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# 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, 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 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 each year, WSSC's proposed budgets are adopted.

## ACCOMPLISHMENTS AND INITIATIVES

- ❖ ***Operate and maintain a system of three reservoirs impounding 14 billion gallons of water, two major water filtration plants, six wastewater treatment plants, 5,600 miles of water mains, and 5,500 miles of sewer mains 24 hours a day, seven days a week.***
- ❖ ***Treat and deliver 170.0 million gallons of water per day to over 447,000 customer accounts, and treat 211.0 million gallons of wastewater per day in a manner that meets or surpasses all Federal and State water and wastewater quality standards and permit requirements.***
- ❖ ***Continue to provide maintenance services at a level consistent with the objective of responding to the customer within two hours of receiving notice of a major problem and restoring service to the customer within 24 hours from the time a service interruption occurs.***
- ❖ ***Undertake a six-year Capital Improvement Program that includes rehabilitation of 122 miles of Trunk Sewer, as well as funding for six major projects at the Blue Plains Advanced Wastewater Treatment Plant in the District of Columbia, the Bi-County Water Tunnel, rehabilitation of large water and sewer mains, and other important water and wastewater projects.***
- ❖ ***Inspect, repair, and install acoustic fiber optic cable (an early warning system) for 10 miles of large diameter pre-stressed concrete cylinder pipe (PCCP) water mains. During FY14, WSSC will, after completing the inspection of all PCCP water mains 48 inches in diameter and larger in FY13, begin inspecting the next lowest sized PCCP water mains at 36 inches.***
- ❖ ***Continue to renew WSSC's underground infrastructure through the Water and Sewer Reconstruction Programs. In FY14, the Commission will reconstruct 51 miles of small water mains (five more miles than in FY13) and rehabilitate 25 miles of residential sewers.***

- ❖ **Comply with the Sanitary Sewer Overflow Consent Decree.**
- ❖ **Fund the sixth year of implementing the Enterprise Resource Planning/Enterprise Asset Management system.**
- ❖ **Fund the seventh year of the eight-year phase-in to achieve full funding for liabilities related to post-employment benefits other than retirement, based on Governmental Accounting Standards Board Statement No. 45.**
- ❖ **Continue to increase the operating reserve toward the goal of having reserves equal to 10 percent of water and sewer rate revenues. (The reserve percentage will rise to 9.3% in FY14 from an estimated FY13 level of 7.7%.)**
- ❖ **Fund the above activities and initiatives in conjunction with a 7.25% rate increase consistent with the Spending Control Limits adopted by Montgomery and Prince George's counties.**

## 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 FY14 spending control limits adopted by the Montgomery and Prince George's County councils, compared to the spending control results projected under WSSC's Proposed FY14 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.

<b>FY14 Spending Control Limits Comparison</b>				
<b>SPENDING CONTROL LIMITS</b>	<b>Approved Spending Control Limits</b>		<b>Projected Levels Under</b>	
	<b>Montgomery County</b>	<b>Prince George's County</b>	<b>WSSC's Proposed Budget</b>	<b>County Executive Recommended Budget</b>
Maximum Average Water/Sewer Rate Increase	8.0%	7.5%	7.25%	7.25%
New Debt (\$millions)	\$506.4	\$506.4	\$506.4	\$497.4
Water and Sewer Debt Service (\$millions)	\$226.6	\$226.6	\$226.6	\$226.1
Total Water and Sewer Operating Expenses (\$millions)	\$662.3	\$659.7	\$658.9	\$658.4

## FY14 COUNTY EXECUTIVE RECOMMENDATIONS

### Operating Budget

The County Executive recommends that WSSC's proposed FY14 operating budget be approved with the following changes:

The County Executive recommends that the Commission provide a salary enhancement no greater than what has been recommended for Montgomery County employees as part of the County Executive's FY14 Recommended Operating Budget. This will ensure that the compensation enhancements provided to WSSC employees in FY14 are consistent with those provided to Montgomery County employees. The County Executive does not recommend providing additional resources to WSSC beyond the \$3.4 million budgeted by the Commission for salary enhancements and further recommends the Commission identify any additional required funds needed to provide this recommended salary enhancement level within the Commission's Proposed FY14 Operating and Capital Budget.

WSSC's proposed FY14 operating budget also needs to be adjusted to make it consistent with the County Executive's Recommended FY14-19 CIP, which incorporates District of Columbia Water and Sewer Authority's (WASA) most recent cost estimates for the six Blue Plains Advanced Wastewater Treatment Plant projects. The expenditure adjustments to these projects will require that the Commission reduce their bond issuance by \$9.021 million in bonds in FY14, necessitating a \$493,100 decrease in water and sewer debt service for FY14.

### Capital Budget

The County Executive recommends approval of WSSC's proposed FY14 capital budget with the following adjustments:

To make the WSSC proposed FY14 capital budget consistent with the County Executive's Recommended FY14-19 CIP for WSSC, the expenditures and funding for the six Blue Plains Advanced Wastewater Treatment Plant projects should be revised to align them

with the updated amounts shown in the District of Columbia Water and Sewer Authority's (WASA) proposed FY2012-2021 CIP. The recommended changes will result in a net reduction of \$12.974 million to the FY14 capital budget. These changes are the result of revised project cost estimates and project schedule adjustments deferring costs to later years.

FY14 fiscal projections for all funds and budgets are shown below.

<b>Expenditures by Category - FY14 WSSC Proposed and Executive Recommended</b>							
(\$000s)							
<b>Expenditure Categories</b>	<b>WSSC Total</b>	<b>WSSC Total</b>	<b>WSSC Total</b>	<b>CE Capital</b>	<b>CE Operating</b>	<b>CE Total</b>	<b>% Change</b>
	<b>Actual FY12</b>	<b>Approved FY13</b>	<b>Proposed FY14</b>	<b>Recommended FY14</b>	<b>Recommended FY14</b>	<b>Recommended FY14</b>	<b>(CE Rec. vs. WSSC Proposed)</b>
Salaries and Wages	112,719	124,884	128,186	23,541	104,645	128,186	0.0%
Heat, Light, & Power	24,658	24,223	23,910	--	23,910	23,910	0.0%
Regional Sewage Disposal	49,483	51,309	53,207	--	53,207	53,207	0.0%
Contract Work	190,925	396,985	378,860	378,860	--	378,860	0.0%
Consulting Engineers	51,848	83,267	113,002	113,002	--	113,002	0.0%
All Other	349,838	517,097	491,640	239,438	252,202	491,640	0.0%
Debt Service	223,010	251,973	265,409	100	264,816	264,916	-0.2%
<b>Total Budget</b>	<b>1,002,481</b>	<b>1,449,738</b>	<b>1,454,214</b>	<b>754,941</b>	<b>698,780</b>	<b>1,453,721</b>	<b>0.0%</b>

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 Matt Schaeffer of the Office of Management and Budget at 240.777.2751 for more information regarding this agency's capital and operating budgets.

WSSC ORGANIZATION CHART

