



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Marc Elrich
County Executive

M E M O R A N D U M

January 15, 2021

TO: Tom Hucker, President, County Council

FROM: Marc Elrich, County Executive *Marc Elrich*

SUBJECT: Washington Suburban Sanitary Commission (WSSC)
FY22-27 Capital Improvements Program (CIP) and FY22 CIP Expenditures

I am pleased to transmit to you, in accordance with State law, my recommended FY22-27 CIP and FY22 CIP expenditures for the Washington Suburban Sanitary Commission (WSSC Water).

WSSC Water's Proposed FY22-27 CIP totals \$2.085 billion, of which \$1.745 billion is for Montgomery County and bi-county projects. The latter figure represents a \$75.5 million (4.5%) increase from the six-year total for Montgomery County and bi-county projects in the Commission's approved FY21-26 CIP. The majority of this net increase (\$75.5 million) is due to the deferral of projects from FY20 and FY21 into the six-year period due to COVID impacts and a new \$31 million project replacing a critical pump station's electrical infrastructure and increases to the Piscataway Bioenergy Project.

Spending Control Limits

I concurred with the unanimous recommendation of the Montgomery County Council Transportation and Environment Committee, which the Council adopted, on FY22 Spending Control Limits that included a Maximum Average Rate Increase of 5.9 percent for the FY22 operating and capital budgets. This rate increase is 0.1 percentage points lower than the 6.0 percent average rate increase approved for FY21.

Under the 5.9 percent rate increase allowed by the Council adopted Spending Control Limits, WSSC Water will have to make \$3.9 million of unspecified reductions to its operating budget. According to WSSC Water staff, reductions are unlikely to impact capital spending. If CIP reductions are required, I strongly urge the Commission to ensure that the following essential programs are preserved:

- The reconstruction and rehabilitation of WSSC Water's aging small diameter water and sewer mains;
- The continuation of the large valve replacement program; and
- Other critical infrastructure repairs associated with our aging water and sewer system.

These initiatives, which are critical to the rehabilitation and renewal of WSSC Water's aging infrastructure, must proceed as planned.

New Projects

I support the four new projects entering the Montgomery and bi-county CIP program this year:

- Two Montgomery County water projects, Pleasant's Property Water Main Extension and Viva White Oak Water Main, which will provide water access to serve these communities. These projects are funded through the System Development Charge.
- One Montgomery County sewer project, Viva White Oak Sewer Main, which will provide sewer access to serve this community. This project is funded through the System Development Charge.
- One Bi-county sewer project, Anacostia #2 Waste Water Pump Station Upgrades, which will replace, rehabilitate, or update the electrical equipment and infrastructure from the station's original construction in the late 1970s.

Customer Resource Building

The Customer Resource Building project in the Information Only portion of the CIP has been moved to the Close-Out list. WSSC Water declined to purchase this facility due to the continuing economic impacts and uncertainty caused by the COVID pandemic.

Advanced Metering Infrastructure

WSSC Water has also suspended the Advanced Metering Infrastructure project, in the Information Only Portion of the CIP, due to the continuation economic impacts and uncertainty caused by the COVID pandemic. I expect WSSC Water will propose a different use for the \$98.4 million allocated for this project when we receive an updated FY22-27 Proposed CIP in the Spring of 2021.

Piscataway Bioenergy

The total cost of the Piscataway Bioenergy project has increased by \$46 million, or 16.4 percent, from the FY21-26 Adopted CIP (\$281.2 million) to the FY22-27 Proposed CIP (\$327.2 million). Given the significant increases to this project, I strongly encourage WSSC Water to seek out support for this project from any future federal infrastructure or climate change mitigation program, as proposed by the incoming Biden Administration.

I understand that WSSC Water may continue to examine adjustments to the CIP program. I encourage the Commission to continue to prioritize critical infrastructure projects and to strike a balance between making the investments to ensure the long-term stability of our utility infrastructure and the impact on ratepayers.

As always, Executive Branch staff are available to assist you in your deliberations. I look forward to discussing with you any policy matters or major resource allocation issues that arise this spring.

ME:rpm

c: Richard S. Madaleno, Chief Administrative Officer
Carla A. Reid, General Manager/CEO, Washington Suburban Sanitary Commission
Patricia Colihan, Chief Financial Officer, Washington Suburban Sanitary Commission
Marlene Michaelson, Executive Director, Montgomery County Council
County Council Members
Adam Ortiz, Director, Department of Environmental Protection
Jennifer Bryant, Acting Director, Office of Management and Budget
Mary Beck, Capital Budget Manager, Office of Management and Budget
Stan Edwards, Department of Environmental Protection

Attachments: Agency Request Compared to Executive Recommended

**FY 22-27 EXECUTIVE RECOMMENDED CIP
Agency Request Compared to Executive Recommended
WSSC**

Project Name (Project Number)	Agency Request	Executive Recommended
Sewerage Bi-County		
Anacostia #2 WWPS Upgrades (P382204)	10,927	10,927
Blue Plains WWTP: Biosolids Mgmt PT2 (P954812)	15,321	15,321
Blue Plains WWTP: Enhanced Nutrient Removal (P083800)	116	116
Blue Plains WWTP: Liquid Train PT 2 (P954811)	18,847	18,847
Blue Plains WWTP: Plant Wide Projects (P023805)	9,891	9,891
Blue Plains: Pipelines and Appurtenances (P113804)	10,460	10,460
Land & Rights-of-Way Acquisition - Bi-County (S) (P163800)	495	495
Piscataway WRRF Bio-Energy Project (P063808)	97,864	97,864
Septage Discharge Facility Planning & Implement. (P103802)	12,461	12,461
Trunk Sewer Reconstruction Program (P113805)	58,565	58,565
Sewerage Montgomery County		
Damascus Town Center WWPS Replacement (P382002)	672	672
Milestone Center Sewer Main (P173804)	538	538
Shady Grove Neighborhood Center (P382102)	633	633
Shady Grove Station Sewer Augmentation (P063806)	5,960	5,960
Spring Gardens WWPS Replacement (P382003)	110	110
Viva White Oak Sewer Main (P382203)	599	599
Water Bi-County		
Land & Rights-of-Way Acquisition - Bi-County (P983857)	1,100	1,100
Large Diameter Water Pipe Rehabilitation Program (P113803)	61,681	61,681
Patuxent Raw Water Pipeline (P063804)	9,515	9,515
Potomac WFP Consent Decree Program (P173801)	10,500	10,500
Potomac WFP Main Zone Pipeline (P133800)	913	913
Potomac WFP Pre-Filter Chlorination & Air Scour Improvements (P143803)	143	143
Potomac WFP Submerged Channel Intake (P033812)	-	-
Regional Water Supply Resiliency (P382101)	4,120	4,120
Water Montgomery County		
Pleasant's Property Water Main Extension (P382201)	1,786	1,786
Viva White Oak Water Main (P382202)	712	712
White Oak Water Mains Augmentation (P382001)	366	366