

WASHINGTON SUBURBAN SANITARY COMMISSION

APPROVED BUDGET

FY 2021

July 1, 2020 - June 30, 2021





FISCAL YEAR 2021 APPROVED BUDGET

Howard A. Denis, Chair
Keith E. Bell, Vice Chair
Fausto R. Bayonet, Commissioner
Chris Lawson, Commissioner
T. Eloise Foster, Commissioner
Sandra L. Thompson, Commissioner

Carla A. Reid, General Manager/CEO

ATTEST: Sheila R. Finlayson, Esq., Corporate Secretary



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Washington Suburban Sanitary Commission
Maryland**

For the Fiscal Year Beginning

July 1, 2019

Christopher P. Morill

Executive Director

The Government Finance Officers Association (GFOA) of the United States and Canada presented an award of Distinguished Budget Presentation to WSSC Water for its annual budget for the fiscal year beginning July 1, 2019. This is the twenty-fifth consecutive year that WSSC Water has received this award.

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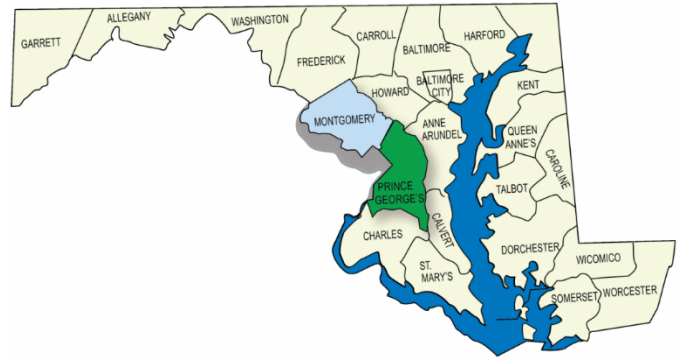
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SECTION I
WSSC WATER OVERVIEW

OVERVIEW

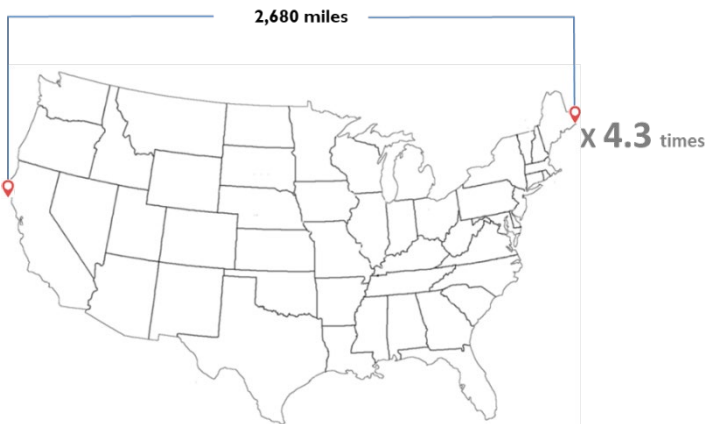
GENERAL INFORMATION

WSSC Water provides water and sewer services to approximately 1.8 million residents of Maryland's Montgomery and Prince George's Counties, which border Washington, D.C. Established by the Maryland General Assembly in 1918 as a regional (bi-county) agency under Article 29 and later re-codified into Division II of the Public Utilities Article of the Annotated Code of Maryland. The agency ranks among the largest water and sewer utilities in the country encompassing a service area of nearly 1,000 square miles.



To fulfill its primary mission of providing safe and reliable water and returning clean water to the environment, WSSC Water operates and maintains an extensive array of highly automated facilities. The agency's two water filtration plants (WFPs), drawing raw water from the Potomac and Patuxent rivers, are projected to produce an average of 164 million gallons of water per day in FY 2021 and deliver that water to homes and businesses in Montgomery and Prince George's Counties, serving over 475,000 customer accounts through a system of over 5,900 miles of water mains. To ensure a reliable water supply for all seasons and conditions, WSSC Water operates three reservoirs with a total capacity exceeding 14 billion gallons.

How long is 11,600 miles of water and sewer pipeline



and the Blue Plains Advanced Wastewater Treatment Plant (Blue Plains) operated by the District of Columbia Water and Sewer Authority (DC Water). In FY 2021, it is projected that an average of 197.2 million gallons of wastewater per day from Montgomery and Prince George's Counties will move to these facilities through approximately 5,700 miles of sewer lines maintained by WSSC Water. The six WRRFs owned by the agency have a combined capacity of 95 million gallons per day (MGD). Blue Plains is a regional facility that serves the District of Columbia and several northern Virginia jurisdictions, as well as WSSC Water. Under the Inter-Municipal Agreement that governs the agency's arrangement with Blue Plains, WSSC Water is allocated 169 MGD of Blue Plains' 370 MGD capacity. The agency, in turn, pays a proportionate share of Blue Plains' operating and capital expenses. All but one of these facilities (the Hyattstown plant) go beyond conventional wastewater treatment to provide "tertiary treatment" - advanced treatment processes which ensure that the quality of the treated wastewater is better than the quality of the natural water to which it is returned.

The agency also reviews preliminary subdivision plats as to suitability of water and sewer design; reviews street grades where there are agency facilities; formulates regulations, issues permits, and inspects all plumbing and gas fitting installations; and conducts examinations for master and journeyman plumbers and gasfitters, and issues licenses to those qualified to perform plumbing and gas-fitting work.

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WSSC WATER STRATEGIC PLAN

Journey to World Class

MISSION: We are entrusted by our community to provide safe and reliable water, life's most precious resource, and return clean water to our environment, all in an ethical, sustainable, and financially responsible manner.



CORE VALUES

- Accountability
- Collaboration
- Environmental Stewardship
- Excellence
- Innovation

STRATEGIC PRIORITIES

- Enhance Customer Experience
- Optimize Infrastructure
- Spend Customer Dollars Wisely
- Transform Employee Engagement
- Protect Our Resources

GUIDING PRINCIPLES

- Simplify
- Focus
- Connect

VISION

To be THE world-class water utility, where excellent products and services are always on tap.

Our Values

Our guides for daily behavior and decision making at every level include:

- **Accountability:** We are responsible employees who act ethically, are accountable and conduct ourselves with integrity and transparency
- **Collaboration:** We work as a team across the Commission to fulfill the needs of our customers
- **Environmental Stewardship:** We continuously enhance and protect natural resources and the environment for the health of future generations
- **Excellence:** We achieve the highest level of quality, safety, productivity and cost-effectiveness, demonstrating world class service to everyone
- **Innovation:** We promote creativity to develop new products, streamline processes and enhance services

Our Strategic Priorities

Our methods for achieving our Mission and Vision:



Enhance Customer Experience: Deliver Safe, Reliable and Consistent Service; Provide Timely Response to Customer Queries; Be a Good Citizen Within Our Communities



Spend Customer Dollars Wisely: Improve Operational Efficiency; Improve Fixed Asset Utilization; Improve Financial Process Efficiency and Fiscal Sustainability



Optimize Infrastructure: Achieve Industry-Leading Reliability and Asset Integrity; Expand Resilience and Balance Risk



Protect our Resources: Resolve and Learn from Past Incidents; Maintain Best-in-Class Operating Environment Safety for Employees; Plan Proactively with Community Stakeholders; Secure the Commission's Critical Infrastructure



Transform Employee Engagement: Acquire the Best People; Retain Top Performers; Develop and Grow Talent; Communicate Effectively

Journey to World Class

WSSC Water's FY 2021 Strategic Roadmap

The men and women of WSSC Water work 24/7/365 to fulfill our clean water mission. Throughout FY 2021, we will work with our customers, neighbors, stakeholders and each other to deliver these essential key strategic initiatives:



Enhance Customer Experience

- Deliver the essential: Produce an average of 164 million gallons/day (MGD) of safe, clean reliable drinking water and safely process an average of 197 MGD of wastewater each day for our 1.8 million residents (approx. 475,000 customer accounts)
- Initiate Advanced Metering Infrastructure (AMI) so customers can better track their water usage, which can significantly reduce their bills and save them money
- Enhance and expand customer affordability programs
- Stabilize Customer to Meter (C2M) billing system



Spend Customer Dollars Wisely

- Continue efforts to control costs and save money through Strategic Sourcing, reducing overtime, freezing positions, limiting growth in the cost of group insurance plans, conserving energy and focusing on employee safety to reduce lost work days
- Improve contract life-cycle management to ensure deliverables are provided on-time, on-budget and within scope
- Maintain AAA Bond Rating through strong financial policies and planning



Optimize Infrastructure

- Implement the first year of the FY 2021-2026 Capital Improvements Program (CIP)
- Rehabilitate and repair wastewater collection system in southern Prince George's County to reduce infiltration and inflow
- Ensure resiliency of WSSC Water's water supply and delivery
- Continue to invest in innovative technology, processes and ideas
- Invest in maintenance programs to improve the condition of buildings, systems and grounds



Protect Our Resources

- Assess and adapt to the impacts of climate change on WSSC Water infrastructure and continue to invest in projects that reduce greenhouse gas emissions
- Comply with the Sanitary Sewer Overflow and Potomac Plant consent orders
- Develop a biosolids and water treatment residuals Master Plan
- Conduct analysis to determine resource needs to support core mission
- Develop a Digital Strategy to create value added improvements for WSSC Water and its customers, while ensuring confidentiality and integrity



Transform Employee Engagement

- Infuse innovation and creativity throughout the workforce to address the new normal
- Consolidate and enhance employee training, learning and development
- Drive employee culture change through research, data-driven decision-making and program management
- Update employee onboarding process and new employee orientation

GOVERNANCE

Commissioners

A six-member commission governs WSSC Water - three members from each County. The Commissioners are appointed to four-year terms by their respective County Executives and confirmed by their County Councils. The agency's powers and responsibilities are set forth in Division II of the Public Utilities Article of the Annotated Code of Maryland and in any subsequent legislative amendments. The Maryland General Assembly conferred these powers upon WSSC Water to enable it to fulfill its principal functions:

- To provide for the construction, operation, and maintenance of water supply and sanitary sewerage systems in Montgomery and Prince George's Counties
- To provide for the construction of water and sewer house connection lines from the agency's mains to abutting property lines
- To approve the locations of, and issue permits for, utilities installed in public ways
- To establish water consumption rates, sewer usage rates, connection charges, front foot benefit charges, and permit fees and, if required, to cause appropriate ad valorem taxes to be levied



MONTGOMERY COUNTY



Howard A. Denis
Chair



Fausto R. Bayonet
Commissioner



T. Eloise Foster
Commissioner



PRINCE GEORGE'S COUNTY



Keith E. Bell
Vice Chair

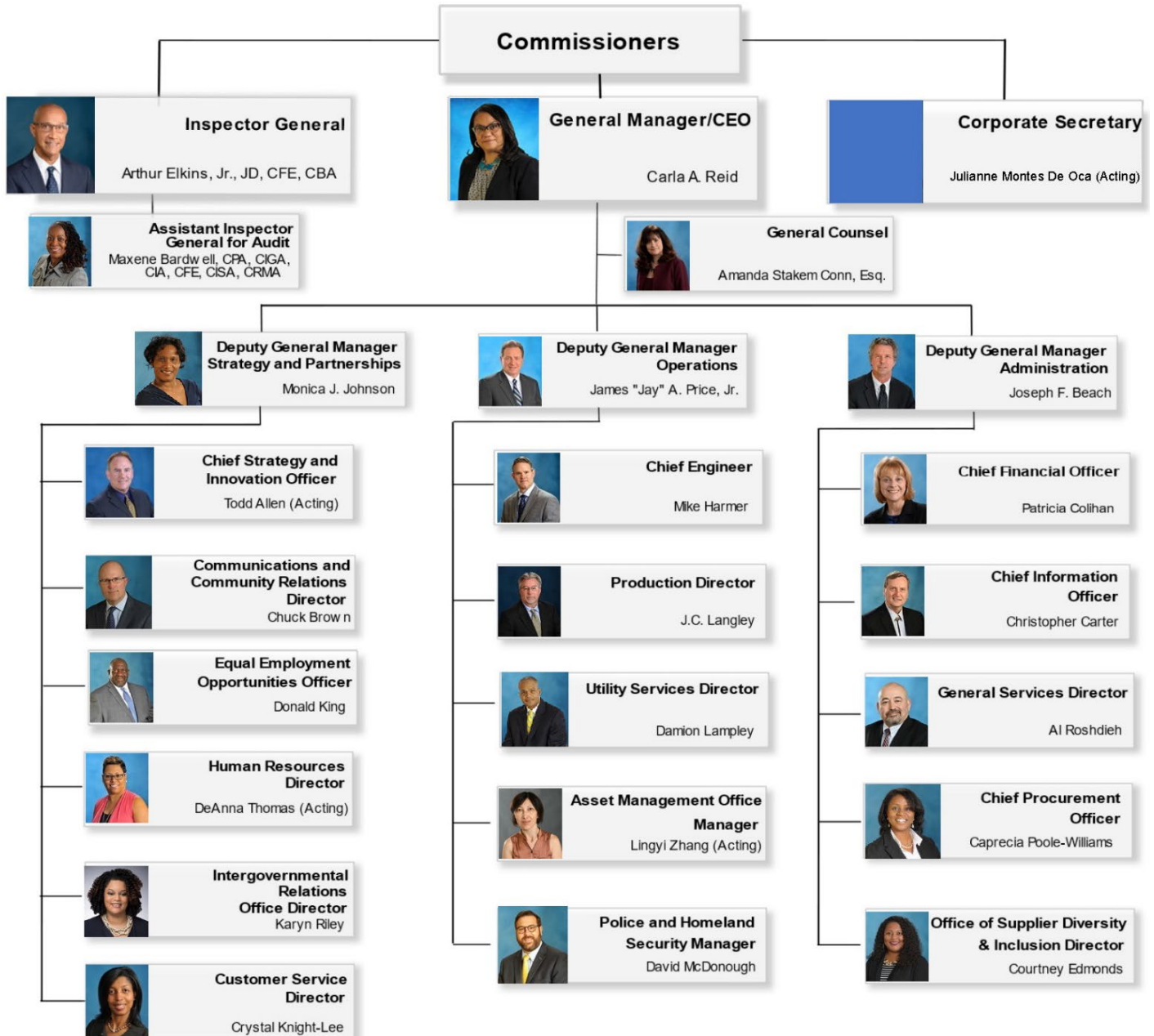


Sandra L. Thompson
Commissioner



Chris Lawson
Commissioner

OUR LEADERSHIP AND ORGANIZATION





COMMISSIONERS
Howard A. Denis, Chair
Keith E. Bell, Vice Chair
Fausto R. Bayonet
T. Eloise Foster
Chris Lawson
Sandra L. Thompson

GENERAL MANAGER
Carla A. Reid

July 1, 2020

To The Honorable:

County Executives of Prince George's and Montgomery Counties

Chair, President, and Members of the County Councils of
Prince George's and Montgomery Counties

Elected Officials, Valued Customers, and Interested Citizens:

We are pleased to present the WSSC Water's Approved Budget for Fiscal Year FY 2021, which begins on July 1, 2020. The budget was adopted by the Commission on June 15, 2020. This document reflects a total budget of \$1.455 billion, including \$836.0 million for operating expenses and \$605.4 million for capital expenses.

The COVID-19 pandemic occurred during the FY 2021 budget review process. As a result of the pandemic's economic impact, WSSC Water anticipates an impact on our FY 2021 revenues which is unknown at this time due primarily to a decline in commercial customer usage and the difficulty some residential customers are experiencing in paying bills. To address anticipated revenue decline, the agency has created a FY 2021 savings plan. This savings plan includes one-time measures that are not sustainable in future years, such as freezing vacant positions as well as reducing PAYGO, debt service, professional services, services by others, paving restorations, vehicle purchases, overtime, and forgoing much needed maintenance. The Finance Department will be closely monitoring the fiscal impact of COVID-19 and adjusting the savings plan, if needed, throughout the upcoming fiscal year.

Continuing the discussion on the approved budget, it reflects our mission to provide safe and reliable water, life's most precious resource, and return clean water to the environment, all in an ethical, sustainable, and financially responsible manner. The programs, goals, and objectives included in this budget seek to achieve WSSC Water's mission through the following strategic priorities:

- Enhance Customer Experience
- Optimize Infrastructure
- Spend Customer Dollars Wisely
- Protect our Resources
- Transform Employee Engagement

The Approved Budget includes a 6.0 percent volumetric rate revenue increase to help us continue achieving critical objectives. Specifically, the budget provides for:

- Implementing the first year of the FYs 2021-2026 Capital Improvement Program (CIP);
- Paying WSSC Water's share of operating (\$58 million in FY 2021) and capital costs (\$60 million in FY 2021; \$443 million FYs 2021-2026) for the District of Columbia Water and Sewer Authority's (DC Water) Blue Plains Wastewater Treatment Plant;
- Initiating Advanced Metering Infrastructure (AMI) so customers can better track their water usage, which can significantly reduce their bills and save them money;
- Paying debt service of \$325.6 million - of which \$313.9 million is in the Water and Sewer Operating Funds;
- Rehabilitating holistically the Piscataway basin to reduce infiltration and inflow;
- Funding additional operating costs at the Piscataway WRRF due to increased flows;
- Funding maintenance and repairs at critical facilities;
- Replacing 25 miles of water mains and 26 miles of sewer mains and lateral lines;
- Funding \$67.9 million for large diameter pipe rehabilitation. This includes \$32.9 million for PCCP inspection, repair, and acoustic fiber optic monitoring of the pipes' condition; \$31.9 million for large diameter repairs and cathodic protection; \$3.1 million for large valve inspections, replacement, and repairs;
- Complying with the Sanitary Sewer Overflow and the Potomac Plant Consent Orders; and
- Operating and maintaining a system of 3 reservoirs impounding 14 billion gallons of water, 2 water filtration plants, 6 WRRFs, 5,900 miles of water main, and 5,700 miles of sewer main 24 hours a day, 7 days a week.

TABLE I
COMPARATIVE EXPENDITURES BY FUND

| (\$ in Thousands) | FY 2017 Actual | FY 2018 Actual | FY 2019 Actual | FY 2020 Approved | FY 2021 Approved | FY 2021 Over / (Under) FY 2020 | % Change |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------------------------|--------------|
| Operating Funds | | | | | | | |
| Water Operating | \$ 300,599 | \$ 320,088 | \$ 339,200 | \$ 352,472 | \$ 365,190 | \$ 12,718 | 3.6% |
| Sewer Operating | 374,234 | 385,527 | 419,633 | 450,148 | 470,833 | 20,685 | 4.6% |
| General Bond Debt Service | 15,557 | 19,108 | 18,847 | 14,773 | 13,633 | (1,140) | -7.7% |
| Total Operating | 690,390 | 724,723 | 777,680 | 817,393 | 849,656 | 32,263 | 3.9% |
| Capital Funds | | | | | | | |
| Water Supply | \$ 263,569 | \$ 261,602 | \$ 210,783 | \$ 287,256 | 256,499 | \$ (30,758) | -10.7% |
| Sewage Disposal | 280,632 | 190,058 | 152,891 | 334,377 | 308,014 | (26,363) | -7.9% |
| General Construction | 12,784 | 23,555 | 23,121 | 16,893 | 40,869 | 23,977 | 141.9% |
| Total Capital | 556,985 | 475,215 | 386,795 | 638,526 | 605,382 | (33,144) | -5.2% |
| Grand Total | \$ 1,247,375 | \$ 1,199,938 | \$ 1,164,475 | \$ 1,455,919 | \$ 1,455,038 | \$ (881) | -0.1% |

The Approved FY 2021 Budget for all operating and capital funds totals \$1.455 billion or \$1 million (0.1%) less than the Approved FY 2020 Budget. The Approved Operating Budget of \$849.7 million represents an increase of \$32.3 million (3.9%) over the FY 2020 Approved Operating Budget of \$817.4 million. The primary cost drivers are the holistic rehabilitation of the Piscataway basin to help address excess flows at the Piscataway Water Resource Recovery Facility (WRRF) and help to prevent permit violations; increased operating costs for the WRRF, and debt service on infrastructure renewal. Other cost drivers include bio-solids hauling and additional funding to stabilize business operations using the new Customer-to-Meter (C2M) billing system. The Approved Capital Budget of \$605.4 million represents a decrease of \$0.8 million (-5.2%) from the FY 2020 Approved Capital Budget of \$638.5 million.

In addition to reviewing expenses and revenues for water and sewer services, we have analyzed the cost and current fee levels for other WSSC services. Based upon these analyses, some new fees and adjustments to current fees have been approved. A listing of all fees and changes are included in Section 2.

The Approved FY 2021 Budget ensures that the WSSC Water will be able to maintain its commitment to provide safe drinking water, to ensure reliable service, and to safeguard the environment--all in a financially responsible manner. WSSC Water is proud to continue its tradition of innovation and excellence in serving the citizens of Prince George's and Montgomery Counties, a tradition that has been a hallmark of the agency for over 101 years.

**TABLE II
COMPARATIVE EXPENDITURES BY MAJOR EXPENSE CATEGORY**

| (\$ in Thousands) | FY 2019 Actual | | | FY 2020 Approved | | | FY 2021 Approved | | |
|---------------------------|-------------------|-------------------|--------------------|---------------------|-------------------|--------------------|---------------------|-------------------|--------------------|
| | Capital | Operating | Total | Capital | Operating | Total | Capital | Operating | Total |
| Expense Categories | | | | | | | | | |
| Salaries & Wages | \$ 27,293 | \$ 125,851 | \$ 153,144 | \$ 27,154 | \$ 130,134 | \$ 157,288 | \$ 27,826 | \$ 128,369 | \$ 156,195 |
| Heat, Light & Power | - | 19,683 | 19,683 | - | 19,444 | 19,444 | - | 20,431 | 20,431 |
| Regional Sewage Disposal | - | 54,809 | 54,809 | - | 59,000 | 59,000 | - | 58,000 | 58,000 |
| Contract Work | 202,735 | 14,263 | 216,998 | 383,332 | 15,167 | 398,499 | 353,066 | 14,400 | 367,466 |
| Consulting Engineers | 51,872 | 19,388 | 71,260 | 58,073 | 17,761 | 75,834 | 77,183 | 19,326 | 96,509 |
| Debt Service | - | 292,656 | 292,656 | - | 319,883 | 319,883 | - | 325,593 | 325,593 |
| All Other | 104,895 | 251,030 | 355,925 | 169,967 | 256,004 | 425,971 | 147,307 | 283,537 | 430,844 |
| Grand Total | \$ 386,795 | \$ 777,680 | \$1,164,475 | \$ 638,526 | \$ 817,393 | \$1,455,919 | \$ 605,382 | \$ 849,656 | \$1,455,038 |

EXPLANATION OF FY 2021 SIGNIFICANT CHANGES TO FUND BALANCE

The FY 2021 Approved Budget ending fund balances are lower than the projected FY 2020 ending balance for the combined Water and Sewer Operating Funds. The decrease is primarily due to planned use of fund balance to modernize WSSC Water’s IT infrastructure, streamline business processes, and help lay the foundation for the Advanced Metering Infrastructure project.

General Bond Debt Service Fund

The FY 2021 Approved Budget ending fund balance is 56.6% lower than the projected FY 2020 ending balance for the General Bond Debt Service Fund. Revenues for this fund are derived from FFBC and H/C. Developers now build these types of mains and lines and is expected to continue in the future which will decrease this fund. The revenues that are currently collected are from prior assessments that are paid over a multi-year period. Surplus funds that have accumulated in the General Bond Debt Service Fund are transferred to the Water and Sewer Operating Funds to benefit all ratepayers.

SECTION 2
APPROVED RATES, FEES AND CHARGES

APPROVED RATES, FEES AND CHARGES

COMBINED WATER/SEWER OPERATING FUNDS – FY 2021 APPROVED RATE IMPACT

6.0% Average Water and Sewer Rate Increase

| Funding Sources | FY 2021 Approved |
|--|---------------------|
| Revenues at Current Rates | (\$ in Thousands) |
| Consumption Charges | \$ 650,197 |
| Account Maintenance Fee | 32,360 |
| Infrastructure Fee | 39,410 |
| Miscellaneous Revenues | 48,270 |
| Total | 770,236 |
| Use of Prior Year Net Revenue | 8,000 |
| Reconstruction Debt Service Offset | 9,500 |
| System Development Charge Debt Service Offset | 5,772 |
| Premium Transfer | 1,500 |
| Underwriters Discount | 2,000 |
| Total Funding Sources | 797,008 |
| Requirements | |
| Expenditures | |
| Other Operating, Maintenance & Support Services Expenses | 491,141 |
| Debt Service | 313,865 |
| Debt Reduction (Paygo) | 31,016 |
| Total Expenditures | 836,022 |
| Shortfall to be covered by rate increase | \$ <u>(39,014)</u> |
| Approved Average Water and Sewer Rate Increase | <u>6.0%</u> |

The Approved FY 2021 budget calls for a combined 6.0% average increase in water and sewer consumption revenue. This approved increase meets the 6.0% recommended by both Prince George’s and Montgomery Counties. Even with this change, WSSC Water rates remain favorable when compared to many other comparable water and sewer utilities and the average residential bill is 1.0% of the median household income as shown on page 2-4.

WATER AND SEWER RATE SCHEDULES

Approved Rate Schedule Effective July 1, 2020

| Average Daily Consumption by Customer Unit During Billing Period (Gallons Per Day) | FY 2021 July 1, 2020 Approved | | Total |
|---|-------------------------------------|----------------|----------|
| | Water Rates | Sewer Rates | Combined |
| | Per 1,000 Gallons | | |
| 0 - 80.9999 | \$ 5.35 | \$ 7.25 | \$ 12.60 |
| 81 - 165.9999 | 6.04 | 8.06 | 14.10 |
| 166 - 275.9999 | 6.96 | 10.10 | 17.06 |
| 276 & Greater | 8.15 | 13.33 | 21.48 |

Proposed Flat Rate Sewer Charge - \$135.00 per quarter

QUARTERLY CUSTOMER BILLS AT VARIOUS CONSUMPTION LEVELS

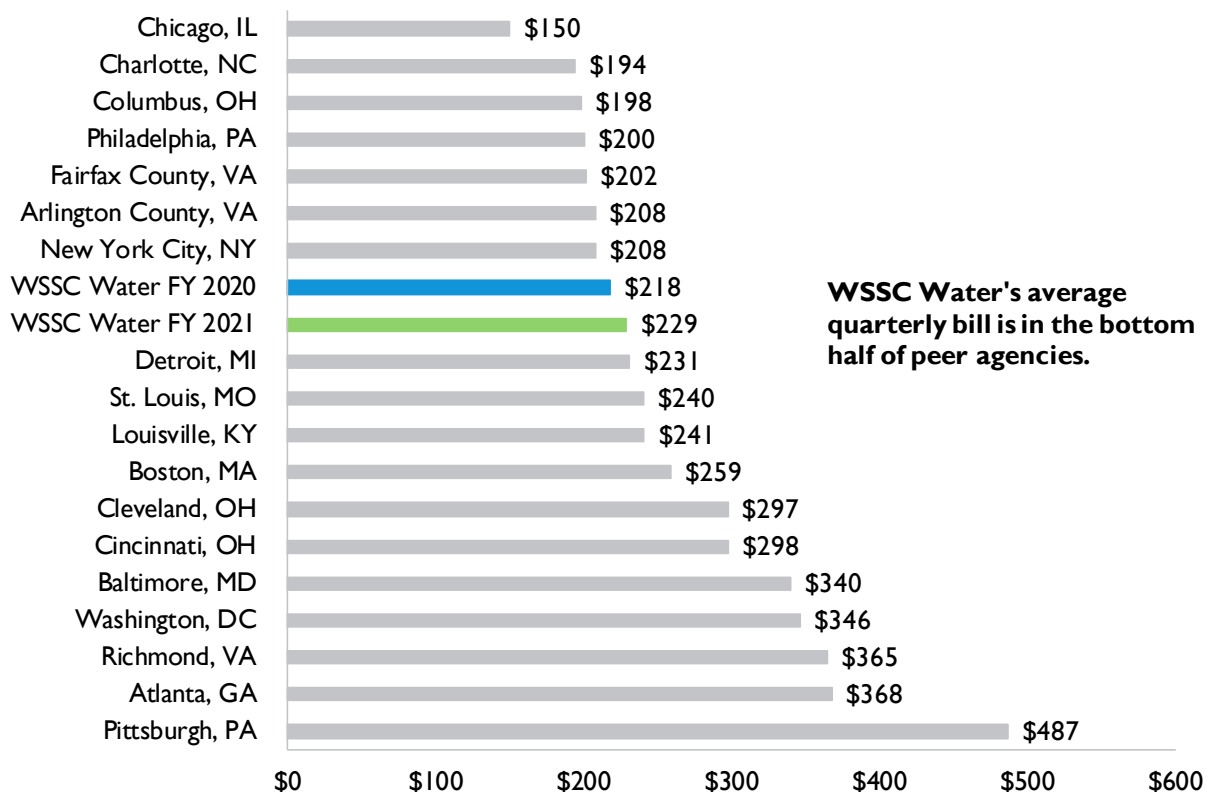
| Meter Size | Average Daily Consumption (Gallons Per Quarter) | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|------------------------|---|-----------|-----------|-----------|-----------|-----------|
| 3/4" Residential Meter | 100 (9,125 gal/qtr) | \$ 119.53 | \$ 122.72 | \$ 127.01 | \$ 138.94 | \$ 145.58 |
| 3/4" Residential Meter | 165 (15,056 gal/qtr) | 200.09 | 206.12 | 213.95 | 217.83 | 229.21 |
| 3/4" Residential Meter | 500 (45,625 gal/qtr) | 789.94 | 816.40 | 851.99 | 794.66 | 840.78 |
| 2" Meter | 1,000 (91,250 gal/qtr) | 1,821.65 | 1,878.23 | 1,952.14 | 1,903.02 | 2,004.81 |
| 3" Meter | 5,000 (456,250 gal/qtr) | 8,881.75 | 9,169.19 | 9,552.44 | 9,736.92 | 10,284.01 |
| 6" Meter | 10,000 (912,500 gal/qtr) | 18,491.90 | 19,085.00 | 19,878.88 | 19,748.55 | 20,852.26 |

WATER/SEWER BILL COMPARISON

Quarterly Bill Comparison

Presented below is a comparison of WSSC Water’s average quarterly residential bill for water and sewer services at 165 gallons per day to the equivalent bill from 18 other cities and communities, both locally and nationally. The consumption level of 165 gallons per day is used for comparison because it represents the average household in WSSC Water’s service area, a 3-person household using 55 gallons of water per person per day. The rates used in this comparison were in effect November 2019. The chart includes WSSC Water bills at FY 2020 approved and FY 2021 approved rates. As shown in the chart, the quarterly bills in the other communities range from a low of \$150 in Chicago, Illinois to a high of \$487 in Pittsburgh, Pennsylvania. WSSC Water ranks in the bottom half of the peer agencies, with quarterly bills of \$218 in FY 2020 and \$229 in FY 2021. Therefore, WSSC Water’s rates and fees are competitive both locally and nationally.

**Residential Quarterly Water/Sewer Bill Comparison
(165 Gallons per Day)**

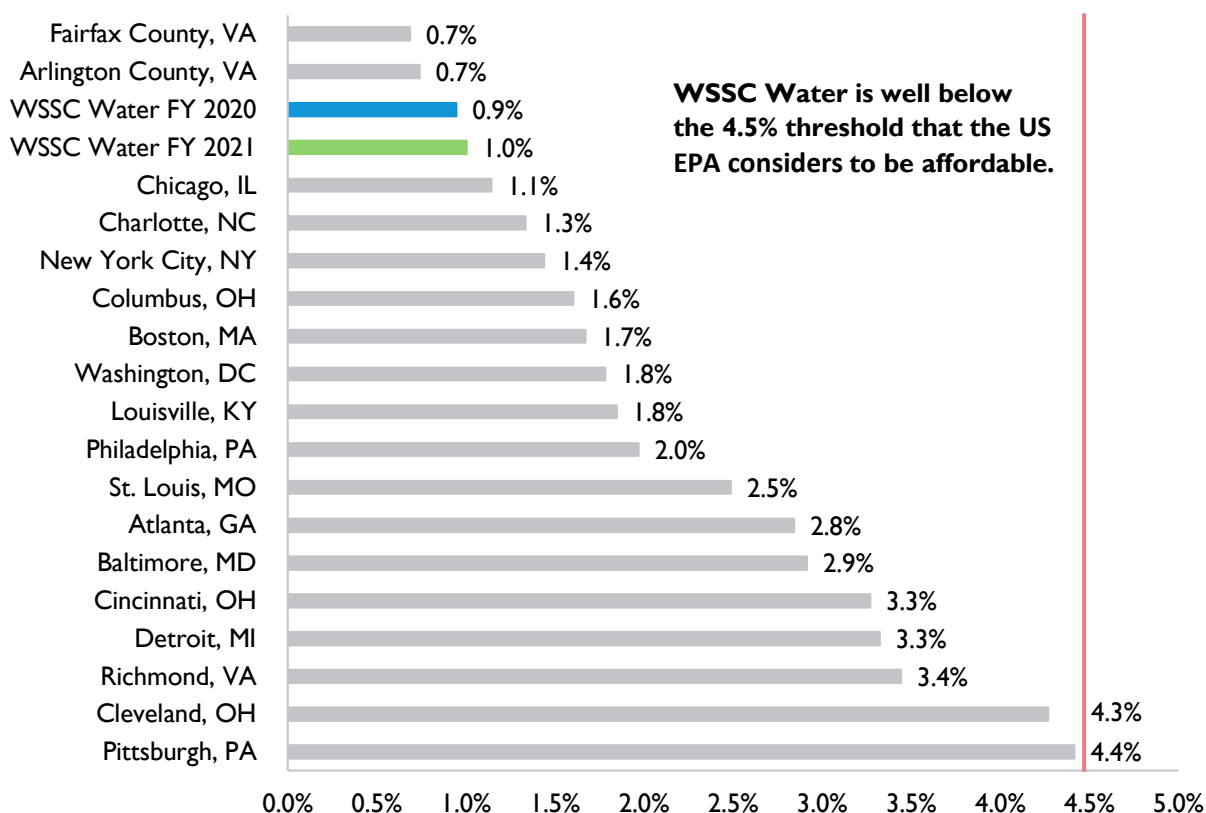


WATER/SEWER BILL COMPARISON (CONTINUED)

Bill as a Percentage of Median Household Income Comparison

The chart below shows a comparison of the average residential bills as a percentage of median household income for WSSC Water and the 18 other cities and communities analyzed for customers using 165 gallons of water per day. The average annual bill from WSSC Water in FY 2021 is only 1.0% of the median household income of its customers, a slight increase from the 0.9% in FY 2020. This places WSSC Water at the bottom end of the peer agencies, with only two agencies (Fairfax and Arlington counties in Virginia) having lower percentages. Additionally, WSSC Water is well below the 4.5% threshold that the US Environmental Protection Agency (EPA) considers to be affordable for customers.

Average Residential Bill as a Percentage of Median Income
(165 Gallons per Day)



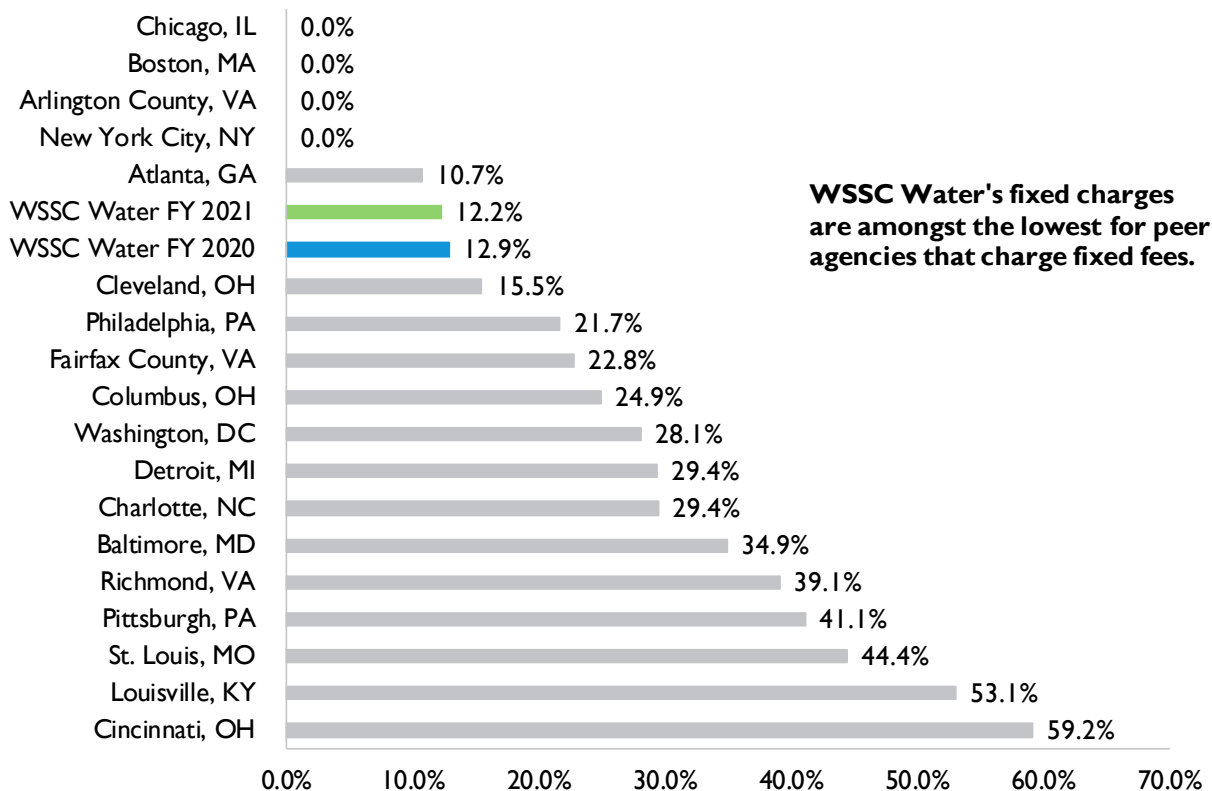
Median household income (in 2017 dollars) 2013-2017. Figures gathered from www.census.gov, 2013-2017 American Community Survey 5-Year Estimates.

WATER/SEWER BILL COMPARISON (CONTINUED)

Percentage of Bill from Fixed Charges Comparison

A comparison of the percentage of the average residential bill, at 165 gallons per day, that is due to fixed charges is shown below for WSSC Water and the 18 other cities and communities reviewed. Four of the peer agencies (Chicago, Illinois; Boston, Massachusetts; Arlington County, Virginia; and New York City, New York) do not have any fixed fees as part of their water and sewer bills. Of the agencies that do charge fixed fees, WSSC Water has the second lowest percentage of its bill that is derived from those fees. In FY 2020, 12.9% of the average residential bill from WSSC Water was attributable to fixed fees. In FY 2021, that percentage has dropped to 12.2%, as the water and sewer rates have increased but fixed fees have remained the same.

Percentage of Average Residential Bill from Fixed Charges
(165 Gallons per Day)



ACCOUNT MAINTENANCE FEES – APPROVED FOR IMPLEMENTATION JULY 1, 2020

| <u>Meter Size</u> | <u>FY 2020 Approved Quarterly Charges</u> | <u>FY 2021 Approved Quarterly Charges</u> |
|------------------------------|---|---|
| <u>Small Meters</u> | | |
| 5/8" to 1" | \$ 16.00 | \$ 16.00 |
| <u>Large Meters</u> | | |
| 1-1/2" | 16.00 | 16.00 |
| 2" | 27.00 | 27.00 |
| 3" | 66.00 | 66.00 |
| 4" | 142.00 | 142.00 |
| 6" | 154.00 | 154.00 |
| 8" | 200.00 | 200.00 |
| 10" | 246.00 | 246.00 |
| <u>Detector Check Meters</u> | | |
| 2" | 33.00 | 33.00 |
| 4" | 177.00 | 177.00 |
| 6" | 255.00 | 255.00 |
| 8" | 461.00 | 461.00 |
| 10" | 633.00 | 633.00 |
| <u>Fire Service Meters</u> | | |
| 4" | 182.00 | 182.00 |
| 6" | 293.00 | 293.00 |
| 8" | 452.00 | 452.00 |
| 10" | 682.00 | 682.00 |
| 12" | 989.00 | 989.00 |

This is a quarterly fee which is prorated based on the length of the billing cycle.

INFRASTRUCTURE INVESTMENT FEES – APPROVED FOR IMPLEMENTATION JULY 1, 2020

| <u>Meter Size</u> | FY 2020 Approved <u>Quarterly Charges</u> | FY 2021 Approved <u>Quarterly Charges</u> |
|------------------------------------|---|---|
| <u>Small Meters</u> | | |
| 5/8" | \$ 11.00 | \$ 11.00 |
| 3/4" | 12.00 | 12.00 |
| 1" | 14.00 | 14.00 |
| <u>Large Meters</u> | | |
| 1-1/2" | 90.00 | 90.00 |
| 2" | 185.00 | 185.00 |
| 3" | 585.00 | 585.00 |
| 4" | 813.00 | 813.00 |
| 6" | 1,265.00 | 1,265.00 |
| 8" | 2,845.00 | 2,845.00 |
| 10" | 4,425.00 | 4,425.00 |
| <u>Fire Service Meters</u> | | |
| 4" | 499.00 | 499.00 |
| 6" | 616.00 | 616.00 |
| 8" | 2,524.00 | 2,524.00 |
| 10" | 2,714.00 | 2,714.00 |
| 12" | 5,214.00 | 5,214.00 |

This is a quarterly fee which is prorated based on the length of the billing cycle.

SYSTEM DEVELOPMENT CHARGE – APPROVED FOR IMPLEMENTATION JULY 1, 2020

| | FY 2021 Approved Charges | Approved Maximum Allowable |
|---|--------------------------------|----------------------------------|
| Apartment | | |
| Water | \$ 896 | \$ 1,346 |
| Sewer | 1,140 | 1,714 |
| 1-2 toilets/residential | | |
| Water | 1,344 | 2,022 |
| Sewer | 1,710 | 2,568 |
| 3-4 toilets/residential | | |
| Water | 2,240 | 3,368 |
| Sewer | 2,850 | 4,285 |
| 5 toilets/residential | | |
| Water | 3,135 | 4,714 |
| Sewer | 3,991 | 6,000 |
| 6+ toilets/residential (per fixture unit) | | |
| Water | 88 | 134 |
| Sewer | 115 | 175 |
| Non-residential (per fixture unit) | | |
| Water | 88 | 134 |
| Sewer | 115 | 175 |

MISCELLANEOUS FEES AND CHARGES – APPROVED FOR IMPLEMENTATION JULY 1, 2020

The agency provides a number of services for which separate fees or charges have been established. Recent review of the costs required to provide these services indicates a need to change the amounts charged for some of the services. The fee and charge changes listed below are approved to be effective July 1, 2020.

| Inspections, Licenses, and Permits | FY 2021 Approved Charge |
|---|-------------------------------|
| <u>Item</u> | |
| I Inspection Fees - Water/Sewer Connection Hookup, Well/Septic Hookup | |
| <u>Plumbing and Gasfitting Inspections</u> | |
| New Single Family Detached Dwellings | \$ 1,011 |
| New Attached Dwellings (townhouse/multiplex excluding apartments) | 1,011 |
| <u>All Other Residential:</u> | |
| Water/Well Hookup | 132 |
| Meter Yoke Inspection (meter only installation) | 132 |
| Water Hookup Converting from Well (includes 2 inspections) | 264 |
| Sewer/Septic Hookup | 132 |
| First Plumbing Fixture | 132 |
| Each Additional Fixture | 53 |
| SDC Credit Fixture Inspection (per fixture) | 48 |
| Minimum Permit Fee | 242 |
| Permit Reprocessing Fee | 73 |
| Long Form Permit Refund Fee (1B write-up form) | 242 |
| Long Form Permit Re-Issue Fee | 242 |
| <u>All Non-Residential:</u> | |
| <u>Plan Review (without Permit Application)</u> | |
| 25 Fixtures or Less | 534 |
| 26-200 Fixtures | 2,038 |
| Over 200 Fixtures | 4,061 |
| <u>2nd or 3rd Review (with or without Permit Application)</u> | |
| 25 Fixtures or Less | 187 |
| 26-200 Fixtures | 457 |
| Over 200 Fixtures | 973 |
| Water/Well Hookup | 235 |
| Meter Yoke Inspection (meter only installation) | 235 |
| Sewer/Septic Hookup | 235 |
| FOG Interceptor | 235 |
| First Plumbing Fixture | 235 |
| Each Additional Fixture | 59 |
| SDC Credit Fixture Inspection (per fixture) | 48 |
| Minimum Permit Fee | 337 |
| Permit Reprocessing Fee | 73 |
| Long Form Permit Refund Fee (1B write-up form) | 352 |
| Long Form Permit Re-Issue Fee | 352 |

MISCELLANEOUS FEES AND CHARGES – APPROVED FOR IMPLEMENTATION JULY 1, 2020

Inspections, Licenses, and Permits (Continued)

| Item | FY 2021 Approved Charge |
|--|-------------------------------|
| 2 License Fees for the Regulated Trades | |
| <u>Reciprocal Master Plumber, Gasfitter:</u> | |
| Initial Registration per type (for 2 years) | \$ 123 |
| Registration Renewal all types (for 2 years) | 106 |
| Late Registration Renewal | 63 |
| <u>Examined Master Plumber, Gasfitter:</u> | |
| Initial Registration per type (for 4 years) | 130 |
| Registration Renewal all types (for 4 years) | 130 |
| Late Registration Renewal | 63 |
| Cross-connection Technician Registration | 32 |
| Sewer and Drain Registration and Renewal (for 2 years) | 53 |
| Sewer and Drain Late Renewal Fee | 24 |
| <u>Journeyman License Registration:</u> | |
| Initial Registration (for 2 years) | 37 |
| Registration Renewal (for 2 years) | 37 |
| Late Registration Renewal | 25 |
| License Transfer Fee | 31 |
| License Replacement Fee | 18 |
| Apprentice License Registration Renewal | 13 |
| 3 Short Form Permit Fee (up to 3 fixtures) – Non-Refundable | 113 |
| 4 Long Form Permit Transfer Fee (with Inspection) | 194 |
| 5 Tapper License Fees | |
| Permit Fee | 363 |
| Duplicate | 36 |
| 6 Watershed Use Permit Fees | |
| <u>Boat Removal and Impoundment Fees</u> | |
| Boat/Craft Removal and Removal Fee | 103 |
| Monthly Storage Fee for Removed Boats | 82 |
| <u>Watershed Use Permit Fees</u> | |
| Watershed Use Permit (January 1 - December 31) | 72 |
| Single Day Watershed Use Permit | 6 |
| Open Season Boat Mooring (March 15 – November 30) | 82 |
| Winter Boat Mooring (December 1 – March 14) | 57 |
| Rental for the Azalea Garden (4 hours) | 77 |
| Rental for the Bio-Brick Pavilion (4 hours) | 77 |
| Boarding Stable Entrance Permit | 258 |
| Adjacent Landowner Entrance Permit | 82 |
| <u>Picnic Permit</u> | |
| Picnic Permit - groups of 1-5 persons | 6 |
| Picnic Permit - groups of 6-10 persons | 12 |
| Picnic Permit - groups of 11-15 persons | 18 |
| 7 Site Utility Inspection Fees (Non-Minor) | |
| Base Fee | 1,133 |
| Pipeline (per foot) | 6 |

Approved Rates, Fees and Charges

MISCELLANEOUS FEES AND CHARGES – APPROVED FOR IMPLEMENTATION JULY 1, 2020

Discharge and Water Protection

FY 2021
Approved
Charge

Item

8 Septic Hauler Discharge Permit Fees

Category I Residential & Septic Waste & Grease

| | |
|---|--|
| 1 - 49 gallons (per vehicle) | \$ 257 |
| 50 - 799 gallons (per vehicle) | 5,578 |
| 800 - 2,999 gallons (per vehicle) | 15,910 |
| 3,000 - gallons and up (per vehicle) | 34,754 |
| January through June | 50% of fee |
| Transfer and/or Replacement Permit Sticker | 130 |
| Industrial/Special Waste Disposal Fee (per 1,000 gallons) | 366 |
| Zero Discharge Permit Fee | 130 |
| Temporary Discharge Permit Fee | 130 + Sewer Rate/1,000 gallons |
| Sewer Rate - Hauled Waste | 47/1,000 gallons of truck capacity |

9 Industrial Discharge Control Program Fees By Category

Industrial users subject to Categorical Pretreatment Standards

| | |
|---|-------|
| Less than 5,000 gpd (double visit) | 5,594 |
| Greater than 5,000 gpd (double visit) | 8,571 |
| Non-discharging Categorical Industries (zero discharge) | 1,507 |

Significant Industrial User

| | |
|--|-----------|
| Less than 25,000 gpd (single visit - priority pollutant sampling) | 5,594 |
| Greater than 25,000 gpd (double visit - priority pollutant sampling) | 8,571 |
| Penalty Charge for Late Fee Payment | 5% of fee |

10 Discharge Authorization Permit Fees

| | |
|--|-------|
| Significant Industrial User – Initial Permit (for 4 years) | 6,651 |
| Significant Industrial User – Renewal (for 4 years) | 3,259 |
| Initial Zero-Discharge CIU Permit (for 4 years) | 2,526 |
| Reissued Zero-Discharge CIU Permit (for 4 years) | 1,684 |
| Temporary Discharge Permit (non – SIU) | 6,651 |

11 Discharge Fees - Food Service Establishment (FSE)

| | |
|-----------------|-----|
| Full Permit FSE | 537 |
| BMP Permit FSE | 152 |

12 Cross Connection Fees

| | |
|--|----|
| Test Report Fee (per report) | 42 |
| Base Fee for High Hazard Commercial Water Customer (per month) | 18 |
| Base Fee for All Other Commercial Water Customer (per month) | 9 |

MISCELLANEOUS FEES AND CHARGES – APPROVED FOR IMPLEMENTATION JULY 1, 2020

Meter Related Services and Fees

| <u>Item</u> | FY 2021 Approved Charge |
|--|-------------------------------|
| 13 Small Meter Replacement (at Customer Request) | \$ 215 |
| 14 Meter Replacement Fees (Damaged or Stolen Meter) | |
| 5/8" w/ touch pad (inside w/remote) | 152 |
| 5/8" w/ pit pad (outside w/o remote) | 150 |
| 5/8 Meter - pad encoder | 127 |
| 5/8" x 3/4" w/ touch pad (inside w/ remote) | 129 |
| 3/4" w/ touch pad (inside w/ remote) | 160 |
| 3/4" w/ pit pad (outside w/o remote) | 157 |
| 1" w/ touch pad (inside w/ remote) | 202 |
| 1" w/ pit pad (outside w/o remote) | 199 |
| 1" Kamstrup Meter, UT | 319 |
| 1 1/2" Badger Flanged Meter | 567 |
| 1 1/2" Flanged Meter | 750 |
| 1 1/2" Nipple Meter | 739 |
| 2" Flanged Meter | 1,100 |
| 2" 1 1/4 Flanged Meter | 1,207 |
| 3" Compound Meter | 3,190 |
| 4" Compound Meter | 3,960 |
| 6" Compound Meter | 5,830 |
| Turbine, Horizontal 3" Neptune w/ pit pad | 1,475 |
| Turbine, Horizontal 4" Neptune w/ pit pad | 1,975 |
| 2" Hersey MVR Turbine | 1,210 |
| 3" Hersey MVR Turbine | 2,296 |
| 4" Hersey MVR Turbine | 3,216 |
| 6" Hersey MVR Turbine | 4,970 |
| 2" Detector Check | 4,615 |
| 4" Detector Check | 3,275 |
| 6" Detector Check | 3,850 |
| 8" Detector Check | 4,986 |
| 10" Detector Check | 6,350 |
| 12" Detector Check | 22,211 |
| 4" Fire Service Meter | 8,239 |
| 6" Fire Service Meter | 10,037 |
| 8" Fire Service Meter | 12,502 |
| 10" Fire Service Meter | 14,389 |
| 12" Fire Service Meter | 20,403 |
| 3" Octave UT L=24 | 3,095 |
| 4" Octave UT L=29/ L=33 | 4,095 |
| 6" Octave UT L=45 | 6,026 |
| 8" Octave UT L=53 | 9,677 |
| 10" Octave UT L=68 | 13,080 |
| 15 Meter Testing Fees | |
| 5/8" to 1" | 261 |
| 1-1/2" | 424 |
| 2" and up | 473 |

MISCELLANEOUS FEES AND CHARGES – APPROVED FOR IMPLEMENTATION JULY 1, 2020

Meter Related Services and Fees (Continued)

| Item | FY 2021 Approved Charge |
|--|-------------------------------|
| 16 Sub-Meter Installation Fees | |
| One-time Sub-Meter Charge - Small | \$ 261 |
| One-time Sub-Meter Charge - Large | 528 |
| One-time Inspection Fee | 66 |
| Minimum Permit Inspection Fee | 220 |
| 17 Water Turn-Off, Turn-On Fees | |
| Small Meter Turn-Off | 80 |
| Small Meter Turn-On | 100 |
| Large Meter Turn-Off | 203 |
| Large Meter Turn-On | 241 |
| 18 Call Back Fee (small meters, plumbers) | 93 |
| 19 Call Back Fee (large meters, plumbers) | 301 |
| 20 Missed Appointment Fees | |
| First Missed Appointment or Turn-On | 97 |
| Each Additional Missed Appointment | 110 |
| 21 Meter Reinstallation Correction Fee | 388 |
| 22 Sewer Meter Maintenance Fee (per year) | 13,803 |
| Quarterly Calibrations (per quarter) | 3,451 |
| 23 Property Inspection Fee | 119 |
| 24 Warehouse Restocking Fee | 47 |

MISCELLANEOUS FEES AND CHARGES – APPROVED FOR IMPLEMENTATION JULY 1, 2020

Fire Hydrant Services and Fees

| Item | FY 2021 Approved Charge |
|---|---|
| 25 Temporary Fire Hydrant Connection Fees | |
| <u>3/4" Meter - Deposit</u> | |
| 2 Weeks or Less w/approved payment record | No fee |
| Over 2 Weeks/Less than 2 weeks w/unapproved payment record | \$ 379 |
| <u>3" Meter - Deposit</u> | |
| 2 Weeks or Less w/approved payment record | No fee |
| Over 2 Weeks/Less than 2 weeks w/unapproved payment record | 2,420 |
| <u>Service Charge</u> | |
| 2 Weeks or Less (3/4" meter) | 68 |
| 2 Weeks or Less (3" Meter) | 130 |
| Over 2 Weeks (3/4" and 3" Meters) | 175 |
| | |
| Water Consumption Charge - 3/4" Meter | Approved rate for 1,000 gal ADC; \$36 min. |
| | |
| Water Consumption Charge - 3" Meter | Approved rate for 1,000 gal ADC; \$229 min. |
| | |
| Late Fee for Return of Meter (per day) | 10 |
| Fee on Unpaid Temporary Fire Hydrant Meter Billings | 1.5%/month |
| Loss/Destruction of Meter | Replacement cost |
| Loss/Destruction of Wrench | 40 |
| 26 Truck Inspection Fee w. Attached Fire Hydrant Meter (2 Years) | 52 |
| 27 Fire Hydrant Inspection Fee (per hydrant) | 158 |
| Controlled Access Surcharge Fee | 30 |
| 28 Fire Hydrant Flow Test Fees | |
| No Current Test | 693 |
| Current Test | 83 |

MISCELLANEOUS FEES AND CHARGES – APPROVED FOR IMPLEMENTATION JULY 1, 2020

| Development Services | FY 2021 Approved Charge |
|--|--|
| <u>Item</u> | |
| 29 Feasibility Review Fees (WSSC Water Built) | |
| Feasibility Submission Fee (Non-refundable) | \$ 1,956 |
| Feasibility Review & Report Fee Deposit <i>(can be deferred as deficit when extension is completed)</i> | 13,048 |
| 30 Construction Services Fee | 9.3% of WSSC Water unit cost estimate or 12.0% of contractor's cost estimate |
| 31 Design Review | |
| Development is more than 10 Residential Units or Commercial | 6,500 |
| Development is 10 Residential Units or Less | 3,250 |
| 32 Extra Review Fees | |
| <u>Per SEP Plan Review:</u> | |
| Minor Additional Reviews of Unsigned or Signed Plans (per review) | 1,322 |
| Major/Splitting Additional Reviews of Unsigned or Signed Plans (per review) | 2,698 |
| <u>Per Site Utility/Minor Utility Additional Signed or Unsigned Plan Review:</u> | |
| Site Utility (per review) | 1,604 |
| Minor Site Utility (per review) | 417 |
| <u>Per Hydraulic Planning Analysis/Systems Planning Forecast Application:</u> | |
| Additional Review of Required Data (per application) | 904 |
| 33 Hydraulic Planning Analysis and System Planning Forecast | |
| Modeling and Re-Modeling Fee - Up to 3 parts | 2,116 |
| Modeling and Re-Modeling Fee - per part over 3 | 765 |
| Pressure Sewer System Review Fee - per system | 404 |
| 34 In-House Design Deposit | Deposit |
| 35 Partial Release for Service Fee | 1,468 |
| 36 Off-Property Service Connection Reimbursement | Prevailing service connection fee |
| 37 Service Connection Application and Inspection Fee (per permit) | 2,434 water and/or sewer connection |
| 38 Government Referred Plan Review Fees | |
| Major Development – Over 10 Units | 1,693 |
| Minor Development – 10 or Less Units | 791 |
| Re-Review Fee for Major Development | 791 |
| Re-Review Fee for Minor Development | 396 |
| 39 Pre-Screen Fee All Plan Types | 394 |
| 40 Site Utility (On-Site) Review Fees | |
| Base Fee | 3,631 |
| Additional Fee per 100 feet | 352 |
| Minor (Waived) Site Utility (On-Site) Fee | 1,217 |
| 41 Name/Transfer of Ownership Change Fee | 275 |
| 42 Variance Review Fee | 1,362 |

MISCELLANEOUS FEES AND CHARGES – APPROVED FOR IMPLEMENTATION JULY 1, 2020

| Pipeline, Engineering, and Environmental Services | FY 2021 Approved Charge |
|--|-------------------------------|
| <u>Item</u> | |
| 43 Shut Down/Charge Water Main Fee | \$ 1,177 |
| Shut Down/Complex Water Main Fee | 2,144 |
| 44 Fees for Review and Inspection of Site Work | |
| Potentially Impacting WSSC Water Pipelines | |
| Simple Review | 399 |
| Complex Review / Non-DR Developer Review | 3,138 |
| Inspection for minor adjustment / Non-DR Developer (per inspection) | 266 |
| 45 Relocation Fees | |
| Relocation Design Review Fee | DELETE |
| Inspection Fee for MOU Project (minimum charge up to 4 hours) | 600 |
| 46 Connection Abandonment Fees | |
| County Roads (Except Arterial Roads) - Water | 1,474 |
| County Roads (Except Arterial Roads) - Sewer | 1,873 |
| State Roads and County Arterial Roads - Water | 1,778 |
| State Roads and County Arterial Roads - Sewer | 2,200 |
| 47 Chlorination Confirmation Test Fee (per first test) | 247 |
| Re-Test or Additional Tests (per hour) | 173 |
| 48 Re-Test or Additional Tests Chlorination and Pressure Test (per test) | 173 |
| Inspector Overtime (per hour) | 206 |
| 49 Review Fee for Additional Reviews of Contract Documents and As-Builts (per hour) | 206 |
| 50 Residential Outside Meter Housing Upgrade/Pipe Alteration | 6,805 |
| 51 Utility Erosion and Sediment Control Permit Fees | |
| Minor Projects (less than 125 linear ft OR less than 42 in. deep and 20 in. width) | 0.26 |
| Major Projects (per linear foot) | 0.39 |
| Minimum for Major Projects | 124 |
| 52 Right-of Way Release or Subordination Review Fee (per document) | 1,335 |
| 53 Right-of-Way Acquisition and Condemnation for SEP Projects | Reimbursement |
| 54 Environmental Site Review Fee | |
| With Database Search Submitted by Applicant | 381 |
| 55 Feasibility Report and Committee Review Fee for On-Site Takeover Projects | 1,288 |

MISCELLANEOUS FEES AND CHARGES – APPROVED FOR IMPLEMENTATION JULY 1, 2020

| Publications and Administrative | FY 2021 Approved Charge |
|---|--|
| <u>Item</u> | |
| 56 Fee for Sale of Copies of Plans, Plats, and 200' Reference Maps | |
| Xerographic bond paper copy (per sheet) | \$ 6 |
| 57 Fee for Sale of WSSC Water Plumbing and Fuel Gas Code (Plumbing Code) | |
| Sale of Plumbing Regulation (per book) | 46 |
| 58 Fees for Sale of Contract Specifications, Contract Specification Books, Drawings, Design Manuals, Standard Details, and General Conditions | |
| <u>Construction Specifications/Drawings</u> | |
| Utility Contracts (up to \$20) | 11 - 20 |
| Facility Contracts (up to \$450) | 40 - 450 |
| Construction Standard Details | 66 |
| Construction General Conditions & Standard Specifications | 61 |
| SEP Construction General Conditions & Standard Specifications | 61 |
| <u>Procurement Specifications/Drawings/General Conditions</u> | |
| with Routine Specifications | No charge |
| with Complex/Voluminous Specifications (up to \$200) | 40 - 200 |
| 59 Charge for Photocopies of WSSC Water Documents | |
| Readily Available Source Material (per single sided page) | 0.30 |
| Certified Copy of Readily Available Source Material (per single sided page) | 0.60 |
| Scanning Documents (per single sided page) | 0.30 |
| (A reasonable fee may be charged for time in excess of two hours expended by WSSC Water in searching for requested records or preparing such records for inspection and copying.) | |
| 60 Fee for WSSC Water Pipeline Design Manual | 90 |
| 61 Sale of WSSD Laws | |
| Bound Volume | 83 |
| Supplements | 45 |
| 62 Facilities Design Guideline Fee | DELETE |
| 63 Fee for Transcribed Tape of a Hearing or Meeting | Prevailing fee charged by vendor |

MISCELLANEOUS FEES AND CHARGES – APPROVED FOR IMPLEMENTATION JULY 1, 2020

| Other Fees and Charges | FY 2021 Approved Charge |
|---|-------------------------------|
| <u>Item</u> | |
| 64 Patuxent Watershed Civil Citation Fee (State Mandated) | |
| First Offense | \$ 150 |
| Each Additional Offense Within Calendar Year | 300 |
| 65 Civil Citation Fees - Sediment Control, Theft of Service, and Plumbing Civil Citations (State Mandated) | |
| First Offense | 250 |
| Second Offense | 500 |
| Third Offense | 750 |
| Each Violation in Excess of Three | 1,000 |
| 66 Lobbyist Registration Fee (Code of Ethics) | 110 |
| 67 Dishonored Check Fee & Electronic Payment Fee | 46 |
| <i>(Applies to all dishonored checks and dishonored electronic payments)</i> | |
| 68 Credit Card Surcharge | 2% of amount charged |
| <i>(Applies to customer payment of any fee/charge by credit card (MasterCard and Visa) other than water and sewer billing.)</i> | |
| 69 Protest Filing Fee | 847 |
| 70 Preparation of Hold Harmless Agreement Fee | 1,351 |
| 71 Connection Redemption Fee | 44 |

SECTION 3
EXPLANATION OF BUDGET AND SUMMARIES

EXPLANATION OF BUDGET AND SUMMARIES

BUDGET FORMULATION

Maryland State law requires that WSSC Water prepare capital and operating budgets each fiscal year. The FY 2021 Proposed Budget shows funding and staff requirements, organizational components, and program and fund sources.

The budgets for all funds are prepared on a modified accrual basis. Expenses are recognized when goods and services are received, and revenues are recognized when water is delivered to the system. WSSC Water's annual audited financial statements are prepared on the basis of Generally Accepted Accounting Principles (GAAP), whereas both the budget and internal financial statements are prepared on a debt service basis. The debt service basis recognizes certain cash expenses not recognized under GAAP (such as principal payments on debt, and pension contributions based on a level percentage of payroll). Similarly, certain non-cash expenditures included under GAAP are not recognized under the debt service basis (such as depreciation on capital assets, and pension expenses as defined by Governmental Accounting Standards Board Statement 68 – Accounting & Finance Reporting for Pensions).

The budget process begins with submission of requests by all organizational units following the guidance provided by the General Manager (see the accompanying chart). Management reviews these requests before the General Manager presents recommendations to the Commissioners. The Commissioners review the budget and make recommendations before approving a proposed budget document for public hearing. A proposed budget document must be available to the public by January 15. Hearings on the WSSC Water budget are held in each County before February 15. The agency considers comments and testimony given at the public hearings before the proposed budget is transmitted to the Counties.

State law requires that WSSC Water transmit its proposed budget to the Counties by March 1 of each year. The County Councils, County Executives and their staffs review the budget and make recommendations. Both Counties must approve any amendments to the budget on or before June 1. Once the Counties' actions have been received, the agency adopts an Approved Budget and sets the levels for charges, fees, and taxes to finance approved expenditures. The Approved Budget takes effect on July 1.

Once the budget is adopted, total expenditures may not exceed the final total approved budget without an approved budget supplement. Budget supplements must be approved by the Montgomery and Prince George's County Councils and are transmitted to them through their respective County Executives.

Fiscal Year

The 12-month period used to account for revenues and expenditures commences on July 1 of each year and ends on June 30 of the following year.

Capital Budget & Capital Improvements Program

Preparation of the six-year Capital Improvements Program (CIP) spans 13 months, beginning in May of each year. After a preliminary staff-level review in June, the General Manager and key management personnel review all CIP project submissions in July to assess the justification for new projects, the criticality and priority of on-going projects, and the overall financial impacts of these projects on spending affordability.

BUDGET FORMULATION (CONTINUED)

Capital Budget & Capital Improvements Program (Continued)

Only the debt service requirements for capital expenditures in the first budget year of the six-year CIP are included in the operating budget. By August, the General Manager submits a draft CIP to WSSC Water's Commissioners for their consideration, and work sessions are conducted to solicit input from County governments, Maryland-National Capital Park and Planning Commission, and local municipality representatives. Public hearings on the CIP are held in September. WSSC Water is required by state law to transmit the Proposed CIP to both County governments by October 1 of each year.

The approved Capital Budget for a given budget year consists largely of spending for the first year of the six-year CIP, including those projects in the Information Only section. Projects shown in the Information Only section are not required to be in the CIP but may be included to provide more comprehensive information on important programs or projects. Budget year expenditures in connection with relocations, house connections, new water meters, and similar items constitute the remainder of the capital budget for a given year.

Between January and May of the following year, each County approves, modifies, or deletes projects, and by mid-May the County Councils meet jointly to resolve any differences. By June 1, each Council must enact formal resolutions approving new projects and other program modifications. The agency then has 30 days to adopt these changes before the beginning of the fiscal year on July 1.

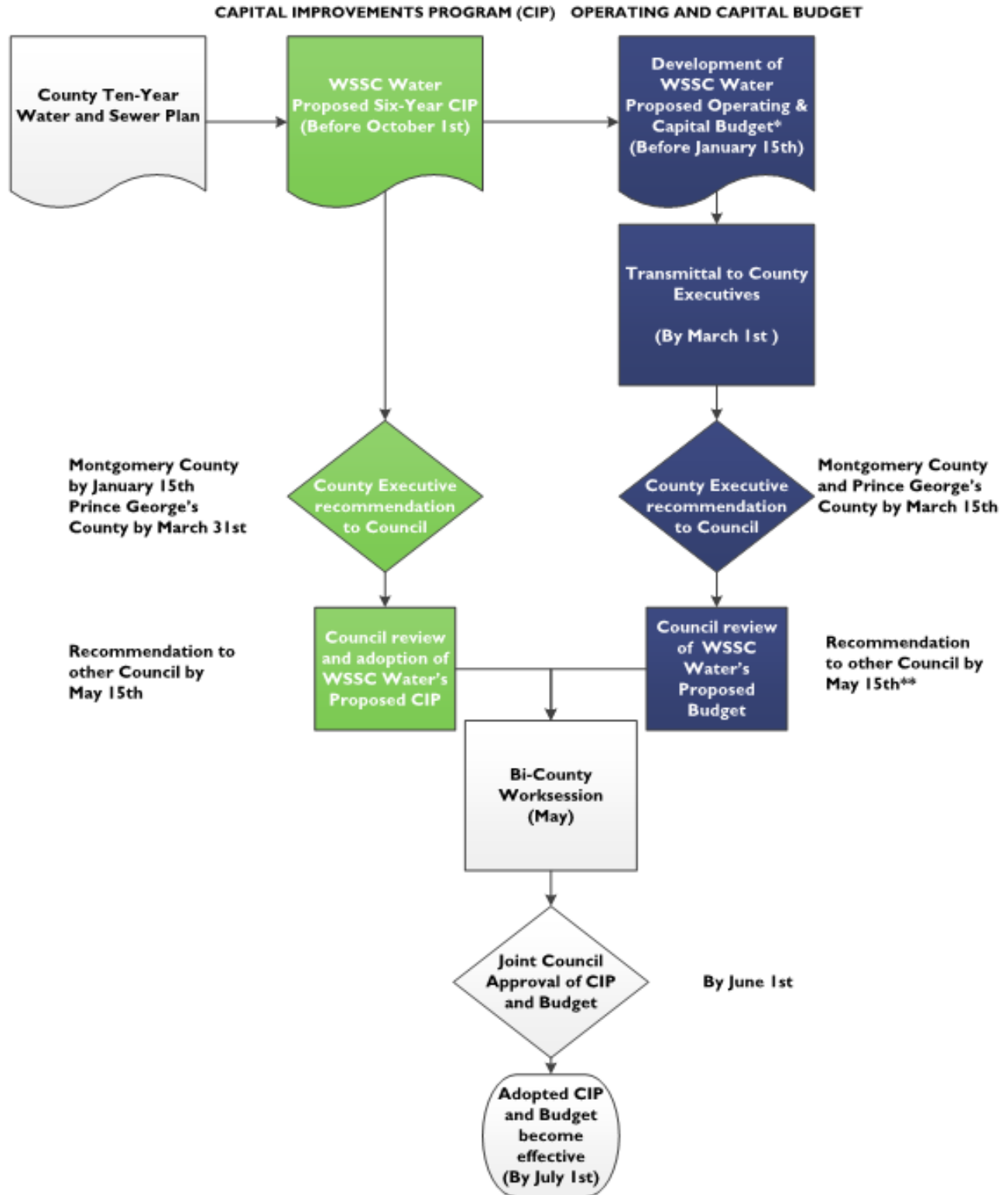
Operating Budget

Preparation of the proposed Operating Budget requires integrating several other planning efforts with the budget formulation process. The annual spending affordability review, undertaken jointly with Montgomery and Prince George's Counties, uses a six-year financial model to examine the impacts and affordability of various scenarios involving WSSC Water's future capital and operating needs. This analysis results in the development of maximum "affordable" levels for rate increases, operating expenditures, debt service, and new debt in the budget year. These limits, which are formally adopted by the Montgomery and Prince George's County Councils, play a key role in guiding the annual budget process.

Capital needs, developed independently in planning for the six-year CIP, also shape the operating budget by helping to determine debt service requirements and the operating impacts of projects expected to be completed during the budget year (additional operating costs, if present, as well as any expected efficiencies). The annual debt service on outstanding bonds is paid from the agency's operating funds, primarily through water consumption and sewer use charges paid by customers. Thus, the size of the CIP affects the size of the water and sewer bond issues needed in the budget year, which in turn affects customer water and sewer bills.

The CIP is, in turn, driven in part by the development planning and authorization processes of Montgomery and Prince George's Counties, especially as manifested in the Counties' ten-year water and sewer plans. These plans, which guide development activity within the Counties, are updated annually. In addition, since WSSC Water must contribute to the capital and operating expenses of the Blue Plains Advanced Wastewater Treatment Plant (Blue Plains), budget planning by the District of Columbia Water and Sewer Authority (DC Water) - and the budget's subsequent review and approval by DC Water's multi-jurisdictional Board of Directors - can have important impacts on planning for WSSC Water's capital and operating budgets.

WSSC WATER BUDGET & CAPITAL IMPROVEMENT PROGRAM PROCESS – FLOW CHART



*Includes the operating budget and first year capital budget of the Proposed Six-Year CIP. Capital budget also incorporates Information Only projects and General Construction Bond projects.

**Incorporates changes to funding in the first year of capital budget.

FUND STRUCTURE

The FY 2021 Approved Budget consists of six separate funds, three in the capital budget (the Water Supply Bond, Sewage Disposal Bond, and General Construction Bond Funds) and three in the operating budget (the Water Operating, Sewer Operating, and General Bond Debt Service Funds). The Water Operating and Sewer Operating Funds are the primary funds for operating purposes. The Water Operating Fund pays for water treatment and distribution, and the Sewer Operating Fund pays for sewage collection and treatment. The General Bond Debt Service Fund receives front foot benefit payments to underwrite the debt service on smaller lateral water and sewer lines.

The respective purpose and revenue source of each fund are described in the table below. Although each fund is essentially a separate entity authorized to expend funds for prescribed purposes and derive revenues from specific rates and charges as prescribed by state law, WSSC Water audited annual financial statements consider only a single operating budget without further fund delineation. Audited financial statements can be found at <https://www.wsscwater.com/financereports>.

| Capital Fund | Major Purpose | Major Revenue Source |
|---------------------------|--|--|
| Water Supply Bond | Construct major water supply treatment and transmission facilities; Reconstruct water distribution system. | Water Supply Bonds and System Development Charge |
| Sewage Disposal Bond | Construct major sewage treatment and transmission facilities; Reconstruct sewerage collection system. | Sewage Disposal Bonds, System Development Charge, and Grants |
| General Construction Bond | Construct minor water and sewer lines and support facilities. | General Construction Bonds and House Connection Charges |
| Operating Fund | Major Purpose | Major Revenue Source |
| Water Operating | Operate and maintain water facilities and pay debt service on Water Supply Bonds. | Customer Water Bill |
| Sewer Operating | Operate and maintain sewerage facilities and pay debt service on Sewage Disposal Bonds. | Customer Sewer Bill |
| General Bond Debt Service | Pay debt service on General Construction Bonds. | Front Foot Benefit Charges (FFBC) and Deferred House Connections (H/C) Charges |

Water

WSSC Water issues Water Supply Bonds (Capital Fund) and collects System Development Charges (SDC) to finance the planning, design, and construction of major water treatment and transmission facilities and the reconstruction of the water distribution system. The facilities include dams, reservoirs, water filtration plants, water pumping stations, water storage facilities, and water supply lines. Water operating revenues - customer payments for water bills - are used to pay for operating and maintaining these water facilities, and to pay the debt service (principal and interest that must be repaid) on Water Supply Bonds.

FUND STRUCTURE (CONTINUED)

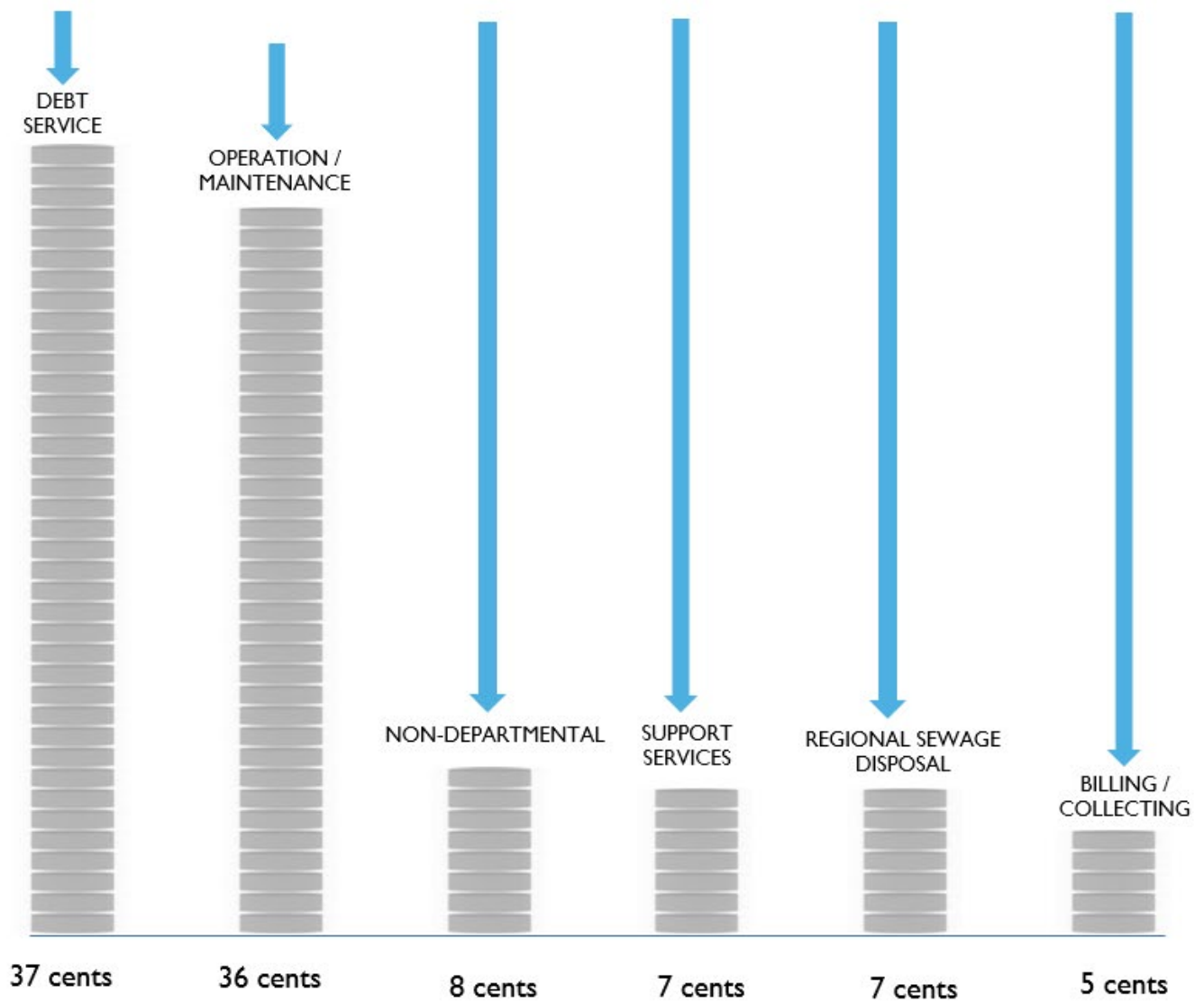
Sewer

WSSC Water issues Sewage Disposal Bonds (Capital Fund), collects SDC's, and receives grants to finance the planning, design, and construction of major sewage disposal and treatment facilities and the reconstruction of the sewerage collection system. The facilities include sewage pumping stations and force mains, sewer lines, sewage treatment facilities (including reimbursement to DC Water for construction at Blue Plains), and improvements or modifications to these facilities. Sewer operating revenues - customer payments for sewer bills - are used to pay for operating and maintaining these facilities, and to pay the debt service on Sewage Disposal Bonds. Sewer use charges are generally based upon metered water use.

General Construction

WSSC Water issues General Construction Bonds (Capital Fund) to pay for the construction of minor water and sewer lines (water distribution lines less than 15 inches in diameter, and sewer lines less than 14 inches in diameter) and support facilities. General Bond Debt Service Fund revenues - customer payments for FFBC - are used to pay the debt service on construction of minor water and sewer lines. House connection construction costs are underwritten by a direct charge to the applicant.

FY 2021 APPROVED BUDGET – HOW EACH DOLLAR OF A WATER & SEWER BILL IS SPENT



FY 2020 – FY 2021 SUMMARY OF OPERATING REVENUE & EXPENSE BY BUDGET, MAJOR CATEGORY, AND FUND TYPE

| (\$ in Thousands) | Water Operating | | Sewer Operating | | General Bond Debt Service | | Totals | | |
|---|------------------|------------------|-------------------|-------------------|---------------------------|------------------|----------------|----------------|--------------|
| | FY 2020 | FY 2021 | FY 2020 | FY 2021 | FY 2020 | FY 2021 | FY 2020 | FY 2021 | % |
| | Approved | Approved | Approved | Approved | Approved | Approved | Total | Total | Chg |
| OPERATING REVENUES | | | | | | | | | |
| Water Consumption Charges | \$ 280,997 | \$ 295,512 | \$ - | \$ - | \$ - | \$ - | \$ 280,997 | \$ 295,512 | 5.2% |
| Sewer Use Charges | - | - | 377,902 | 393,698 | - | - | 377,902 | 393,698 | 4.2% |
| Front Foot Benefit & House Connections | - | - | - | - | 12,507 | 10,378 | 12,507 | 10,379 | -17.0% |
| Account Maintenance Fees | 16,471 | 16,503 | 15,825 | 15,857 | - | - | 32,296 | 32,360 | 0.2% |
| Infrastructure Investment Fee | 20,059 | 20,099 | 19,272 | 19,311 | - | - | 39,331 | 39,410 | 0.2% |
| Plumbing and Inspection Fees | 7,470 | 8,380 | 5,430 | 6,090 | - | - | 12,900 | 14,470 | 12.2% |
| Rockville Sewer Use | - | - | 3,000 | 3,000 | - | - | 3,000 | 3,000 | 0.0% |
| Miscellaneous | 10,600 | 10,500 | 9,200 | 10,300 | 260 | 230 | 20,060 | 21,030 | 4.8% |
| Interest Income | 2,000 | 1,000 | 3,500 | 9,000 | 500 | 600 | 6,000 | 10,600 | 76.7% |
| Subtotal Operating Revenues | 337,597 | 351,994 | 434,129 | 457,257 | 13,267 | 11,208 | 784,993 | 820,459 | 4.5% |
| OTHER CREDITS AND TRANSFERS | | | | | | | | | |
| Use of Fund Balance | 5,784 | 4,080 | 5,557 | 3,920 | - | - | 11,341 | 8,000 | -29.5% |
| Other | - | - | - | - | 11,600 | 9,500 | 11,600 | 9,500 | -18.1% |
| Reconstruction Debt Service Offset | 4,000 | 4,845 | 7,600 | 4,655 | (11,600) | (9,500) | - | - | - |
| SDC Debt Service Offset | 3,540 | 2,731 | 1,118 | 3,041 | - | - | 4,658 | 5,772 | 23.9% |
| Premium Transfer | 1,337 | 692 | 1,563 | 808 | - | - | 2,900 | 1,500 | -48.3% |
| Underwriter's Discount Transfer | - | 848 | - | 1,152 | - | - | - | 2,000 | 100.0% |
| Miscellaneous Offset | 214 | - | 181 | - | - | - | 395 | - | -100.0% |
| Subtotal Other Credits and Transfers | 14,875 | 13,196 | 16,019 | 13,576 | - | - | 30,894 | 26,772 | -13.3% |
| Total Funds Available | 352,472 | 365,190 | 450,148 | 470,833 | 13,267 | 11,208 | 815,887 | 847,231 | 4.6% |
| OPERATING EXPENSES | | | | | | | | | |
| Salaries & Wages | 63,707 | 69,910 | 65,968 | 57,816 | 459 | 644 | 130,134 | 128,369 | -1.4% |
| Heat, Light, and Power | 10,808 | 11,671 | 8,628 | 8,752 | 8 | 8 | 19,444 | 20,431 | 5.1% |
| Regional Sewage Disposal | - | - | 59,000 | 58,000 | - | - | 59,000 | 58,000 | -1.7% |
| All Other | 131,218 | 140,636 | 125,967 | 144,356 | 730 | 1,254 | 257,915 | 286,247 | 11.0% |
| Subtotal Operating Expenses | 205,734 | 222,218 | 259,563 | 268,924 | 1,197 | 1,905 | 466,494 | 493,047 | 5.7% |
| DEBT SERVICE | | | | | | | | | |
| Bonds and Notes Principal | 84,505 | 72,416 | 111,564 | 104,606 | 10,182 | 8,796 | 206,251 | 185,818 | -9.9% |
| Bonds and Notes Interest | 48,711 | 60,588 | 61,527 | 76,255 | 3,394 | 2,932 | 113,632 | 139,775 | 23.0% |
| Subtotal Debt Service | 133,216 | 133,004 | 173,091 | 180,861 | 13,576 | 11,728 | 319,883 | 325,593 | 1.8% |
| Total Operating Expenses & Debt Service | 338,950 | 355,222 | 432,654 | 449,785 | 14,773 | 13,633 | 786,377 | 818,640 | 4.1% |
| OTHER TRANSFERS | | | | | | | | | |
| PAYGO | 13,522 | 9,969 | 17,494 | 21,047 | - | - | 31,016 | 31,016 | 0.0% |
| Total Expenditures | 352,472 | 365,190 | 450,148 | 470,833 | 14,773 | 13,633 | 817,393 | 849,656 | 3.9% |
| Net Revenue (Loss) | - | - | - | - | (1,506) | (2,425) | (1,506) | (2,425) | 61.0% |
| Fund Balance - July 1 | \$ 16,320 | \$ 10,536 | \$ 124,409 | \$ 118,852 | \$ 34,229 | \$ 21,123 | | | |
| Net Increase (Decrease) in Fund Balance | - | - | - | - | (1,506) | (2,425) | | | |
| Use of Fund Balance | (5,784) | (4,080) | (5,557) | (3,920) | (11,600) | (9,500) | | | |
| Fund Balance - June 30 | \$ 10,536 | \$ 6,456 | \$ 118,852 | \$ 114,932 | \$ 21,123 | \$ 9,198 | | | |

FY 2020 – FY 2021 CAPITAL FUNDING & COSTS BY BUDGET, MAJOR SOURCE CATEGORY, AND FUND TYPE

| (\$ in Thousands) | Water Supply Bond | | Sewer Disposal Bond | | General Construction Bond | | Totals | | |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------------|---------------------|-------------------|-------------------|--------------|
| | FY 2020 Approved | FY 2021 Approved | FY 2020 Approved | FY 2021 Approved | FY 2020 Approved | FY 2021 Approved | FY 2020 Total | FY 2021 Total | % Chg |
| FUNDS PROVIDED | | | | | | | | | |
| Bonds and Notes Issues/Cash on Hand | \$ 254,490 | \$ 235,617 | \$ 278,305 | \$ 255,183 | \$ 16,012 | \$ 40,859 | \$ 548,807 | \$ 531,659 | -3.1% |
| PAYGO | 13,522 | 9,969 | 17,494 | 21,047 | - | - | 31,016 | 31,016 | 0.0% |
| Anticipated Contributions: | | | | | | | | | |
| Federal & State Grants | - | 1,500 | 22,291 | 21,500 | - | - | 22,291 | 23,000 | 3.2% |
| System Development Charge | 16,418 | 8,057 | 5,298 | 1,473 | - | - | 21,716 | 9,530 | -56.1% |
| Others | 2,826 | 1,356 | 10,990 | 8,811 | 880 | 10 | 14,696 | 10,177 | -30.7% |
| Total Funds Provided | 287,256 | 256,499 | 334,378 | 308,014 | 16,892 | 40,869 | 638,526 | 605,382 | -5.2% |
| CONSTRUCTION COSTS | | | | | | | | | |
| Salaries & Wages | 15,065 | 16,095 | 8,828 | 8,568 | 3,261 | 3,163 | 27,154 | 27,826 | 2.5% |
| Contract Work | 163,664 | 143,327 | 219,668 | 206,567 | - | 3,172 | 383,332 | 353,066 | -7.9% |
| Consulting Engineers | 30,810 | 33,641 | 24,759 | 20,778 | 2,504 | 22,763 | 58,073 | 77,182 | 32.9% |
| All Other | 77,717 | 63,435 | 81,123 | 72,101 | 11,127 | 11,771 | 169,967 | 147,308 | -13.3% |
| Total Construction Costs | \$ 287,256 | \$ 256,499 | \$334,378 | 308,014 | \$ 16,892 | \$ 40,869 | \$ 638,526 | \$ 605,382 | -5.2% |

SUMMARY OF CHANGE IN FUND BALANCE

| Fund (\$ in Thousands) | Fiscal Year | Fund Balance - July 1st | Operating Revenues | Operating Expenses ¹ | Other Credits and Transfers | Use of Fund Balance | Fund Balance - June 30th | Fund Balance Increase/ (Decrease) | % Change |
|------------------------------|----------------|-------------------------------|-----------------------|------------------------------------|--------------------------------|------------------------|--------------------------------|---|-------------|
| Water Operating | FY 2020 | \$ 16,320 | \$ 337,597 | \$ (352,472) | \$ 14,875 | \$ (5,784) | \$ 10,536 | \$ (5,784) | -35.4% |
| | FY 2021 | 10,536 | 351,994 | (365,190) | 13,196 | (4,080) | 6,456 | (4,080) | -38.7% |
| Sewer Operating | FY 2020 | 124,409 | 434,129 | (450,148) | 16,019 | (5,557) | 118,852 | (5,557) | -4.5% |
| | FY 2021 | 118,852 | 457,257 | (470,833) | 13,576 | (3,920) | 114,932 | (3,920) | -3.3% |
| General Bond Debt Service | FY 2020 | 34,229 | 13,267 | (14,773) | - | (11,600) | 21,123 | (13,106) | -38.3% |
| | FY 2021 | 21,123 | 11,208 | (13,633) | - | (9,500) | 9,198 | (11,925) | -56.5% |

¹Includes debt service.

EXPLANATION OF FY 2021 SIGNIFICANT CHANGES TO FUND BALANCE

Water and Sewer Operating Funds

The FY 2021 Approved Budget ending fund balances are lower than the projected FY 2020 ending balance for the combined Water and Sewer Operating Funds. The decrease is primarily due to planned use of fund balance to modernize WSSC Water's IT infrastructure, streamline business processes, and help lay the foundation for the Advanced Metering Infrastructure project.

General Bond Debt Service Fund

The FY 2021 Approved Budget ending fund balance is 56.6% lower than the projected FY 2020 ending balance for the General Bond Debt Service Fund. Revenues for this fund are derived from FFBC and H/C. Developers now build these types of mains and lines and is expected to continue in the future which will decrease this fund. The revenues that are currently collected are from prior assessments that are paid over a multi-year period. Surplus funds that have accumulated in the General Bond Debt Service Fund are transferred to the Water and Sewer Operating Funds to benefit all ratepayers.

REVENUE AND EXPENSE TRENDS

Water & Sewer Operating Funds – Combined

(\$ in Thousands)

| (\$ in Thousands) | FY 2015 Actual | FY 2016 Actual | FY 2017 Actual | FY 2018 Actual | FY 2019 Actual | FY 2020 Approved | FY 2021 Approved |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| REVENUES | | | | | | | |
| Water Consumption Charges | \$ 242,867 | \$ 235,805 | \$ 270,134 | \$ 271,735 | \$ 273,753 | \$ 280,997 | \$ 295,512 |
| Sewer Use Charges | 319,488 | 307,264 | 329,332 | 325,879 | 341,496 | 377,902 | 393,698 |
| Account Maintenance Fee | 22,753 | 29,247 | 32,508 | 32,473 | 32,116 | 32,296 | 32,360 |
| Infrastructure Investment Fee | - | 16,700 | 37,561 | 39,847 | 39,278 | 39,331 | 39,410 |
| Plumbing and Inspection Fees | 9,129 | 10,430 | 11,178 | 12,141 | 13,594 | 12,900 | 14,470 |
| Rockville Sewer Use | 3,186 | 3,142 | 2,907 | 3,223 | 3,106 | 3,000 | 3,000 |
| Miscellaneous | 17,169 | 18,417 | 18,823 | 19,117 | 20,913 | 19,800 | 20,800 |
| Interest Income | 532 | 696 | 1,540 | 5,478 | 9,306 | 5,500 | 10,000 |
| Total Revenues | 615,124 | 621,701 | 703,983 | 709,893 | 733,562 | 771,726 | 809,251 |
| Other Credits and Transfers | | | | | | | |
| Use of Fund Balance | 30,193 | 20,721 | 24,450 | 227 | 11,580 | 11,341 | 8,000 |
| Reconstruction Debt Service Offset | 10,000 | 8,500 | 9,800 | 7,700 | 12,500 | 11,600 | 9,500 |
| SDC Debt Service Offset | 1,167 | 728 | 2,609 | 2,396 | 5,551 | 4,658 | 5,772 |
| Premium Transfer | - | - | - | - | - | 2,900 | 1,500 |
| Underwriters Discount Transfer | - | - | - | - | - | - | 2,000 |
| Miscellaneous Offset | - | - | - | - | - | 395 | - |
| Total Funds Available | \$ 656,484 | \$ 651,650 | \$ 740,842 | \$ 720,216 | \$ 763,193 | \$ 802,620 | \$ 836,023 |
| EXPENDITURES | | | | | | | |
| Salaries & Wages | \$ 100,118 | \$ 104,030 | \$ 109,059 | \$ 117,144 | \$ 125,100 | \$ 129,676 | \$ 127,726 |
| Heat, Light & Power | 24,229 | 22,000 | 22,099 | 20,033 | 19,683 | 19,436 | 20,423 |
| Regional Sewage Disposal | 54,485 | 50,068 | 53,946 | 58,331 | 54,809 | 59,000 | 58,000 |
| Debt Service | | | | | | | |
| Principal Payments | 153,968 | 134,171 | 141,817 | 151,057 | 153,565 | 196,069 | 177,022 |
| Interest Payments | 68,013 | 76,190 | 94,918 | 106,445 | 121,819 | 110,238 | 136,843 |
| Debt Reduction (PAYGO) | 19,996 | 18,821 | 21,495 | 10,065 | 15,754 | 31,016 | 31,016 |
| All Other | 203,934 | 214,607 | 224,975 | 242,540 | 268,103 | 257,185 | 284,993 |
| Working Capital Reserve Transfer | 2,300 | 6,300 | 6,524 | - | - | - | - |
| Total Expenditures | \$ 627,043 | \$ 626,187 | \$ 674,833 | \$ 705,615 | \$ 758,833 | \$ 802,620 | \$ 836,023 |
| Water Supplied (Average MGD) | 162.9 | 164.2 | 163.1 | 163.9 | 161.7 | 164.0 | 164.0 |

REVENUE AND EXPENSE TRENDS (CONTINUED)

General Bond Debt Service Fund

(\$ in Thousands)

| (\$ in Thousands) | FY 2015 Actual | FY 2016 Actual | FY 2017 Actual | FY 2018 Actual | FY 2019 Actual | FY 2020 Approved | FY 2021 Approved |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| OPERATING REVENUES | | | | | | | |
| Front Foot Benefit & House Connection | \$ 29,971 | \$ 24,925 | \$ 22,039 | \$ 19,191 | \$ 15,809 | \$ 12,507 | \$ 10,378 |
| Interest Income | 62 | 87 | 383 | 865 | 1,127 | 500 | 600 |
| Miscellaneous | 384 | 312 | 294 | 285 | 268 | 260 | 230 |
| Total Operating Revenues | 30,417 | 25,324 | 22,716 | 20,341 | 17,204 | 13,267 | 11,208 |
| Other Credits and Transfers | | | | | | | |
| Reconstruction Debt Service Offset | 10,000 | 8,500 | 9,800 | 7,700 | 12,500 | 11,600 | 9,500 |
| Use of Fund Balance | (10,000) | (8,500) | (9,800) | (7,700) | (12,500) | (11,600) | (9,500) |
| Total Funds Available | \$ 30,417 | \$ 25,324 | \$ 22,716 | \$ 20,341 | \$ 17,204 | \$ 13,267 | \$ 11,208 |
| OPERATING EXPENSES | | | | | | | |
| Salaries & Wages | \$ 604 | \$ 723 | \$ 689 | \$ 701 | \$ 751 | \$ 459 | \$ 644 |
| Heat, Light & Power | - | - | - | - | - | 8 | 8 |
| All Other | 618 | 1,018 | 858 | 813 | 825 | 730 | 1,254 |
| Subtotal | 1,222 | 1,741 | 1,547 | 1,514 | 1,576 | 1,197 | 1,905 |
| Debt Service | | | | | | | |
| Principal Payments | 18,961 | 14,102 | 9,259 | 12,672 | 13,337 | 10,182 | 8,796 |
| Interest Payments | 7,080 | 4,009 | 4,751 | 4,922 | 3,934 | 3,394 | 2,932 |
| Subtotal | 26,041 | 18,111 | 14,010 | 17,594 | 17,271 | 13,576 | 11,728 |
| Total Expenses | \$ 27,263 | \$ 19,852 | \$ 15,557 | \$ 19,108 | \$ 18,847 | \$ 14,773 | \$ 13,633 |

LONG-RANGE FINANCIAL PLAN FOR WATER AND SEWER OPERATING FUNDS

| (\$ In Thousands) | FY 2020 Approved | FY 2021 Approved | FY 2021 Estimated | FY 2022 Projected | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected |
|--|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| New Water and Sewer Debt Issues | 384,910 | 409,922 | 350,000 | 427,880 | 443,100 | 383,600 | 350,000 | 350,000 |
| Water and Sewer Combined Rate Increase (Avg) | 5.0% | 6.0% | 6.0% | 7.9% | 8.0% | 8.0% | 7.0% | 6.5% |
| OPERATING REVENUES | | | | | | | | |
| Water and Sewer User Charges | \$ 658,899 | \$ 689,210 | \$ 689,212 | \$ 731,190 | \$ 779,704 | \$ 843,131 | \$ 903,289 | \$ 963,238 |
| Other Sources/Fees: | | | | | | | | |
| Account Maintenance Fees | 32,296 | 32,360 | 32,360 | 32,425 | 32,490 | 32,555 | 32,620 | 32,685 |
| Rockville Sewer Use | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Plumbing and Inspection Fees | 12,900 | 14,470 | 13,286 | 13,685 | 14,095 | 14,518 | 14,954 | 15,402 |
| Infrastructure Investment Fee | 39,331 | 39,410 | 39,410 | 39,488 | 39,567 | 39,647 | 39,726 | 39,805 |
| Miscellaneous | 19,800 | 20,800 | 19,998 | 20,198 | 20,400 | 20,604 | 20,810 | 21,018 |
| Interest Income | 5,500 | 10,000 | 500 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Revenue Adjustment | | | (31,658) | | | | | |
| Total Operating Revenues | 771,726 | 809,251 | 766,108 | 840,986 | 890,256 | 954,454 | 1,015,398 | 1,076,148 |
| OTHER CREDITS AND TRANSFERS | | | | | | | | |
| Use of Fund Balance | 11,341 | 8,000 | - | - | - | - | - | - |
| Reconstruction Debt Service Offset (REDO) | 11,600 | 9,500 | 8,000 | 6,000 | 4,000 | 2,000 | - | - |
| SDC Debt Service Offset | 4,658 | 5,772 | 5,772 | 4,984 | 4,983 | 4,982 | 4,984 | 4,984 |
| Premium Transfer | 2,900 | 1,500 | 7,151 | - | - | - | - | - |
| Underwriters Discount Transfer | - | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Miscellaneous Offset | 395 | - | - | - | - | - | - | - |
| Total Funds Available | \$ 802,620 | \$ 836,023 | \$ 789,031 | \$ 853,970 | \$ 901,239 | \$ 963,436 | \$ 1,022,382 | \$ 1,083,132 |
| OPERATING EXPENSES | | | | | | | | |
| Salaries and Wages | 129,676 | 127,726 | 127,726 | 133,474 | 139,480 | 145,757 | 152,316 | 159,170 |
| Heat, Light, and Power | 19,436 | 20,423 | 20,423 | 21,240 | 22,089 | 22,973 | 23,892 | 24,847 |
| Regional Sewage Disposal | 59,000 | 58,000 | 58,000 | 59,160 | 60,343 | 61,550 | 62,781 | 64,037 |
| All Other | 257,185 | 284,993 | 284,993 | 290,693 | 296,507 | 302,437 | 308,486 | 314,655 |
| Total Operating Expenses | 465,297 | 491,142 | 491,142 | 504,566 | 518,419 | 532,716 | 547,474 | 562,709 |
| DEBT SERVICE | | | | | | | | |
| Bonds and Notes Principal and Interest | 306,307 | 313,865 | 300,639 | 318,387 | 341,472 | 366,885 | 392,860 | 413,814 |
| OTHER TRANSFERS AND ADJUSTMENTS | | | | | | | | |
| Adjustments | - | - | (\$25,733) | - | 0 | 0 | 5,000 | 5,000 |
| PAYGO | 31,016 | 31,016 | 10,000 | 31,016 | 31,016 | 44,000 | 65,000 | 80,000 |
| Total Expenditures | \$ 802,620 | \$ 836,023 | \$ 776,048 | \$ 853,970 | \$ 890,907 | \$ 943,602 | \$ 1,010,334 | \$ 1,061,523 |
| Net Revenue (Loss) | - | (0) | 12,982 | (0) | 10,332 | 19,834 | 12,049 | 21,609 |
| BEGINNING FUND BALANCE - JULY 1 | \$ 140,729 | \$ 129,388 | \$ 132,216 | \$ 145,198 | \$ 145,198 | \$ 155,530 | \$ 175,364 | \$ 187,412 |
| Net Increase (Decrease) in Fund Balance | - | (0) | 12,982 | (0) | 10,332 | 19,834 | 12,049 | 21,609 |
| Use of Fund Balance/Other Adjustments | (11,341) | (8,000) | - | - | - | - | - | - |
| ENDING FUND BALANCE - JUNE 30 | \$ 129,388 | \$ 121,388 | \$ 145,198 | \$ 145,198 | \$ 155,530 | \$ 175,364 | \$ 187,412 | \$ 209,021 |
| Debt Service Coverage (1.10 is target) | 1.00 | 1.01 | 1.00 | 1.06 | 1.09 | 1.15 | 1.18 | 1.23 |
| Debt Service as a % of Total Expenditures (Below 40% is target) | 38.2% | 37.5% | 38.7% | 37.3% | 38.3% | 38.9% | 38.9% | 39.0% |
| Operating Reserve Required 10% Level (\$) | \$77,173 | \$80,925 | \$76,611 | \$84,099 | \$89,026 | \$95,445 | \$101,540 | \$107,615 |
| Days Operating Reserve-on-Hand (75-105 days is target) | 59.7 | 53.0 | 68.3 | 62.1 | 63.7 | 67.8 | 67.7 | 71.9 |
| Total Workyears (All Funds) | 1,776.0 | 1,776 | 1,776 | 1,776 | 1,776 | 1,776 | 1,776 | 1,776 |

FY 2021 Estimated reflects required adjustments for projected revenue deficiencies due to the COVID-19 pandemic.

Assumptions:

- The FY 2022-2026 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 FY 2021 Approved Budget. Data excludes General Construction Debt Service and General Construction Bonds.
- Debt service for bonds and notes includes Maryland Water Quality Bonds and interfund debt service transfers. General Construction debt service is excluded.
- Adjustment for Rate Increase assumes rate increases in effect for 12 months.
- Debt Service Coverage is Operating Revenues less Operating Expenses (excluding Debt Service and PAYGO) divided by the debt service on bonds and notes.
- Operating Reserve represents 10.0% of Operating Revenue.

SECTION 4
CAPITAL BUDGET

CAPITAL BUDGET

INTRODUCTION

The WSSC Water Capital Budget is comprised of two main expenditure categories: the Capital Improvements Program (CIP) and Information Only projects.

Capital Improvements Program

The projects included in the CIP represent a multi-year plan to design and construct the capital facilities required to protect the health and safety of the residents of the two Counties we serve by protecting our source water, providing an adequate supply of safe drinking water, meeting fire-fighting requirements and collecting and adequately treating wastewater before it is returned to the waters of the State of Maryland. WSSC Water strives to maintain a balance between the use of valuable resources and the public's demand for clean water and the treatment of sanitary waste in an ethically, financially and environmentally responsible manner. The estimated total expenditures from the first year of the CIP - the budget year - are included in the Capital Budget Expenditure Summary on the next page. Detailed project information is provided in the CIP document available through our Communications & Community Relations Office and on our website at <https://www.wsscwater.com/fin>.

Information Only

The Information Only projects section of the CIP document contains projects that are not required to be in the CIP but may be included for any number of reasons such as: fiscal planning purposes, the reader's improved understanding of the full scope of a specific set of projects or responding to requests from County governments. The projects that make up the largest expenditures in this section are as follows: the water and sewer system reconstruction programs, the Engineering Support Program, the Advanced Metering Infrastructure project and the Other Capital Programs. The reconstruction programs provide for the systematic replacement and rehabilitation of small diameter water mains and sewer lines. The Engineering Support Program represents a consolidation of a diverse group of smaller, non-CIP sized, projects that support our existing facilities. The Advanced Metering Infrastructure project (AMI) was first approved in the FY 2013 CIP and provides for the implementation of a system-wide automated meter reading infrastructure system. The start of the AMI project was delayed until the replacement of WSSC Water's Customer Service Information System (CSIS) is completed. The Other Capital Programs includes miscellaneous capital projects and expenditures for common operational activities such as relocations, new house connections, water meters, paving and general construction of local lines. Detailed project information is provided in the Information Only projects section of the CIP document. A list of the Information Only projects is shown in the Capital Budget Expenditure Summary on the next page.

PROGRAM OBJECTIVES

The principal objective of the Capital Budget is the programming of planning, design, and construction activities on a yearly basis for major water and sewerage infrastructure projects and programs. These projects and programs may be necessary for system improvements for service to existing customers, to comply with federal and/or state environmental mandates, or to support new development in accordance with the Counties' approved plans and policies for orderly growth and development. The Capital Budget conforms to the Spending Affordability Guidelines (SAG) established by both County governments every year since 1994.

IMPACT OF CAPITAL PROGRAM ON THE OPERATING BUDGET

Capital projects generate future Operating Budget impacts for debt service, use of reserves and changes in operating costs due to new or renovated facilities.

Debt Service

Capital projects are financed primarily with long-term, rate-supported debt through the sale of bonds. Water Supply bonds are issued to finance major water treatment, storage and transmission facilities. Sewage Disposal bonds are issued to finance major sewage collection and treatment facilities. These bonds are repaid to bond holders over a 30-year period by annual principal and interest payments (debt service). The annual debt service on outstanding bonds is paid from WSSC Water's operating funds. The primary funding source for the repayment of debt is the revenue generated by water consumption and sewer use charges. These charges are set on an annual basis to cover the operation, maintenance and debt service costs of the agency. In this manner, the initial high cost of capital improvements is spread over time and paid for by future customers who will benefit from the facilities, as well as by current customers. It is through this capital project financing process that the size of the Capital Budget impacts the size of water and sewer bond issues, which in turn impacts customers' water and sewer bills.

Obtaining funding from other sources and using PAYGO funding (when budgeted) lowers our borrowing requirements, which in turn lowers debt service requirements and ultimately our customers' bills. Other funding sources may include: payments from applicants for new service, including System Development Charges for certain projects which are intended to support new development, payments from other jurisdictions for projects which specifically benefit them, and state and federal grants. The amounts of these collections may vary from year to year.

Estimating future spending is an important step in forecasting the issuance of new debt at a level which does not exceed the amount necessary to cover actual expenditures. Conservative issuance of long-term debt is essential to keep outstanding debt, debt service and water and sewer rates at moderate levels. The amount of new debt is calculated by adjusting for other funding sources and incorporating expected construction completion rates. These adjustments result in an estimated new long-term water and sewer debt requirement of \$409.9 million. The FY 2021 debt service payment is shown in the next section.

CAPITAL BUDGET FUNDING SUMMARY

| (\$ in Thousands) | FY 2020 Approved | FY 2021 Approved |
|---|---------------------|---------------------|
| Capital Improvements Program: | | |
| Bonds | \$ 315,063 | \$ 311,921 |
| PAYGO | 31,016 | 31,016 |
| Federal Grants | - | 1,500 |
| State Grants | 2,291 | 1,500 |
| Local Government Contribution | 2,835 | 3,675 |
| System Development Charge (SDC) | 21,716 | 9,530 |
| Contribution/Other | 10,399 | 15,931 |
| Total Capital Improvements Program | \$ 383,320 | \$ 375,073 |
| Information Only: | | |
| Bonds | 233,744 | 219,738 |
| State Grants | 20,000 | 20,000 |
| Contribution/Other | 1,462 | 194 |
| Total Information Only | \$ 255,206 | \$ 239,932 |
| Total Capital Funding | \$ 638,526 | \$ 615,005 |
| Adjustment for Developer Contributions | | (9,623) |
| Total Capital Budget Sources | \$ 638,526 | \$ 605,382 |

CAPITAL BUDGET EXPENDITURE SUMMARY

| (\$ in Thousands) | FY 2020 Approved | FY 2021 Approved |
|---|---------------------|---------------------|
| Capital Improvements Program: | | |
| Montgomery County Water | \$ 7,295 | \$ 1,821 |
| Prince George's County Water | 27,636 | 36,484 |
| Bi-County Water | 76,983 | 85,314 |
| Montgomery County Sewer | 7,881 | 9,637 |
| Prince George's County Sewer | 55,649 | 38,756 |
| Bi-County Sewer | 207,876 | 203,061 |
| Total Capital Improvements Program | \$ 383,320 | \$ 375,073 |
| Information Only: | | |
| Water Reconstruction Program | 75,784 | 72,494 |
| Sewer Reconstruction Program | 64,684 | 55,495 |
| Laboratory Division Building Expansion | - | 1,276 |
| Engineering Support Program | 18,000 | 18,000 |
| Energy Performance Program | 5,898 | 7,595 |
| Water Storage Facility Rehabilitation Program | 3,000 | 1,650 |
| Specialty Valve Vault Rehabilitation Program | 1,119 | 1,132 |
| Advanced Metering Infrastructure | 17,577 | 20,687 |
| Other Capital Programs | 68,862 | 61,313 |
| D'Arcy Park North Relief Sewer | 282 | 290 |
| Total Information Only | \$ 255,206 | \$ 239,932 |
| Total Capital Expenditures | | |
| | \$ 638,526 | \$ 615,005 |
| Adjustment for Developer Contributions | | (9,623) |
| Total Capital Budget | | |
| | \$ 638,526 | \$ 605,382 |

SECTION 5
ORGANIZATIONAL BUDGETS AND MEASURES

WORKFORCE AND COMPENSATION

INTRODUCTION

This section discusses assumptions related to WSSC Water’s workforce and compensation, including retiree benefits. The workforce and compensation assumptions approved for FY 2021 incorporate the policy and guideline recommendations discussed in the Fiscal Guidelines section.

SALARY AND WAGES SUMMARY

| | FY 2021 Approved | |
|---------------------------------|------------------|-----------------------|
| | Work Years | Amount |
| Base Positions Funded Full Year | 1,776 | \$ 158,197,968 |
| Overtime | | 7,388,894 |
| Subtotal | | 165,586,862 |
| Lapse on Base Positions* | | (9,470,278) |
| Subtotal | | 156,116,584 |
| Salary Enhancements | | - |
| Salary - 6 Commissioners | | 78,500 |
| Total | 1,776 | \$ 156,195,084 |

*Lapse is the reduction of gross salary costs due to vacancies and normal delays in filling positions.

EMPLOYEE BENEFITS

The following employee benefits are funded in WSSC Water’s FY 2021 Approved Budget through a combination of lump sum or payroll-based contributions.

FICA (Social Security & Medicare) – Contributions are collected each payday based on actual payroll. Since contribution rates and salary maximums change at the start of the calendar year, figures used in the budget represent an average of the rates set for 2020, with no projected changes for 2021. The employer rates are 6.2% for Social Security and 1.45% for Medicare.

Workers' Compensation – This is handled by the Human Resources Office. Contributions are set each year based on an actuarial valuation of exposures, past and projected claims experience and administrative expenses.

Group Insurance – The contributions for health insurance are actuarially determined, and the contribution for life insurance is based on fixed rates per coverage amounts based on an employee's salary. Contribution rates during this period will be set based on various factors, including the fund balance in the retiree Other Post Employment Benefit (OPEB) trust and claims cost experience.

EMPLOYEE BENEFITS (CONTINUED)

Retirement System – WSSC Water maintains a retirement system for its employees which is intended to provide income during their retirement years. The Employees' Retirement Plan is administered by an Executive Director who is appointed by the General Manager.

Retiree Health Benefits Trust – The trust is a single employer contributory fund established to address the rising cost of life insurance and medical benefits for future retirees and beneficiaries. Through a trust vehicle, annual contributions by WSSC Water are set aside and actively invested. Over time, funding would be sufficient to pay for future retiree health benefits, as well as any accrued interest on the unfunded liability.

Employee and retiree benefits and related expenses are budgeted in two non-departmental organizations for Human Resources and Finance.

COMPARATIVE EXPENDITURES BY ORGANIZATIONAL UNIT – ALL OPERATING AND CAPITAL FUNDS

| Organization | FY 2020 Approved | | FY 2021 Approved | | Change |
|--|------------------|-------------------------|------------------|-------------------------|---------------------|
| | Work Years | Budget | Work Years | Budget | |
| Governance & General Manager's Office | | | | | |
| Commissioners'/Corporate Secretary's Office* | 2 | \$ 381,879 | 2 | \$ 389,067 | \$ 15,401 |
| Office of the Inspector General* | 10 | 1,572,084 | 10 | 1,569,853 | 33,480 |
| General Manager's Office | 8 | 1,448,190 | 8 | 1,428,515 | 43,243 |
| General Counsel's Office | 28 | 10,517,040 | 28 | 10,553,926 | 141,303 |
| Strategy & Partnerships Branch | | | | | |
| Intergovernmental Relations Office | 4 | 753,746 | 4 | 761,095 | 29,361 |
| Strategy & Innovation Office | 18 | 2,755,779 | 19 | 3,156,740 | 498,465 |
| Communications & Community Relations Office | 19 | 3,071,397 | 19 | 3,062,240 | 64,214 |
| Human Resources Office | 36 | 7,921,259 | 36 | 7,955,917 | 179,990 |
| Equal Employment Opportunities Office | 1 | 226,400 | 1 | 233,664 | 16,184 |
| Customer Service Department | 86 | 11,584,913 | 86 | 13,338,210 | 2,092,190 |
| Operations Branch | | | | | |
| Asset Management Office | 5 | 2,385,924 | 6 | 1,828,820 | (633,336) |
| Police & Homeland Security Office | 40 | 6,050,620 | 40 | 5,951,654 | 12,758 |
| Engineering & Construction Department | 378 | 588,760,824 | 376 | 571,491,507 | (15,698,408) |
| Production Department | 330 | 139,093,978 | 330 | 143,843,456 | 5,966,425 |
| Utility Services Department | 512 | 138,619,476 | 512 | 137,722,473 | 972,203 |
| Administration Branch | | | | | |
| Office of Supplier Diversity & Inclusion | 9 | 1,461,900 | 9 | 1,519,383 | 93,839 |
| Procurement Office | 27 | 2,758,044 | 27 | 2,691,204 | 26,992 |
| General Services Department | 96 | 40,446,733 | 96 | 42,457,998 | 2,306,883 |
| Finance Department | 64 | 7,720,450 | 64 | 8,167,790 | 700,484 |
| Information Technology Department | 103 | 56,050,279 | 103 | 56,460,627 | 892,868 |
| Other | | | | | |
| Non-Departmental - Human Resources | - | 31,139,492 | - | 31,456,610 | 371,559 |
| Non-Departmental - Finance | | | | | |
| Debt Service | - | 319,882,700 | - | 325,593,000 | 5,710,300 |
| PAYGO | - | 31,016,000 | - | 31,016,000 | - |
| Other (Social Security, Retirement, etc.) | - | 51,056,378 | - | 53,138,404 | 3,149,974 |
| Retirement Trust Charge Back | - | (756,355) | - | (750,042) | 6,312 |
| Total | 1,776 | \$ 1,455,919,130 | 1,776 | \$ 1,455,038,111 | \$ 6,992,684 |

*Commissioners (6) and Inspector General (1) not included in totals for workyears. However, funds shown in table do provide for associated workyear expenses.

GOVERNANCE & GENERAL MANAGER'S OFFICE

Governance & General Manager's Office are comprised of the following: Commissioners/Corporate Secretary, Office of the Inspector General, General Manager and General Counsel offices.

Budget Summary

| Governance & General Manager's Office | FY 2019 Actual | | FY 2020 Approved | | FY 2021 Approved | | Increase/(Decrease) | |
|--|----------------|----------------------|------------------|----------------------|------------------|----------------------|---------------------|------------------|
| | Work Years | Amount | Work Years | Amount | Work Years | Amount | Work Years | Amount |
| Commissioners'/Corporate Secretary's Office* | 1.6 | \$ 340,628 | 2.0 | \$ 381,879 | 2.0 | \$ 389,067 | - | \$ 7,188 |
| Office of the Inspector General* | 8.0 | 1,370,958 | 10.0 | 1,572,084 | 10.0 | 1,569,853 | - | (2,231) |
| General Manager's Office | 9.1 | 1,816,199 | 8.0 | 1,448,190 | 8.0 | 1,428,515 | - | (19,675) |
| WSSC STAT Office** | 4.2 | 1,152,555 | - | - | - | - | - | - |
| General Counsel's Office | 25.0 | 6,957,020 | 28.0 | 10,517,040 | 28.0 | 10,553,926 | - | 36,886 |
| Total | 47.9 | \$ 11,637,360 | 48.0 | \$ 13,919,193 | 48.0 | \$ 13,941,361 | - | \$ 22,168 |

*Commissioners (6) and Inspector General (1) not included in totals for workyears. However, funds shown in table do provide for associated workyear expenses.
 **As of FY 2020, the WSSC STAT Office moved to the new Strategy & Innovation Office.

COMMISSIONERS/CORPORATE SECRETARY'S OFFICE

WSSC Water is governed by a six-member Board of appointed Commissioners.

The Board of Commissioners provides oversight of the agency and establishes policies for the operation of the agency within the legal framework of Division II of the Public Utilities Article of the Annotated Code of Maryland. Three Commissioners are appointed by the Prince George's County Executive and three by the Montgomery County Executive, subject to approval by the two respective County Councils.

The Corporate Secretary is a corporate officer of the agency responsible for overseeing the day-to-day operations of the Commissioners/Corporate Secretary's Office and managing WSSC Water's corporate functions, to include organizing and facilitating agency meetings, drafting and posting official meeting agendas, preparing official meeting minutes, maintaining the agency's corporate seal and certifying documents on behalf of the agency. The Corporate Secretary also serves as the agency's registered agent, official custodian of records and liaison to customers and other stakeholders on behalf of Commissioners.

Mission Statement

To function as the official governing body of WSSC Water responsible for setting general policy for WSSC Water's operation, while providing leadership, guidance and oversight.

OFFICE OF THE INSPECTOR GENERAL

The Office of the Inspector General (OIG) is an independent office of WSSC Water. The OIG was established and is governed by the WSSC Office of the Inspector General Act, as promulgated under Maryland Public Code 17-601 et seq. (2018). The OIG reports to the WSSC Water Board of Commissioners.

The OIG assesses the effectiveness and efficiency of WSSC Water operations and programs and serves to promote transparency for WSSC Water stakeholders, as well as serving as WSSC Water's safety net for compliance with rules, regulations and overall best business practices. The OIG administers the Fraud, Waste and Abuse Hotline and investigates reported allegations.

OFFICE OF THE INSPECTOR GENERAL (CONTINUED)

The OIG is responsible for providing independent and objective recommendations that add value to and improve WSSC Water's programs and operations. The OIG helps the agency accomplish its mission by providing a systemic, objective and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within WSSC Water.

Mission Statement

To help WSSC Water meet its objectives in a fiscally transparent, sustainable and ethically responsible manner, by conducting independent audits, evaluations and investigations; making evidence-based recommendations to promote economy, efficiency and effectiveness; and preventing and detecting fraud, waste, abuse, mismanagement and misconduct within WSSC Water programs and operations.

GENERAL MANAGER'S OFFICE

As WSSC Water's chief executive, the General Manager/CEO provides managerial direction to all agency operations and support functions and serves as the agency's primary representative in relations with the Counties, State and other outside parties.

Mission Statement

To provide strategic direction to ensure WSSC Water provides safe and reliable water to customers, and returns clean water to the environment, all in an ethical, sustainable and financially responsible manner.

GENERAL COUNSEL'S OFFICE

The General Counsel's Office (GCO) represents WSSC Water as legal counsel in judicial and administrative proceedings, advocating and defending its interests in those proceedings. This office educates agency personnel about legal requirements and preventable risk and investigates and resolves claims made against the agency.

Mission Statement

To provide legal representation to WSSC Water in a tradition of excellence in the quality of services provided to its clients, while maintaining the highest standards of professional ethics and integrity.

STRATEGY & PARTNERSHIPS

Strategy & Partnerships oversees the people and partnerships of the agency. The Deputy General Manager for Strategy & Partnerships provides leadership and guidance on building strategic collaboration with customers, legislators, businesses and other key stakeholders. These partnerships are essential to ensuring the General Manager’s vision for enhancing customer experience. The Deputy General Manager also oversees internal functions critical to employees, including human resources and fair practices. Strategy & Partnerships is comprised of the following: Intergovernmental Relations, Strategy & Innovation, Communications & Community Relations, Human Resources, Equal Employment Opportunities and Customer Service.

Budget Summary

| Strategy & Partnerships | FY 2019 Actual | | FY 2020 Approved | | FY 2021 Approved | | Increase/(Decrease) | |
|---|----------------|----------------------|------------------|----------------------|------------------|----------------------|---------------------|---------------------|
| | Work Years | Amount | Work Years | Amount | Work Years | Amount | Work Years | Amount |
| Intergovernmental Relations Office | 3.3 | \$ 580,091 | 4.0 | \$ 753,746 | 4.0 | \$ 761,095 | - | \$ 7,349 |
| Strategy & Innovation Office* | - | - | 18.0 | 2,755,779 | 19.0 | 3,156,740 | 1.0 | 400,961 |
| Communications & Community Relations Office | 18.4 | 2,779,943 | 19.0 | 3,071,397 | 19.0 | 3,062,240 | - | (9,157) |
| Human Resources Office | 35.1 | 6,195,723 | 36.0 | 7,921,259 | 36.0 | 7,955,917 | - | 34,658 |
| Equal Employment Opportunities Office | 1.0 | 207,367 | 1.0 | 226,400 | 1.0 | 233,664 | - | 7,264 |
| Customer Service Department | 99.8 | 10,294,309 | 86.0 | 11,584,913 | 86.0 | 13,338,210 | - | 1,753,297 |
| Total | 157.6 | \$ 20,057,433 | 164.0 | \$ 26,313,494 | 165.0 | \$ 28,507,867 | 1.0 | \$ 2,194,372 |

*As of FY 2020, the Strategy & Innovation Office was established.

INTERGOVERNMENTAL RELATIONS OFFICE

The Intergovernmental Relations Office oversees WSSC Water's legislative agenda and represents the agency before elected bodies. The office is responsible for researching, developing, analyzing and lobbying for or against legislation impacting WSSC Water. In addition, the office also serves as a liaison between WSSC Water and elected officials.

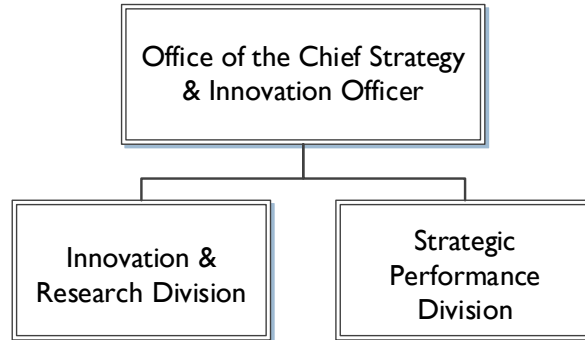
Mission Statement

To analyze the impact of state and federal legislation on WSSC Water and act as the agency’s representative before legislative bodies.

STRATEGY & INNOVATION OFFICE

The Strategy & Innovation Office looks across the entire organization to identify where we can work smarter, collaborate and use data to make informed decisions.

Organizational Structure



Mission Statement

The Strategy & Innovation Office develops, communicates, executes and sustains strategic initiatives, innovation and enterprise risk management. The office is accelerating organizational performance through cohesive strategy planning and execution, knowledge management and the implementation of an organizational dashboard for impact and organizational effectiveness.

Budget Summary

| Strategy & Innovation Office* | FY 2019 Actual | | FY 2020 Approved | | FY 2021 Approved | | Increase/(Decrease) | |
|---|----------------|-------------|------------------|---------------------|------------------|---------------------|---------------------|-------------------|
| | Work Years | Amount | Work Years | Amount | Work Years | Amount | Work Years | Amount |
| Office of the Chief Strategy & Innovation Officer | - | \$ - | 1.0 | \$ 192,285 | 2.0 | \$ 370,524 | 1.0 | \$ 178,239 |
| Strategic Performance Division | - | - | 11.0 | 1,334,431 | 11.0 | 1,366,784 | - | 32,353 |
| Innovation & Research Division | - | - | 6.0 | 1,229,064 | 6.0 | 1,419,432 | - | 190,368 |
| Total | - | \$ - | 18.0 | \$ 2,755,779 | 19.0 | \$ 3,156,740 | 1.0 | \$ 400,961 |

*As of FY 2020, the Strategy & Innovation Office was established.

Highlights

- Leading Project Cornerstone organizational development to stabilize C2M billing system and processes
- Updating the Commission Dashboard to reflect the updated Strategic Plan and budget priorities
- Started pilot project for the automated flushing at two locations in Montgomery County. Additional pilot projects for the sewer blockage and pressure transient monitoring are expected to start soon.
- Started ammonia-based aeration control pilot at the Seneca water resource recovery facility (WRRF). Innovative nitrogen removal through Nitrite Shunt can reduce aeration and chemical costs using existing infrastructure

STRATEGY & INNOVATION OFFICE (CONTINUED)

Highlights

- Began work on two new product development projects to create tools for field workers; the fire hydrant repair device and dewatering flow meter. The fire hydrant repair device is designed to engage on the main valve seat ring, eliminating the complete replacement of a fire hydrant with a new hydrant. The dewatering flow device performs water removal and accurately tracks the amount of water lost during a dewatering/emptying a pipe

Accomplishments

- With input from employees and Commissioners, facilitated the June 2019 approval of the updated WSSC Water Strategic Plan
- Facilitated target-setting and established reporting for C2M performance measures
- Led the response to the 2019 American Water Works Association (AWWA) utility benchmarking, advancing collection methods to include data quality checks and documentation
- Implemented training for employees on data visualization concepts
- Coordinated action plan responses to the employee engagement survey
- Completed the leak detection technical evaluation and recommended satellite leak detection
- Completed enhanced biological phosphorus removal pilot at the Seneca WRRF and started planning for a larger pilot at the Parkway WRRF

OFFICE OF THE CHIEF STRATEGY & INNOVATION OFFICER

The Chief Strategy & Innovation Officer is responsible for leading and managing the Strategic Performance and Innovation & Research divisions.

STRATEGIC PERFORMANCE DIVISION

The Strategic Performance Division engages employees in strategic planning and facilitates alignment with the WSSC Water strategic priorities by using data to inform decision making. The division also provides internal consulting services, including data analysis, business planning, enterprise risk, strategic sourcing and process improvement.

INNOVATION & RESEARCH DIVISION

The Innovation & Research Division focuses on finding new technologies and processes to save money, enhance operations, increase safe work practices and improve sustainability. This division also identifies, evaluates and pursues revenue opportunities created from innovative ideas and research.

COMMUNICATIONS & COMMUNITY RELATIONS OFFICE

The Communications & Community Relations Office proactively communicates internally and externally while building relationships and strategic alliances throughout communities and industries. The office also provides the news media with timely and accurate information, manages crisis communications, oversees the content on the WSSC Water website and provides graphic and photographic services.

Mission Statement

To provide timely and accurate information that is designed to educate and inform the Communications & Community Relations Office's internal and external customers and enhance WSSC Water's image.

HUMAN RESOURCES OFFICE

The Human Resources (HR) Office is responsible for planning, administering and evaluating the agency's personnel related programs. The office develops and maintains the employee benefit structures, the classification and compensation programs, conducts training courses and manages the employee recruitment functions. The office also provides counseling services on a variety of employee issues, and adheres to all applicable federal and state laws. It is also responsible for providing a safe and healthy work environment for agency employees and administering safety and health programs to ensure compliance with all federal, state and local regulations.

Mission Statement

To support employee, department and organizational success; and provide quality employee systems in talent management, employee development, work force development and total rewards.

EQUAL EMPLOYMENT OPPORTUNITIES OFFICE

The Equal Employment Opportunities (EEO) Office is responsible for identifying, investigating and resolving employee EEO matters with integrity, neutrality and transparency. The EEO Office uses best efforts to resolve all allegations of harassment, employment discrimination and retaliation expeditiously and efficiently, with a view towards fair and equitable treatment for all persons involved. Related to complaint processing, the EEO Office is responsible for developing and implementing an Alternate Dispute Resolution (ADR) program intended to resolve complaints through mediation. The EEO Office also develops, conducts or oversees requisite training programs related to the EEO, harassment, diversity and ADR programs. The EEO Office is responsible for developing a Diversity Program that enhances diversity by adopting and implementing a diversity strategy for WSSC Water.

Mission Statement

To ensure WSSC Water's compliance with EEO laws and practices, and address employee discrimination issues and complaints in accordance with the agency's policies and procedures.

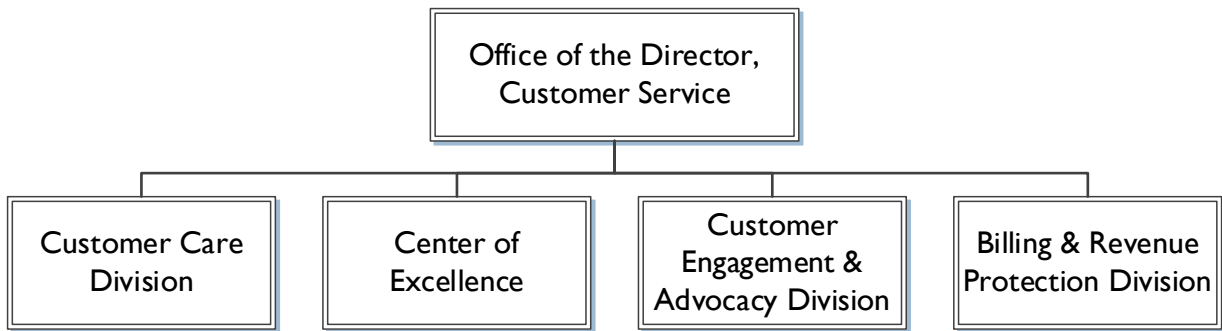
CUSTOMER SERVICE DEPARTMENT

The Customer Service Department is responsible for providing residential and commercial customers with timely, accurate and responsive customer services. The department helps customers understand their water and sewer services including rates, water consumption, starting or stopping service and detecting household plumbing leaks. The department provides account services, such as billing adjustments and corrections, billing and collections operations and revenue analysis and management.



The Customer Service Department also provides a variety of payment options and customer assistance solutions to help customers pay their water/sewer bills. The department supports the vision for customer service excellence through four divisions: Customer Care, Center of Excellence, Customer Engagement & Advocacy and Billing & Revenue Protection. Key priorities for the department include improving the overall customer experience and streamlining operations to improve customer satisfaction.

Organizational Structure



Mission Statement

To provide a world-class customer experience to every customer, every time, by treating all customers in a friendly, helpful and professional manner.

Budget Summary

| Customer Service Department | FY 2019 Actual | | FY 2020 Approved | | FY 2021 Approved | | Increase/(Decrease) | |
|--|----------------|----------------------|------------------|----------------------|------------------|----------------------|---------------------|---------------------|
| | Work Years | Amount | Work Years | Amount | Work Years | Amount | Work Years | Amount |
| Office of the Director, Customer Service | 2.5 | \$ 410,587 | 4.0 | \$ 624,121 | 4.0 | \$ 722,517 | - | \$ 98,396 |
| Customer Care Division | 55.7 | \$ 5,682,326 | 51.0 | \$ 5,117,945 | 50.0 | \$ 5,897,695 | (1.0) | \$ 779,750 |
| Center of Excellence | 3.9 | \$ 457,488 | 6.0 | \$ 670,427 | 5.0 | \$ 713,446 | (1.0) | \$ 43,019 |
| Customer Engagement & Advocacy Division | 5.7 | \$ 678,257 | 5.0 | \$ 562,311 | 6.0 | \$ 604,404 | 1.0 | \$ 42,093 |
| Billing & Revenue Protection Division | 32.0 | \$ 3,065,650 | 20.0 | \$ 4,610,109 | 21.0 | \$ 5,400,148 | 1.0 | \$ 790,039 |
| Total | 99.8 | \$ 10,294,308 | 86.0 | \$ 11,584,913 | 86.0 | \$ 13,338,210 | - | \$ 1,753,297 |

CUSTOMER SERVICE DEPARTMENT (CONTINUED)

Highlights

- Stabilization of departmental operations and business performance following replacement of the Customer Service Information System (CSIS) with the C2M billing system
- Continued funding for enhancements to customer affordability programs that will provide conservation kits, plumbing inspections for qualified customers and high bill leak adjustment assistance to qualified customers

OFFICE OF THE DIRECTOR, CUSTOMER SERVICE

The Customer Service Department, led by the Director, is responsible for improving the overall customer experience and streamlining operations to improve customer satisfaction.

CUSTOMER CARE DIVISION

The Customer Care Division serves as the voice of WSSC Water for customer oriented services and is comprised of the Customer Service Center (CSC) and Research & Communications Section. The division responds to general and complex customer requests, such as customer assistance with billing matters, preparing written correspondence in response to customer inquiries and complaints and processing bill payments.

Goals, Objectives, and Outcome Measures

Goal: Provide a quick response time to customer problems or system emergencies

Strategic Priority: Enhance Customer Experience

| Objective | Outcome Measure | FY 2018 Actual/Target | FY 2019 Actual/Target | FY 2020 Target | FY 2021 Target |
|---------------------------------------|---|--------------------------|--------------------------|-------------------|-------------------|
| Respond to customer's telephone calls | Percentage of customer calls answered (non-emergency calls) | 85.1% / 95.0% | 82.8% / 92.0% | 95.0% | 73.0%* |

*The decrease in the target from 95.0% in FY 2020 to 73.0% in FY 2021 reflects revised performance expectations due to continued stabilization and system enhancement efforts associated with the roll-out of the new C2M billing system.

CENTER OF EXCELLENCE

The Center of Excellence provides centralized strategies and resources for the Customer Service Department, including workforce scheduling, forecasting and resource allocation; quality assurance, training and coaching; employee engagement and performance-based management; and innovative business process and customer service technology strategies for the enterprise.

CUSTOMER ENGAGEMENT & ADVOCACY DIVISION

The Customer Engagement & Advocacy Division serves as an advocate for all customers for resolving complex customer service issues and promoting effective customer relationships. This division informs communities and stakeholders about WSSC Water priorities and projects, and promotes customer assistance programs and initiatives.

CUSTOMER SERVICE DEPARTMENT (CONTINUED)

BILLING & REVENUE PROTECTION DIVISION

The Billing & Revenue Protection Division manages billing and collections operations, billing adjustments and corrections and revenue analysis and management. The division partners with the Utility Services Department to handle account collections and turn-offs and support timely and effective meter reading.



OPERATIONS

Operations refers to the departments critical to the planning, design, construction, operation and maintenance of the agency’s water and sewer services. The Deputy General Manager for Operations provides leadership, oversight and guidance regarding facility planning, construction, maintenance and operations, as well as maintenance and repair of the agency’s vast water and sewer distribution/collection system, ensuring continuous delivery of life’s most precious resource. The departments that fall under Operations include Asset Management, Police & Homeland Security, Engineering & Construction Production and Utility Services.

Budget Summary

| Operations | FY 2019 Actual | | FY 2020 Approved | | FY 2021 Approved | | Increase/(Decrease) | |
|---------------------------------------|----------------|-----------------------|------------------|-----------------------|------------------|-----------------------|---------------------|------------------------|
| | Work Years | Amount | Work Years | Amount | Work Years | Amount | Work Years | Amount |
| Asset Management Office | 6.6 | \$ 2,962,035 | 5.0 | \$ 2,385,924 | 6.0 | \$ 1,828,820 | 1.0 | \$ (557,104) |
| Police & Homeland Security Office | 37.0 | 4,397,701 | 40.0 | 6,050,620 | 40.0 | 5,951,654 | - | (98,966) |
| Engineering & Construction Department | 359.1 | 389,639,886 | 378.0 | 588,760,824 | 376.0 | 571,491,507 | (2.0) | (17,269,317) |
| Production Department | 316.1 | 159,828,915 | 330.0 | 139,093,978 | 330.0 | 143,843,456 | - | 4,749,478 |
| Utility Services Department | 476.3 | 91,711,486 | 512.0 | 138,619,476 | 512.0 | 137,722,473 | - | (897,003) |
| Total | 1,195.1 | \$ 648,540,023 | 1,265.0 | \$ 874,910,822 | 1,264.0 | \$ 860,837,909 | (1.0) | \$ (14,072,913) |

ASSET MANAGEMENT OFFICE

The Asset Management Office is responsible for the development and implementation of world class asset management strategies and practices in order to balance the competing goals of maximizing the level of service we deliver to our customers, while at the same time minimizing the lifecycle cost of the assets and the business risk exposure of the agency; sustaining the infrastructure to continue delivering the highest level of reliable water and wastewater service; optimizing decision-making processes; and maximizing the utilization of existing resources.

Mission Statement

To implement asset management strategies to strengthen current asset management practices and develop an Enterprise Asset Management Plan which identifies the infrastructure needs for a 30-year planning period and is utilized to develop a 10-year fiscal plan.

POLICE & HOMELAND SECURITY OFFICE

The Police & Homeland Security Office is responsible for safeguarding the agency’s real property; providing for the safety of WSSC Water personnel, customers and visitors to our facilities; investigating theft of service cases; investigating illegal discharge of substances into the wastewater collection system; and investigating complaints of criminal activity which occur on agency property.

Mission Statement

To provide the highest quality critical infrastructure security, police and emergency management services to WSSC Water to protect the people, resources and infrastructure operated by the agency.

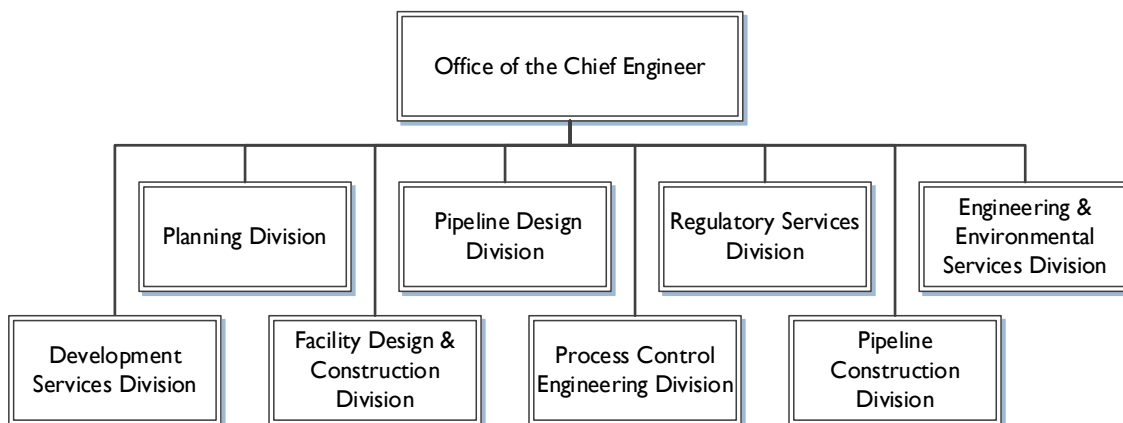
ENGINEERING & CONSTRUCTION DEPARTMENT

The Engineering & Construction (E&C) Department manages the planning, design and construction of the water and sewer systems throughout the Washington Suburban Sanitary District (WSSD), and serves as the water and sewer regulatory body that protects the system and the public. The department emphasizes continuous improvement through the development and management of its people, the efficient use of existing and emerging technologies, and the use of scientific, engineering and business knowledge to proactively solve practical problems. The E&C Department, led by the Chief Engineer, is comprised of eight divisions: Development Services, Planning, Facility Design & Construction, Pipeline Design, Process Control Engineering, Regulatory Services, Pipeline Construction, and Engineering & Environmental Services.



The E&C Department, led by the Chief Engineer, is comprised of eight divisions: Development Services, Planning, Facility Design & Construction, Pipeline Design, Process Control Engineering, Regulatory Services, Pipeline Construction, and Engineering & Environmental Services.

Organizational Structure



Mission Statement

To provide engineering and regulatory expertise to plan, design and build necessary infrastructure as well as operational support for delivering safe water and wastewater services in a timely, cost-effective and environmentally sound manner.

ENGINEERING & CONSTRUCTION DEPARTMENT (CONTINUED)

Budget Summary

| Engineering & Construction Department | FY 2019 Actual | | FY 2020 Approved | | FY 2021 Approved | | Increase/(Decrease) | |
|---|----------------|-----------------------|------------------|-----------------------|------------------|-----------------------|---------------------|------------------------|
| | Work Years | Amount | Work Years | Amount | Work Years | Amount | Work Years | Amount |
| Office of the Chief Engineer | 1.9 | \$ 309,897 | 2.0 | \$ 3,780,315 | 4.0 | \$ 4,754,711 | 2.0 | \$ 974,396 |
| Development Services Division | 52.7 | 5,374,136 | 52.0 | 5,850,235 | 51.0 | 5,753,519 | (1.0) | (96,716) |
| Planning Division | 12.5 | 48,106,104 | 17.0 | 72,761,428 | 15.0 | 71,725,328 | (2.0) | (1,036,100) |
| Facility Design & Construction Division | 33.0 | 99,213,510 | 34.0 | 174,933,412 | 34.0 | 144,068,425 | - | (30,864,987) |
| Pipeline Design Division | 33.8 | 18,299,978 | 39.0 | 25,557,836 | 37.0 | 28,796,137 | (2.0) | 3,238,301 |
| Process Control Engineering Division | 13.6 | 2,596,342 | 14.0 | 2,712,489 | 14.0 | 2,724,832 | - | 12,343 |
| Regulatory Services Division | 73.9 | 7,106,921 | 76.0 | 7,237,096 | 77.0 | 7,216,071 | 1.0 | (21,025) |
| Pipeline Construction Division | 76.8 | 195,676,093 | 81.0 | 282,038,113 | 82.0 | 293,262,243 | 1.0 | 11,224,130 |
| Engineering & Environmental Services Division | 60.9 | 12,956,903 | 63.0 | 13,889,899 | 62.0 | 13,190,241 | (1.0) | (699,658) |
| Total | 359.1 | \$ 389,639,885 | 378.0 | \$ 588,760,824 | 376.0 | \$ 571,491,507 | (2.0) | \$ (17,269,317) |

Highlights

- WSSC Water continues to comply with all aspects of the Sanitary Sewer Overflow (SSO) Consent Decree
- For the distribution and transmission mains reconstruction programs, the E&C Department completed 49 miles of water main rehabilitation in FY 2019
- The final phase (close-out) of the Broad Creek Wastewater Pumping Station (WWPS) Augmentation project should be complete in FY 2021
- WSSC Water received approval from the Maryland Department of the Environment (MDE) for the Potomac Water Filtration Plant Consent Decree Program long-term upgrade plan on May 6, 2019; Improvements will be in design and construction in FY 2021; Construction started for the short-term improvements, leak mitigation and valve replacements in FY 2020
- The Piscataway Bioenergy project started construction in FY 2020 and will continue in FY 2021

OFFICE OF THE CHIEF ENGINEER

The Chief Engineer is responsible for leading and managing the Development Services, Planning, Facility Design & Construction, Pipeline Design, Process Control Engineering, Regulatory Services, Pipeline Construction and Engineering & Environmental Services divisions.

DEVELOPMENT SERVICES DIVISION

The Development Services Division is responsible for the integrity of WSSC Water's water and sewer system through oversight of the planning, design and construction of developer-built water and sewer extensions, WWPS and relocations. The division also reviews all plumbing, gas-fitting and house connection applications; issues permits; collects related fees and charges; and reviews and processes all plan submittals associated with private development, service connection submittals and applicant-built construction packages.

PLANNING DIVISION

The Planning Division responsibilities are four-fold. First, it is responsible to ensure adequate capacity of the water treatment, transmission, distribution and storage systems, as well as the wastewater treatment, collection and conveyance systems for both existing and future customers. Secondly, it is responsible to develop projects and perform preliminary engineering before they are transferred to the design teams in order to expedite the project delivery process. Part of this effort includes several infrastructure replacement programs including water mains, sewer mains, force mains and pre-stressed concrete cylinder pipe (PCCP). Additionally, it is responsible to develop new, and manage existing, regional cooperative agreements with adjoining jurisdictions and other agencies with whom WSSC Water shares resources, and to provide technical resources that advise the agency concerning any proposed state and federal policy initiatives, laws and regulations that may impact its activities. This includes review and approval of all invoices related to WSSC Water's relevant share of the wastewater CIP projects for the District of Columbia Water and Sewer Authority (DC Water) and Charles County. Lastly, it is responsible to execute business cases that are recommended by the Asset Management Program's Project Needs Validation Process. The business cases evaluate feasible alternatives for a given need and perform a lifecycle cost and business risk exposure evaluation to develop a recommended solution.

FACILITY DESIGN & CONSTRUCTION DIVISION

The Facility Design & Construction Division administers and manages the design, construction and inspection of major water, wastewater and biosolids facility projects. The division also oversees special projects and planning studies.

PIPELINE DESIGN DIVISION

The Pipeline Design Division is responsible for managing pipeline designs in the CIP and water and sewer main reconstruction programs; pipeline designs for water and sewer relocations associated with road improvement projects for the state, counties and municipalities; and reviewing water and sewer relocations to ensure compliance with WSSC Water guidelines.

Goals, Objectives and Outcome Measures

Goal: Rehabilitate and/or replace deteriorating water and wastewater infrastructure

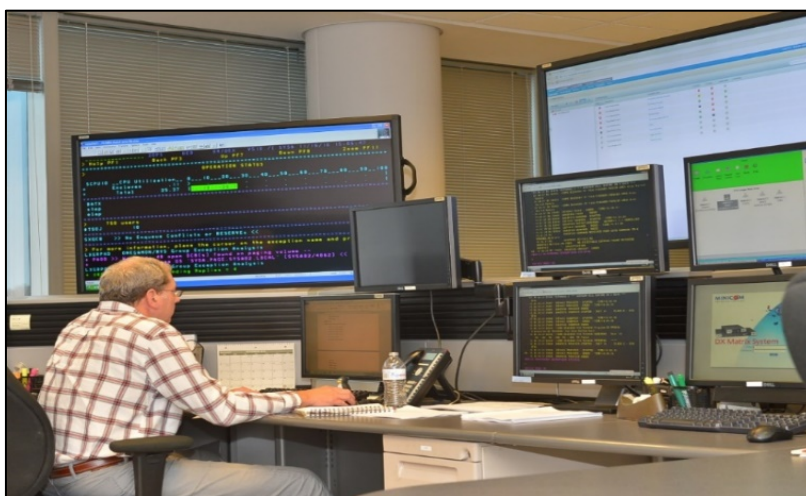
Strategic Priority: Optimize Infrastructure

| Objective | Outcome Measure | FY 2018 Actual/Target | FY 2019 Actual/Target | FY 2020 Target | FY 2021 Target |
|--|-------------------------------|--------------------------|--------------------------|-------------------|-------------------|
| Design the number of miles for the Water Reconstruction Program as planned | Miles of water mains designed | 58.2 / 67.0 | 26.0 / 25.0 | 27.0 | 25.0 |
| Design the number of miles for the Sewer Reconstruction Program as planned | Miles of sewer mains designed | 21.2 / 20.0 | 25.8 / 20.0 | 25.0 | 25.0* |

*This figure does not include the additional work in FY 2021 related to the holistic rehabilitation efforts to address infiltration and inflow in the Piscataway Basin.

PROCESS CONTROL ENGINEERING DIVISION

The Process Control Engineering Division designs, procures, configures and installs process control systems for new and existing facilities; improves automation for existing facilities; and maintains and repairs automation and Supervisory Control and Data Acquisition (SCADA) systems.



REGULATORY SERVICES DIVISION

The Regulatory Services Division is responsible for the federally mandated pre-treatment (industrial discharge control) program; the Fats, Oils and Grease (FOG) Program; and the implementation and enforcement of the Plumbing and Gas-fitting Regulations. The division regulates discharges into the sewer system; samples discharges from industrial users; inspects food service facilities; conducts investigations; responds to spills of hazardous materials entering the sewer system; monitors/inspects cross connections to prevent backflow contamination; reviews and approves plumbing/gas-fitting engineering designs; and inspects the installation of commercial and residential plumbing and gas-fitting systems, plumbing and gas fixtures/appliances, and grease abatement systems.

PIPELINE CONSTRUCTION DIVISION

The Pipeline Construction Division is responsible for the management and inspection of water supply and wastewater collection pipeline construction contracts, as well as associated contracts for house connections, paving and landscaping.

Goals, Objectives and Outcome Measures

Goal: Rehabilitate and/or replace deteriorating water and wastewater infrastructure

Strategic Priority: Optimize Infrastructure

| Objective | Outcome Measure | FY 2018 Actual/Target | FY 2019 Actual/Target | FY 2020 Target | FY 2021 Target |
|--|--|--------------------------|--------------------------|-------------------|-------------------|
| Replace the number of miles for the Water Reconstruction Program as planned | Miles of water mains replaced | 44.3 / 43.0 | 43.8 / 43.0 | 23.0 | 23.0 |
| Rehabilitate the number of miles of sewer mains and lateral lines for the Sewer and Trunk Sewer Reconstruction Programs as planned | Miles of sewer mains and lateral lines rehabilitated | 20.7 / 55.0 | 16.4 / 35.0 | 38.0 | 38.0* |

*This figure does not include the additional work in FY 2021 related to the holistic rehabilitation efforts to address infiltration and inflow in the Piscataway Basin.

ENGINEERING & ENVIRONMENTAL SERVICES DIVISION

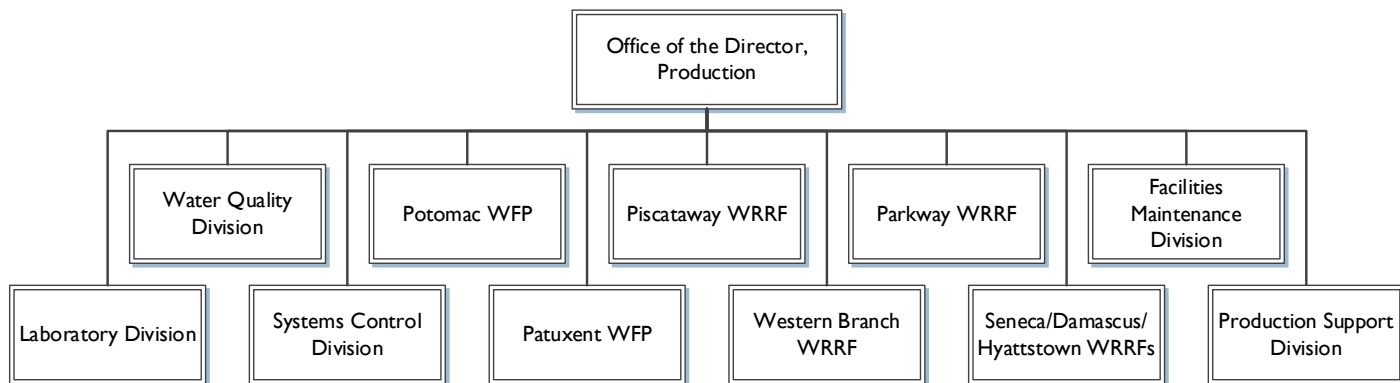
The Engineering & Environmental Services Division provides a full range of in-house civil, mechanical and electrical engineering support including: technical services for capital planning, design and construction; maintenance of engineering records and the Geographic Information System (GIS); environmental engineering and science support; infrastructure management; and land services (rights-of-way, land acquisition and recordation and land surveys).

PRODUCTION DEPARTMENT

The Production Department is committed to meeting two primary objectives: to provide our customers with a safe and reliable supply of drinking water that meets or exceeds all Federal and State standards and regulations; and protect public health and the environment by returning a clean wastewater effluent back to the environment. WSSC Water's yearly recognition by the Partnership for Safe Water and Peak Performance Award Programs is indicative of our commitment to provide our customers with the best water and wastewater services possible. Led by the Production Director, the department operates two water filtration plants (Potomac and Patuxent), six water resource recovery facilities (Piscataway, Western Branch, Parkway, Seneca, Damascus and Hyattstown), and Laboratory, Water Quality, Systems Control, Facilities Maintenance and Production Support divisions.



Organizational Structure



Mission Statement

To provide a safe and reliable supply of drinking water, and to produce high quality wastewater effluent that provides high quality, cost-effective operation and maintenance of the agency's water supply, dams and reservoirs, water filtration plants, water distribution facilities, wastewater collection facilities, water resource recovery facilities, bio-solids management programs, and laboratories.

PRODUCTION DEPARTMENT (CONTINUED)

Budget Summary

| Production Department | FY 2019 Actual | | FY 2020 Approved | | FY 2021 Approved | | Increase/(Decrease) | |
|------------------------------------|----------------|-----------------------|------------------|-----------------------|------------------|-----------------------|---------------------|---------------------|
| | Work Years | Amount | Work Years | Amount | Work Years | Amount | Work Years | Amount |
| Office of the Director, Production | 3.4 | \$ 535,755 | 4.0 | \$ 594,136 | 4.0 | \$ 604,018 | - | \$ 9,882 |
| Laboratory Division | 28.8 | 4,150,170 | 29.0 | 4,331,170 | 29.0 | 4,299,048 | - | (32,122) |
| Water Quality Division | 7.0 | 897,404 | 8.0 | 1,804,249 | 8.0 | 1,701,874 | - | (102,375) |
| Systems Control Division | 31.4 | 4,680,541 | 32.0 | 4,786,272 | 32.0 | 4,662,041 | - | (124,231) |
| Potomac WFP | 32.3 | 10,717,836 | 35.0 | 10,591,464 | 35.0 | 10,035,773 | - | (555,691) |
| Patuxent WFP | 23.0 | 4,762,566 | 24.0 | 4,298,998 | 26.0 | 4,767,337 | 2.0 | 468,339 |
| Piscataway WRRF | 24.8 | 7,947,797 | 26.0 | 7,449,496 | 26.0 | 11,458,693 | - | 4,009,197 |
| Western Branch WRRF | 30.9 | 8,617,520 | 32.0 | 7,039,887 | 32.0 | 9,405,050 | - | 2,365,163 |
| Parkway WRRF | 22.0 | 3,742,316 | 23.0 | 4,390,023 | 22.0 | 3,708,834 | (1.0) | (681,189) |
| Seneca/Damascus/Hyattstown WRRFs | 33.0 | 6,428,397 | 33.0 | 6,429,861 | 32.0 | 5,943,737 | (1.0) | (486,124) |
| Facilities Maintenance Division | 62.5 | 17,403,174 | 68.0 | 17,483,847 | 68.0 | 17,605,636 | - | 121,789 |
| Energy Management Division* | - | 19,897,561 | - | - | - | - | - | - |
| Production Support Division | 17.0 | 70,047,878 | 16.0 | 69,894,575 | 16.0 | 69,651,415 | - | (243,160) |
| Total | 316.1 | \$ 159,828,915 | 330.0 | \$ 139,093,978 | 330.0 | \$ 143,843,456 | - | \$ 4,749,478 |

*As of FY 2020, the Energy Management Division moved to the Sustainability & Support Services Division within the General Services Department.

Highlights

- Fiscal Year 2019 marks our 101st year without a drinking water violation
- Both Potomac and Patuxent WFPs earned the prestigious Partnership for Safe Water Presidents Award, the only two water filtration plants in Maryland to win the award
- All six of our WRRFs earned National Association of Clean Water Agencies (NACWA) Peak Performance Awards in 2019. Four earned Platinum, one earned Gold, and one earned Silver.

OFFICE OF THE DIRECTOR, PRODUCTION

The Production Director is responsible for the oversight and operation of two WFPs, six WRRFs, and the Laboratory, Water Quality, Systems Control, Facilities Maintenance and Production Support divisions.

LABORATORY DIVISION

This division is responsible for the operation and maintenance of the agency's lab facilities and for providing high quality analytical data to the agency and other organizations for the benefit of public health and environmental quality.

WATER QUALITY DIVISION

This division establishes a unified, central structure in which all water quality issues are managed, so the agency's water quality goals are met consistently and reliably. This division is responsible for management and coordination of drinking water regulatory compliance activities, implementation and operation of water quality surveillance and response programs, response to stakeholder and customer inquiries on water quality and proactive planning on water quality.



Organizational Budgets and Measures

SYSTEMS CONTROL DIVISION

This division is responsible for the operation and maintenance of the water distribution system's pumping stations, water storage tank throttling valves, specialty valves, electrically operated valves and associated instrumentation. The division operates and maintains SCADA systems through the Control Center and monitors remote water and wastewater facilities to ensure reliable service and minimizing environmental damage. The ultimate goal of the division is to provide reliable and safe water throughout the distribution system.

POTOMAC AND PATUXENT WFPs

These two WFPs are responsible for the operation and maintenance of their respective facilities, providing high-quality, cost-effective maintenance and continual operation of the agency's water filtration plants, water distribution facilities, and water supply dams.

Activity Indicators

| WORKLOAD DATA | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|---|---------|---------|----------|----------|
| | Actual | Actual | Approved | Approved |
| Average daily filtered water to the distribution system (MGD) | 163.9 | 161.7 | 164.0 | 164.0 |

PISCATAWAY, WESTERN BRANCH, PARKWAY AND SENECA/DAMASCUS/HYATTSTOWN WRRFs

These WRRFs are responsible for the operation and maintenance of their respective facilities, providing high quality, cost effective maintenance and continual operation of the agency's wastewater collection facilities and water resource recovery facilities. The facilities produce effluent that meets all requirements for discharging into waters of the State of Maryland; utilize the biosolids generated in an environmentally beneficial manner; and operate and maintain wastewater pumping stations to convey wastewater without overflows.



Activity Indicators

| WORKLOAD DATA | Wastewater Treated Flow (MGD) | | | |
|----------------------------------|-------------------------------|----------------|------------------|------------------|
| | FY 2018 Actual | FY 2019 Actual | FY 2020 Approved | FY 2021 Approved |
| Piscataway WRRF | 23.9 | 32.4 | 26.2 | 26.2 |
| Western Branch WRRF | 20.7 | 25.8 | 22.2 | 22.2 |
| Parkway WRRF | 6.3 | 7.0 | 6.5 | 6.5 |
| Seneca/Damascus/Hyattstown WRRFs | 15.9 | 17.7 | 17.8 | 17.8 |

FACILITIES MAINTENANCE DIVISION

This division provides specialized maintenance services for the Production Department facilities and general facility maintenance and renovation services for all WSSC Water facilities.

PRODUCTION SUPPORT DIVISION

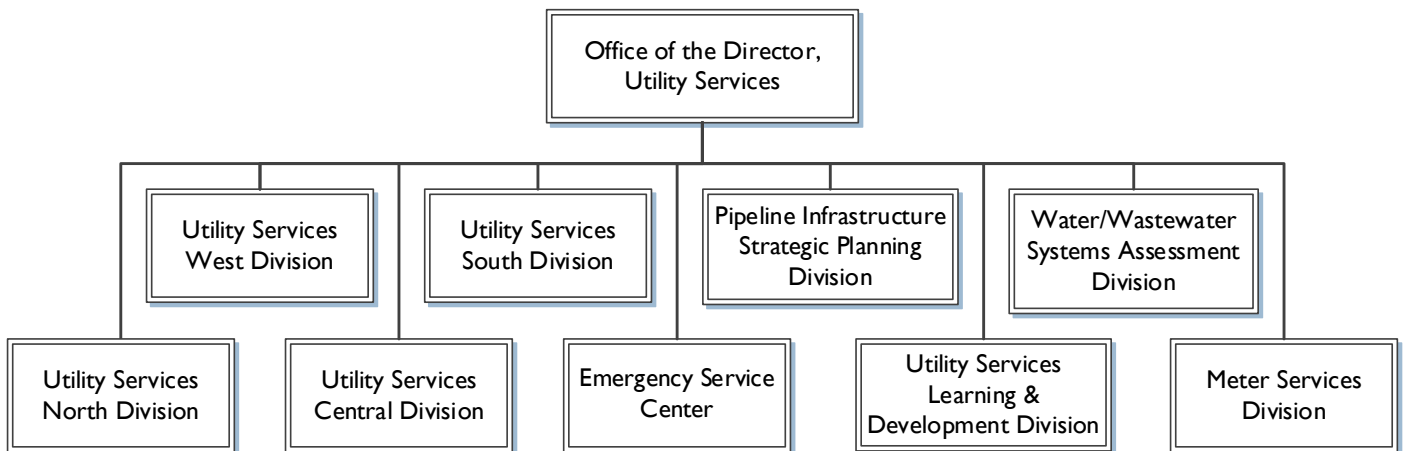
The primary focus of this division is on utilities cost control, bio-solids management, asset management competitive action efforts, safety, training and security.

UTILITY SERVICES DEPARTMENT

The Utility Services Department is directly responsible for maintaining the distribution and collection systems including all of the WSSC Water's water and sewer mains, thus ensuring the consistent flow of water and outflow of wastewater within the WSSD and preserving the infrastructure in order to provide quality service for our customers. Led by the Utility Services Director, the department is comprised of the Utility Services North, West, Central, South, Emergency Service Center, Pipeline Infrastructure Strategic Planning, Utility Services Learning and Development, Water/Wastewater Systems Assessment and Meter Services divisions.



Organizational Structure



UTILITY SERVICES DEPARTMENT (CONTINUED)

Mission Statement

To maintain the water and wastewater infrastructure and protect the environment all to serve our customers.

Budget Summary

| Utility Services Department | FY 2019 Actual | | FY 2020 Approved | | FY 2021 Approved | | Increase/(Decrease) | |
|---|----------------|----------------------|------------------|-----------------------|------------------|-----------------------|---------------------|---------------------|
| | Work Years | Amount | Work Years | Amount | Work Years | Amount | Work Years | Amount |
| Office of the Director, Utility Services | 22.1 | \$ 7,209,898 | 9.0 | \$ 20,931,314 | 12.0 | \$ 21,003,794 | 3.0 | \$ 72,480 |
| Utility Services North Division | 59.7 | 6,952,918 | 60.0 | 9,474,526 | 59.0 | 9,617,021 | (1.0) | 142,495 |
| Utility Services West Division | 57.7 | 8,400,678 | 60.0 | 10,338,395 | 60.0 | 10,475,461 | - | 137,066 |
| Utility Services Central Division | 60.8 | 10,229,500 | 62.0 | 11,755,870 | 65.0 | 11,902,255 | 3.0 | 146,385 |
| Utility Services South Division | 56.1 | 10,520,323 | 58.0 | 11,599,272 | 58.0 | 10,501,933 | - | (1,097,339) |
| Emergency Service Center* | - | - | 19.0 | 1,492,854 | 18.0 | 1,614,569 | (1.0) | 121,715 |
| Pipeline Infrastructure Strategic Planning Division | 27.4 | 3,557,274 | 39.0 | 5,319,295 | 33.0 | 4,912,611 | (6.0) | (406,684) |
| Utility Services Learning & Development Division | 8.0 | 823,079 | 8.0 | 820,222 | 8.0 | 825,898 | - | 5,676 |
| Water/Wastewater Systems Assessment Division | 75.1 | 32,955,996 | 82.0 | 39,408,016 | 83.0 | 38,265,668 | 1.0 | (1,142,348) |
| Meter Services Division | 109.4 | 11,061,820 | 115.0 | 27,479,711 | 116.0 | 28,603,263 | 1.0 | 1,123,552 |
| Total | 476.3 | \$ 91,711,486 | 512.0 | \$ 138,619,476 | 512.0 | \$ 137,722,473 | - | \$ (897,003) |

*As of FY 2020, the Emergency Service Center was established.

Highlights

- Expanding large water meter testing, repair and replacement in support of ramping up the Advanced Metering Infrastructure program
- Implementing pilot leak detection satellite monitoring technology

OFFICE OF THE DIRECTOR, UTILITY SERVICES

The Utility Services Department, led by the Utility Services Director, is comprised of the Utility Services North, West, Central and South divisions, the Emergency Service Center, along with the Pipeline Infrastructure Strategic Planning, the Utility Services Learning & Development, the Water/Wastewater Systems Assessment and the Meter Services divisions. The department is directly responsible for the operation, maintenance and repair of the water and sewer mains throughout the WSSD.

UTILITY SERVICES NORTH, WEST, CENTRAL AND SOUTH DIVISIONS

These divisions maintain WSSC Water's distribution and collection systems, including all the agency's water and sewer mains and water meters, thus ensuring the consistent flow of water and outflow of wastewater within their geographical regions and preserving the infrastructure in order to provide quality service for the agency's customers.

Goals, Objectives and Outcome Measures

Goal: Accurately account for water produced in the distribution system

Strategic Priority: Optimize Infrastructure

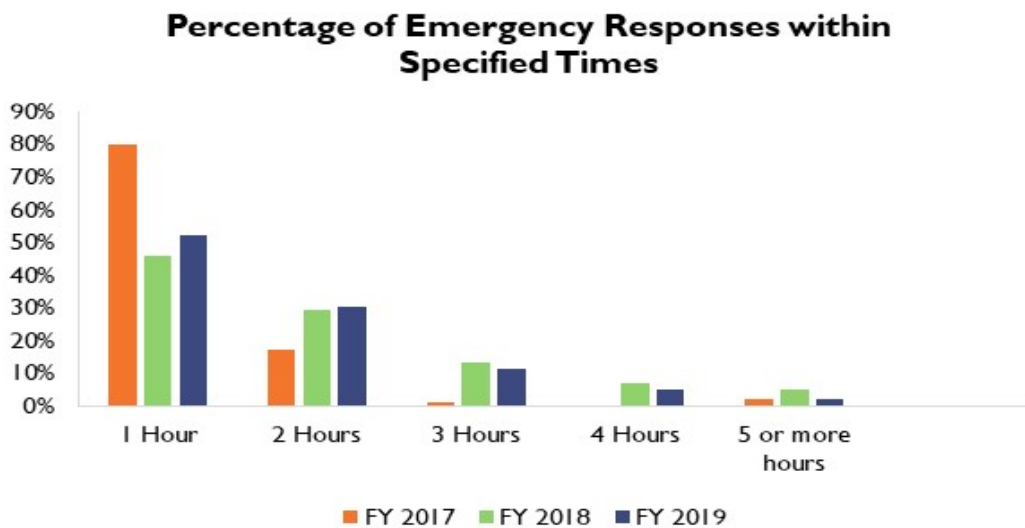
| Objective | Outcome Measure | FY 2018 Actual / Target* | FY 2019 Actual / Target* | FY 2020 Target* | FY 2021 Target |
|---|--|-----------------------------|-----------------------------|--------------------|-------------------|
| Reduce service interruptions due to water main breaks | Number of breaks per 100 miles of water main | 39 / 35 | 29 / 33 | 34 | 34 |

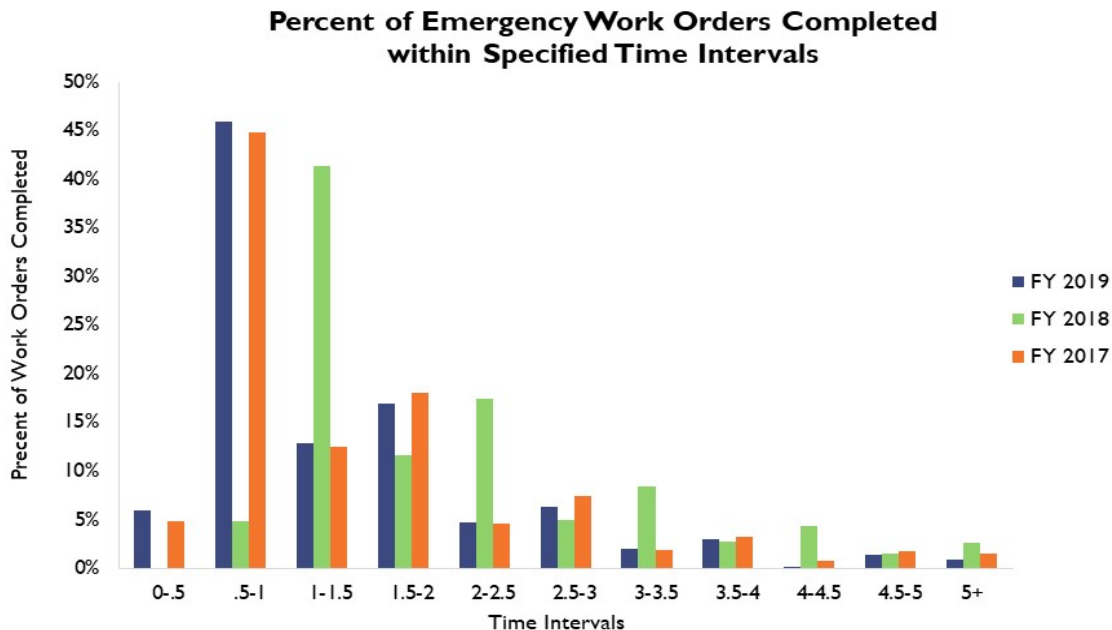
*FY 2018 through FY 2020 Targets assumed breaks only

Emergency Response

During FY 2019, 33,884 emergency work orders were initiated in response to customer or system emergencies, a 18.7% decrease from FY 2018. WSSC Water's objective is to provide a first response to these emergencies in less than 2 hours, a reasonable and necessary response time based upon feedback from customers. As illustrated in the graph to the right, WSSC Water responded to approximately 52.0% of emergency calls in less than 1 hour and to 81.9% in less than 2 hours with an average response time of 1.3 hours. Most emergency work orders required less than 2 hours to complete. The percentage of calls responded to within the 2-hour goal increased primarily due to the reduction in the number of emergency work orders in FY 2019 over FY 2018. FY 2018 included record low temperatures, resulting in a larger number of water main breaks and colored water complaints.

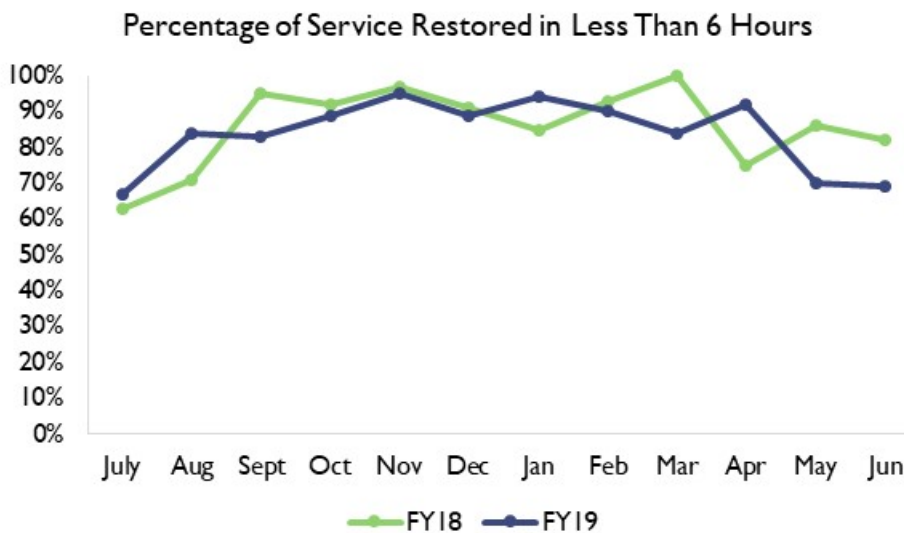
The graph below shows the distribution of emergency work order completion times in FY 2019. Most emergency work orders required less than 2.0 hours to complete.





Restoration of Water Service

The WSSC Water's objective is to restore normal service to our customers within 24 hours from the time the agency is notified of an emergency, and to limit the actual time a customer is without water service to less than 6 hours. During FY 2019, 11,592 customers, or approximately 4.0% of WSSC Water's customers, experienced a temporary suspension in water service while a water main was shut down following a water main break or other emergency. The graph indicates the percentage of affected customers whose water service was restored in less than 6 hours after a



a water main was shut down and returned to service. For FY 2019, the average time customers were without water service was 3.8 hours, with 83.9% having water service restored within the targeted 6-hour goal.

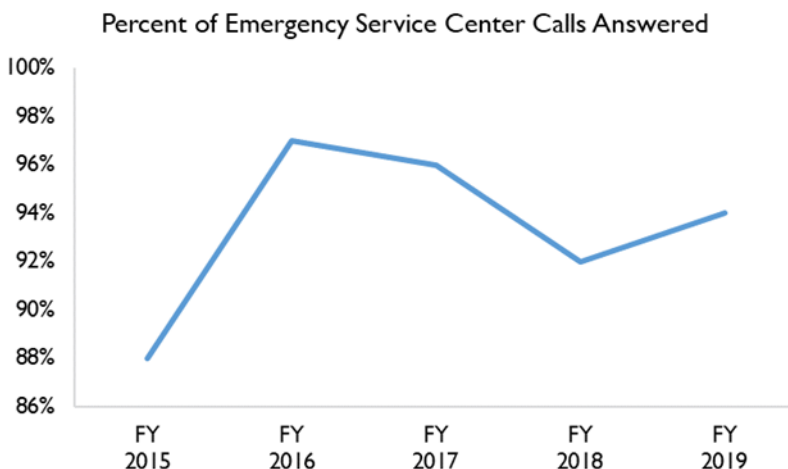
Sewer Line Blockages

The goal of the Line Blockage Analysis program is to prevent a customer who experiences a sewer backup due to a problem in the WSSC Water’s main sewer line from suffering a second backup. When a customer has a sewer backup, a maintenance crew responds to clear the stoppage and assist in cleaning the basement. Response is generally within 2 hours, 24 hours a day, 7 days a week. The customer is contacted the following business day to see if additional assistance is needed and is advised that a Line Blockage Analysis investigation has been initiated. The sewer main is immediately recleaned to preclude another backup during the investigation process, and a television camera is pulled through the line within 30 days to determine structural condition. All pertinent data is then reviewed and analyzed to determine what action is necessary to prevent a recurrence of the backup. After a decision is made, the customer is notified by letter of any planned action, and the appropriate preventive maintenance or rehabilitation action is scheduled and subsequently implemented.

The overall program objective is to prevent a second backup in 95.0% of the cases processed. For FY2019, the agency was successful in preventing a second backup in 100% of these cases. The Proactive Maintenance Program (PMP), along with technological advances such as the jet cam, has enabled WSSC Water to pursue its objective more diligently.

Sewer House Connection Renewal

The sewer house connection renewal program replaces sewer house connections when structural problems have caused customer backups. Damaged or deteriorated sewer house connections are replaced as necessary to ensure that customers do not suffer repeated sewer backups into their homes. The program objective is to prevent a second backup after WSSC Water has confirmed there is a problem with the service. During FY 2019, 381 house connections met the criteria for sewer renewal.



EMERGENCY SERVICE CENTER

The Emergency Service Center is a 24/7 emergency call center to assist customers with water and sewer related emergencies. The center also dispatches work to field deployed maintenance staff to ensure the work is completed and accurately captured in WSSC Water’s maintenance management system. The Emergency Service Center supports several departments within the agency such as Customer Service, Production, Engineering & Construction and Communications.

Customer Calls to the Emergency Service Center

During FY 2019, WSSC Water answered 94% of customer calls for emergency maintenance assistance, as shown in the graph to the right. This is an increase from 92% calls answered in FY2018, which had unusually cold weather that resulted in a record number of calls into the Emergency Service Center (Center). The agency’s goal continues to be a 95% response rate.

EMERGENCY SERVICE CENTER (CONTINUED)

A Geographic Information System (GIS) application enables customers to report emergencies using their smart phones. The system complements the Maintenance Management Information System (MMIS) by placing needed information about leaks and other emergencies at the emergency dispatchers’ fingertips, thereby allowing representatives to provide consistent and knowledgeable responses. Detailed help in determining the proper response to customers’ problems and questions is included along with other frequently required reference materials, such as phone numbers and standard operating procedures.



The Center also utilizes C2M and Mobile Workforce Management (MWM) systems to create and coordinate meter calls with both the Customer Service Department and the applicable divisions. The Center uses the Customer Notification System (CNS) for mass notifications to customers, internal and external representatives.

PIPELINE INFRASTRUCTURE STRATEGIC PLANNING DIVISION

This division collects quality data to assist managing and administering predictive and preventive maintenance activities impacting WSSC Water’s pipeline infrastructure. The data is utilized to plan and schedule maintenance activities, develop water and wastewater asset management plans and improve business workflows within the Utility Services Department.

Goals, Objectives and Outcome Measures

Goal: Complete planned water main replacement miles **Strategic Priority:** Optimize Infrastructure

| Objective | Outcome Measure | FY 2018 Actual / Target | FY 2019 Actual / Target | FY 2020 Target | FY 2021 Target |
|--|--|----------------------------|----------------------------|-------------------|-------------------|
| Replace the number of miles of water main by in-house staff as planned | Miles of water main replaced by in-house crews vs. planned | 3.9 / 12.0 | 3.3 / 2.0 | 2.0 | 2.0 |

UTILITY SERVICES LEARNING & DEVELOPMENT DIVISION

This division trains Utility Services employees and ensures the department’s current work practices are operationally effective. This division searches for best practices and/or technology that will provide greater efficiencies and increase productivity in the various divisions of the Utility Services Department.

WATER/WASTEWATER SYSTEMS ASSESSMENT DIVISION

This division is responsible for water distribution and transmission condition assessment activities in line with WSSC Water’s effort to execute the Enterprise Asset Management Plan; proper maintenance of the wastewater collection system, including inspection; line blockage analysis; routine, preventive, and emergency collection system cleaning; Sewer System Evaluation Surveys (SSES) for flow reduction; trunk sewer/creek crossing inspections; administration and reporting of SSO Consent Decree requirements; management of PCCP inspections; and oversight of AFO monitoring of major pipelines.

WATER/WASTEWATER SYSTEMS ASSESSMENT DIVISION (CONTINUED)

Goals, Objectives and Outcome Measures

Goal: Identify deteriorating infrastructure through inspection, testing and monitoring

Strategic Priority: Optimize Infrastructure

| Objective | Outcome Measure | FY 2018 Actual / Target | FY 2019 Actual / Target | FY 2020 Target | FY 2021 Target |
|---|--|----------------------------|----------------------------|-------------------|-------------------|
| Inspect the number of PCCP miles as planned | Miles of PCCP inspection performed vs. planned | 21.2 / 18.0 | 19.1/ 19.1 | 18.0 | 18.0 |
| Install acoustical fiber optic line to monitor PCCP water transmission mains as planned | Miles of AFO line installed vs. planned | 13.4 / 6.0 | 1.3 / 3.4 | 3.5 | 10.0 |

Activity Indicators

| WORKLOAD DATA | FY 2018 Actual | FY 2019 Actual | FY 2020 Approved | FY 2021 Approved |
|---|-------------------|-------------------|---------------------|---------------------|
| Miles of sewer mains cleaned for preventive maintenance | 609 | 691 | 650 | 650 |
| Miles of mainline sewer televised for preventative maintenance program (WSSC Crews) | 56 | 48 | 60 | 60 |
| Miles of mainline sewer televised for proactive maintenance program (by contract) | 213 | 158 | 225 | 200 |
| Manholes inspected (by contract) | 9,931 | 4,790 | 6,000 | 5,500* |

*This figure does not include the additional work in FY 2021 related to the holistic rehabilitation efforts to address infiltration and inflow in the Piscataway Basin.

METER SERVICES DIVISION

This division is responsible for the water meter evaluation, testing, and replacement/repair program for large and small meters; and for reading the agency's water meters to ensure accurate customer billing. Additional support services include fire hydrant meter leasing; warehousing, transporting and issuing of meters to customers; and research and development.

ADMINISTRATION

Administration refers to the departments and offices providing centralized advisory and support services to WSSC Water. The Deputy General Manager for Administration is responsible for ensuring core activities align with and are in support of the General Manager’s strategic vision, goals and objectives. The departments/offices falling under Administration include Supplier Diversity & Inclusion, Procurement, General Services, Finance and Information Technology.

Budget Summary

| Administration | FY 2019 Actual | | FY 2020 Approved | | FY 2021 Approved | | Increase/(Decrease) | |
|--|----------------|-----------------------|------------------|-----------------------|------------------|-----------------------|---------------------|---------------------|
| | Work Years | Amount | Work Years | Amount | Work Years | Amount | Work Years | Amount |
| Office of Supplier Diversity & Inclusion | 7.5 | \$ 972,894 | 9.0 | \$ 1,461,900 | 9.0 | \$ 1,519,383 | - | \$ 57,483 |
| Procurement Office | 29.2 | 2,947,928 | 27.0 | 2,758,044 | 27.0 | 2,691,204 | - | (66,840) |
| General Services Department * | 85.7 | 15,846,260 | 96.0 | 40,446,733 | 96.0 | 42,457,998 | - | 2,011,265 |
| Finance Department | 64.1 | 7,797,609 | 64.0 | 7,720,450 | 64.0 | 8,167,790 | - | 447,340 |
| Information Technology Department | 91.0 | 72,731,820 | 103.0 | 56,050,279 | 103.0 | 56,460,627 | - | 410,348 |
| Total | 277.5 | \$ 100,296,511 | 299.0 | \$ 108,437,406 | 299.0 | \$ 111,297,002 | - | \$ 2,859,596 |

*As of FY 2020, the Energy Management Division move to the Sustainability & Support Services Division within the General Services Department

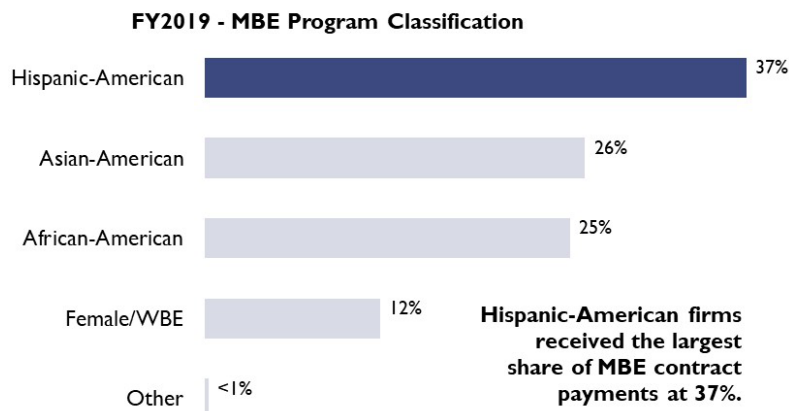
OFFICE OF SUPPLIER DIVERSITY & INCLUSION

The Office of Supplier Diversity & Inclusion (OSDI) assists with the development of WSSC Water’s Minority Business Enterprise (MBE) and Small, Local Business Enterprise (SLBE) policies. The office seeks products and services from minority and women-owned businesses to ensure that the agency has a vendor base that is reflective of the community it serves.

Mission Statement

To create an inclusive purchasing environment while building sustainable relationships, expanding opportunities and cultivating growth of Small, Local and Minority Business Enterprises (SLMBE).

In FY 2019, WSSC Water’s contract payments by business classification to MBE firms, including Women Business Enterprise (WBE), totaled \$152 million (29%) compared to \$146 million (28%) in FY 2018. The breakdown of the FY 2019 MBE program is shown below:



PROCUREMENT OFFICE

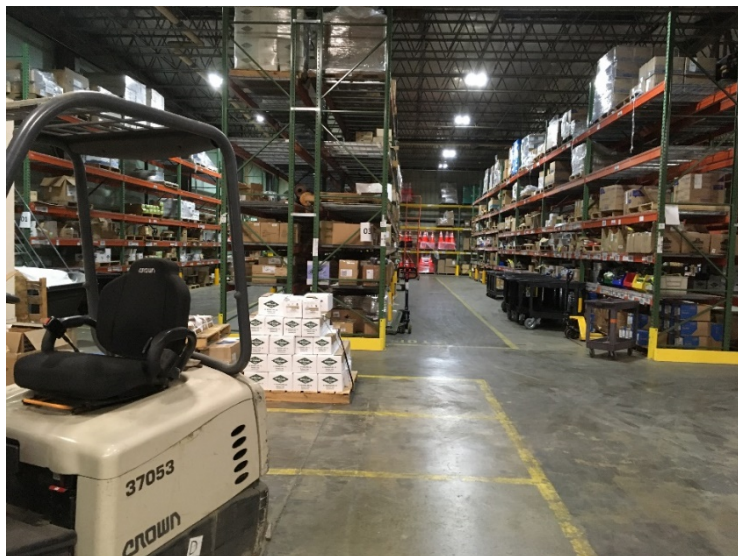
The Procurement Office, led by the Chief Procurement Officer, is responsible for acquiring all necessary commodities, supplies and services, including professional services, necessary to support WSSC Water’s operations and functions, and to oversee the bid and award process for all construction contracts.

Mission Statement

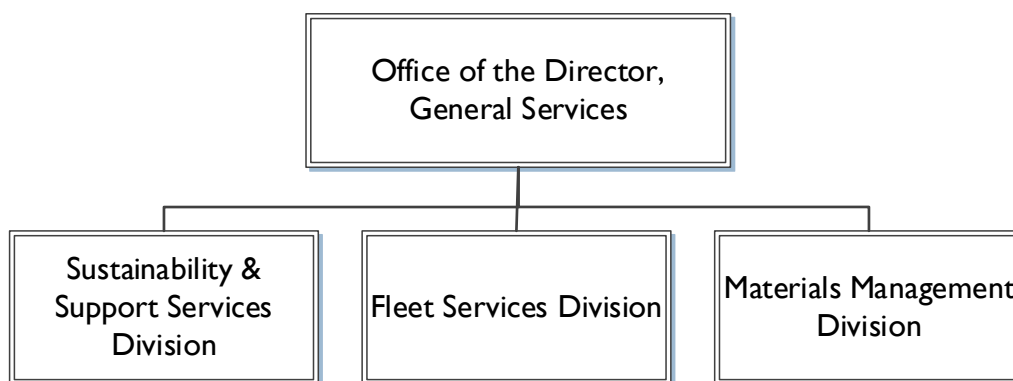
To provide unified Supply Chain Management functions that ensure integrity and fairness, with centralized responsibility for oversight of solicitation, vendor selection, negotiation, award, contract administration and reporting.

GENERAL SERVICES DEPARTMENT

The General Services Department, led by the Office of the Director, is comprised of the Sustainability & Support Services, Fleet Services and Materials Management divisions. The department is responsible for fleet and fuel services; acquisition, warehousing and distribution of materials and supplies; office services; records management; sustainability services including energy management; property development; and space planning and management.



Organizational Structure



Mission Statement

To plan, direct and coordinate the activities of a number of vital support services at WSSC Water including fleet management, warehousing and inventory management, mail and messenger services, printing and reprographic services, property development, space planning and records management.

GENERAL SERVICES DEPARTMENT (CONTINUED)

Budget Summary

| General Services Department | FY 2019 Actual | | FY 2020 Approved | | FY 2021 Approved | | Increase/(Decrease) | |
|--|----------------|----------------------|------------------|----------------------|------------------|----------------------|---------------------|---------------------|
| | Work Years | Amount | Work Years | Amount | Work Years | Amount | Work Years | Amount |
| Office of the Director, General Services | 4.1 | \$ 850,412 | 5.0 | \$ 721,642 | 4.0 | \$ 582,486 | (1.0) | \$ (139,156) |
| Sustainability & Support Services Division | 11.0 | 4,035,176 | 16.0 | 25,449,229 | 17.0 | 26,849,090 | 1.0 | 1,399,861 |
| Fleet Services Division | 43.1 | 7,439,146 | 47.0 | 10,783,451 | 47.0 | 11,369,267 | - | 585,816 |
| Materials Management Division | 27.5 | 3,521,524 | 28.0 | 3,492,412 | 28.0 | 3,657,155 | - | 164,743 |
| Total | 85.7 | \$ 15,846,259 | 96.0 | \$ 40,446,733 | 96.0 | \$ 42,457,998 | - | \$ 2,011,265 |

*As of FY 2020, the Energy Management Division move to the Sustainability & Support Services Division within the General Services Department

Highlights

- Bar coding technology is being implemented at WSSC Water's warehouses to develop a robust system supply chain application (Oracle Warehouse Management)
- Automated Vehicle Location Services (AVL) technology was added to all vehicles and is being used to enhance safety, drive efficiencies and reduce costs
- AVL is being added to heavy equipment and trailers. This will assist with tracking utilization as well as assist with the recovery of equipment stolen from jobsites
- Improved print shop capabilities are being implemented. It is expected that over 99% of the internal printing needs will be completed inhouse. Internal printing costs across all WSSC Water organizations are expected to decrease by 20%
- A complete space utilization study for all WSSC Water facilities is underway to identify available or under-utilized space and needs using new space standards. The study will incorporate modern work place trends to maximize existing space and staff retention
- Records management policies and procedures are being reviewed and updated, in conjunction with the implementation of a new enterprise content management solution

OFFICE OF THE DIRECTOR, GENERAL SERVICES

The General Services Director oversees the Sustainability & Support Services, Fleet Services, and Materials Management divisions.

SUSTAINABILITY & SUPPORT SERVICES DIVISION

The Sustainability & Support Services Division manages real estate, sustainability services, energy management, space planning and records management for WSSC Water.

FLEET SERVICES DIVISION

Fleet Services provides vehicles and work site equipment that is safe and reliable and facilitates the achievement of the mission of WSSC Water.

Activity Indicators

| WORKLOAD DATA | FY 2018 Actual | FY 2019 Actual | FY 2020 Approved | FY 2021 Approved |
|--|-------------------|-------------------|---------------------|---------------------|
| Equipment fleet managed (pieces of equipment) | 724 | 726 | 724 | 737 |
| Vehicle fleet managed (number of vehicles) | 961 | 935 | 961 | 950 |
| Scheduled preventive maintenance completed on vehicles and equipment | 3852 | 3384 | 3756 | 3374 |
| Other (non-preventative maintenance) vehicle and equipment repairs | 5761 | 6632 | 4877 | 4893 |

MATERIALS MANAGEMENT

The Materials Management Division warehouses and provides the required materials to support the maintenance, repair and operations of the agency’s infrastructure systems and facilities.

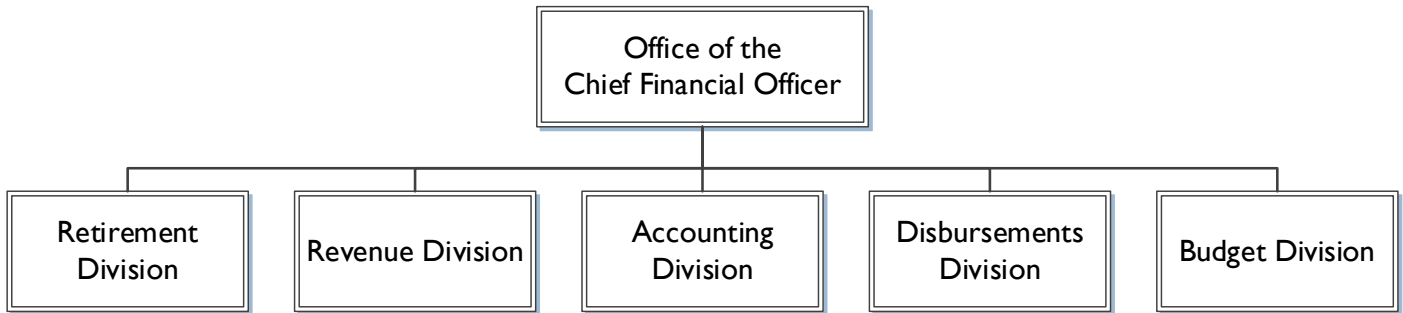
FINANCE DEPARTMENT

The Finance Department maintains the fiscal integrity of WSSC Water and helps ensure that the available resources are efficiently allocated and productively used to provide value to agency customers at the lowest possible price. The department, led by the Chief Financial Officer, is comprised of the Retirement, Revenue, Accounting, Disbursements and Budget divisions.



FINANCE DEPARTMENT (CONTINUED)

Organizational Structure



Mission Statement

To ensure the financial sustainability and fiscal integrity of WSSC Water by providing leadership and guidance on financial services and activities to a wide range of stakeholders in an ethical and responsible manner.

Budget Summary

| Finance Department | FY 2019 Actual | | FY 2020 Approved | | FY 2021 Approved | | Increase/(Decrease) | |
|---------------------------------------|----------------|---------------------|------------------|---------------------|------------------|---------------------|---------------------|-------------------|
| | Work Years | Amount | Work Years | Amount | Work Years | Amount | Work Years | Amount |
| Office of the Chief Financial Officer | 2.8 | \$ 896,692 | 4.0 | \$ 1,239,544 | 4.0 | \$ 1,324,270 | - | \$ 84,726 |
| Retirement Division | 6.0 | 920,578 | 6.0 | 922,989 | 6.0 | 926,642 | - | 3,653 |
| Revenue Division | 13.7 | 1,406,833 | 14.0 | 1,397,561 | 14.0 | 1,455,080 | - | 57,519 |
| Accounting Division | 18.1 | 1,946,343 | 17.0 | 1,735,579 | 17.0 | 1,709,688 | - | (25,891) |
| Disbursements Division | 14.8 | 1,460,045 | 14.0 | 1,301,714 | 14.0 | 1,327,576 | - | 25,862 |
| Budget Division | 8.7 | 1,167,118 | 9.0 | 1,123,063 | 9.0 | 1,424,534 | - | 301,472 |
| Total | 64.1 | \$ 7,797,609 | 64.0 | \$ 7,720,450 | 64.0 | \$ 8,167,790 | - | \$ 447,340 |

Highlights

- WSSC Water successfully retained its AAA bond rating from all three major credit rating agencies in the fall of 2019
- The agency successfully issued \$390 million in General Obligation Bonds (GO) in FY 2019 with an interest rate of (True Interest Cost) 3.6%
- \$39.3 million in GO bonds were refunded for a total savings of \$3.0 million WSSC Water was presented with the GFOA Distinguished Budget Presentation award for the 25th consecutive year
- Strong investment performance throughout FY 2019 resulted in asset increases totaling \$30 million for the Pension fund and \$30 million for the OPEB fund (June 2018 through November 2019)

OFFICE OF THE CHIEF FINANCIAL OFFICER

The Office of the Chief Financial Officer is responsible for maintaining the fiscal integrity of WSSC Water through leadership, oversight and management of the Finance Department, keeping the agency on a solid financial footing.

RETIREMENT DIVISION

The Retirement Division is responsible for administering WSSC Water’s Employees’ Retirement Plan (Plan) for employees and retirees in accordance with the Plan and Internal Revenue Service regulations. The division also supports the Retirement and OPEB Plan’s Board of Trustees in managing and investing Plan assets. The division is also responsible for investing WSSC Water’s available funds in accordance with the agency’s Investment Policy and applicable State laws.

REVENUE DIVISION

The Revenue Division is responsible for receiving, processing, depositing and recording all funds received by WSSC Water, in an accurate and timely manner. The division also recovers the agency’s construction and related financing costs for non-program size water and sewer lines by assessing Front Foot Benefit Charges (FFBC) as outlined by the Annotated Code of Maryland.

ACCOUNTING DIVISION

The Accounting Division is responsible for maintaining the financial books and records of WSSC Water and preparing financial statements that fairly present the fiscal position of the agency’s debt service and health care records.

DISBURSEMENTS DIVISION

The Disbursements Division processes all disbursements, including payroll, maintains WSSC Water’s debt service records and schedules, manages employee benefit plans’ financial records and reconciles the agency’s bank accounts.

BUDGET DIVISION

The Budget Division is responsible for formulating, preparing, justifying and administering WSSC Water’s Operating and Capital Budgets, and the six-year CIP, in accordance with Maryland State law. The division forecasts the impacts of budget and CIP decisions, provides staff support to the County Spending Affordability Groups and prepares the agency’s budget performance Monthly Status Report.

Goals, Objectives and Outcome Measures

Goal: Produce a sound, affordable capital spending program.

Strategic Priority: Spend Customer Dollars Wisely

| Objective | Outcome Measure | FY 2018 Actual / Target | FY 2019 Actual / Target | FY 2020 Target | FY 2021 Target |
|--|---|-------------------------------|-------------------------------|-------------------|-------------------|
| Maintain the amount of rate-supported water and sewer debt below 40% of total water and sewer operating expenditures | Ratio of water and sewer debt service to total water and sewer operating expenditures | 36.5% / 34.0% | 36.3% / 36.3% | 38.2% | 37.3% |

BUDGET DIVISION (CONTINUED)

Goal: Ensure the long-term fiscal stability and soundness of WSSC Water. **Strategic Priority:** Spend Customer Dollars Wisely

| Objective | Outcome Measure | FY 2018 Actual / Target | FY 2019 Actual / Target | FY 2020 Target | FY 2021 Target |
|--|--------------------------------|-------------------------------|-------------------------------|-------------------|-------------------|
| Maintain a debt service coverage ratio greater than 110% | Ratio of debt service coverage | 106% / N/A* | 97% / 101% | 100% | 101% |

* New measure effective FY 2019.

Goal: Minimize borrowing costs.

Strategic Priority: Spend Customer Dollars Wisely

| Objective | Outcome Measure | FY 2018 Actual / Target | FY 2019 Actual / Target | FY 2020 Target | FY 2021 Target |
|---|---|--------------------------------------|--------------------------------------|-------------------|-------------------|
| Maintain Fitch Ratings, Moody's, and/or Standard and Poor's bond ratings of AAA/Aaa/AAA | Bond ratings: (Fitch Ratings / Moody's / Standard and Poor's) | AAA/Aaa/ AAA / AAA/Aaa/ AAA | AAA/Aaa/ AAA / AAA/Aaa/ AAA | AAA/Aaa/ AAA | AAA/Aaa/ AAA |

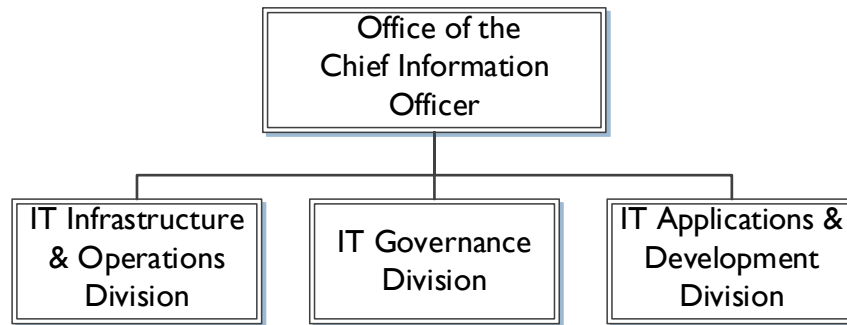
INFORMATION TECHNOLOGY DEPARTMENT

The Information Technology (IT) Department provides information technology support services and resources (hardware, software, and communications) to enhance customer service, to improve operational efficiencies, and to reduce overall operating costs. The IT Department, led by the Chief Information Officer (CIO), is comprised of the following divisions: Information Technology Infrastructure & Operations, Governance and Application Development.



INFORMATION TECHNOLOGY DEPARTMENT (CONTINUED)

Organizational Structure



Mission Statement

WSSC Water’s IT Department focus is to lead technology efforts to support the strategic goals of the agency. The IT Department will provide leadership, expertise and resources in the ideation, development and deployment of innovative technologies and streamlined processes to improve efficiency, business interaction and customer access to the agency’s information and services.

Budget Summary

| Information Technology Department | FY 2019 Actual | | FY 2020 Approved | | FY 2021 Approved | | Increase/(Decrease) | |
|---|----------------|----------------------|------------------|----------------------|------------------|----------------------|---------------------|-------------------|
| | Work Years | Amount | Work Years | Amount | Work Years | Amount | Work Years | Amount |
| Office of the Chief Information Officer | 11.8 | \$ 2,744,181 | 10.0 | \$ 3,795,187 | 10.0 | \$ 3,682,042 | - | \$ (113,145) |
| IT Infrastructure & Operations Division | 33.9 | 12,195,499 | 37.0 | 16,796,443 | 35.0 | 18,302,944 | (2.0) | 1,506,501 |
| IT Governance Division | 11.6 | 35,066,098 | 16.0 | 14,526,879 | 18.0 | 12,367,679 | 2.0 | (2,159,200) |
| IT Application Development Division | 33.7 | 22,726,043 | 40.0 | 20,931,770 | 40.0 | 22,107,962 | - | 1,176,192 |
| Total | 91.0 | \$ 72,731,820 | 103.0 | \$ 56,050,279 | 103.0 | \$ 56,460,627 | - | \$ 410,348 |

Highlights

- The Project Cornerstone initiative has improved WSSC Water’s ability to deliver leading customer service across all customer interactions. This initiative includes a new C2M application which handles various aspects of the customer lifecycle, from service connection to payments processing and improves processes and performance
- The larger Project Cornerstone initiative also includes a Work and Asset Management (WAM) application which replaces multiple existing applications for tracking assets, service requests, work orders, inspections and patch tickets
- The website update initiative will produce a highly visual website with interactive components to maximize user experience for various target audiences. The look shall be modern and fresh, utilizing the latest technologies including social media integration
- The Office of the CIO (OCIO) is developing an Enterprise Architecture documenting the As-Is Architecture, and a strategic view of the To-Be Architecture in order to aid in understanding the roadmaps for improvement initiative for the IT services provided to the entire agency. The portfolio of approved projects will be mapped to these roadmaps for creating best value
- The OCIO is also developing enhanced cybersecurity plans to properly protect WSSC Water’s high value digital assets and customer information. These plans will be in the IT FY 2021 Strategic Plan

INFORMATION TECHNOLOGY DEPARTMENT (CONTINUED)

Accomplishments

- Facilitated the development of an online dashboard which provides WSSC Water's senior leaders with project status in the areas of overall performance, budget, schedule, resources, risks and percent complete
- Deployed project management best practices throughout the IT Department and the agency through implementation of the standard project management methodology and through use of an agency-wide new project and portfolio management tool
- Established Information Technology/Contracting Officer Representative (COR) Working Group to improve procurement planning, reduce emergency procurements and bring more scrutiny to each purchase. As a result, IT was able to recognize increased savings, lessen ratifications and ensure WSSC Water's assets remain compliant

OFFICE OF THE CHIEF INFORMATION OFFICER

The OCIO develops, maintains and supports the IT Strategic Plan while assessing technology solutions and implementation priorities to meet WSSC Water's long-term business needs. The office is also responsible for IT security and risk management functions and for managing the IT budget and the procurement of IT products and services.

IT INFRASTRUCTURE & OPERATIONS DIVISION

The IT Infrastructure & Operations Division is responsible for the day-to-day leadership and direction for all operational work efforts. This includes data center operations, voice/data/video networks, operating system hardware/software and computer infrastructure and internal customer service/help desk operations. In addition, this division is responsible for planning, managing and operating complex IT systems to ensure system function, availability and performance.



IT GOVERNANCE DIVISION

The IT Governance Division is responsible for developing and operationalizing processes, plans, policies and performance metrics that aid IT in delivering efficient, cost-effective, reliable services that support WSSC Water's strategic priorities. This responsibility includes project governance (IT Project Management and Enterprise Project Management), business analysis, technical writing, quality assurance and organizational readiness.

IT APPLICATIONS & DEVELOPMENT DIVISION

The IT Applications & Development Division is responsible for refining and implementing WSSC Water's strategic technical vision and leading significant aspects of the agency's IT development by fostering innovation, prioritizing technology initiatives and coordinating the evaluation, deployment and management of current and future technology systems across the organization.

OTHER

Other refers to expenditures essential to the operation of WSSC Water that are related to more than one department/office or those which do not fall within the functional assignment of any department/office. These expenses are related to items such as insurance premiums, Social Security, debt service, PAYGO and retirement benefits.

Budget Summary

| Other | FY 2019 Actual | | FY 2020 Approved | | FY 2021 Approved | | Increase/(Decrease) | |
|---|----------------|-----------------------|------------------|-----------------------|------------------|-----------------------|---------------------|---------------------|
| | Work Years | Amount | Work Years | Amount | Work Years | Amount | Work Years | Amount |
| Non-Departmental - Human Resources | - | 29,476,055 | - | 31,139,492 | - | 31,456,610 | - | 317,118 |
| Non-Departmental - Finance | | | | | | | | |
| Debt Service | - | 293,727,822 | - | 319,882,700 | - | 325,593,000 | - | 5,710,300 |
| PAYGO | - | 15,753,878 | - | 31,016,000 | - | 31,016,000 | - | - |
| Other (Social Security, Retirement, etc.) | - | 45,757,010 | - | 51,056,376 | - | 53,138,404 | - | 2,082,028 |
| Retirement Trust Charge Back | - | - | - | (756,355) | - | (750,042) | - | 6,313 |
| Total | - | \$ 384,714,765 | - | \$ 432,338,213 | - | \$ 440,453,972 | - | \$ 8,115,759 |

Explanation of Major Variances

The FY 2021 Proposed Budget increase for Non-Departmental – Finance is primarily due to increased debt service on the agency’s bonds and notes as a result of the capital intensive investments WSSC Water is making in its infrastructure, such as the water and sewer reconstruction, SSO Consent Decree and Potomac WFP Consent Decree programs.

NON-DEPARTMENTAL – HUMAN RESOURCES

Non-Departmental – Human Resources budgets for payments associated with group life insurance, accidental death & dismemberment insurance, accidents and sickness, health care programs and Maryland Unemployment Insurance.

NON-DEPARTMENTAL – FINANCE

Non-Departmental – Finance budgets for payments associated with insurance premiums, Social Security, the WSSC Water Employees’ Retirement Plan and the health care trust for OPEB. Debt service, along with all bond sales expenses and bond coupon payment redemption expenses, is also included under this organization.

RETIREMENT TRUST CHARGE BACK

Retirement Trust Charge Back accounts for Retirement Division expenses related to the operations of the retirement trust that will be paid by the trust.



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