.7%	8.2%	7.5%	6.3%	5.8%
BEGINNING FUND BALANCE	\$368,922	\$395,088	\$395,088	\$395,088	\$395,088	\$395,088	\$395,088
REVENUES							
Water and Sewer Rate Revenue	\$809,105	\$894,985	\$981,799	\$1,062,306	\$1,141,979	\$1,213,924	\$1,284,332
Interest Income	\$8,860	\$14,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Account Maintenance Fee	\$59,964	\$69,684	\$76,443	\$82,712	\$88,915	\$94,516	\$99,998
Infrastructure Investment Fee	\$74,839	\$86,016	\$94,360	\$102,098	\$109,755	\$116,670	\$123,435
Plumbing and Inspection Fees	\$21,356	\$22,610	\$23,289	\$23,988	\$24,708	\$25,449	\$26,213
Rockville Sewer Use	\$3,300	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
Grants Revenue	\$2,500	\$3,171	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Miscellaneous	\$27,251	\$27,800	\$29,000	\$29,309	\$29,618	\$29,933	\$30,253
Uncollectable	-\$7,901	-\$4,961	-\$5,763	-\$6,236	-\$6,703	-\$7,126	-\$7,539
Cost Sharing Reimbursement	\$7,013	\$7,795	\$13,295	\$12,103	\$7,149	\$7,004	\$7,004
Miscellaneous	\$53,519	\$60,915	\$66,821	\$66,164	\$61,772	\$62,260	\$62,931
Total Revenues	\$1,006,287	\$1,125,600	\$1,227,423	\$1,321,280	\$1,410,421	\$1,495,370	\$1,578,696
SDC Debt Service Offset	\$5,772	\$5,772	\$5,748	\$5,748	\$5,748	\$5,748	\$5,748
Underwriters Discount Transfer	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
TOTAL FUNDS AVAILABLE	\$1,014,059	\$1,133,372	\$1,235,171	\$1,329,028	\$1,418,169	\$1,503,118	\$1,586,444
EXPENDITURES							
Salaries and Wages	\$158,146	\$199,283	\$208,250	\$217,622	\$227,415	\$237,648	\$248,342
Heat, Light, and Power	\$27,278	\$29,200	\$30,079	\$30,985	\$31,914	\$34,620	\$35,832
Regional Sewage Disposal	\$76,908	\$83,661	\$85,334	\$87,041	\$88,782	\$90,558	\$92,369
Debt Service	\$361,968	\$373,801	\$398,364	\$436,564	\$463,586	\$494,108	\$522,115
PAYGO	\$50,601	\$93,000	\$147,686	\$162,592	\$172,366	\$183,080	\$182,233
All Other	\$339,158	\$354,427	\$365,458	\$394,224	\$434,106	\$463,104	\$505,553
TOTAL USE OF RESOURCES	\$1,014,059	\$1,133,372	\$1,235,171	\$1,329,028	\$1,418,169	\$1,503,118	\$1,586,444
REVENUE/EXPENDITURE SURPLUS/(GAP)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
YEAR END FUND BALANCE w/o additional reserve contribution	\$368,922	\$395,088	\$395,088	\$395,088	\$395,088	\$395,088	\$395,088
Additional Reserve Contribution	\$26,166						
TOTAL YEAR END FUND BALANCE	\$395,088	\$395,088	\$395,088	\$395,088	\$395,088	\$395,088	\$395,088
Debt Service as a Percent of Water and Sewer Operating Budget	35.7%	33.0%	32.3%	32.8%	32.7%	32.9%	32.9%
Total End of Fiscal Year Operating Reserve	\$395,088	\$395,088	\$395,088	\$395,088	\$395,088	\$395,088	\$395,088
End of Fiscal Year Fund Balance as Percent of Operating Revenue	39.3%	35.1%	32.2%	29.9%	28.0%	26.4%	25.0%
Total Workyears (all funds)	1,963	2,040	2,040	2,040	2,040	2,040	2,040

Assumptions:

1. The CE recommended operating budget is for FY26 only and incorporates the CE's revenue and expenditure assumptions for that budget.
2. The FY27-31 projections reflect WSSC Water's multi-year forecast and assumptions. 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 CE's FY26 Recommended water and sewer operating budget for WSSC Water.
3. The FY26 estimated spending affordability results are the values for the four spending affordability parameters implied by the FY26 budget approved by Montgomery and Prince George's counties, though Montgomery approved a 10.2% average rate increase and Prince George's County approved a 9.0% increase, and WSSC Water proposed a 9.8% increase, in the middle of Montgomery and Prince George's Counties. The FY26 proposed spending affordability results are the values of the spending affordability parameters associated with WSSC Water's proposed FY26 budget. The FY26 recommended spending affordability results are the spending affordability parameters associated with the County Executive's recommended WSSC Water budget for FY26. The FY27-31 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 FY26 estimated workyears shown correspond to the actual workyears as of December 2024.
5. Estimates of revenue in FY27-31 assume the rate increases projected by WSSC Water in the Average Water and Sewer Rate Increase line.
6. Totals in this chart and WSSC Water's FY26 Proposed Long-Range Fiscal Plan for Water and Sewer Operating Funds may not match due to rounding.

Source: WSSC Water FY26 Proposed Budget Long-Range Financial Plan for Water and Sewer Operating Funds



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