Washington Suburban Sanitary Commission

Fiscal Year 2016
Preliminary
Proposed Budget

July 1, 2015 to June 30, 2016

Washington Suburban Sanitary Commission

Fiscal Year 2016
Preliminary Proposed Budget

Omar M. Boulware, Chair
Hon. Adrienne A. Mandel, Vice Chair
Gene W. Counihan, Commissioner
Mary Hopkins-Navies, Commissioner
Chris Lawson, Commissioner
Dr. Roscoe M. Moore, Jr., Commissioner

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

BUDGET - LEGAL STATUS

Section 17-202 of the Public Utilities Article, Annotated Code of Maryland: "The WSSC: (1) Before January 15 of each year, shall prepare capital and operating budgets for the next fiscal year, which shall be open for inspection by the public and copies shall be made available to the public on request; (2) Before February 15 of each year, shall hold a public hearing on the proposed budgets after giving at least 21 days' notice of the hearing by publication in at least 2 newspapers published and generally circulated in Montgomery County and 2 newspapers published and generally circulated in Prince George's County."

NOTICE OF PUBLIC HEARINGS

The Washington Suburban Sanitary Commission will hold public hearings on its Capital and Operating Budget for Fiscal Year 2016 at the following times and locations:

Wednesday, February 4, 2015
7:30 p.m.
Montgomery County
Stella B. Werner Building
7th Floor Council Hearing Room
100 Maryland Avenue
Rockville, MD 20850

Thursday, February 5, 2015
7:30 p.m.
Prince George's County
RMS Building – Room 308
1400 McCormick Drive
Largo, MD 20774

at which time customers, bond holders, and other interested persons are invited. Persons desiring to speak at either of the hearings should contact the WSSC's Budget Group at 301-206-8110 to be placed on the list of speakers in advance of the hearings. ***(PLEASE NOTE: IF EITHER OF THE ABOVE PUBLIC HEARINGS IS CANCELLED DUE TO INCLEMENT WEATHER, AN ADDITIONAL PUBLIC HEARING IS SCHEDULED FOR FEBRUARY 11, 2015, AT 7:30 P.M., AT WSSC'S RICHARD G. HOCEVAR BUILDING, 14501 SWEITZER LANE, LAUREL, MARYLAND 20707.)***

TIME SCHEDULE FOR THE FISCAL YEAR 2016 BUDGET

Public Hearings by the Commission	February 4 and 5, 2015
Submission to County Executives	March 1, 2015
Approval by the County Councils	June 1, 2015
Budget Effective Date	July 1, 2015

THIS BUDGET WILL NOT BE ADOPTED BY THE COMMISSIONERS UNTIL ALL HEARINGS HAVE BEEN COMPLETED.

Washington Suburban Sanitary Commission

OUR 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.

WASHINGTON SUBURBAN SANITARY COMMISSION
FISCAL YEAR 2016 PRELIMINARY PROPOSED BUDGET

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Washington Suburban Sanitary Commission

14501 Sweitzer Lane Laurel, MD 20707-5901
(301) 206-8000 1(800) 828-6439 TTY: (301) 206-8345 www.wsscwater.com

January 15, 2015

To The Honorable:

Rushern L. Baker, III, Prince George's County Executive
Isiah Leggett, Montgomery County Executive

Mel Franklin, Chair, Prince George's County Council
George Leventhal, President, Montgomery County Council

Members of Prince George's County Council
Members of Montgomery County Council

Elected Officials, Valued Customers, and Interested Citizens:

We are hereby transmitting the Preliminary Proposed Fiscal Year 2016 (FY'16) Capital and Operating Budget Document for the Washington Suburban Sanitary Commission (WSSC). This document is released and distributed on this date for review by interested customers, citizens, and elected officials.

This proposed budget reflects our continued 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 the Commission's mission through the following strategic priorities:

- Sustain Infrastructure
- Ensure Financial Stability
- Optimize Workforce Management
- Integrate Supply Chain Management and Supplier Diversity
- Deliver Excellent Customer Service
- Ensure Security and Safety
- Enhance Communications and Stakeholder Relationships
- Demonstrate Environmental Stewardship

The preliminary proposed budget for Fiscal Year 2016 provides for a combined 1.0% average increase in water and sewer rates. This proposed increase meets the Spending Affordability Guidelines approved by Prince George's and Montgomery Counties (both recommended 2.1%). The preliminary budget also proposes changes to the Commission's Ready to Serve Charge including recalibration of the existing Account Maintenance Fee (AMF) component and the phased-in implementation of an Infrastructure Investment Fee component. The changes to the Ready to Serve Charge will not result in net new revenues to the Commission as the revenues from the fees will be used to offset revenues from rates dollar-for-dollar. The 1% rate increase combined with the changes to the Ready to Serve Charge will add $4.20 per month to the bill of a customer using 160 gallons per day.

Managing a water distribution and sanitary sewer system involves certain fixed costs that are not related to individual usage. In 1990, the Commission instituted a separate AMF to recover 100% of the fixed costs associated with having an account with WSSC. Examples of these costs include billing, meter reading, meter replacement and private fire protection. This fee has not been adjusted since its inception and currently recoups only 70% of these costs with the remaining 30% being subsidized with revenues from rates. This budget proposes the recalibration of the AMF to fully recover the cost of providing customer account services.

A new Infrastructure Investment Fee component of the Ready to Serve Charge would provide a dedicated, predictable, and transparent funding source for the Commission's large and small diameter water and sewer pipe reconstruction programs from the approved Capital Improvements Program. As recommended by the two Counties in the Spending Affordability Guidelines, the fee would be phased-in over two years; 50% of the fee total in FY'16, 100% of the fee total in FY'17.

For similar utilities across the country, the typical range for fixed fees and charges generated as a percentage of revenues is from 10% to 30%. By comparison, the Commission's percentage of our revenues from fixed fees and charges is far below the industry average at approximately 5% to 10% of revenues. The changes to the Ready to Serve Charge would increase the portion of the Commission's revenues that are fixed, thereby relieving some of the pressure on rates. Without the proposed changes to the Ready to Serve Charge, the proposed rate increase would be 6.0%.

Like many utilities across the country, WSSC continues to face the challenge of balancing increasing costs for infrastructure and operations and affordability to our customers. The Bi-County Infrastructure Funding Working Group recommended the creation of a more aggressive Customer Affordability Program (CAP) to target economically disadvantaged customers and provide financial assistance with water and sewer bills. The Commission is again seeking enabling legislation from the Maryland General Assembly to establish a CAP. The FY'16 budget includes $1.7 million in revenue offsets to create, implement, and begin administering a CAP.

Water and Sewer Infrastructure

The state of WSSC's infrastructure remains a significant concern as our buried assets continue to age. On the water side, the FY'16 budget proposes the rehabilitation of 57 miles (the approximate length of the Capital Beltway) of smaller water mains (less than 16 inches in diameter), house connections, large meters and vaults. Large diameter water rehabilitation continues to increase and includes $29.7 million in support of the Prestressed Concrete Cylinder Pipe (PCCP) program. The Commission is expanding the program to assess, repair, and replace large water valves which began in FY'15. On the wastewater side, all trunk sewer inspections, Sewer System Evaluation Surveys (SSES) work and all other related collection system evaluations required under the Consent Decree are complete. Rehabilitation work is now underway in all environmentally sensitive area (ESA) basins. The total costs of this program have increased due to the construction of extensive access roads, by-pass pumping, and stream stabilization required to complete the Consent Decree construction activities in the ESA within the constraints of the permits.

FY'16 Proposed Capital and Operating Budgets

Our Proposed Budget for FY'16 for all operating and capital funds total $1.4 billion or $63.4 million (4.8%) more than the FY'15 Approved Budget and includes a 1.0% rate increase. The budget includes funds for an additional 18 workyears to support critical programs and enhanced customer service. The new positions will support reconstruction of the Commission's infrastructure including the PCCP Program, large valve assessment/repair/replacement, as well as operations. In addition to investments in the Commission's physical infrastructure, the budget also provides for investment in the Commission's internal infrastructure through the use of strategic contributions from Fund Balance. Funds are included to complete the Commission's Supply Chain Management (SCM) initiative and fund the third year of the Information Technology (IT) Strategic Plan. The goal of the SCM initiative is to drive costs out of the organization through strategic sourcing to acquire the products and services needed to run the Commission. The IT Strategic Plan is an aggressive undertaking to improve our operations, contain costs, and vastly improve customer service. Just as we invest in our aging infrastructure, it is imperative that we invest in planning, designing, and implementing IT systems that will replace legacy systems and drastically improve business processes. The Proposed Budget also includes funds to begin a Climate Change Vulnerability Assessment and to begin the implementation of the Strategic Energy Plan to further reduce our energy consumption.

Comparative Expenditures by Fund

	FY'15 Approved	FY'16 Proposed	FY'16 Over / (Under) FY'15	% Change
Capital Funds				
Water Supply	$265,079,000	$266,623,000	$1,544,000	0.6 %
Sewage Disposal	341,997,000	396,756,000	54,759,000	16.0 %
General Construction	18,305,000	17,539,000	(766,000)	(4.2) %
Total Capital	625,381,000	680,918,000	55,537,000	8.9 %
Operating Funds				
Water Operating	298,593,000	303,163,000	4,570,000	1.5 %
Sewer Operating	379,496,000	390,411,000	10,915,000	2.9 %
General Bond Debt Service	29,101,000	21,508,000	(7,593,000)	(26.1) %
Total Operating	707,190,000	715,082,000	7,892,000	1.1 %
GRAND TOTAL	$1,332,571,000	$1,396,000,000	$63,429,000	4.8 %

The FY'16 Proposed Budget further secures the long-term fiscal sustainability of the Commission with a contribution of $6.3 million from Fund Balance to maintain the operating reserve at 10% of water and sewer rate revenues. At this point in our budget process, we are including a pool of funds for salary enhancements. The specific use of these funds will be determined during the budget approval process as the two Counties decide how they will address salary enhancements for their employees.

The FY'16 Proposed Capital Budget of $680.9 million represents an increase of $55.5 million (8.9%) from the FY'15 Approved Budget. The change can be primarily attributed to the significant increase in the Trunk Sewer Reconstruction project due to the construction of extensive access roads, by-pass pumping, and stream stabilization required to complete Consent Decree construction.

The FY'16 Proposed Operating Budget of $715.1 million represents an increase of $7.9 million (1.1%) from the FY'15 Approved Operating Budget. The primary drivers of the increase in operating costs are water and sewer debt service, PAYGO financing of capital projects as recommended by the Bi-County Infrastructure Funding Working Group, expansion of the Large Valve Program, salary enhancements and new workyears. These costs are partially offset by reduced general bond debt service expenses,

cost decreases for regional sewage disposal, chemicals, bio-solids hauling and reduced spending on the SCM initiative as it winds down.

Spending Affordability

The Commission, in cooperation with the Montgomery County and Prince George's County governments, continues to participate in the spending affordability process. The spending affordability process focuses debate, analysis, and evaluation on balancing affordability considerations against providing the resources necessary to serve existing customers (including infrastructure replacement/rehabilitation), meet environmental mandates, and provide the facilities needed for growth. In October 2014, the Montgomery County Council and Prince George's County Council approved resolutions establishing four limits on the WSSC's FY'16 budget.

WSSC FY'16 Proposed Budget vs. Spending Affordability Limits
($ in Millions)

	FY'16 Proposed Budget	Prince George's County Limit	Montgomery County Limit
New Water and Sewer Debt	$445.6	$442.5	$442.5
Total Water and Sewer Debt Service	$235.5	$235.5	$235.5
Total Water/Sewer Operating Expenses	$693.6	$701.8	$701.8
Water/Sewer Bill Increase	1.0%	2.1%	2.1%

The proposed budget provides for:

- Funding the first year of the FYs 2016-2021 Capital Improvements Program;
- Increasing funding for the large diameter Water Reconstruction Program;
- Increasing funding for the Sewer Reconstruction Program;
- Complying with the Sanitary Sewer Overflow Consent Decree;
- Inspecting and monitoring our large diameter water main transmission system;

- Expanding the program dedicated specifically to the assessment, repair and/or replacement of large water valves 16" or larger;
- Promptly paying $255.2 million in debt service on $2.5 billion in outstanding debt to WSSC bondholders;
- Meeting or surpassing all federal and state water and wastewater quality standards and permit requirements;
- Keeping maintenance service at a level consistent with the objective of arriving at the site of a customer's emergency maintenance situation within 2 hours of receiving the complaint and restoring service within 24 hours of a service interruption;
- Paying the WSSC's share of operating ($55 million in FY'16) and capital costs ($99 million in FY'16; $319 million FY'16-FY'21) for the District of Columbia Water and Sewer Authority's Blue Plains Wastewater Treatment Plant;
- Funding for employee salary enhancements;
- Operating and maintaining a system of 3 reservoirs impounding 14 billion gallons of water, 2 water filtration plants, 6 wastewater treatment plants, 5,600 miles of water main, and 5,500 miles of sewer main 24 hours a day, 7 days a week;
- Continuing to make recommended safety and access improvements in our watershed;
- Maintaining an operating reserve of 10% of water and sewer rate revenues; and
- Funding the annual required contribution for non-retirement post-employment benefits based on Government Accounting Standards Board Statement No. 45.

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 are recommended in Table XI (page 20).

Budget Review Process

The FY'16 Preliminary Proposed Budget will be the subject of continuing analysis and refinement until the Commissioners transmit a proposed budget on or before March 1, 2015. WSSC recognizes that an important part of the budget process is to seek input from our customers and other concerned persons. In that regard, Public Hearings will be held on the Preliminary Proposed Budget as follows:

- Wednesday, February 4, 2015, at 7:30 p.m. at the Stella B. Werner Office Building, 7th Floor Council Hearing Room, 100 Maryland Avenue, Rockville, MD;
- Thursday, February 5, 2015, at 7:30 p.m. at the RMS Building, Room 308, 1400 McCormick Drive, Largo, MD.

- If either of the hearings is cancelled due to inclement weather, a contingent hearing has been set for Wednesday, February, 11, 2015, at 7:30 p.m. in the lobby level hearing room of our headquarters building at 14501 Sweitzer Lane, Laurel, MD.

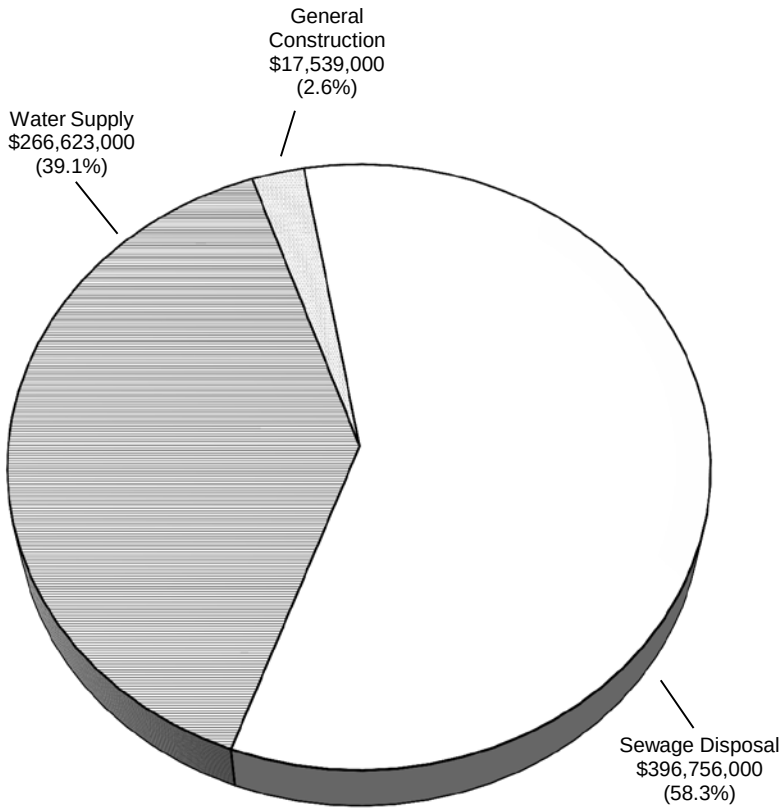
The purpose of these hearings is to obtain comments from interested citizens before transmittal of the budget to the County Executives by March 1, 2015. Persons desiring to speak at either of the hearings should contact the WSSC's Budget Group at 301-206-8110 to be placed on the list of speakers in advance of the hearings. The public hearing record will remain open until February 17, 2015. Persons who wish to submit a written statement for inclusion in the record of the hearings should e-mail the statement to BudgetGroup@wsscwater.com or send it to Mrs. Letitia Carolina-Powell, Acting Budget Group Leader, WSSC, 14501 Sweitzer Lane, Laurel, MD 20707.

The Preliminary Proposed Budget will receive further consideration by the Commission following the WSSC public hearings, and is subject to the Counties' hearings, procedures, and decisions, as provided under Section 17-202 of the Public Utilities Article, of the Annotated Code of Maryland, before the final budget is adopted for the fiscal year beginning July 1, 2015.

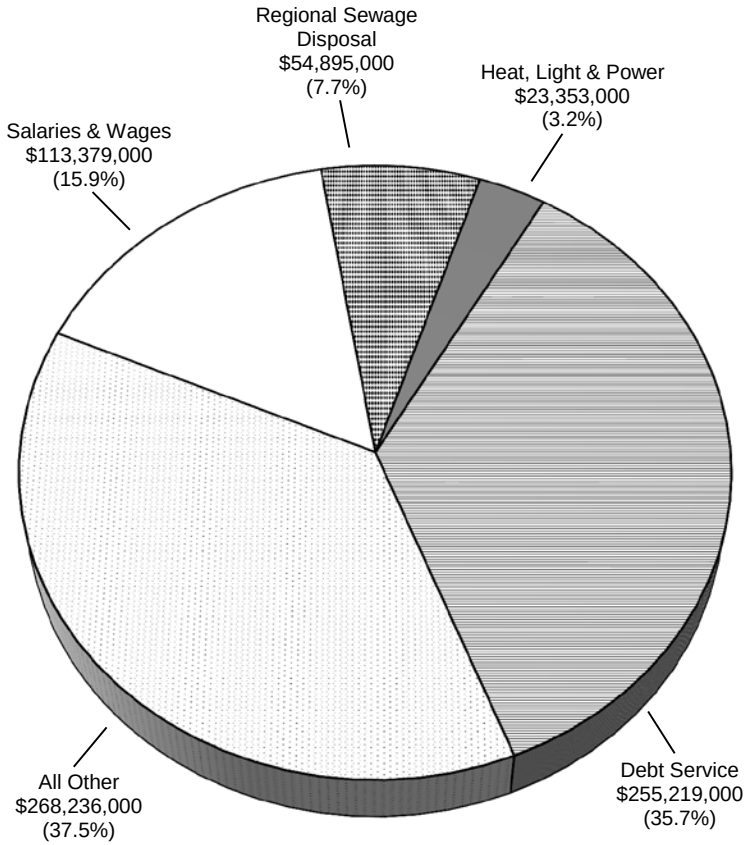
Omar M. Boulware, Chair
Washington Suburban Sanitary Commission

FY 2016 PROPOSED BUDGET

CAPITAL = $680,918,000



OPERATING = $715,082,000

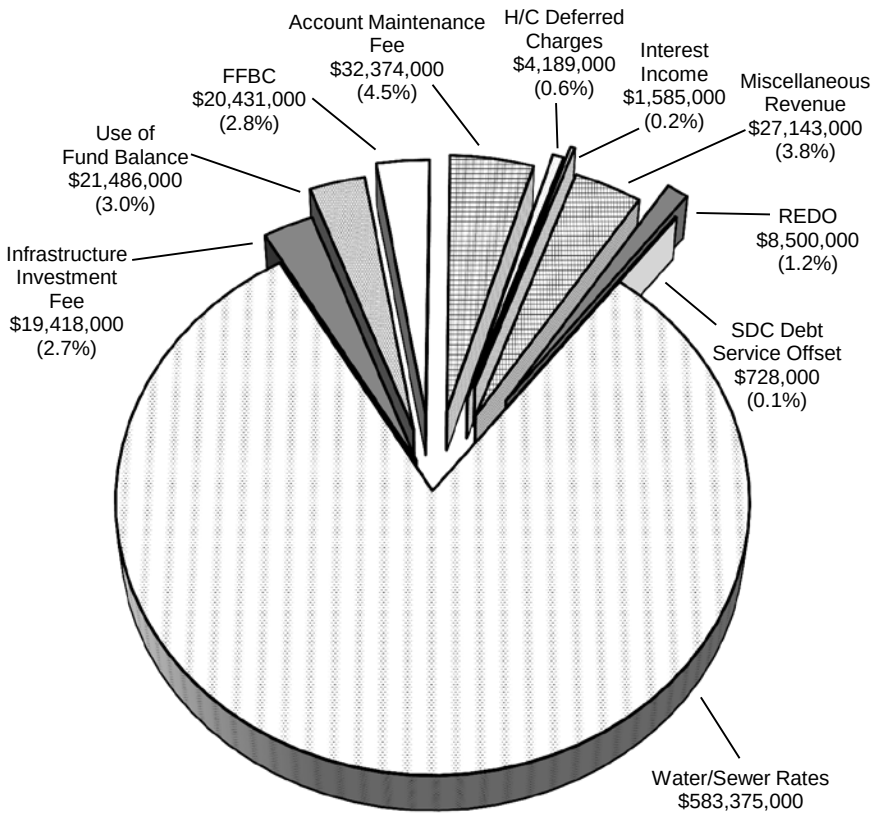


GRAND TOTAL = $1,396,000,000

FY 2016 PROPOSED BUDGET

OPERATING

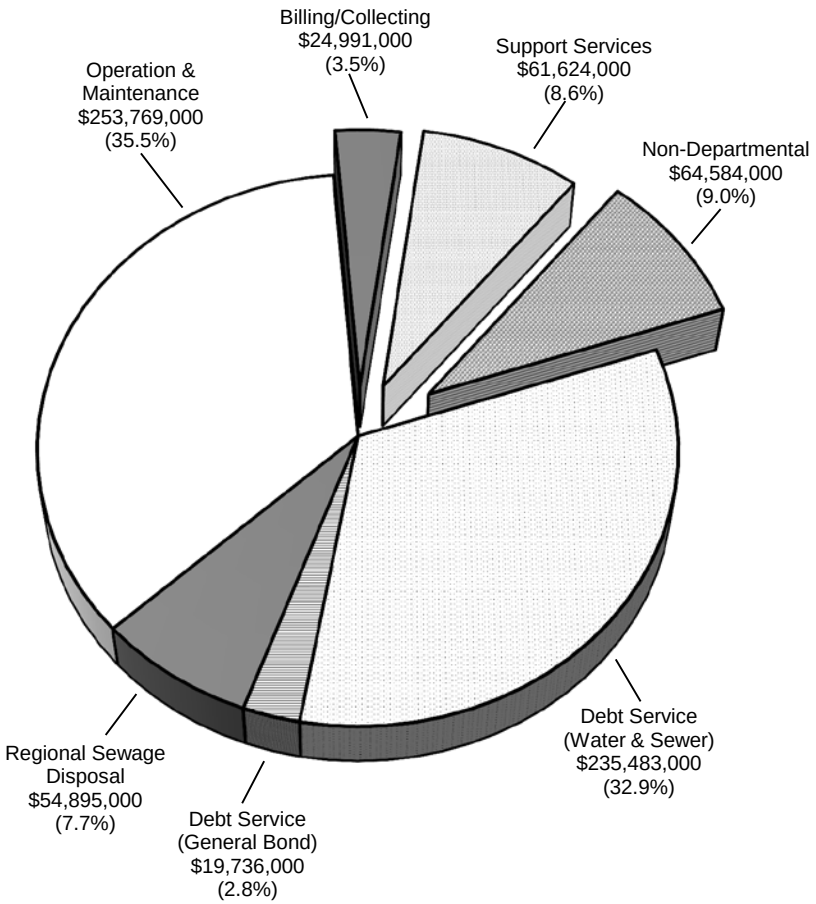
FUNDING SOURCES



REDO = Reconstruction Debt Service Offset
SDC = System Development Charge
H/C = House Connection
FFBC = Front Foot Benefit Chargee

TOTAL SOURCES = $719,229,000

FUNDING USES



TOTAL USES = $715,082,000

TABLE I

Comparative Expenditures by Fund

	FY'13 Actual	FY'14 Actual	FY'15 Approved	FY'16 Proposed	FY'16 Over / (Under) FY'15
Capital Funds					
Water Supply	$ 182,393,000	$ 170,166,000	$ 265,079,000	$ 266,623,000	$ 1,544,000
Sewage Disposal	356,179,000	346,043,000	341,997,000	396,756,000	54,759,000
General Construction	8,617,000	9,433,000	18,305,000	17,539,000	(766,000)
Total Capital	547,189,000	525,642,000	625,381,000	680,918,000	55,537,000
Operating Funds					
Water Operating	236,478,000	260,747,000	298,593,000	303,163,000	4,570,000
Sewer Operating	301,807,000	313,919,000	379,496,000	390,411,000	10,915,000
General Bond Debt Service	44,527,000	39,457,000	29,101,000	21,508,000	(7,593,000)
Total Operating	582,812,000	614,123,000	707,190,000	715,082,000	7,892,000
GRAND TOTAL	**$ 1,130,001,000**	**$ 1,139,765,000**	**$ 1,332,571,000**	**$ 1,396,000,000**	**$ 63,429,000**

TABLE II

Comparative Expenditures by Major Expense Category

($ in Thousands)

Expense Categories	FY'14 Actual			FY'15 Approved			FY'16 Proposed		
	Capital	Operating	Total	Capital	Operating	Total	Capital	Operating	Total
Salaries & Wages	$ 23,882	$ 95,986	$ 119,868	$ 24,684	$ 107,705	$ 132,389	$ 26,856	$ 113,379	$ 140,235
Heat, Light & Power	-	24,443	24,443	-	22,906	22,906	-	23,353	23,353
Regional Sewage Disposal	-	44,631	44,631	-	55,176	55,176	-	54,895	54,895
Contract Work	214,754	-	214,754	348,052	-	348,052	421,992	-	421,992
Consulting Engineers	58,613	-	58,613	63,753	-	63,753	60,359	-	60,359
All Other	228,393	199,996	428,389	188,817	267,065	455,882	171,711	268,236	439,947
Debt Service	-	249,067	249,067	75	254,338	254,413	-	255,219	255,219
TOTAL	**$ 525,642**	**$ 614,123**	**$ 1,139,765**	**$ 625,381**	**$ 707,190**	**$ 1,332,571**	**$ 680,918**	**$ 715,082**	**$ 1,396,000**

TABLE III

Comparative Expenditures by Organizational Unit

	FY'15 Approved		FY'16 Proposed	
	Workyears	**Amount**	**Workyears**	**Amount**
Commissioners Office/Corporate Secretary's Office	2	$ 352,500	2	$ 407,200
Internal Audit	10	1,167,000	10	1,212,700
General Manager's Office	6	1,053,100	6	1,062,200
Intergovernmental Relations Office	4	639,600	5	723,800
Strategic Systems Management Office	7	951,000	7	951,400
General Counsel's Office	16	3,997,400	16	4,014,600
Communications & Community Relations Office	17	2,209,700	18	2,405,000
Human Resources Office	23	3,862,000	25	4,046,000
Small, Local and Minority Business Enterprise Office	9	1,308,600	9	1,295,500
Fair Practice Office	1	120,200	1	116,000
Procurement Office	27	3,654,600	27	2,972,100
Engineering & Construction Team	371	594,878,300	378	647,964,200
Production Team	297	154,763,300	299	152,244,500
Logistics Office	176	30,370,500	174	30,669,000
Finance Office	60	5,836,000	61	6,126,100
Utility Services Team	496	108,357,700	505	111,844,900
Customer Relations Team	94	10,166,200	94	10,643,400
Information Technology Team	113	40,430,300	110	37,923,500
Non-Departmental (Finance)	-	44,581,500	-	44,255,400
Non-Departmental (Human Resources)	-	33,459,500	-	35,556,800
Debt Service	-	254,413,000	-	255,219,000
PAYGO	-	19,996,000	-	18,271,000
Depreciation Expense	-	13,703,000	-	15,369,700
Operating Reserve Contribution	-	2,300,000	-	6,300,000
Salary Enhancements			-	4,406,000
SUMMARY-TOTAL	**1,729**	**$ 1,332,571,000**	**1,747**	**$ 1,396,000,000**

TABLE IV

FY 2015 - FY 2016 Summary of Revenue & Expenses

($ in Thousands)

	Water Operating Fund		Sewer Operating Fund		General Bond Debt Service Fund		Capital Funds	
	2015 Approved	2016 Proposed	2015 Approved	2016 Proposed	2015 Approved	2016 Proposed	2015 Approved	2016 Proposed
REVENUES								
Water Consumption Charges	$ 252,627	$ 251,636	$ -	$ -	$ -	$ -	$ -	$ -
Sewer Use Charges	-	-	333,628	331,739	-	-	-	-
Front Foot Benefit & House Connection Charges (Deferred)	-	-	-	-	29,729	24,620	-	-
Account Maintenance Fees	11,450	16,187	11,450	16,187	-	-	-	-
Infrastructure Investment Fee	-	9,709	-	9,709	-	-	-	-
Interest Income	200	200	800	800	772	585	-	-
Miscellaneous	13,640	13,260	12,934	13,433	900	450	-	-
Use of Fund Balance								
Reserve Contribution	1,173	3,213	1,127	3,087	-	-	-	-
Other	14,226	7,745	13,667	7,441	10,000	8,500	-	-
Reconstruction Debt Service Offset	5,000	1,000	5,000	7,500	(10,000)	(8,500)	-	-
SDC Debt Service Offset	277	213	890	515	-	-	-	-
Bonds & Notes	-	-	-	-	-	-	495,607	550,491
Anticipated Contributions:								
Federal & State Grants	-	-	-	-	-	-	27,723	26,872
System Development Charge	-	-	-	-	-	-	69,893	80,327
Other	-	-	-	-	-	-	32,158	23,228
TOTAL REVENUES	**$ 298,593**	**$ 303,163**	**$ 379,496**	**$ 390,411**	**$ 31,401**	**$ 25,655**	**$ 625,381**	**$ 680,918**
EXPENSES								
Salaries & Wages	$ 56,653	$ 59,486	$ 50,434	$ 53,229	$ 618	$ 664	$ 24,684	$ 26,856
Heat, Light & Power	12,931	13,042	9,975	10,311	-	-	-	-
Regional Sewage Disposal	-	-	55,176	54,895	-	-	-	-
Contract Work	-	-	-	-	-	-	358,071	421,992
Consulting Engineers	-	-	-	-	-	-	75,903	60,359
Contribution to Required Reserve	1,173	3,213	1,127	3,087	-	-	-	-
All Other	111,171	112,477	132,411	130,080	1,187	1,108	166,648	171,711
Debt Service	106,683	106,435	120,359	129,048	27,296	19,736	75	-
PAYGO	9,982	8,510	10,014	9,761	-	-	-	-
TOTAL EXPENSES	**$ 298,593**	**$ 303,163**	**$ 379,496**	**$ 390,411**	**$ 29,101**	**$ 21,508**	**$ 625,381**	**$ 680,918**
Net Increase (Decrease) in Fund Balance	-	-	-	-	2,300	4,147	-	-
Fund Balance - July 1	**$ 42,606**	**$ 28,380**	**$ 110,688**	**$ 97,021**	**$ 63,642**	**$ 55,942**	**$ -**	**$ -**
Net Increase (Decrease) in Fund Balance	-	-	-	-	2,300	4,147	-	-
Use of Fund Balance	(14,226)	(7,745)	(13,667)	(7,441)	(10,000)	(8,500)	-	-
Fund Balance - June 30	**$ 28,380**	**$ 20,635**	**$ 97,021**	**$ 89,580**	**$ 55,942**	**$ 51,589**	**$ -**	**$ -**

TABLE V

Change in Ending Fund Balance
FY 2015 Projected Budget Compared to FY 2016 Proposed

($ In Thousands)

	FY 2015 Projected Ending Fund Balance	FY 2016 Proposed Ending Fund Balance	Change in Fund Balance	% Change
Water Operating Fund	$ 28,380	$ 20,635	$ (7,745)	-27.3%
Sewer Operating Fund	97,021	89,580	(7,441)	-7.7
General Bond Debt Service Fund	55,942	51,589	(4,353)	-7.8
Capital Fund	-	-	-	-
	$ 181,343	**$ 161,804**	**$ (19,539)**	**-10.8%**

Explanation of Changes in Fund Balance Greater Than 10%

Water and Sewer Operating Funds – The FY 2016 proposed ending fund balances are lower than the projected FY 2015 ending fund balances for the Water and Sewer Operating funds. A majority of the change is due to planned use of fund balance to finance the third year of the IT Strategic Plan and one-time projects and expenses so that these costs are not permanently built into water and sewer rates.

General Bond Debt Service Fund – The FY 2016 proposed ending fund balance is 7.8% lower than the projected FY 2015 ending fund balance for the General Bond Debt Service fund. Revenues for this fund are derived from Front Foot Benefit and House Connection Charges. These types of mains and lines are now built by developers. The revenues that are currently collected are from prior assessments that are paid over a multi-year period. Paid in full assessments have caused revenues to decrease and, combined with lower interest income expectations, a small portion of fund expenses are not covered.

TABLE VI

Combined Water/Sewer Operating Funds - FY'16 Proposed Rate Impact

($ in Thousands)

(1.0% AVERAGE RATE INCREASE PROPOSED FOR FY'16)

Funding Sources	FY'16 Proposed
Revenues at Current Rates	
Consumption Charges at 166.0 MGD	$ 577,576
Account Maintenance Fee	32,374
Infrastructure Investment Fee *	19,418
Interest Income	1,000
Miscellaneous Revenues	26,693
Sub-Total	657,061
Reconstruction Debt Service Offset	8,500
SDC Debt Service Offset	728
Use of Fund Balance	21,486
Total Funding Sources	687,775
Requirements	
Operating, Maintenance & Support Services Expenses	433,520
Debt Service	235,483
PAYGO	18,271
Operating Reserve Contribution	6,300
Total Requirements	693,574
Shortfall to be Covered by Rate Increase	$ (5,799)
PROPOSED AVERAGE WATER AND SEWER RATE INCREASE	1.0%

* To be phased in over two years

TABLE VII

Annual Customer Bills At Various Consumption Levels

Average Daily Consumption (ADC) Gallons Per Day	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
100 (36,500 GAL/YR) 3/4" Residential Meter	$ 333.45	$ 354.98	$ 377.61	$ 395.86	$ 443.51
160 (58,400 GAL/YR) 3/4" Residential Meter	571.94	611.65	652.53	685.82	736.24
500 (182,500 GAL/YR) 3/4" Residential Meter	2,451.18	2,631.85	2,819.83	2,973.13	3,046.33
1,000 (365,000 GAL/YR) 2" Meter	5,288.45	5,675.35	6,073.20	6,394.40	6,730.45
5,000 (1,825,000 GAL/YR) 3" Meter	26,392.50	28,363.50	30,389.25	32,031.75	33,408.00
10,000 (3,650,000 GAL/YR) 6" Meter	54,895.00	58,983.00	63,180.50	66,611.50	69,466.50

Annual customer bills include the Account Maintenance Fee shown on page 18 and the Infrastructure Investment Fee shown on page 19.

TABLE VIII

WSSC Water/Sewer Rate Schedules Effective July 1, 2014 & Proposed for Implementation July 1, 2015

(Rates per Thousand Gallons)

(1.0% AVERAGE RATE INCREASE PROPOSED FOR FY'16)

	Water Rates		Sewer Rates		Combined Water & Sewer Rates	
Average Daily Consumption by Customer Unit During Billing Period (Gallons Per Day)	July 1, 2014 Rates Per 1,000 Gallons	July 1, 2015 Rates Per 1,000 Gallons	July 1, 2014 Rates Per 1,000 Gallons	July 1, 2015 Rates Per 1,000 Gallons	July 1, 2014 Rates Per 1,000 Gallons	July 1, 2015 Rates Per 1,000 Gallons
0-49	$ 3.17	$ 3.20	$ 4.22	$ 4.26	$7.39	$ 7.46
50-99	3.54	3.57	4.93	4.98	8.47	8.55
100-149	3.89	3.94	5.75	5.80	9.64	9.74
150-199	4.36	4.41	6.63	6.69	10.99	11.10
200-249	5.10	5.16	7.23	7.29	12.33	12.45
250-299	5.53	5.59	7.83	7.90	13.36	13.49
300-349	5.85	5.92	8.35	8.42	14.20	14.34
350-399	6.09	6.16	8.76	8.84	14.85	15.00
400-449	6.33	6.40	8.96	9.04	15.29	15.44
450-499	6.50	6.58	9.24	9.32	15.74	15.90
500-749	6.62	6.70	9.43	9.51	16.05	16.21
750-999	6.78	6.86	9.64	9.72	16.42	16.58
1,000-3,999	6.91	6.99	10.05	10.14	16.96	17.13
4,000-6,999	7.07	7.15	10.28	10.37	17.35	17.52
7,000-8,999	7.16	7.25	10.43	10.52	17.59	17.77
9,000 & Greater	7.29	7.37	10.70	10.80	17.99	18.17

Current Flat Rate Sewer Charge - $104.00 per quarter
Proposed Flat Rate Sewer Charge - $104.00 per quarter

TABLE IX

Account Maintenance Fees Proposed for Implementation July 1, 2015

Meter Size		Current FY'15 Quarterly Charges	Proposed FY'16 Quarterly Charges
Small Meters			
5/8" to 1-1/2"	(Residential)	$ 11.00	$ 16.00
Large Meters			
1-1/2"	(Commercial)	31.00	24.00
2"		51.00	27.00
3"		92.00	66.00
4"		145.00	142.00
6"		237.00	154.00
8"		379.00	200.00
10"		458.00	246.00
Detector Check Meters			
2" to 4"		53.00	-
2"		-	33.00
4"		-	177.00
6"		73.00	255.00
8"		197.00	461.00
10"		256.00	633.00
Fire Service Meters			
4"		-	182.00
6"		-	293.00
8"		-	452.00
10"		-	682.00
12"		-	989.00

TABLE X

Infrastructure Investment Fees Proposed for Implementation July 1, 2015

Meter Size		Current FY'15 Quarterly Charges	Proposed FY'16 Quarterly Charges *
Small Meters			
5/8"	(Residential)	$ -	$ 5.50
3/4"		-	6.00
1"		-	7.00
1-1/2"		-	59.50
Large Meters			
1-1/2"	(Commercial)	-	42.00
2"		-	92.50
3"		-	292.50
4"		-	406.50
6"		-	632.50
8"		-	1,422.50
10"		-	2,212.50
Fire Service Meters			
4"		-	249.50
6"		-	308.00
8"		-	1,262.00
10"		-	1,357.00
12"			2,607.00

* The Infrastructure Investment Fee is to be phased in over two years. The proposed amount represents 50% of the total fee. The full fee is proposed to be implemented in FY'17 and remain fixed over the existing five year period.

TABLE XI

Miscellaneous Fees and Charges – Proposed Changes

The Commission 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 proposed to be effective July 1, 2015.

ITEM	CURRENT CHARGE	PROPOSED CHARGE EFFECTIVE JULY 1, 2015
1. Inspection Fees - Water/Sewer Connection Hookup, Well/Septic Hookup, Plumbing and Gasfitting Inspections		
New Single Family Detached Dwellings	$550	** $600
New Attached Dwellings (townhouse/multiplex excluding apartments)	550	** 600
All Other Residential:		
Water/Well Hookup	75	** 85
Meter Yoke Inspection (meter only installation)	75	** 85
Water Hookup Converting from Well (includes 2 inspections)	150	** 170
Sewer/Septic Hookup	75	** 85
First Plumbing Fixture	75	** 85
Each Additional Fixture	25	** 30
SDC Credit Fixture Inspection (per fixture)	20	** 25
Minimum Permit Fee	170	** 180
Permit Reprocessing Fee	50	50
Long Form Permit Refund Fee	170	170
Long Form Permit Re-Issue Fee	170	** 180
All Non-Residential:		
Plan Review (without Permit Application)		
50 Fixtures or Less	360	360
51-200 Fixtures	1,220	1,220
Over 200 Fixtures	2,430	2,430
2nd or 3rd Review (with or without Permit Application)		
50 Fixtures or Less	145	145
51-200 Fixtures	275	275
Over 200 Fixtures	580	580
Water/Well Hookup	140	140
Meter Yoke Inspection (meter only installation)	140	140
Sewer/Septic Hookup	140	140
FOG Interceptor	140	140
First Plumbing Fixture	140	140
Each Additional Fixture	35	35
SDC Credit Fixture Inspection (per fixture)	20	** 25
Minimum Permit Fee	210	210
Permit Reprocessing Fee	50	** 55
Long Form Permit Refund Fee	210	210
Long Form Permit Re-Issue Fee	210	210

* New Fee

** Changed Fee

TABLE XI

Miscellaneous Fees and Charges – Proposed Changes

(**Continued)**

ITEM	CURRENT CHARGE	PROPOSED CHARGE EFFECTIVE JULY 1, 2015
2. Site Utility (On-Site) Review Fee		
Base Fee	$2,900	$2,900
Additional Fee per 100 feet	250	250
Minor (Waived) Site Utility (On-Site) Fee	660	** 725
3. License Fees for the Regulated Trades		
Reciprocal Master Plumber, Gasfitter		
- Initial Registration per type	$80/2 years	** $85/2 years
- Registration Renewal all types	80/2 years	** 85/2 years
- Late Registration Renewal	50	50
Examined		
- Master Plumber, Gasfitter		
- Initial Registration per type	105/4 years	105/4 years
- Registration Renewal all types	105/4 years	105/4 years
- Late Registration Renewal	50	50
- Cross Connection Technician Registration	25	25
- Sewer and Drain Cleaner Registration and Renewal	40/2 years	40/2 years
- Sewer and Drain Cleaner Late Registration Renewal	20	20
- Journeyman License		
- Initial Registration per type	30/2 years	30/2 years
- Registration Renewal	30/2 years	30/2 years
- Late Registration Renewal	20	20
- License Transfer Fee	30	30
- License Replacement Fee	15	15
- Apprentice License Registration/Renewal	10	10
4. Short Form Permit Fee (up to 3 fixtures) – Non-Refundable	$60	** $75

* New Fee

** Changed Fee

TABLE XI

Miscellaneous Fees and Charges – Proposed Changes

(**Continued)**

ITEM	CURRENT CHARGE	PROPOSED CHARGE EFFECTIVE JULY 1, 2015
5. Fee for Sale of Copies of Plans, Plats & 200' Reference Maps		
Xerographic	$3.50/sheet	** $5.00/sheet
Sepia/Mylar	5.00/sheet	5.00/sheet
6. Septic Hauler Discharge Permit Sticker		
Category I		
Residential & Septic Waste & Grease		
1 - 49 gallons	$210/vehicle	** $230/vehicle
50 - 799 gallons	3,015/vehicle	** 3,315/vehicle
800 - 2,999 gallons	8,585/vehicle	** 9,450/vehicle
3,000 - gallons and up	20,375/vehicle	** 22,415/vehicle
January through June	50% of fee	50% of fee
Transfer and/or Replacement Permit Sticker	65	** 75
Industrial/Special Waste Disposal Fee	265/1,000 gallons	** 295/1,000 gallons
Zero Discharge Permit Fee	65	** 75
Temporary Discharge Permit Fee	65 + Sewer Rate/1,000 gallons	** 75 + Sewer Rate/1,000 gallons
Sewer Rate – Domestic Low Strength Wastewater	9.67/1,000 gallons of truck capacity	** 10.05/1,000 gallons of truck capacity
Sewer Rate – Domestic High Strength Wastewater	44.04/1,000 gallons of truck capacity	** 44.74/1,000 gallons of truck capacity
7. Long Form Permit Transfer Fee	$115	** $130
8. Small Meter Replacement Fee (at Customer Request)	$170	** $180
9. Meter Replacement Fee (Damaged or Stolen Meter)		
5/8" Encoder (outside)	$150	$150
5/8" Encoder	150	150
3/4" Encoder (outside)	150	150
3/4" Encoder	150	150
1" Encoder (outside)	150	** 165
1" Encoder	150	** 165
1-1/2" Encoder	650	** 680
2" Standard	900	** 1,000
3" Compound	2,750	** 2,900
4" Compound	3,400	** 3,600
6" Compound	5,050	** 5,300
2" MVR	1,100	1,100
3" MVR	1,750	** 1,850

* New Fee

** Changed Fee

TABLE XI

Miscellaneous Fees and Charges – Proposed Changes

(**Continued)**

ITEM		CURRENT CHARGE	PROPOSED CHARGE EFFECTIVE JULY 1, 2015
4"	MVR	2,500	** 2,650
6"	MVR	3,900	** 4,100
2"	Detector Check	1,250	** Delete
4"	Detector Check	3,100	** Delete
6"	Detector Check	3,600	** Delete
8"	Detector Check	4,800	** Delete
10"	Detector Check	6,500	** Delete
12"	Detector Check	9,000	** Delete
4"	FM w/2" MVR	7,000	7,000
6"	FM w/3" MVR	8,500	** 8,925
8"	FM w/4" MVR	9,950	** 10,450
10"	FM w/6" MVR	14,225	14,225
12"	FM	16,250	16,250
10. Meter Testing Fees			
5/8" to 1"		$190	** $210
1-1/2"		330	** 365
2" and up		385	** 425
11. Sub-Meter Installation Fee			
One-time Sub-Meter Charge - Small		$225	$225
One-time Sub-Meter Charge - Large		400	** 440
One-time Inspection Fee		50	50
Minimum Permit Inspection Fee		170	** 180
12. Temporary Fire Hydrant Connection Fee			
3/4" Meter - Deposit			
2 Weeks or Less w/approved payment record		$0	$0
Over 2 Weeks/Less than 2 weeks w/unapproved payment record		330	** 340
3" Meter - Deposit			
2 Weeks or Less w/approved payment record		0	0
Over 2 Weeks/Less than 2 weeks w/unapproved payment record		2,200	2,200
Service Charge			
2 Weeks or Less (3/4" meter)		40	40
2 Weeks or Less (3" meter)		130	130
Over 2 Weeks (3/4" and 3" meters)		130	** 145

* New Fee

** Changed Fee

TABLE XI

Miscellaneous Fees and Charges – Proposed Changes

(**Continued)**

ITEM	CURRENT CHARGE	PROPOSED CHARGE EFFECTIVE JULY 1, 2015
Water Consumption Charge - 3/4" Meter	Current approved rate for 1,000 gallons ADC; $30 minimum	Current approved rate for 1,000 gallons ADC; $30 minimum
Water Consumption Charge - 3" Meter	Current approved rate for 1,000 gallons ADC; $195 minimum	Current approved rate for 1,000 gallons ADC; $195 minimum
Late Fee for Return of Meter	$7/day	$7/day
Fee on Unpaid Temporary Fire Hydrant Meter Billings (per month)	1½%	1½%
Loss/Destruction of Meter	Replacement Cost	Replacement Cost
Loss/Destruction of Wrench	40	40
13. Fee for Truck Inspections with Attached Fire Hydrant Meter	$45/2 years	** $50/2 years
14. Missed Appointment Fee		
First Missed Appointment or Turn-On	$60	** $75
Each Additional Missed Appointment	85	** 100
15. Patuxent Watershed Civil Citation Fee (State Mandated) ** (previously called Patuxent Watershed Civil Citation Fee)		
First Offense	$50	** $150
Each Additional Offense within Calendar Year	100	** 300
16. Connection Abandonment Fee		
County Roads (Except Arterial Roads) - Water	$900	** $1,200
County Roads (Except Arterial Roads) - Sewer	1,400	** 1,600
State Roads and County Arterial Roads - Water	1,400	** 1,600
State Roads and County Arterial Roads - Sewer	1,900	** 2,000
17. Fire Hydrant Inspection Fee	$90/hydrant	** $100/hydrant
Controlled Access Surcharge Fee	25	25
18. Civil Citation Fees - Sediment Control, Theft of Service, and Plumbing Civil Citations (State Mandated) ** (previously called Civil Citation Fees - Sediment Control, Theft of Service, and Plumbing Civil Citations)		
First Offense	$250	$250
Second Offense	500	500
Third Offense	750	750
Each Violation in Excess of Three	1,000	1,000

* New Fee

** Changed Fee

TABLE XI

Miscellaneous Fees and Charges – Proposed Changes

(**Continued)**

ITEM	CURRENT CHARGE	PROPOSED CHARGE EFFECTIVE JULY 1, 2015
19. Fire Hydrant Flow Test Fee		
No Current Test	$550	** $575
Current Test	75	75
20. Shut Down/Charge Water Main Fee	$750	** $825
Shut Down/Complex Water Main Fee	1,400	** 1,540
21. Fee for Review and Inspection of Site Work Potentially Impacting WSSC Pipelines		
Simple Review	$300	$300
Complex Review	1,500	** 1,725
Inspection	200	200
22. Meter Reinstallation Correction Fee	$275	** $310
23. Sewer Meter Maintenance Fee	$8,200/year	** $9,020/year
Quarterly Calibrations	2,050/quarter	** 2,255/quarter
24. Discharge Authorization Permit Fee		
Significant Industrial User – Initial Permit	$3,575/4 years	** $3,950/4 years
Significant Industrial User – Renewal	1,760/4 years	** 1,940/4 years
Temporary Discharge Permit (Non – SIU)	3,575	** 3,950
25. Property Inspection Fee	$70	** $80
26. Lobbyist Registration Fee (State Mandated) ** (previously called Lobbyist Registration Fee)	$100	$100
27. Government Referred Plan Review Fee		
Major Development – Over 10 Units	$1,100	** $1,250
Minor Development – 10 or Less Units	550	** 600
Re-Review Fee for Major Development	550	** 600
Re-Review Fee for Minor Development	275	** 300
28. Residential Outside Meter Housing Upgrade/Pipe Alteration	$4,600	** $4,700

* New Fee

** Changed Fee

TABLE XI

Miscellaneous Fees and Charges – Proposed Changes

(Continued)

ITEM	CURRENT CHARGE	PROPOSED CHARGE EFFECTIVE JULY 1, 2015	CURRENT MAXIMUM ALLOWABLE CHARGE	PROPOSED MAXIMUM ALLOWABLE CHARGE
29. *** System Development Charge				
Apartment				
Water	$896	$896	$1,257	$1,269
Sewer	1,140	1,140	1,602	1,618
1-2 toilets/residential				
Water	1,344	1,344	1,887	1,906
Sewer	1,710	1,710	2,398	2,422
3-4 toilets/residential				
Water	2,240	2,240	3,145	3,176
Sewer	2,850	2,850	4,000	4,040
5 toilets/residential				
Water	3,135	3,135	4,401	4,445
Sewer	3,991	3,991	5,603	5,658
6+ toilets/residential (per fixture unit)				
Water	88	88	124	125
Sewer	115	115	162	164
Non-residential (per fixture unit)				
Water	88	88	124	125
Sewer	115	115	162	164

*** No increase is proposed for the System Development Charge for FY'16 in any category. The maximum allowable charge is being adjusted pursuant to Division II, Section 25-403(c) of the Public Utilities Article of the Annotated Code of Maryland, based on the 1.0% change in the Consumer Price Index for Urban Wage Earners and Clerical Workers for all items in the Washington, D.C. metropolitan area from November 2013 to November 2014.

EXPLANATION OF THE BUDGET

CUSTOMER SUMMARY

This customer summary is designed to provide a quick overview of the WSSC budget for someone new to the Commission's budget process. Specifically, this section explains:

- What the Commission is,
- The Commission's powers and responsibilities,
- The Commission's fiscal and service policies,
- The budget's basis in state law,
- How the budget is formulated,
- Who is responsible for budget decisions,
- The Commission's fund structure,
- Key provisions of the FY'16 Budget,
- Where the money comes from, and
- How the monies, including water and sewer bill payments, are spent.

SECTION 1

EXPLANATION OF THE BUDGET

I. THE WASHINGTON SUBURBAN SANITARY COMMISSION

The Washington Suburban Sanitary Commission (WSSC) provides water and sewer services to nearly 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) organization under Article 29 and later recodified into Division II of the Public Utilities Article of the Annotated Code of Maryland, the WSSC ranks among the 10 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 operates and maintains an extensive array of highly automated facilities. Our two water filtration plants, drawing raw water from the Potomac and Patuxent rivers, are projected to produce an average of 166 million gallons of water per day in FY'16 and deliver that water to homes and businesses in Montgomery and Prince George's Counties, serving over 449,400 customer accounts through a system of over 5,600 miles of water mains. To ensure a reliable water supply for all seasons and conditions, WSSC operates three reservoirs with a total capacity exceeding 14 billion gallons.

Sewage treatment is provided by six wastewater treatment plants operated by the WSSC, and the Blue Plains Wastewater Treatment Plant operated by the District of Columbia Water and Sewer Authority. In FY'16 it is projected that an average of 216 million gallons of wastewater per day from Montgomery and Prince George's Counties will move to these facilities through over 5,500 miles of sewer lines maintained by WSSC. The six wastewater treatment plants owned by WSSC have a combined capacity of 89.5 million gallons per day (MGD). Blue Plains is a regional facility that services the District of Columbia and several northern Virginia jurisdictions as well as the WSSC. Under the Intermunicipal Agreement that governs this arrangement, the WSSC is allocated 169 MGD of Blue Plains' 370 MGD capacity. The WSSC, 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. Other WSSC responsibilities include promulgation and enforcement of plumbing and gasfitting regulations in suburban Maryland and participation in numerous environmental initiatives.

A six-member commission governs the WSSC—three members from each County. The Commissioners are appointed to four-year terms by their respective County Executives and confirmed by their County Councils.

II. POWERS AND RESPONSIBILITIES

The Commission'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 the WSSC 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 Commission's mains to abutting property lines;
- To approve the locations of, and issue permits for, utilities installed in public ways; and
- 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.

The Commission also:

- Reviews preliminary subdivision plats as to suitability of water and sewer design, and reviews street grades for those streets in which there are Commission facilities;
- Formulates regulations, issues permits for, and inspects all plumbing and gasfitting installations; and
- Conducts examinations for master and journeyman plumbers and gasfitters, and issues licenses to those qualified to perform plumbing and gasfitting work.

III. FISCAL AND SERVICE POLICIES

The Washington Suburban Sanitary Commission pursues the following fiscal and service policies. These policies are reviewed periodically and revised as necessary to support the Commission's long-term goals and strategic plans.

Long-Term Fiscal Policies

The WSSC adheres to the following long-term fiscal policies to preserve and strengthen its financial integrity:

- Conform, to the extent possible, to the County Councils'-established spending affordability limits in preparing the capital and operating budgets.
- Employ conservative assumptions when forecasting revenues.
- Fund recurring expenditures from a stable stream of revenue, with minimal reliance on non-recurring (one-time) revenues or resources.
- Annually set user charges for water and sewer services at levels sufficient to ensure that revenues equal or exceed expenses in each fiscal year.
- Utilize an account maintenance fee to recover the fixed costs of servicing a customer's account—costs that are independent of the amount of water used or sewage generated by a customer. Such costs include purchasing and reading water meters; processing meter readings; generating, mailing, and collecting bills; and providing related customer services.
- Utilize an infrastructure investment fee to provide a dedicated source of funding for the debt service associated with the Commission's large and small diameter water and sewer pipe reconstruction programs.
- Regularly analyze expenditures for services other than basic water and sewer to ensure that miscellaneous fees and charges are sufficient to defray the cost of providing these services.
- Manage current assets to ensure reasonable interest income.

- Maintain a reserve in the water and sewer operating funds equal to at least 10 percent of water and sewer use charges to offset unanticipated variations in water and sewerage system revenues that may occur in future years.

- Ensure that the aggregate principal amount of bonds and notes issued by the Commission does not exceed the legislated allowable level of the total assessable tax base for all property assessed for County tax purposes within the Sanitary District, in conformance with state law governing the WSSC.

- Reduce water and sewer debt service as a percentage of the combined water and sewer operating budget through judicious use of PAYGO financing, use of accumulated net revenue (fund balance), reduction or deferral of planned capital expenditures, and other debt limitation strategies. Specific debt reduction actions should always be balanced against affordability considerations and the demands for the resources necessary to serve existing customers, meet environmental mandates, and build the facilities needed to support economic growth.

- Finance capital facilities needed to accommodate growth through a System Development Charge (SDC) on new development in order to maintain fair and equitable rates for water and sewer services to existing customers, while providing funds needed for growth-related capital expenditures.

- Utilize SDC revenue to pay the debt service on growth-related bonds issued in FY'94 (the first year of the SDC). Debt service on bonds issued to fund growth-related CIP projects in subsequent years (due to inadequate SDC revenue) will be paid from SDC revenues, if sufficient revenues exist, or from operating revenues, if SDC funds are not available.

- Preserve and improve services for current customers by employing an annual Systems Reconstruction Program that utilizes both capital and operating funds to reconstruct aging capital infrastruture.

- Employ surplus funds from refinancing General Bond Fund debt to pay a portion of the debt service for the Systems Reconstruction Program (this payment is referred to as the Reconstruction Debt Service Offset or REDO).

- Charge all debt service requirements for new water supply and sewage disposal bonds to operations in the first year incurred.

- Accelerate debt retirement to the extent possible.

- Finance all retirement plans in a manner that systematically funds liabilities, including current requirements as well as the amortization of unfunded liabilities.

- Provide regular, updated six-year projections of the WSSC's operating and capital budgets—revenues and expenditures—to ensure that the Commission has the best possible knowledge of the impacts of contemplated actions and emerging conditions.
- Continue to improve and strengthen financial management and controls, while streamlining operations and increasing the efficiency and effectiveness of Commission programs and staff.
- Maintain full funding of the annual required contribution for Post-Employment Benefits Other Than Pensions (OPEB). All WSSC OPEB contributions are deposited into an irrevocable OPEB trust established for this purpose.
- In accordance with a Bi-County Working Group recommendation, utilize a portion of the debt service differential associated with a change from 20-year to 30-year debt for PAYGO financing of capital projects.

Long-Term Service Policies

The various units of the Washington Suburban Sanitary Commission adhere to the following key long-term service policies to ensure that the Commission continues to provide value to customers by furnishing high quality products and services at the lowest possible price:

- Deliver safe and reliable drinking water to customers in a manner that meets or exceeds Safe Drinking Water Act standards.
- Treat wastewater and responsibly manage biosolids in a manner that meets or exceeds federal and state permit requirements and regulations.
- Provide maintenance services at a level consistent with the objective of responding to the customer within 2 hours of receiving notification of a maintenance problem, and restoring service to the customer within 24 hours from the time a service interruption occurs.
- Answer at least 95 percent of all customer billing calls received.
- Treat customers and the general public with courtesy, sensitivity, and respect while remaining responsive to their concerns, inquiries, and requests for service.
- Encourage innovation, excellence, and economy in all phases of service delivery.

Short-Term Fiscal and Service Policies

Short-term policies are specific to the budget year. They address key issues and concerns that frame the task of preparing a balanced budget that achieves Commission priorities within the context of current and expected economic and political realities. The General Manager and the Commission adopted the following key policies in preparing the FY'16 Proposed Budget.

- Forecast FY'16 water production conservatively at 166.0 million gallons per day.
- Propose a 1.0 percent average increase in water and sewer rates for FY'16.
- Increase the budget by 18 workyears to support critical programs and enhance customer service.
- Continue to address the WSSC's aging infrastructure by proposing the following:
  - Rehabilitation of 57 miles (301,000 feet) of small diameter water main.
  - Inspection and repair of 20 miles (105,000 feet) of Prestressed Concrete Cylinder Pipe (PCCP).
  - Acoustical fiber optic monitoring of 128 miles (675,800 feet) of PCCP.
  - Continuation of the Trunk Sewer Reconstruction Program.
- Complete the implementation of Supply Chain Management transformation.
- Ensure adequate funding for regulatory compliance requirements.
- Utilize $6.3 million of fund balance to maintain the operating reserve at 10 percent of water and sewer rate revenues.
- Fund the third year of the five-year Information Technology Strategic Plan.
- Justify all additional, reinstated, and expanded programs.
- Fund the annual required contribution for other post-employment benefits in accordance with Governmental Accounting Standards Board Statement No. 45.

IV. BUDGET FORMULATION

Maryland State law requires that the WSSC prepare capital and operating budgets each fiscal year. The FY'16 Proposed Budget shows funding and staff requirements, organizational components, and program and fund sources.

The budgets for all funds are prepared on a full accrual basis. Expenses are recognized when goods and services are received, and revenues are recognized when water is delivered to the system. Annual audited financial statements of the WSSC 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 that are included under GAAP are not recognized under the debt service basis (such as depreciation on capital assets, and pension expenses as defined by Accounting Principles Board Pronouncement No. 8).

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 budget are held in each County before February 15. The Commission considers comments and testimony given at the public hearings before the Proposed Budget is transmitted to the Counties.

State law requires that the Commission transmit its proposed budget to the Counties by March 1 of each year. The County Councils and 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 Commission 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.

EXPLANATION OF THE BUDGET
(Continued)

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. 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 the WSSC'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. The WSSC is required by state law to transmit the Proposed CIP to both County governments by October 1 of each year.

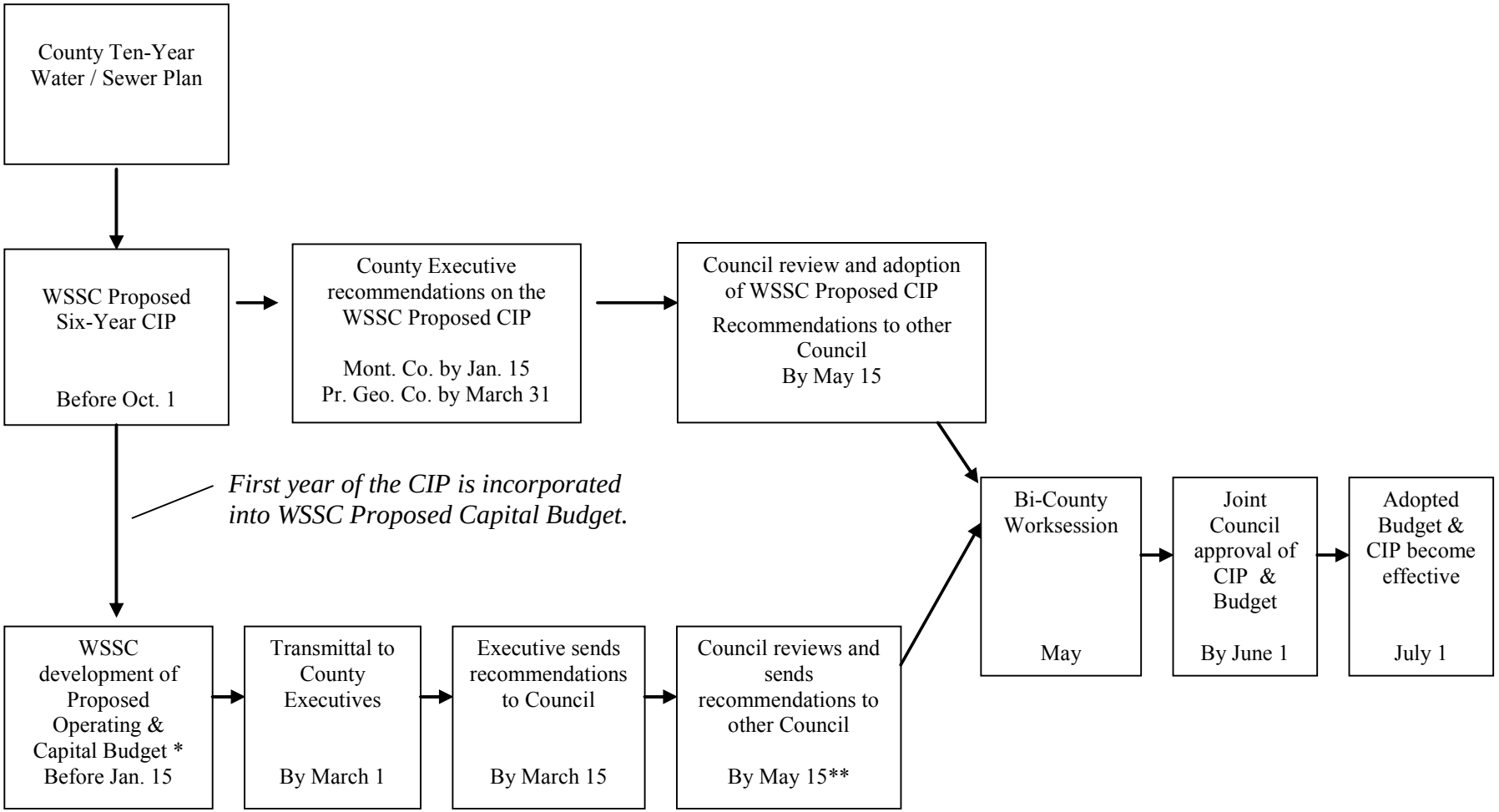
The approved Capital Budget for a given budget year consists largely of spending for the first year of the six-year Capital Improvements Program including those projects in the Information Only Section. Projects shown in the Information Only Section are not required to be in the CIP, but may be included 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 Commission then has 30 days to adopt these changes before the beginning of the fiscal year on July 1.

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 the WSSC'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 Capital Improvements Program, also shape the operating budget by helping to determine debt service requirements, the need for Pay-As-You-GO (PAYGO) financing, revenues from the System Development Charge (and the corresponding need, if any, for rate-payer supported debt to pay for growth), 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 Commission'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.

WSSC Budget & Capital Improvements Program Processes



* *Includes first year of Proposed CIP plus Information Only Projects and General Construction Projects.*

***Incorporates changes to funding in budget year for CIP projects.*

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 the WSSC must contribute to the capital and operating expenses of the Blue Plains Wastewater Treatment Plant, budget planning by the District of Columbia Water and Sewer Authority (DCWASA)—and the budget's subsequent review and approval by DCWASA's multi-jurisdictional Board of Directors—can have important impacts on planning for the WSSC's capital and operating budgets.

V. FUND STRUCTURE

The FY'16 Proposed Budget consists of six separate funds, three in the operating budget (the Water Operating, Sewer Operating, and General Bond Debt Service funds) and three in the capital budget (the Water Supply Bond, Sewage Disposal Bond, and General Construction Bond 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. Although each fund is essentially a separate entity authorized to expend funds for prescribed purposes and derive revenues from specific rates, charges, and/or taxes, as prescribed by state law, the capital and operating funds are interrelated as explained below.

Water

The Commission issues Water Supply Bonds (Capital Fund) 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 16 inches in diameter and larger. Water operating revenues—customer payments for water bills—in the Water Operating Fund are used to pay for operating and maintaining these water facilities, and also to pay the debt service (principal and interest that must be repaid) on Water Supply Bonds.

Sewer

The Commission issues Sewage Disposal Bonds (Capital Fund) 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 15 inches in diameter and larger, sewage treatment facilities (including reimbursement to the District of Columbia Water and Sewer Authority for construction at Blue Plains), and improvements or modifications to these facilities. Sewer operating revenues—customer payments for sewer bills—in the Sewer Operating Fund are used to pay for operating and maintaining these facilities, and also to pay the debt service on Sewage Disposal Bonds. Sewer use charges are generally based upon metered water use.

General Construction

The Commission issues General Construction Bonds (Capital Fund) to pay for the construction of minor water and sewer lines (water distribution lines 15 inches in diameter and smaller, and sewer lines 14 inches in diameter and smaller) and support facilities. General Bond Debt Service Fund revenues—customer payments for front foot benefit charges—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.

The following table summarizes each of these funds.

WSSC FUND STRUCTURE

	MAJOR PURPOSE	MAJOR REVENUE SOURCE
Capital Fund		
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		
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

VI. MAJOR ASSUMPTIONS

The following major assumptions and workload indices were used in developing the FY'16 Proposed Budget.

1. Water Consumption and Sewer Use Revenues - The estimated FY'16 revenues from water consumption and sewer use charges (before the proposed rate increase) are $248.8 million and $328.8 million, respectively. The water production estimate for FY'16 is 166.0 MGD. The estimated billing factor (rate revenue received per 1,000 gallons of water produced), which is $0.03 lower than the FY'15 billing factor of $9.56, is $9.53 (before the rate increase). The billing factor for FY'16 is reduced $0.03 to establish the Customer Affordability Program.

2. Reconstruction Debt Service Offset (REDO) - For FY'16, $8.5 million will be transferred from the General Bond Debt Service Fund to the Water and Sewer Operating Funds. The transfer is made to help defray the debt service on funds borrowed to finance water and sewer system reconstruction activities.

3. Accumulated Net Revenues - It was assumed for the purpose of preparing the FY'16 Proposed Budget that, at the end of FY'15, accumulated net revenues for the water and sewer operating funds would total $125.4 million. For FY'16, approximately $61.9 million would be held in net revenues in adherence to the Commission's reserve policy (see Long-Term Fiscal Policies, page 1-4). An additional $14.8 million is earmarked for future operating reserve contributions. Fund balance will also be used to fund FY'16 one-time expenses as well as to help finance the IT Strategic Plan which includes the Advanced Metering Infrastructure (AMI)/Billing System replacement initiatives. This leaves an unallocated reserve of approximately $3.2 million.

4. Construction Estimates - The Capital Budget includes expenditure estimates for all projects for which work is reasonably expected to be accomplished. This provides management with maximum flexibility to proceed on the many and diverse projects approved each year in the budget. Experience indicates that actual expenditures are consistently less than budget estimates. This gap is affected by the ability of contractors to accomplish planned construction; the ability of the WSSC to provide supervisory and inspection services; the likelihood and timeliness of obtaining the necessary local, state, and federal approvals for construction; and weather conditions. The Commission has made a concerted effort to review its priorities for the construction of planned and approved capital projects in order to reduce the impact on future budgets and provide for realistic estimates of the construction that can be accomplished. From an analysis of construction completed during previous fiscal years, it is estimated that the actual expenditures for all capital funds in FY'16 will be approximately $575.5 million, of the $680.9 million Capital Budget.

EXPLANATION OF THE BUDGET
(Continued)

5. New Debt - The debt service estimates for FY'16 assume that $185.5 million in Water bonds and $254.3 million in Sewer bonds will be issued in FY'16, in addition to repayment of existing debt. An estimated $5.7 million in 20-year sewer loans will be borrowed from the Maryland Department of the Environment (MDE). The WSSC water and sewer issues will be 29-year bonds with an estimated 5.5 percent net interest rate.

6. Salary and Wage Increase – Funding for employee salary enhancements in a manner coordinated with the Counties is included in the budget.

The following major workload indices and demand projections were used to develop the proposed budget.

WORKLOAD DATA	ACTUAL					ESTIMATED						
	FY'10	FY'11	FY'12	FY'13	FY'14	FY'15	FY'16	FY'17	FY'18	FY'19	FY'20	FY'21
Water to be supplied (MGD)	168.7	175.0	165.7	161.2	160.6	168.0	166.0	166.0	166.0	166.0	166.0	166.0
Sewage to be treated (MGD)	200.3	182.4	183.7	177.2	195.2	214.2	215.8	217.5	219.2	220.9	222.6	224.1
Water lines to be added by the WSSC (miles)	1.5	0	.3	**7.3	.5	2	2	2	2	2	2	2
Sewer lines to be added by the WSSC (miles)	0	0	0	0.4	.0	1	1	1	1	1	1	1
Water lines to be added – contributed (miles)*	9.9	12.5	20.5	15.3	26.3	25	25	25	25	25	25	25
Sewer lines to be added – contributed (miles)*	10.4	19.7	19.4	12.6	25.7	25	25	25	25	25	25	25
Population to be served (thousands)	1,727	1,734	1,742	1,749	1,757	1,764	1,778	1,791	1,805	1,818	1,832	1,845
House connections to be added												
Water	1,126	1,574	2,591	2,269	2,880	2,800	2,800	2,800	2,800	2,800	2,800	2,900
Sewer	909	1,417	2,374	2,018	2,335	2,600	2,600	2,600	2,600	2,600	2,600	2,600

* Contributed lines are built by developers and maintained by the WSSC (includes Bolling Air Force Base).

** Includes Laytonsville Project (4.4 miles).

VII. KEY PROVISIONS OF THE FY'16 BUDGET

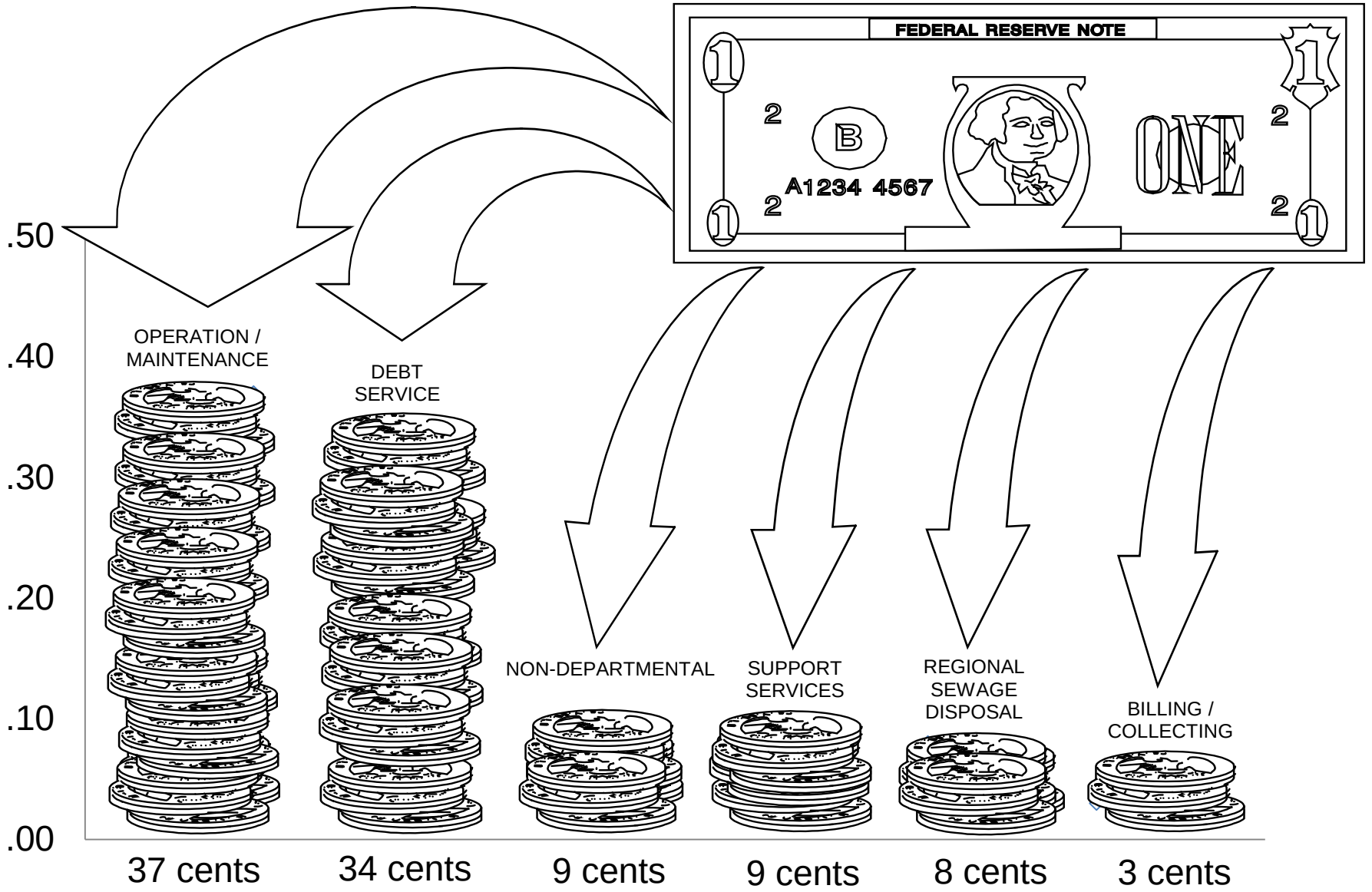
The total proposed budget for all funds is approximately $1.4 billion—$680.9 million in capital and $715.1 million in operating. A 1.0 percent average increase in water and sewer rates, recalibration of the account maintenance fee and the phased-in implementation of an infrastructure fee are required to fund water and sewer operating expenses. The budget provides for:

- Implementing the first year of the FYs 2016-2021 Capital Improvements Program;
- Treating and delivering 166.0 MGD of water to over 449,400 customer accounts in a manner that meets or exceeds the Safe Drinking Water Act standards;
- Treating 215.8 MGD of wastewater and responsibly managing up to 1,000 tons of biosolids per day in a manner that meets or exceeds federal and state permit requirements and regulations;
- Operating and maintaining a system of 3 water reservoirs impounding 14 billion gallons of water, 2 water filtration plants, 6 wastewater treatment plants, 5,600 miles of water main, and 5,500 miles of sewer main, 24 hours a day, 7 days a week;
- Paying the WSSC's share of the cost of operating the District of Columbia Water and Sewer Authority's Blue Plains Wastewater Treatment Plant;
- Maintaining an operating reserve of 10% of water and sewer rate revenues;
- Paying debt service of $255.2 million—of which $235.5 million is in the Water and Sewer Operating Funds;
- Funding the annual required contribution for post-employment benefits other than retirement based on Government Accounting Standards Board Statement No. 45;
- Continuing to provide maintenance services at a level consistent with the objective of responding to the customer within 2 hours of receiving notification of a maintenance problem and restoring service to the customer within 24 hours from the time a service interruption occurs;
- Complying with the Sanitary Sewer Overflow Consent Order;
- Answering at least 95 percent of all customer billing calls received;
- Maintaining and fueling 1,092 vehicles, maintaining approximately 781 pieces of large field equipment, and operating 6 repair facilities;

- Replacing 26 pieces of major equipment which are needed to support construction, operations, and maintenance activities;
- Replacing 243 and purchasing an additional 13 vehicles which are needed to support construction, operations, and maintenance activities; and
- Funding employee salary enhancements in a manner coordinated with the Counties, and continuing other benefits.

FY'16 PROPOSED BUDGET

(How Each Dollar of a Water and Sewer Bill Is Spent)



PERFORMANCE AND OUTCOME MEASURES

SECTION 2

OUR STRATEGIC PRIORITIES

Our methods for achieving our Mission and Vision

- **Sustain Infrastructure:** Plan, invest, and renew our infrastructure to meet customer expectations through innovative, cost-effective technology and world class asset management practices.

- **Ensure Financial Stability:** Practice sound financial stewardship ensuring delivery of the best quality water and wastewater treatment services to our customers at a reasonable cost, with affordable rates, and utilization of innovative ideas for minimizing rate increases.

- **Optimize Workforce Management:** Sustain a high-performing, diverse workplace that attracts and retains flexible and knowledgeable employees who promote service excellence and innovation.

- **Integrate Supply Chain Management and Supplier Diversity:** Ensure operational efficiency and reliable service to customers, suppliers, and all stakeholders through transparent, equitable, and responsible procurement practices which involve, inform, and reflect the community we serve.

- **Deliver Excellent Customer Service:** Ensure customer confidence through the delivery of timely, high quality products and services to internal and external customers.

- **Ensure Security and Safety:** Protect our people, our business, and our community through proactive planning, emergency preparedness and utilization of effective risk management.

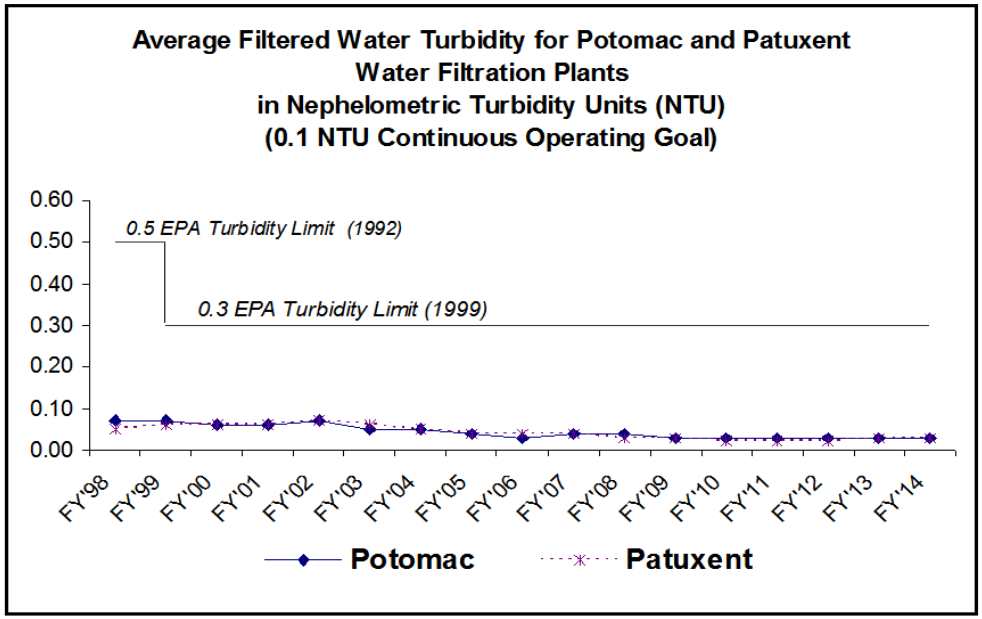
- **Enhance Communications and Stakeholder Relationships:** Proactively communicate and sustain relationships and strategic partnerships with our community, key stakeholders and jurisdictions in support of our mission and our future success.

- **Demonstrate Environmental Stewardship:** Practice safe and responsible stewardship of our water, air, and land through efficient and effective education, technology, and business practices.

PERFORMANCE OF KEY SERVICES

Water Filtration and Treatment

One of the WSSC's primary goals is to provide a safe and reliable supply of drinking water that meets or exceeds the requirements of the Safe Drinking Water Act and other federal and state regulations. The WSSC has *never* exceeded a maximum contaminant level (MCL) or failed to meet a treatment technique (TT) requirement established by the U.S. Environmental Protection Agency (EPA) in accordance with the Safe Drinking Water Act.

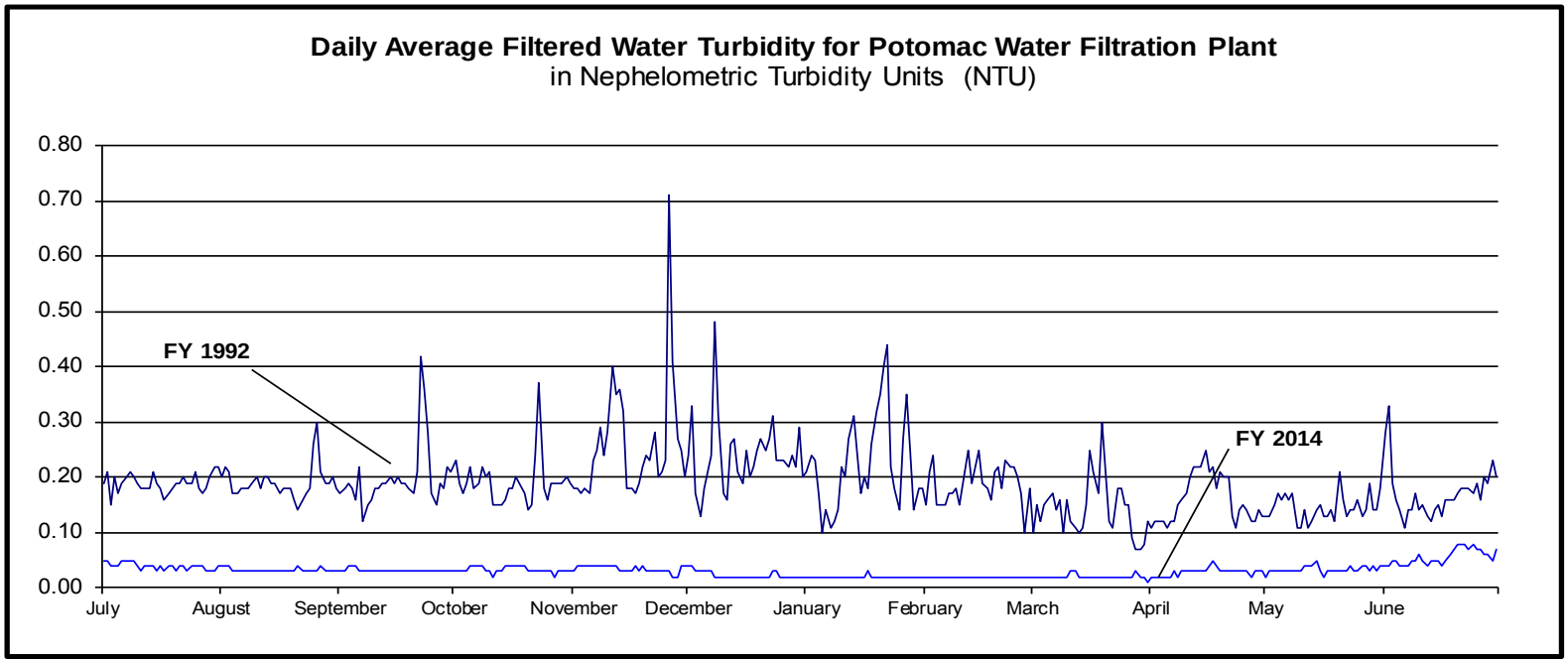


In addition to traditional approaches to ensuring drinking water quality, the WSSC continues to place particular emphasis on addressing low-level contaminants such as disinfection byproducts, and maintaining low levels of turbidity (suspended sediment) to ensure public health protection. The Commission continues to work closely with local and national professional and research organizations, as well as with state and county agencies and the EPA, to ensure that our treatment methods are cost-efficient and consistent with current research findings.

The WSSC's continued participation in the Partnership for Safe Water Program is indicative of our commitment. A primary goal of this program is to maintain filtered water turbidity well below EPA established limits to effectively guard against *Cryptosporidium*. Although the WSSC was already meeting the then newly-established maximum average monthly turbidity requirement of 0.5 NTU, a substantial effort was made in FY'92 to further improve water quality to prevent emerging problems associated with *Cryptosporidium*. The graph above shows the average turbidity for the Potomac and Patuxent Water Filtration Plants for FY'98 through FY'14. The EPA reduced the turbidity limit to 0.3 NTU in 1999, still well above the levels being achieved by the WSSC. A maximum water turbidity of 0.1 NTU level has been and will continue to be a key objective for the WSSC's Production Team.

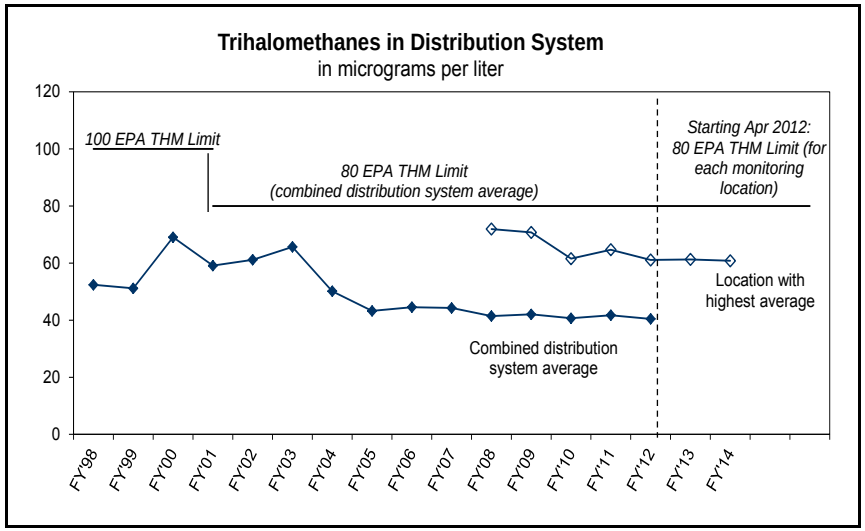
PERFORMANCE OF KEY SERVICES
(Continued)

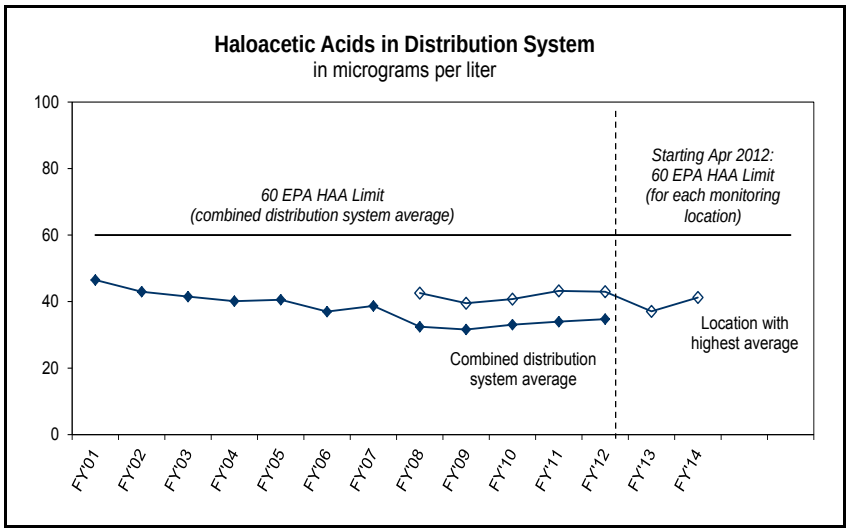
Not only has average turbidity been reduced, but also, as shown in the graph below for the Potomac Water Filtration Plant, the magnitudes of the daily peaks associated with variable raw water quality have been substantially reduced from FY'92 peak levels. This latter measure is of particular importance in ensuring the reliability of the Cryptosporidium barrier. Finally, the UV system incorporated in our treatment train at Potomac, and soon at Patuxent, further increases reliability of this barrier.



PERFORMANCE OF KEY SERVICES
(Continued)

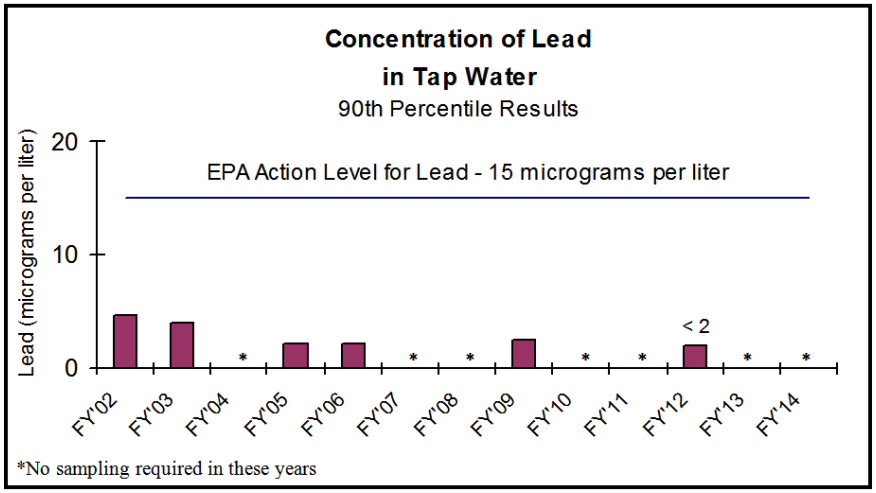
The WSSC has also been aggressively pursuing enhanced coagulation (optimization of coagulant doses and pH levels to improve total organic carbon removal) to enhance disinfection byproduct precursor removal, thereby lessening the formation of potential carcinogens in the finished water. Effective January 2001, the EPA reduced the standard for trihalomethanes (THMs) from 100 to 80 micrograms or lower of total THMs (TTHM) per liter in finished water. At the same time, the EPA also established a maximum level for the five regulated haloacetic acids (HAAs) of 60 micrograms per liter in finished water. As shown in the figures below, the WSSC is meeting the THM and HAA standards with the help of its enhanced coagulation initiatives. The Stage 2 Disinfection Byproducts (DBP) rule took effect near the end of FY'12, and builds upon earlier rules to improve drinking water quality. The new rule strengthens public health protection from disinfection byproducts by requiring drinking water systems to meet maximum contaminant level standards at each compliance monitoring location, as a locational annual average, instead of as a system-wide average as in previous rules. The annual average is shown below as the highest quarterly running annual average for a given fiscal year.

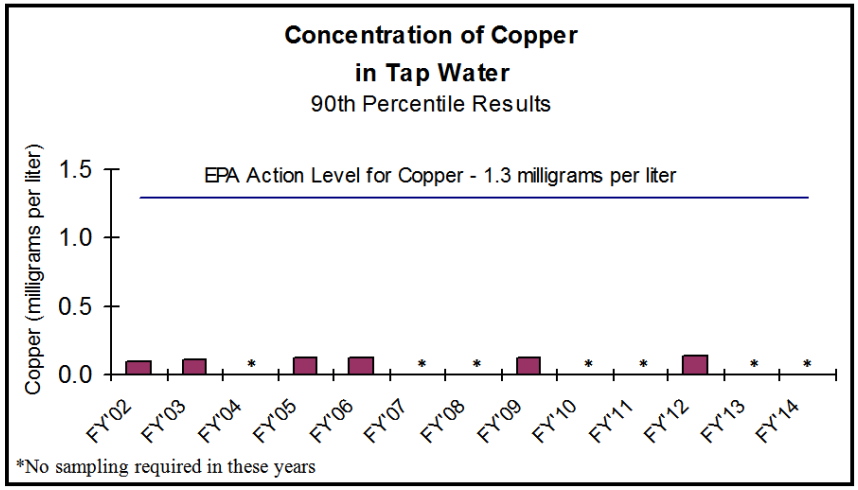




PERFORMANCE OF KEY SERVICES
(Continued)

The Commission also continues its corrosion control program (using fine pH adjustment and addition of orthophosphate) to minimize potential lead and copper corrosion in customer plumbing. The state has confirmed that the WSSC's treatment is optimized for corrosion control against lead and copper. As a result of treatment optimization, the state has allowed WSSC to be on a reduced monitoring schedule (both frequency of monitoring and number of samples) for much of the past two decades, with occasional periods of increased monitoring associated with treatment changes such as the implementation of orthophosphate addition. Results from the required annual or triennial monitoring continue to indicate the 90th percentile lead and copper levels are well below the tap water action levels. The most recent round of monitoring was performed in FY'12, and the 90th percentile lead level was below, not only the regulatory limits, but also below the minimum reporting level of 2 micrograms per liter.





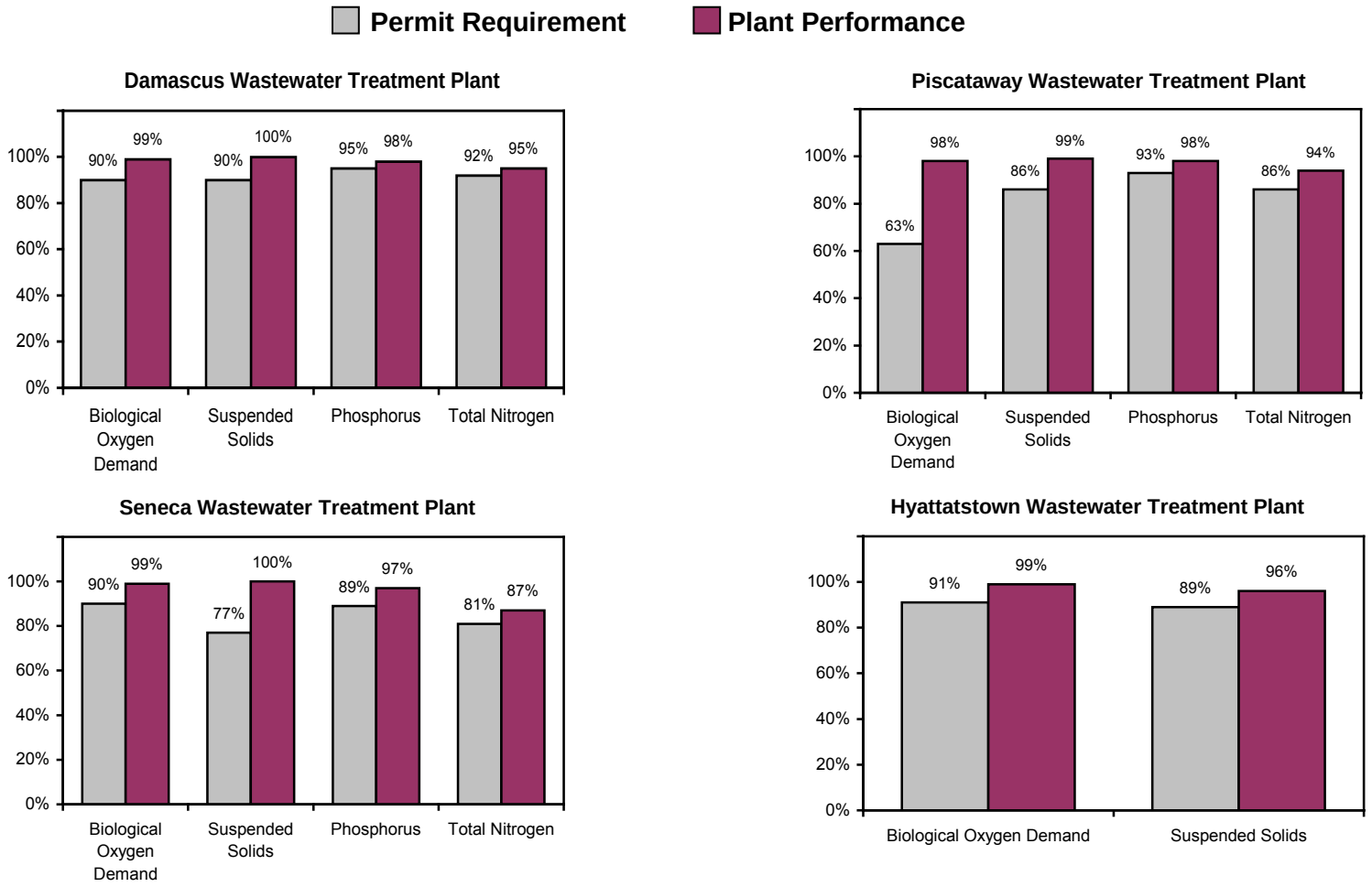
PERFORMANCE OF KEY SERVICES

(Continued)

Wastewater Treatment

The following graphs present actual FY'14 plant performance for the WSSC's wastewater treatment plants, in terms of the percentage of specific substances removed compared to state/federal discharge permit requirements. The substances regulated differ from plant to plant, depending (in part) on the river or stream into which the treated water is discharged. For FY'16, the Production Team will continue to pursue its goal of meeting or surpassing the permit requirements for each plant.

Wastewater Treatment Plant Performance – FY'14 Percentage Removal of Substances Regulated by Discharge Permits



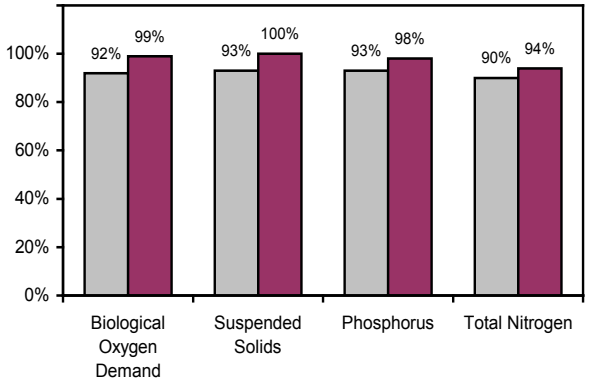
PERFORMANCE OF KEY SERVICES

(Continued)

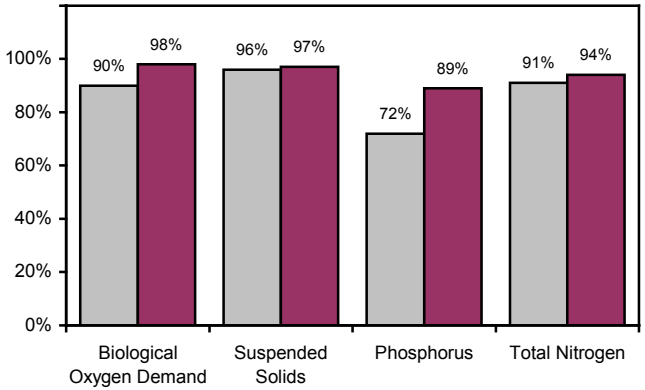
Wastewater Treatment Plant Performance – FY'14 Percentage Removal of Substances Regulated by Discharge Permits

Permit Requirement **Plant Performance**

Parkway Wastewater Treatment Plant



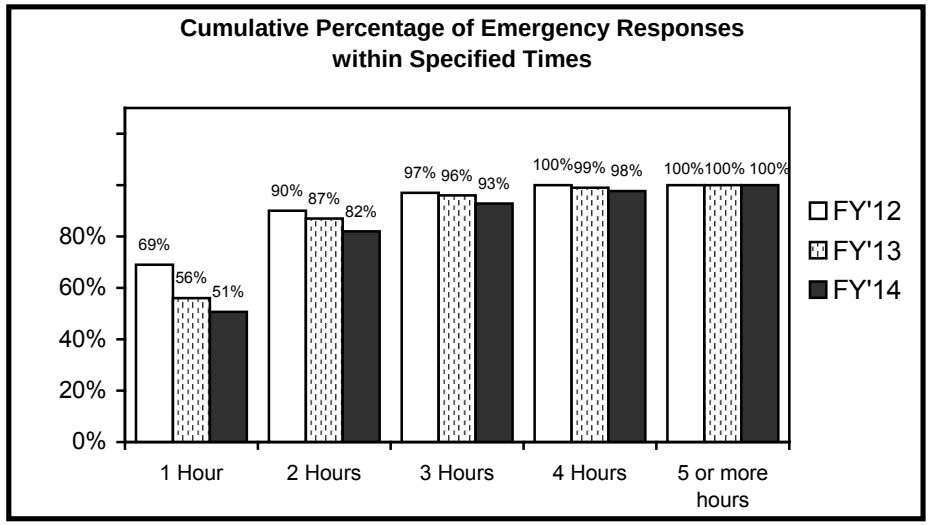
Western Branch Wastewater Treatment Plant



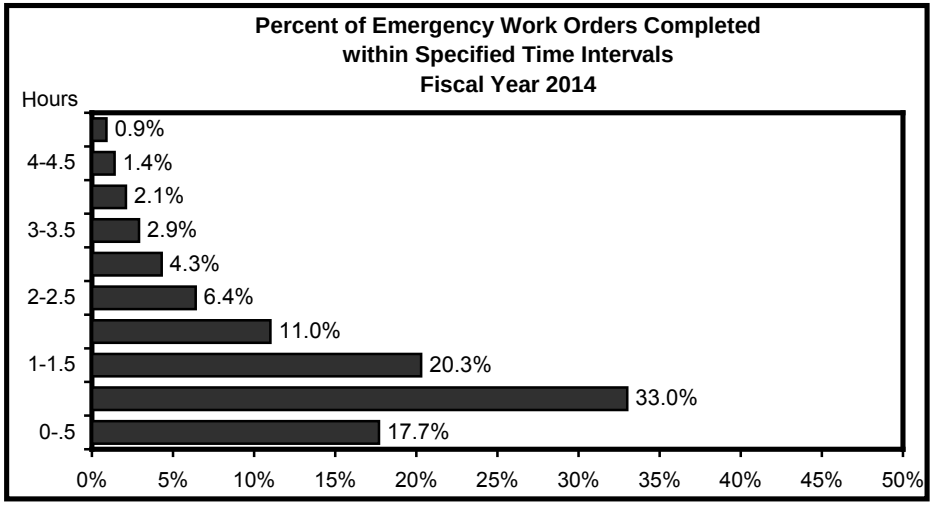
Emergency Response

During FY'14, 32,418 emergency work orders were initiated in response to customer or system emergencies. The WSSC's objective is to provide a first response to these emergencies in less than 2 hours, based on feedback from our customers on what they consider a reasonable and necessary response time.

The top graph shows that in FY'14 we responded to 51% of our emergency calls in less than 1 hour, and to 82% in less than our 2-hour goal with an average response time of 1.3 hours. In FY'13 the average response time was 1.2 hours. The percentage of calls responded to within our 2-hour goal decreased slightly due to an increase in water main breaks overall. Emphasis on proper dispatching and on crew and inspector assignments generally allows us to keep our response time under 2 hours.

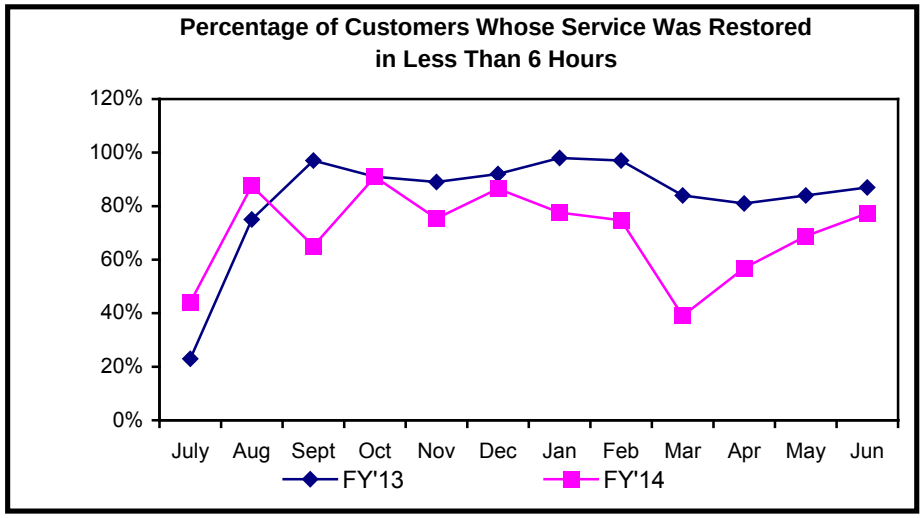


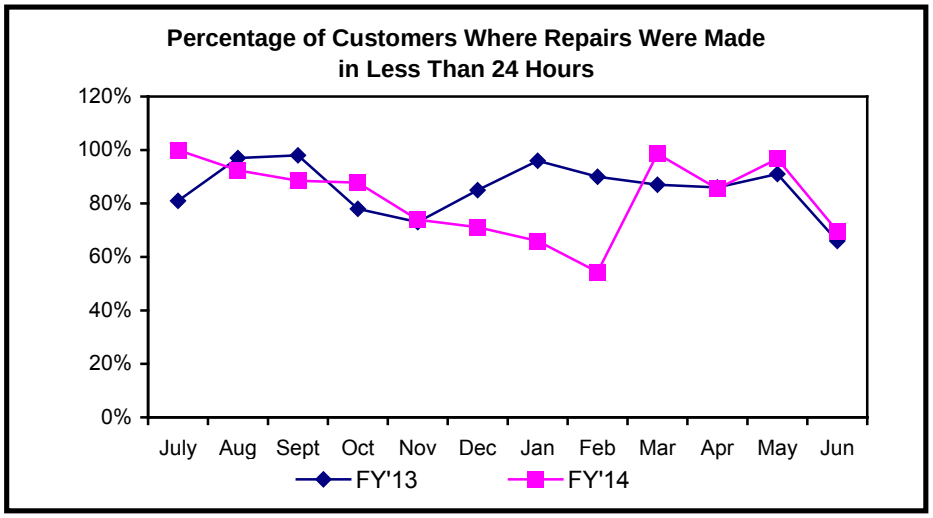
The bottom graph shows the distribution of emergency work order completion times in FY'14. Most emergency work orders required less than 2.0 hours to complete.



Restoration of Water Service

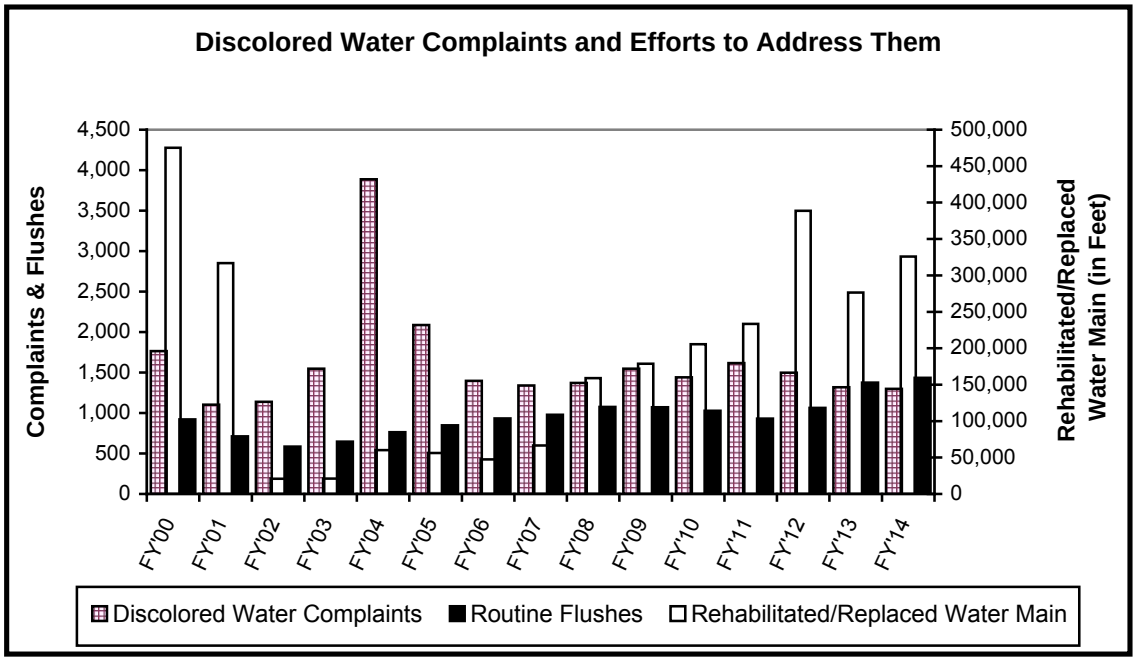
The WSSC's objective is to restore normal service to our customers within 24 hours from the time we are notified of an emergency, and to limit the actual time a customer is without water service to less than 6 hours. During FY'14, 40,713 customers, or approximately 9% of the WSSC's customers, experienced a temporary suspension in water service while a water main was shut down following a water main break or other emergency. The graph below on the left indicates the percentage of affected customers whose water service was restored in less than 6 hours after a water main was shut down and returned to service. For the year FY'14, the average time that customers were without water service was 4.2 hours, with 76.5% having water service restored within the targeted 6-hour goal. The lower percentage of customers whose service was restored in less than 6 hours during the months of July and March appears to be due more to the type of water main break rather than the number of breaks. During these months, it appears that breaks tended to be splits instead of circular breaks. Splits take longer to repair. The graph on the right indicates the percentage of affected customers where repairs were completed in less than 24 hours to restore normal or permanent water service. The drop in the percentage of customers where repairs were made in less than 24 hours in January and February was due to a drop in average temperature accompanied by a significant increase in main breaks. The average time from notification of a problem to restoration of normal service was 17.6 hours for the year FY'14, with 74.5% of customers having normal water service restored in less than the 24-hour goal.





Discolored Water

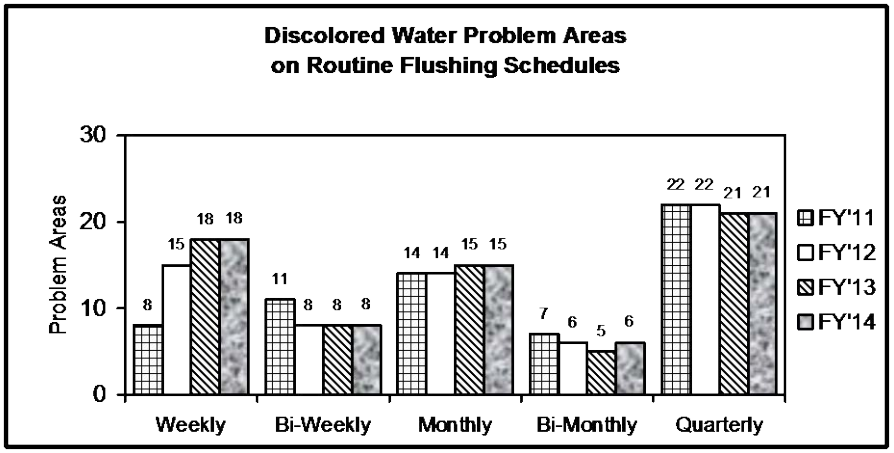
Unlined cast iron pipe eventually leads to discolored water in the distribution system as the water chemically reacts with the pipe to form iron oxides (rust) and accumulates deposits of iron and manganese that can become dislodged. This is a serious inconvenience for the affected customers, limiting and disrupting their normal water use. To combat this problem, an aggressive program was begun in FY'96 to periodically flush water mains in the affected areas to keep the water clear. At the same time, the Commission augmented its ongoing program to resolve such problems by mechanically cleaning and relining the old mains with a new cement mortar lining.



The graph to the right shows a slight overall decrease in discolored water complaints since FY'00 and the relative success the WSSC has had in dealing with these complaints over the years.

Beginning in FY'01, the emphasis was shifted from cleaning and lining water mains to the more permanent solution of water main replacement. Replacement is more involved and more time consuming than cleaning and lining, and resulted in reduced footage of rehabilitated/replaced water main completed in FY'02 and FY'03. During FY'04, even though rehabilitation and replacement efforts more than doubled, discolored water complaints increased as a result of the volume of water main breaks associated with winter weather and service changes resulting from the Patuxent Water Filtration Plant Upgrade. New lines serviced by the plant caused a change in established flow rates and patterns, which caused increased water discoloration. When combined with the flow disruptions from broken water mains, valve closures, and hydrant openings, this event significantly contributed to the increased discolored water complaints.

The focus on rehabilitation and replacement efforts has been increased in recent years. In order to maintain the high level of water quality our customers expect, it is important to continue acceleration of water main replacement. This will continue to reduce the amount of flushing that is required. WSSC replaced 61.7 miles during FY'14.



The graph to the left shows the number of chronic problem areas requiring regular flushing on a weekly, bi-weekly, monthly, bi-monthly, and quarterly basis since FY'11. The number of areas with chronic discolored water problems has remained relatively constant over the years, with little variation in weekly, bi-weekly, monthly, bi-monthly, and quarterly flushings.

Sewer Line Blockages

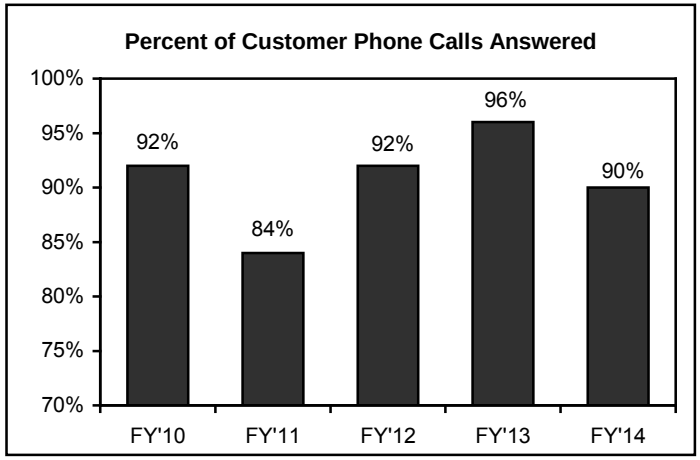
The goal of the Line Blockage Analysis (LBA) program is to prevent a customer who experiences a sewer backup due to a problem in the WSSC's main sewer line from suffering a second backup. When a customer has a sewer backup, a maintenance crew responds to clear the stoppage and assist in cleaning the 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 an LBA 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% of the cases processed. For FY'14, the Commission was successful in preventing a second backup in 84.7% of these cases. The Proactive Maintenance Program (PMP), along with technological advances such as the jet cam, has enabled the Commission 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 the WSSC has confirmed there is a problem with the service. During FY'14, the Commission replaced 1,886 connections. At the beginning of FY'14, 271 house connections met the criteria for renewal.

Customer Calls for Maintenance Assistance



During FY'14, the Commission answered 90% of customer calls for maintenance assistance, as shown in the graph to the right. Our goal continues to be a 95% response rate. We continue to work through several measures in furtherance of this goal. Cross-training agents from the Non-Emergency Call Center allows for greater flexibility in staffing and an improved knowledge base. 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 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.

GOALS, OBJECTIVES, AND OUTCOME MEASURES

ENGINEERING & CONSTRUCTION TEAM

Goal: Provide timely support for water and sewer extensions needed for planned development in the Sanitary District.

Group(s): Development Services

Strategic Priority: Deliver Excellent Customer Service

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Complete Hydraulic Review as part of the System Extension Permit (SEP) process within 6 weeks of submission, excluding large/complex projects.	Percentage of Hydraulic Review requests processed in 6 weeks or less.	83%	100%	95%	100%
Complete Phase II of the SEP process within 8 weeks.	Percentage of Phase II plan review packages processed in 8 weeks or less.	100%	100%	100%	100%

Goal: Promptly issue all plumbing and gasfitting permits required by the WSSC.

Group(s): Development Services

Strategic Priority: Deliver Excellent Customer Service

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Issue all requested plumbing and gasfitting permits within 2 days of receipt of contractors' application.	Percentage of permits issued within 2 days of receipt of contractors' application.	100%	100%	100%	100%

Goal: Provide effective short- and long-range planning for the WSSC's water and wastewater systems to ensure public safety and sufficient future water and wastewater capacity.

Group(s): Planning

Strategic Priority: Ensure Security and Safety

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Reduce the number of wastewater basins experiencing recurring wet weather overflows to zero.	Number of wastewater basins experiencing recurring wet weather overflows (Total: 21 basins).	2	1	1	1
Keep water system zones having transmission/ storage deficiencies that require authorization dependencies at zero.	Number of water system zones with transmission/storage deficiencies that require authorization dependencies (Total: 19 zones).	0	0	0	0

GOALS, OBJECTIVES, AND OUTCOME MEASURES

(continued)

Goal: Plan, design and construct major capital projects according to the CIP.

Group(s): Project Delivery

Strategic Priority: Sustain Infrastructure

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Complete facility plans, concept designs and engineering designs as scheduled in the CIP.	Number of planning and design phase projects completed vs. planned.	10/6	11/8	7/7	5/5
Complete facility construction as scheduled in the CIP.	Number of construction phase projects completed vs. planned.	14/9	8/6	6/6	6/6

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

Group(s): Infrastructure-Systems, Systems Inspection

Strategic Priority: Sustain Infrastructure

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Design the number of miles for the Water Reconstruction Program as planned.	Miles of water mains designed vs. planned.	48/45	52/50	60/60	57/57
Design the number of large service meter vaults as planned.	Number of meter vaults designed vs. planned.	35/30	39/50	45/45	45/45
Design the number of miles for the Sewer Reconstruction Program as planned.	Miles of sewer mains designed vs. planned.	45/61	57/122	29/29	10/10
Design the number of sewer manholes as planned.	Number of sewer manholes designed vs. planned.	292/343	722/1,142	183/183	231/231
Replace the number of miles for the Water Reconstruction Program as planned.	Miles of water mains replaced vs. planned.	40/34	53/39	43/43	43/43
Rehabilitate the number of miles of sewer mains and lateral lines for the Sewer Reconstruction and Trunk Sewer Reconstruction Programs as planned.	Miles of sewer mains and lateral lines rehabilitated vs. planned.	96/60	39/60	56/56	56/56

GOALS, OBJECTIVES, AND OUTCOME MEASURES

(continued)

Goal: Improve facility operations by updating industrial automation systems. **Group(s):** Process Control

Strategic Priority: Sustain Infrastructure

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Upgrade planned number of Programmable Logic Controllers (PLC).	Number of PLC upgraded vs. planned.	6/3	3/3	3/3	3/3
Upgrade or install new Uninterruptable Power Supplies (UPS) to improve electrical reliability for the PLC Systems.	Number of UPS upgraded vs. planned.	7/3	4/3	3/3	3/3
Install operator interfacing terminals at plants and facilities.	Number of operator interfacing terminals installed vs. planned.	2/2	1/2	1/1	N/A *

* Installation of operator interfacing terminals at plants and facilities is anticipated to be completed.

Goal: Ensure Significant Industrial Users' compliance with EPA regulatory requirements. **Group(s):** Regulatory Services

Strategic Priority: Demonstrate Environmental Stewardship

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Inspect all Significant Industrial Users annually and conduct necessary follow up inspections.	Number of required inspections of Significant Industrial Users performed vs. number of Significant Industrial Users.	163%	100%	100%	100%
	Number of follow up inspections of Significant Industrial Users.	24	39	25	25
Collect samples from all Significant Industrial Users as required in their permit.	Number of Significant Industrial User samples collected vs. number of samples required.	300/300	300/300	300/300	300/300
	Number of additional samples taken of Significant Industrial Users.	934	849	750	850

GOALS, OBJECTIVES, AND OUTCOME MEASURES

(continued)

Goal: Provide timely review of site utility plans and ensure compliance with plumbing and gasfitting regulation.

Group(s): Development Services, Regulatory Services

Strategic Priority: Sustain Infrastructure

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Complete 1st review of site utility plans within eight weeks of submission.	Percentage of 1st reviews completed within eight weeks.	100%	100%	100%	100%
Conduct 99.9% of all requests for inspections to ensure compliance with plumbing and gasfitting regulations.	Percentage of requested plumbing/gasfitting inspections conducted.	100.00%	100.00%	99.96%	99.96%

Goal: Comply with the FOG provisions of the Consent Decree.

Group(s): Regulatory Services

Strategic Priority: Demonstrate Environmental Stewardship

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Conduct 100% of all mandatory Consent Decree FOG initial inspections.	Percentage of initial FOG inspections completed vs. planned.	100%	100%	100%	100%

Goal: Manage paving contracts to meet time restrictions for work directed on a non-emergency basis.

Group(s): Systems Inspection

Strategic Priority: Deliver Excellent Customer Service

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
On State highways, the paving contractor shall complete paving repairs within 30 calendar days.	Percentage of paving repairs that are completed within 30 calendar days.	78% *	47% *	80%	80%
On all other roadways, sidewalks, driveways, curbs, and gutters, the contractor shall complete paving repairs within 35 calendar days.	Percentage of paving repairs that are completed within 35 calendar days.	78%	60%	90%	80%

* Based on 14 Calendar Days

GOALS, OBJECTIVES, AND OUTCOME MEASURES

(continued)

Goal: Manage construction contracts to minimize extra expense while still ensuring quality construction.

Group(s): Systems Inspection

Strategic Priority: Ensure Financial Stability

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Manage change orders to ensure minimum amount of contract increases.	Dollar value of change orders as a percentage of bid amount for Systems Inspection contracts completed.	-8.4%	0.8%	0.0%	0.0%

Goal: Identify deteriorating infrastructure through inspection, testing and monitoring.

Group(s): Technical Services

Strategic Priority: Sustain Infrastructure

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Inspect the number of dams as planned.	Number of dams inspected vs. planned.	3/3	3/3	3/3	3/3
Provide corrosion design and repair recommendations based upon corrosion test readings.	Number of corrosion test stations read vs. planned.	485/300	310/300	300/300	300/300

Goal: Eliminate/Minimize adverse environmental impacts associated with accelerated soil erosion and sediment control of major pipeline projects.

Group(s): Environmental

Strategic Priority: Demonstrate Environmental Stewardship

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Provide timely inspections for erosion and sediment control of major pipeline projects.	Percentage of bi-weekly inspections of each major pipeline project performed as required by law.	90%	90%	100%	100%

GOALS, OBJECTIVES, AND OUTCOME MEASURES

(continued)

PRODUCTION TEAM

Goal: Comply with state and federal standards for safe drinking water.

Group(s): Potomac, Patuxent

Strategic Priority: Deliver Excellent Customer Service

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Maintain compliance with Safe Drinking Water Act requirements to ensure safe, pure drinking water.	Number of times the maximum contaminant levels established by the EPA were exceeded:				
	Potomac Water Filtration Plant	0	0	0	0
	Patuxent Water Filtration Plant	0	0	0	0
Achieve optimized coagulation and filtration to maintain filtered water turbidity at or below 0.1 Nephelometric Turbidity Units (NTU).	Average filtered water turbidity (NTU):				
	Potomac Water Filtration Plant	0.03	0.03	<0.08	<0.08
	Patuxent Water Filtration Plant	0.03	0.03	<0.08	<0.08
Keep the level of potential carcinogens (trihalomethanes) in the finished water below 80 micrograms per liter, the standard established by the EPA.	The highest quarter local value rolling annual average of trihalomethanes in the distribution system (mg/1).	61.3	60.8	<64.0	<64.0

Goal: Consistently return clean wastewater to the environment in a manner that meets or exceeds all state and federal standards.

Group(s): Piscataway, Western Branch, Parkway, Seneca/Damascus/Hyattstown

Strategic Priority: Demonstrate Environmental Stewardship

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Maintain compliance with NPDES permit requirements at the WSSC's wastewater treatment plants.	Number of process-related non-compliances for the WSSC's wastewater treatment plants.	0	17	4	4

GOALS, OBJECTIVES, AND OUTCOME MEASURES

(continued)

LOGISTICS OFFICE

Goal: Achieve and maintain high levels of productivity in the provision of vehicle and equipment maintenance services.

Group(s): Fleet Services

Strategic Priority: Optimize Workforce Management

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Reduce vehicle and equipment down time to an average of 55 hours or less per shop visit.	Average down time per shop visit (hours).	68	80	55	60
Maintain mechanic productivity at a level comparable to commercial providers of vehicle and equipment maintenance services.	Fully burdened labor rate (cost per labor hour) for the Fleet Services Group vs. the corresponding average commercial rate for the bi-county area (based on periodic benchmarking surveys by the Fleet Services Group).	$88/$115	$92/$125	$94/$135	$96/$150

Goal: Achieve and maintain high levels of efficiency and accuracy in the management of warehouse operations.

Group(s): Fleet Services, Materials Management

Strategic Priority: Deliver Excellent Customer Service

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Manage inventory levels to maintain warehouse and vehicle parts inventory turnover at four times per year or higher.	Number of times the warehouse inventory turns over annually.	2.5	3.1	2.0	2.0
	Number of times the vehicle parts inventory turns over annually.	4.0	4.0	4.0	4.0
Maintain the accuracy of the warehouse inventory at 95% or higher and vehicle parts inventory at 97% or higher.	Accuracy of warehouse inventory (from monthly cycle counts).	97.9%	99.9%	95.0%	95.0%
	Accuracy of vehicle parts inventory (from established cycle counts).	99.0%	99.0%	99.9%	99.9%

GOALS, OBJECTIVES, AND OUTCOME MEASURES

(continued)

Goal: Maintain the safety and security of WSSC property, personnel, and the general public through the deterrence and prevention of crimes on WSSC property.

Group(s): Security and Safety Services

Strategic Priority: Ensure Security and Safety

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Limit the occurrence of crime on WSSC property to ≤ 250 incidents.	Number of crimes reported on WSSC property.	167	175	200	200

Goal: Ensure that the WSSC is a safe place to work.

Group(s): Security and Safety Services

Strategic Priority: Ensure Security and Safety

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Limit the occurrence of on-the-job injuries to WSSC employees to ≤ 130 and lost-time injuries to ≤ 65.	Number of injuries reported by WSSC employees:				
	On-the-job injuries	116	115	125	125
	Lost-time injuries	31	8	30	30
Reduce the number of on-the-job vehicular accidents involving WSSC employees to ≤ 150.	Number of vehicular accidents involving WSSC employees.	139	147	150	150

Goal: Provide regular, effective training to WSSC employees concerning Commission safety policies and practices.

Group(s): Security and Safety Services

Strategic Priority: Ensure Security and Safety

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Maintain average overall ratings for safety training classes of at least 4.0 (where 4=good, 5=excellent).	Average overall ratings by trainees for safety training classes.	4.6	4.9	4.8	4.8

GOALS, OBJECTIVES, AND OUTCOME MEASURES

(continued)

FINANCE OFFICE

Goal: Minimize borrowing costs.

Group(s): Finance Office

Strategic Priority: Ensure Financial Stability

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Issue water/sewer bonds at least 25 basis points below the 20 Bond Buyer Index Rate on the date of issuance. (A basis point is an interest rate unit of measurement of one hundredth of one percent.)	Difference (in basis points) between the 20 Bond Buyer Index Rate and the cost of water/sewer bonds on the date of issuance (average of 2 bond sales).	156 basis points	101 basis points	≥25 basis points	≥25 basis points
Maintain FitchRatings, Moody's, and/or Standard and Poor's bond ratings of AAA/Aaa/AAA.	Bond ratings (FitchRatings/Moody's/Standard and Poor's).	AAA/Aaa/ AAA	AAA/Aaa/ AAA	AAA/Aaa/ AAA	AAA/Aaa/ AAA

Goal: Maximize investment returns within the constraints of Maryland law and adopted investment policy.

Group(s): Retirement

Strategic Priority: Ensure Financial Stability

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Manage WSSC investment portfolio relative to the 91-day T-bill (U.S. Treasury bill) rate. (In a rising market, targeted earnings are 25 basis points below. In a falling rate market, target is 25 basis points above.)	Difference in basis points on 91-day T-bill rate.	5 basis points above	5 basis points above	Even	Even
Meet or exceed the 8% actuarial assumption for Retirement Fund investment returns on an annualized 10-year basis.	Annualized 10-year return on Retirement Fund investments as of June 30.	6.6%	6.6%	5.7%	6.4%

GOALS, OBJECTIVES, AND OUTCOME MEASURES

(continued)

Goal: Accurately assess front foot benefit charges against all properties abutting recent extensions to the WSSC's water and sewer systems.

Group(s): Revenue

Strategic Priority: Deliver Excellent Customer Service

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Accurately calculate and assess all new front foot benefit charges.	Percentage of newly assessed property owners who successfully appeal the front foot benefit charge proposed by the WSSC.	0.00%	0.00%	0.01%	0.01%

Goal: Provide financial reports that are useful, timely, and accurate.

Group(s): Accounting

Strategic Priority: Ensure Financial Stability

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Prepare monthly financial reports within 20 days of the end of the month and the annual report within 90 days of the end of the fiscal year.	Percentage of financial reports prepared on time.	100%	100%	100%	100%
Avoid the need for any prior period adjustments to financial reports unrelated to changes issued by the Governmental Accounting Standards Board (GASB).	Number of prior period financial adjustments required.	0	0	0	0

Goal: Maintain proper accounting in accordance with Generally Accepted Accounting Principles (GAAP) and the Government Accounting Standards Board (GASB).

Group(s): Retirement, Accounting

Strategic Priority: Ensure Financial Stability

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Receive no finance-related "significant deficiencies" recommendations from the external auditor for the Commission's financial statements.	Number of finance-related external auditor recommendations of "significant deficiencies" received.	0	0	0	0
Receive no recommendations from the external auditor regarding "significant deficiencies" for the Retirement Plan.	Number of Retirement Plan-related external auditor recommendations of "significant deficiencies" received.	0	0	0	0

GOALS, OBJECTIVES, AND OUTCOME MEASURES

(continued)

Goal: Process financial transactions quickly and accurately. **Group(s):** Revenue, Disbursements

Strategic Priority: Ensure Financial Stability

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Utilize at least 95.0% of available vendor discounts.	Percentage of available vendor discounts taken.	98.6%	92.4%	98.5%	95.0%
Post at least 95.5% of customer remittances on the day received.	Percentage of customer remittances posted on the same day.	99.6%	99.6%	99.5%	99.5%
Post at least 99.9% of customer remittances correctly.	Percentage of remittances posted correctly.	99.9%	99.9%	99.9%	99.9%

Goal: Ensure the long-term fiscal stability and soundness of the Commission. **Group(s):** Budget

Strategic Priority: Ensure Financial Stability

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Maintain an end-of-year fund balance (accumulated net revenue) of at least 10 percent of water and sewer rate revenue as a reserve.	Combined end-of-year fund balance for the water and sewer operating funds ($ millions)/ Percent of water and sewer rate revenue.	$133.9/ 26.7%	$153.3/ 28.5%	$125.4/ 21.4%	$110.2/ 18.9%
Maintain FitchRatings, Moody's, and/or Standard and Poor's bond ratings of AAA/Aaa/AAA.	FitchRatings/Moody's/Standard and Poor's bond ratings.	AAA/Aaa/ AAA	AAA/Aaa/ AAA	AAA/Aaa/ AAA	AAA/Aaa/ AAA

Goal: Accurately forecast Commission revenues and expenditures. **Group(s):** Budget

Strategic Priority: Ensure Financial Stability

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Accurately forecast annual water production.	Difference (in millions of gallons per day) between actual and budgeted water production.	8.8	9.4	0.0	0.0
	Percentage difference between actual and budgeted water production.	5.2%	5.5%	0.0%	0.0%
Accurately forecast revenues from water and sewer use charges.	Difference between actual and budgeted revenues from water and sewer use charges ($ millions).	-$39.8	-$33.7	$0.0	$0.0
	Percentage difference between actual and budgeted water and sewer use charges.	-7.4%	-5.9%	0.0%	0.0%

GOALS, OBJECTIVES, AND OUTCOME MEASURES

(continued)

Goal: Accurately forecast Commission revenues and expenditures. **Group(s):** Budget

Strategic Priority: Ensure Financial Stability

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Accurately project non-debt service water and sewer operating expenditures.	Difference ($ millions) between actual and budgeted water and sewer operating expenditures (excluding debt service).	-$44.1	-$56.8	$0.0	$0.0
	Percentage difference between actual and budgeted water and sewer operating expenditures (excluding debt service).	-11.1%	-13.5%	0.0%	0.0%

Goal: Produce a sound, affordable capital spending program. **Group(s):** Budget

Strategic Priority: Ensure Financial Stability

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Reduce the amount of rate-supported water and sewer debt to 30% or less of total water and sewer operating expenditures.	Ratio of water and sewer debt service to total water and sewer operating expenditures.	34.2%	36.0%	33.5%	34.0%

Goal: Exhibit excellence in budgeting as judged by our peers. **Group(s):** Budget

Strategic Priority: Ensure Financial Stability

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Earn the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA).	Receipt of GFOA's Distinguished Budget Presentation Award (Yes/No).	Yes	Yes	Yes	Yes

GOALS, OBJECTIVES, AND OUTCOME MEASURES

(continued)

UTILITY SERVICES TEAM

Goal: Accurately bill and collect for all metered water use.

Group(s): Utility Enhancement Support

Strategic Priority: Ensure Financial Stability

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Accurately record and report all meter readings.	Percentage of meter readings reported and recorded accurately.	99.9%	99.9%	99.9%	99.9%

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

Group(s): Utility Services North, West, Central, South

Strategic Priority: Deliver Excellent Customer Service

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Respond within 2 hours to customers' emergency telephone calls.	Percentage of emergencies responded to within 2 hours of receipt of customer calls.	87.0%	86.0%	95.0%	85.0%
	Average response time to emergency calls (in hours).	1.2	1.3	1.2	1.2

GOALS, OBJECTIVES, AND OUTCOME MEASURES

(continued)

Goal: Minimize inconvenience caused by disruptions in service.

Group(s): Utility Services North, West, Central, South, and Enhancement Support

Strategic Priority: Deliver Excellent Customer Service

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Restore normal water service within 24 hours.	Percentage of customers whose water service was restored within 24 hours.	88.4%	74.5%	80.0%	80.0%
	Average time from notification of system problem to restoration of water service (in hours).	16.5	17.6	14.0	16.0
Limit time without water due to a service interruption to less than 6 hours.	Percentage of customers without water service for less than 6 hours.	93.7%	76.5%	95.0%	90.0%
	Average time without water (in hours).	3.6	4.2	3.4	4.0
Reduce the number of discolored water complaints.	Number of discolored water complaints.	1,318	1,298	1,350	1,300
	Areas with chronic discolored water problems which are on a routine flushing schedule.	67	36	52	50
Prevent a second sewer backup from occurring for at least 95% of customers experiencing an initial main line blockage.	Percentage of customers not experiencing a second backup after notifying the WSSC of a main line sewer blockage.	85.0%	84.7%	95.0%	90.0%

Goal: Accurately account for water produced in the distribution system.

Group(s): Utility Services North, West, Central, South, and Enhancement Support

Strategic Priority: Ensure Financial Stability

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Reduce service interruptions due to water main breaks.	Number of breaks per 100 miles of water main.	31.0	34.8	33.0	33.0
Perform annual testing of all large water meters whose daily average registration exceeds 20,000 gallons.	Percentage of all large water meters tested annually.	100%	N/A	100%	100%
Test within 2 weeks and, if necessary, repair large meters whose average daily registration has significantly declined.	Percentage of large meters tested within 2 weeks of a noticeable decline in average daily registration.	85.0%	N/A	90.0%	90.0%

GOALS, OBJECTIVES, AND OUTCOME MEASURES

(continued)

Goal: Increase the production of in-house water main replacements by Utility Enhancement Support staff.

Group(s): Utility Enhancement Support

Strategic Priority: Sustain Infrastructure

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
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.	12.0/12.0	8.5/12.0	12.0/12.0	12.0/12.0

Goal: Inspect sewer infrastructure to ensure a reliable sewer collection system.

Group(s): Utility Management

Strategic Priority: Sustain Infrastructure

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Inspect, via closed circuit television, the number of miles of sewer main planned.	Miles of sewer main inspected via closed circuit television vs. planned.	271/305	143/325	320/320	300/300
Inspect, via smoke test, the number of miles of sewer main planned.	Miles of sewer main inspected via smoke test vs. planned.	2.2/5.0	2.8/5.0	5.0/5.0	5.0/5.0

Goal: Identify deteriorating infrastructure through inspection, testing and monitoring.

Group(s): Utility Management

Strategic Priority: Sustain Infrastructure

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Inspect the number of Prestressed Concrete Cylinder Pipe (PCCP) miles as planned.	Miles of PCCP inspection performed vs. planned.	13.9/18.0	14.3/18	18.0/18.0 *	20/20
Install acoustical fiber optic line to monitor PCCP water transmission mains as planned.	Miles of acoustical fiber optic line installed vs. planned.	3.3/7.7	2.6/4.0	10.0/10.0 *	6/6

* Transferred to Utility Management Group from Technical Services Group (Engineering & Construction Team).

GOALS, OBJECTIVES, AND OUTCOME MEASURES
(continued)

CUSTOMER RELATIONS TEAM

Goal: Promptly and courteously answer all telephone calls. **Group(s):** Customer Relations

Strategic Priority: Deliver Excellent Customer Service

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Attain a 95% success rate for answering non-emergency calls.	Percentage of non-emergency calls answered.	90.0%	84.0%	90.0%	90.0%
Maintain a 95% success rate for answering all emergency calls.	Percentage of emergency calls answered.	96.0%	96.0%	95.0%	96.0%

Goal: Accurately bill and collect for all metered water use. **Group(s):** Customer Relations

Strategic Priority: Ensure Financial Stability

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Generate water and sewer bills based on actual consumption rather than estimated consumption.	Percentage of customer bills based on actual consumption (e.g., actual meter readings).	96.8%	97.0%	96.0%	96.0%
Collect all billed water and sewer use charges on a timely basis.	Percentage of billed water and sewer accounts considered delinquent.	9.0%	10.0%	10.0%	10.0%

Goal: Provide a quick response time to customer problems or system emergencies. **Group(s):** Customer Relations

Strategic Priority: Deliver Excellent Customer Service

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Respond within 14 (calendar) days to all written correspondence received.	Percentage of customer correspondence responded to within 14 (calendar) days.	78.0%	92.0%	90.0%	80.0%
Achieve 100% closure of open claims.	Percentage of claims closed.	81.0%	76.0%	100.0%	80.0%

GOALS, OBJECTIVES, AND OUTCOME MEASURES

(continued)

Goal: Maintain a high level of customer satisfaction by providing exceptional maintenance support.

Group(s): Customer Relations

Strategic Priority: Deliver Excellent Customer Service

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Ensure that a minimum of 85% of claimants are "satisfied" or "delighted" with their settlement from the WSSC.	Percentage of claimants who have received a settlement from the WSSC that rate themselves "satisfied" or "delighted".	93.0%	100.0%	95.0%	100.0%

GOALS, OBJECTIVES, AND OUTCOME MEASURES

(continued)

INFORMATION TECHNOLOGY TEAM

Goal: Evaluate, develop, and deliver quality, cost-effective application systems that support the core business operations of the Commission.

Group(s): IT Team Office, IT Implementations

Strategic Priority: Ensure Financial Stability

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Deliver Enterprise Technology Initiatives to support the Commission's business needs, on-time and within budget, 90% of the time. (* Enterprise Technology Initiatives are defined as multi-year, enterprise system implementation initiatives covered under the IT Strategic Plan).	Percentage of Enterprise Technology Initiatives implemented on-time.	100%	92%	90%	90%
	Percentage of Enterprise Technology Initiatives implemented within budget.	100%	100%	90%	90%
Deliver IT projects to support the Commission's business needs, on-time and within budget, 90% of the time. (* IT projects are defined as short-term business or IT infrastructure projects).	Percentage of IT projects implemented on-time.	92%	95%	90%	75%
	Percentage of IT projects implemented within budget.	96%	95%	90%	75%

Goal: Provide a "One Stop Shop" for efficient IT problem resolution and service delivery.

Group(s): IT Operations

Strategic Priority: Deliver Excellent Customer Service

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Maintain a high level of customer satisfaction by resolving 90% of calls to the Helpdesk during the initial call.	Percentage of total calls to the Helpdesk achieving First Contact Resolution (FCR).	89%	98%	90%	92%
Respond to service tickets (for incidents and service requests) within the defined Service Level Agreement (SLA).	Percentage of incidents resolved within 3 business days.	89%	95%	90%	92%
	Percentage of service requests delivered within 5 days.	92%	92%	90%	92%

GOALS, OBJECTIVES, AND OUTCOME MEASURES

(continued)

INFORMATION TECHNOLOGY TEAM

Goal: Provide reliable computing services to all users in order to deliver information and data in the timeframes required to support decisions.

Group(s): Network Infrastructure and Data Center Operations

Strategic Priority: Sustain Infrastructure

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Ensure the uptime and availability of critical business systems, 97% of the time.	Percentage of time that the critical systems are available.	100%	99%	100%	100%
Ensure the uptime and availability of the network, 97% of the time.	Percentage of time that the network is available across all Commission sites.	100%	100%	100%	100%

GOALS, OBJECTIVES, AND OUTCOME MEASURES

(continued)

STAFF OFFICES

Goal: Provide cost-effective internal audit services.

Group(s): Internal Audit

Strategic Priority: Ensure Financial Stability

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2015 Projected
In fiscal years where Blue Plains audit reports are issued, achieve an internal audit payback ratio in excess of 1:1 (e.g., the Commission should receive more dollars from internal audits than it spends on internal audits).	Ratio of financial savings from internal audits to Internal Audit costs, excluding the costs associated with external audit services and the WSSC Commissioners.	0	1:1	1:1	1:1
Ensure accurate reimbursements via performed audits.	SDC: Total audit-based adjustment in Developer-requested reimbursements for CIP construction.	$729,696	$904,473	$500,000	$500,000
	Blue Plains: Total audit-based adjustment in Blue Plains O&M and Capital Indirect Billing.	$0	$0	$1,000,000	$1,000,000

Goal: Ensure active participation in, and full voice for, the WSSC's legislative priorities.

Group(s): Intergovernmental Relations Office

Strategic Priority: Enhance Communications and Stakeholder Relationships

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Assist the General Manager/Chief Executive Officer and other WSSC officials in providing testimony or briefings, representing WSSC at bill hearings, work sessions, markups, and other meetings at the County, State, and Federal governments.	Percentage of required bill hearings, worksessions, and delegation/committee meetings attended.	100%	100%	100%	100%

Goal: Disseminate accurate and timely information regarding legislation impacting the WSSC to employees and stakeholders.

Group(s): Intergovernmental Relations Office

Strategic Priority: Enhance Communications and Stakeholder Relationships

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Keep WSSC employees and Commissioners informed of County, State, and Federal legislation impacting WSSC.	Percentage of monthly federal updates required to be sent to all management vs. actual updates sent.	100%	100%	100%	100%

GOALS, OBJECTIVES, AND OUTCOME MEASURES

(continued)

Goal: As the Commission's liaison, build and maintain strong partnerships with elected officials and their staff.

Group(s): Intergovernmental Relations Office

Strategic Priority: Enhance Communications and Stakeholder Relationships

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Develop and maintain relationships with elected officials and staff members to advance WSSC's interests.	Percentage of legislative events, receptions, and outreach activities scheduled vs. actual events held.	N/A*	N/A*	100%	100%
Respond to elected officials' requests, including those originating from their constituents and staff.	Percentage of responses to inquiries provided within three business days.	N/A*	N/A*	100%	100%
Schedule educational site visits to WSSC facilities and briefings for elected officials and staff at the County, State, and Federal level.	Percentage of educational site visits and briefings conducted vs. scheduled.	N/A*	N/A*	100%	100%

* New Goal for FY'15.

Goal: Align organizational goals with the Commission's vision, mission, and strategic priorities.

Group(s): Strategic Systems Management Office

Strategic Priority: Deliver Excellent Customer Service

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Facilitate alignment of annual workplan initiatives with the Commission's Strategic Priorities.	Percentage of Initiatives linked to Strategic Priorities.	100%	100%	100%	100%
	Percentage of performance scorecards that exist for each team and office.	N/A*	N/A*	25%	50%

* New Goal for FY'15.

GOALS, OBJECTIVES, AND OUTCOME MEASURES

(continued)

Goal: Support the achievement of the Commission's goals.

Group(s): Strategic Systems Management Office

Strategic Priority: Deliver Excellent Customer Service

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Facilitate the use of management best practices in completion of enterprise initiatives and projects.	Percentage of annual enterprise initiatives that utilized SSMO consulting services for achievement of outcomes.	1%	31%	25%	25%

Goal: Achieve fair and accurate media coverage for the WSSC.

Group(s): Communications & Community Relations Office

Strategic Priority: Enhance Communications and Stakeholder Relationships

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Respond to local media inquiries within one hour of request for information.	Percentage of responses to inquiries provided within one hour.	98%	98%	98%	98%
Remain continuously accessible (24/7) to local media.	Number of days accessible to local media.	365	365	365	365

Goal: Disseminate accurate and timely information to WSSC customers and stakeholders.

Group(s): Communications & Community Relations Office

Strategic Priority: Enhance Communications and Stakeholder Relationships

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Provide customers with up-to-date information on the WSSC and its activities/events.	Satisfy EPA requirements by producing the Annual Water Quality Report by close of fiscal year. (Yes/No)	Yes	Yes	Yes	Yes
	Number of Quarterly Pipeline bill inserts produced and distributed vs. planned.	4/4	4/4	4/4	4/4
	Build social media following on Twitter and Facebook to expand our reach to customers	429 Facebook/ 600 Twitter	1007 Facebook/ 1390 Twitter	1300 Facebook/ 2000 Twitter	2000 Facebook/ 3000 Twitter
	Post all news releases on WSSC website home page. (Yes/No)	Yes	Yes	Yes	Yes

GOALS, OBJECTIVES, AND OUTCOME MEASURES

(continued)

Goal: Disseminate accurate and timely information to WSSC customers and stakeholders.

Group(s): Communications & Community Relations Office

Strategic Priority: Enhance Communications and Stakeholder Relationships

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Educate constituencies on the three components of the WSSC's services: water, wastewater, and source water protection.	Number of educational events prepared and presented to local schools. (Executed/ Estimated)	30/35	30/35	35/35	35/35
	Plan and execute presentations for community-level service groups and associations (e.g., Fats, Oils, and Grease (FOG) Program, Infrastructure, WSSC educational-related issues, media appearances). (Executed/Estimated)	18/20	16/20	15/15	15/15
	Partner with outside agencies to plan/execute events (e.g., stream/road cleanups, water festival, and campfire). (Executed/Planned)	9/9	9/9	9/9	9/9
	Number of community outreach events conducted (e.g., H2O Summit, Children's Water Festival, tree plantings, and invasive weed removals). (Executed/Planned)	25/25	25/25	25/25	25/25

Goal: Disseminate accurate and timely information to WSSC employees.

Group(s): Communications & Community Relations Office

Strategic Priority: Optimize Workforce Management

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Inform employees about WSSC news.	Publish Fish Tales and distribute to Depots monthly (in addition to providing on-line). (Published/Planned)	7/12	11/12	12/12	12/12
Communicate new initiatives/programs to employees.	Execute campaigns to communicate new or special initiatives, programs, etc., to employees. (Executed/Estimated)	5/5	5/5	5/5	5/5

GOALS, OBJECTIVES, AND OUTCOME MEASURES

(continued)

Goal: Provide support for WSSC programs/projects as required.

Group(s): Communications & Community Relations Office

Strategic Priority: Demonstrate Environmental Stewardship

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Increase public awareness of Consent Decree related issues, such as the Fats, Oils, and Grease (FOG) Program.	Fulfill Consent Decree requirement to issue news releases for all SSOs over 10,000 gallons within 24 hours. (Yes/No)	Yes	Yes	Yes	Yes
	Promote "Can The Grease" to media at least 3 times per year. (Actual/Planned)	3/3	3/3	3/3	3/3
	Provide FOG-related educational materials and promotional items to distribute to customers. (Actual/Planned)	10,000/ 10,000	10,000/ 10,000	10,000/ 10,000	10,000/ 10,000

Goal: Continuous improvement of Human Resources operations.

Group(s): Human Resources Office

Strategic Priority: Optimize Workforce Management

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Review and update Human Resources policies and procedures on an ongoing basis.	Percentage of policies and procedures identified as priority and critical for revision having been prioritized, revised, and communicated to all employees.	50%	35%	100%	100%

Goal: Ensure the WSSC is fully compliant with all regulatory requirements.

Group(s): Human Resources Office

Strategic Priority: Optimize Workforce Management

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Ensure all employees are aware of WSSC policies and employment regulatory requirements, through communication and education.	Percentage of employees trained in the required employment areas.	100%	100%	100%	100%

GOALS, OBJECTIVES, AND OUTCOME MEASURES

(continued)

Goal: Increase Small, Local and Minority Business Enterprise (SLMBE) participation in WSSC programs.

Group(s): Small, Local and Minority Business Enterprise Office

Strategic Priority: Integrate Supply Chain Management and Supplier Diversity

Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Increase the number of registered and certified Minority Business Enterprises (MBEs) 10% annually.	Total number of registered and certified MBEs/Annual percentage increase/decrease in newly registered MBEs.	653/-14.8%	522/-20.1%	790/+10.0%	575/+5.0%
Increase the number of approved Small, Local Business Enterprises (SLBEs) 5% annually.	Total number of approved SLBEs/Annual percentage increase/decrease in newly approved SLBEs.	326/+108.3%	344 /+5.5%	359/+5.0%	374/+5.0%
Increase the number of contracts awarded to certified MBEs 5% annually.	Total number of contracts awarded to certified MBEs/Annual percentage increase/decrease in contracts awarded to MBEs.	285/-21.1%	308 /+8.1%	314/+5.0%	338/+5.0%
Increase the number of contracts awarded to approved SLBEs 5-10% annually.	Total number of contracts awarded to SLBEs/Annual percentage increase/decrease in contracts awarded to SLBEs.	56/-63.9%	24 / -57.1%	68/+10.0%	30/+8.0%

Goal: Provide timely procurement services.

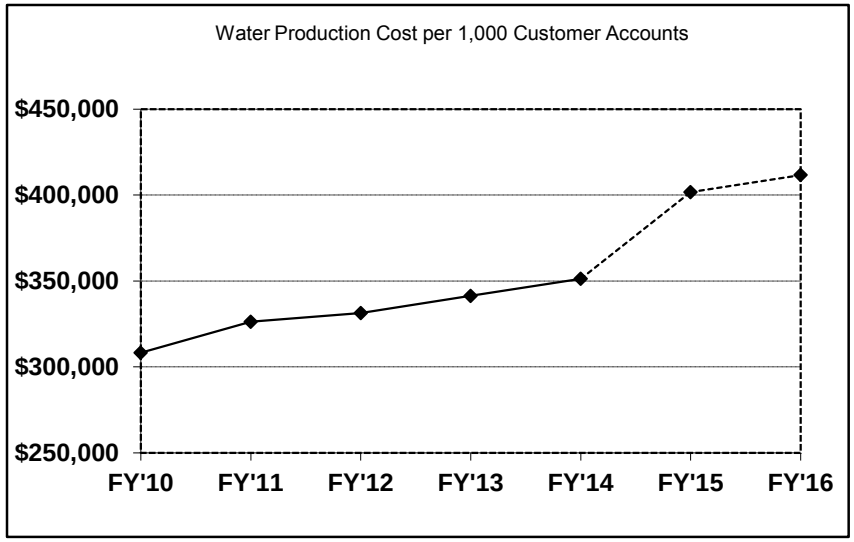
Group(s): Procurement Office

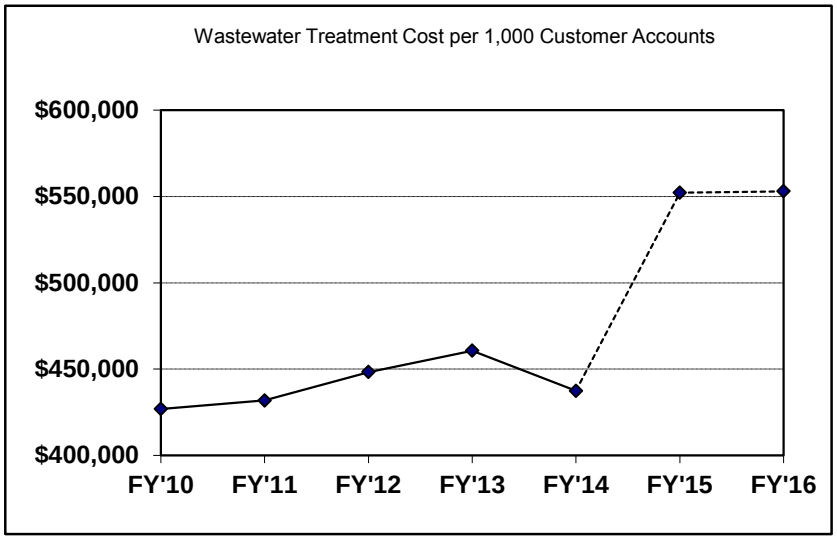
Strategic Priority: Integrate Supply Chain Management and Supplier Diversity

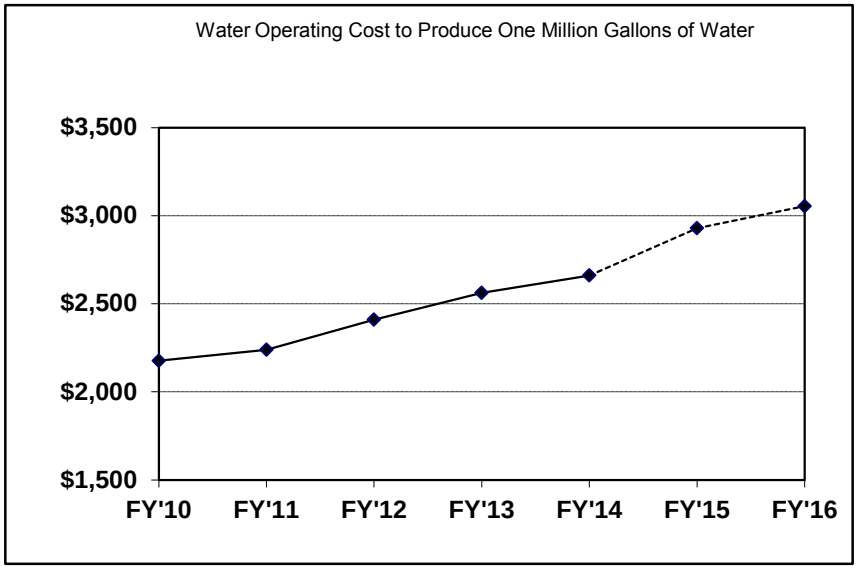
Objective	Outcome Measure	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Projected
Establish and maintain a standard for the timely processing of purchase requests in the following categories:	Average number of days to process purchase requests in the identified categories from receipt of the request, with all required supporting documentation and approvals, through the time the Notice to Proceed is signed or the Purchase Order is approved:	(Number of Days)	(Number of Days)	(Number of Days)	(Number of Days)
Miscellaneous (Small Purchases, Emergencies, etc.)	15 days	64	91	35	45
Sole Source	60 days	95	93	60	60
Requests for Qualifications (RFQ) and Requests for Information (RFI)	60 days	45	108	60	60
Invitations for Bids (IFB)	120 days	125	191	120	120
Requests for Proposals (RFP)	180 days	130	239	150	150

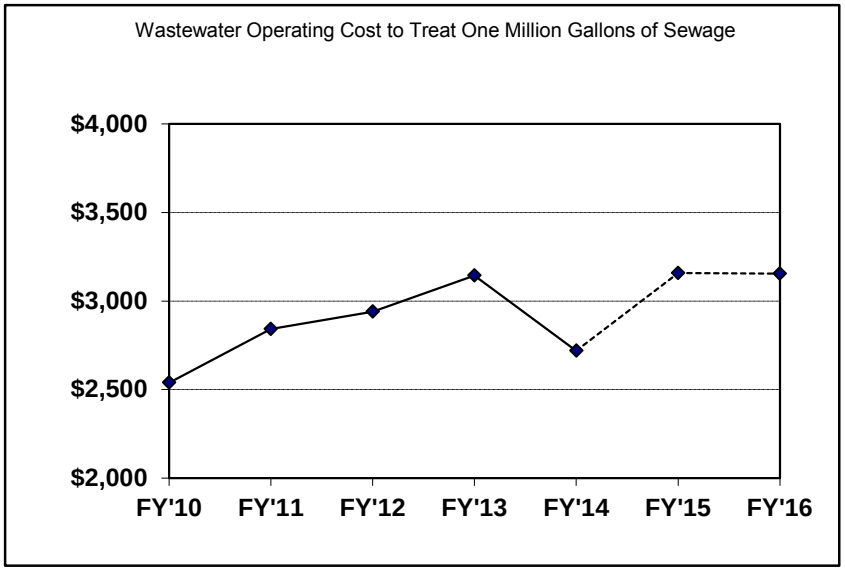
WSSC

OPERATING EFFICIENCY MEASURES



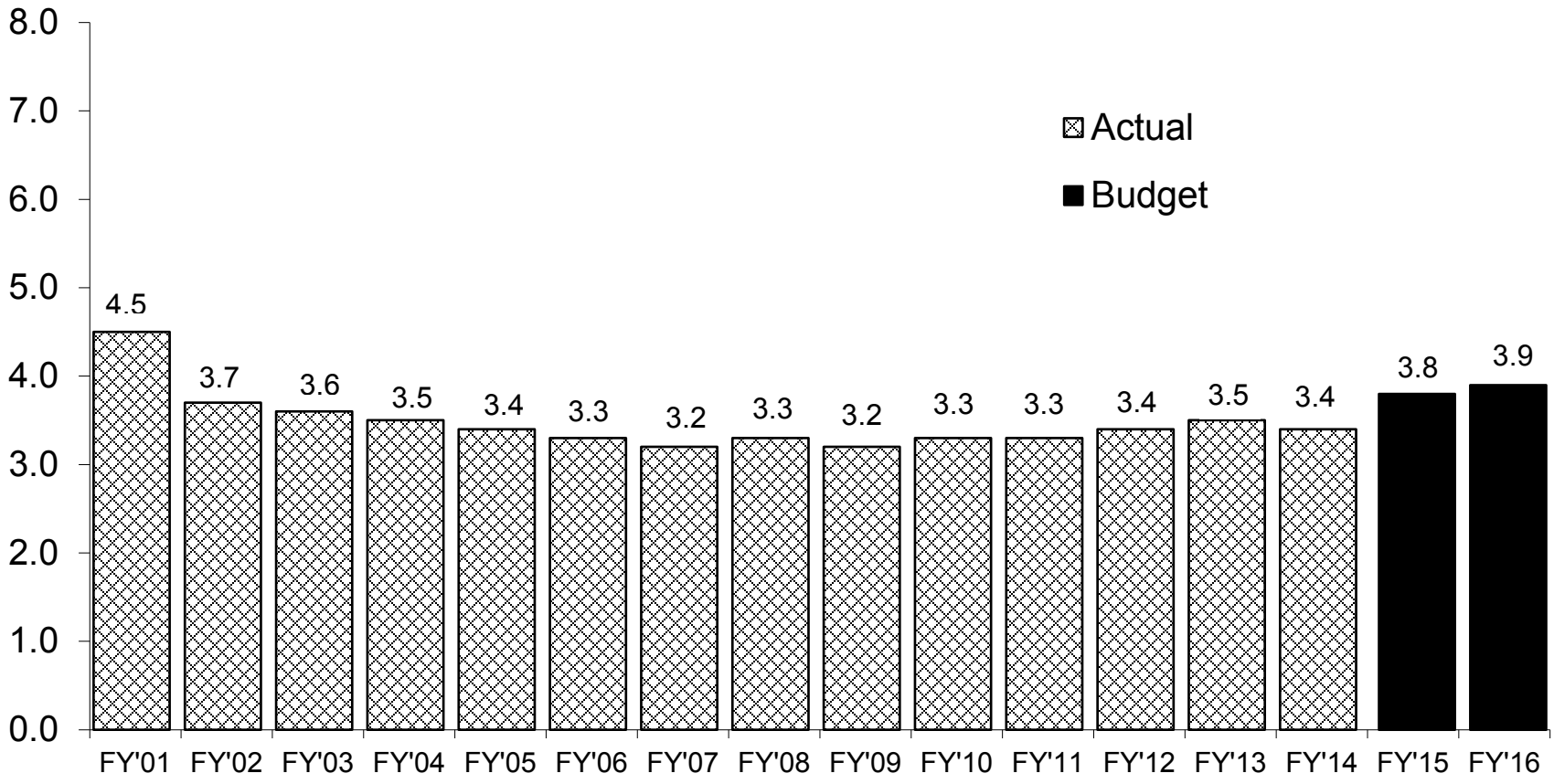




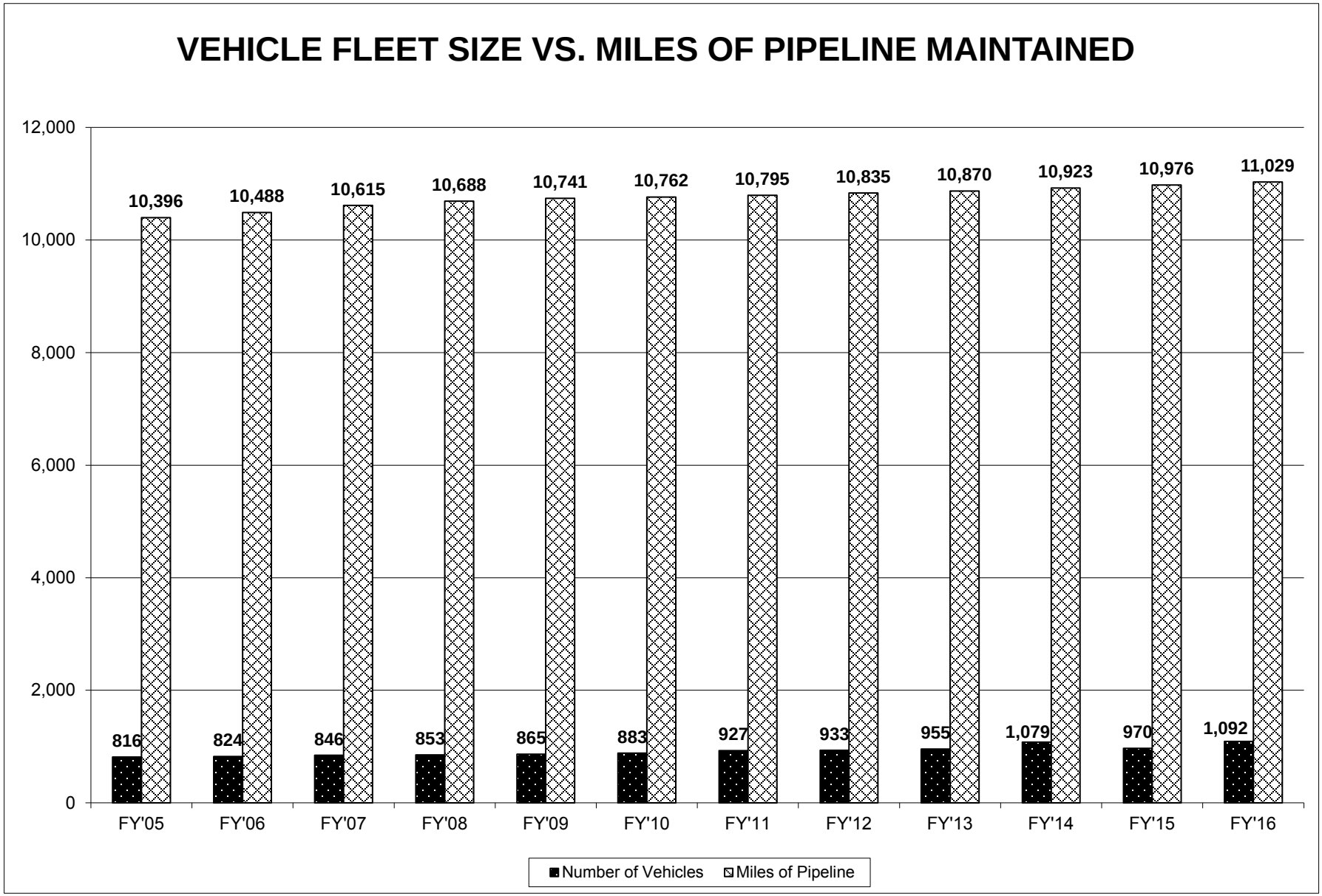


Note: FY'15 & FY'16 are budgeted, not actual.

WORKYEARS PER 1,000 CUSTOMER ACCOUNT



VEHICLE FLEET SIZE VS. MILES OF PIPELINE MAINTAINED



Note: FY'15 and FY'16 are budgeted, not actual.

WSSC
COMPARATIVE STATISTICAL DATA

The following actual and budgeted data show the number of customer accounts increasing 2.2% and the population increasing 2.1% from FY'12 to FY'16, with the number of employee workyears increasing 14.8%. A portion of the increase in work years is due to the transfer of work from contractors to employees in situations where employee costs would be equal to or less than those of a contractor. The overall size of the system, measured in miles of water and sewer pipe, will have expanded 1.8% from FY'12 to FY'16.

During the years 1997 through 2001, the WSSC significantly cut resources through a Competitive Action Plan. In 1997, actual workyears were 2,015, the number of accounts was 382,404, and the total number of miles maintained was 9,784. From this perspective, the number of accounts and size of the system will have increased 17.5% and 12.7%, respectively, from FY'97 to FY'16, while workyears will have decreased 13.3% for the same period. The additional workyears in FY'16 will fill gaps in staffing; and provide the WSSC with the means to improve customer service, meet increased regulatory requirements, and expand programs to address aging infrastructure issues.

	FY'12 ACTUAL	FY'13 ACTUAL	FY'14 ACTUAL	FY'15 APPROVED	FY'16 PROPOSED	FY'12-FY'16 PERCENT CHANGE	FY'97-FY'16 PERCENT CHANGE
Workyears	1,522	1,535	1,539	1,729	1,747	14.8%	-13.3%
Population	1,742,000	1,749,000	1,757,000	1,764,000	1,778,000	2.1%	21.3%
Customer Accounts	439,805	441,480	443,827	447,080	449,427	2.2%	17.5%
Size of System							
Miles to be Maintained							
Water	5,471	5,494	5,521	5,548	5,575	1.9%	12.4%
Sewer	5,363	5,376	5,402	5,428	5,454	1.7%	13.1%
TOTAL	10,834	10,870	10,923	10,976	11,029	1.8%	12.7%
Water Production (average MGD)	165.7	161.2	160.6	168.0	166.0	0.2%	4.0%
Sewage Flows (average MGD)	183.7	177.2	195.2	214.2	215.8	17.5%	12.4%

ORGANIZATIONAL HIGHLIGHTS

SECTION 3

ORGANIZATIONAL HIGHLIGHTS

	FY'15 Approved		FY'16 Proposed		Increase (Decrease)	
	Amount	Workyears	Amount	Workyears	Amount	Workyears
Commissioners Office/Corporate Secretary's Office, General Manager & Staff Offices	**$19,315,700**	**122.0**	**$19,206,500**	**126.0**	**($109,200)**	**4.0**

This group of organizations is comprised of the following offices: Commissioners/Corporate Secretary; General Manager; Internal Audit; Intergovernmental Relations; Strategic Systems Management; General Counsel; Communications and Community Relations; Human Resources; Small, Local and Minority Business Enterprise; Fair Practice; and Procurement.

- The responsibilities of the ***Commissioners Office/Corporate Secretary's Office*** are twofold: the Commissioners function as the Board of Directors and set general policy for the operation of the Commission, while providing leadership and guidance; and the Corporate Secretary is responsible for managing the corporate functions of the Commission.
- The ***General Manager's Office*** provides strategic direction and daily managerial oversight to ensure that the WSSC meets its mission of providing safe and reliable water to WSSC customers, and returning clean water to the environment, all in an ethically and financially responsible manner. In addition, the General Manager serves as the Commission's primary representative in relations with the County and State governments and other outside parties.
- ***Internal Audit*** is responsible for evaluating the adequacy and effectiveness of the WSSC's system of internal controls. The Ethics Officer administers the Code of Ethics and provides support to the Ethics Board.
- The ***Intergovernmental Relations Office*** analyzes the impact of state and federal legislation on the Commission, and communicates with the legislative bodies.
- The ***Strategic Systems Management Office*** serves as the day-to-day manager of enterprise-wide change involving multiple change processes and projects, and provides integration and logistical support for the WSSC's change management efforts.
- The ***General Counsel's Office*** provides legal services to support the operational goals and objectives of the Commission, and is responsible for the disposition of surplus Commission real estate properties.
- The ***Communications and Community Relations Office*** is responsible for proactively communicating internally and externally and building relationships and strategic alliances throughout communities and industries. The Office is also responsible for providing the news media with timely and accurate information and managing crisis communications; overseeing the content on the WSSC's website; and providing graphic and photographic services.

ORGANIZATIONAL HIGHLIGHTS

(Continued)

- The ***Human Resources Office*** is responsible for planning, administering, and evaluating the Commission's personnel and related programs. The Office develops and maintains the employee benefit structures and 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.
- The ***Small, Local and Minority Business Enterprise Office*** is responsible for planning, managing, coordinating, and monitoring the Commission's Minority Business Enterprise (MBE) and Small, Local Business Enterprise (SLBE) Programs, in accordance with state law. The Office develops policies designed to provide an inclusive purchasing environment while building sustainable relationships, expanding opportunities, and cultivating growth of Small, Local, and Minority Business Enterprises.
- The ***Fair Practice Office*** is responsible for planning, directing, and coordinating the activities of the Fair Practice Officer as they relate to Equal Employment Opportunity practices.
- The ***Procurement Office*** is responsible for the procurement of materials, supplies, and services, including professional services, necessary to support Commission operations and functions, and oversees the bid and award process for all construction contracts.

The FY'16 Proposed Budget for these organizations is approximately 1% less than the Approved Budget for FY'15. A total of 4 workyears were added including administrative support for the Intergovernmental Relations Office, a Construction Coordinator for the Communications and Community Relations Office, and Wellness and Employment Coordinators for the Human Resources Office.

ORGANIZATIONAL HIGHLIGHTS

(Continued)

	FY'15 Approved		FY'16 Proposed		Increase (Decrease)	
	Amount	Workyears	Amount	Workyears	Amount	Workyears
Engineering & Construction Team	**$594,878,300**	**371.0**	**$647,964,200**	**378.0**	**$53,085,900**	**7.0**

This Team, led by the Chief Engineer, is comprised of the Development Services, Planning, Project Delivery, Infrastructure-Systems, Process Control, Regulatory Services, Systems Inspection, Technical Services, and Environmental Groups.

- The ***Development Services Group*** is responsible for the integrity of the WSSC's water and sewer system through oversight of the planning, design, and construction of water and sewer extensions. The Group is also responsible for the review and issuance of all plumbing, gasfitting, and house connection applications and collection of related fees and charges; and review and processing of all on-site plans, service connection submittals, and applicant-built construction packages.
- The ***Planning Group*** is responsible for overseeing future system capacity demands. The Group participates in regional water and wastewater management and planning; oversees Blue Plains capital billing to WSSC; supports negotiations of Blue Plains agreements; represents the WSSC on Blue Plains Committees; and identifies the investment needs of facilities, water transmission and distribution lines, and wastewater collection assets through the Asset Management Program (AMP).
- The ***Project Delivery Group*** is responsible for administering and managing the planning, design, construction, and inspection of major facility projects. The Group also oversees special projects, planning studies, and miscellaneous contracts.
- The ***Infrastructure-Systems Group*** is responsible for managing pipeline design in the water and sewer main reconstruction programs; and reviewing water and sewer relocations to assure compliance with WSSC guidelines.
- The ***Process Control Group*** is responsible for designing process control systems for new facilities; improving automation for existing facilities; and maintaining and repairing all instrumentation systems.
- The ***Regulatory Services Group*** is responsible for the federally mandated pretreatment program, the Fats, Oils, and Grease (FOG) Program, and enforcement of the Plumbing and Gasfitting Regulations. The Group 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, and monitors/inspects cross-connections to protect the potable water supply from backflow contamination.
- The ***Systems Inspection Group*** is responsible for the management and inspection of water supply and wastewater pipelines construction contracts, as well as the associated contracts for house connections, paving, and landscaping.

ORGANIZATIONAL HIGHLIGHTS

(Continued)

- The ***Technical Services Group*** is responsible for preparing specifications for construction contracts; producing Engineer's Estimates; providing project estimates; performing land surveys and property acquisitions; providing mechanical and electrical design work; providing Geographic Information System (GIS) mapping work, and conducting corrosion tests.
- The ***Environmental Group*** is responsible for overseeing environmental protection associated with WSSC programs, addressing emerging issues associated with public health, and providing technical support for the National Pollutant Discharge Elimination System (NPDES) permit reviews and negotiations.

During FY'16, the Team plans to review 260 water and sewer pipeline plan submittals; assign 2,750 plumbing permits to mini basins; manage 23 capital facility construction phase projects ; design 55 miles and rehabilitate 48 miles of small diameter water mains; design and rehabilitate 10 miles of small diameter roadway sewer mains; perform 69,000 plumbing/gasfitting inspections; review and transmit 300 rights-of-way packages; and review 2,500 environmental assessment plans.

The FY'16 Proposed Budget is 9% more than the Approved Budget for FY'15. A majority of the increase is due to the continued focus on the Sewer Rehabilitation Program, partially offset by a decrease in several CIP projects including Blue Plains Biosolids Management, Part 2.

The number of workyears within the Team increased by seven. Two workyears were transferred from the Utility Services Team to support the design and as-built functions of the water main replacement programs. Five additional workyears are added to support various programs including implementation of 1 workyear for the Asset Management Program, 1 workyear for electronic as-built preparation, 1 workyear for management of large water main cathodic protection, and 2 workyears for engineering design/project management of relocations.

ORGANIZATIONAL HIGHLIGHTS

(Continued)

	FY'15 Approved		FY'16 Proposed		Increase (Decrease)	
	Amount	Workyears	Amount	Workyears	Amount	Workyears
Production Team	**$154,763,300**	**297.0**	**$152,244,500**	**299.00**	**($2,518,800)**	**2.0**

This Team, led by the Chief of Plant Operations, is comprised of the Potomac, Patuxent, Piscataway, Parkway, Western Branch, Seneca/Damascus/Hyattstown, Laboratory Services, Systems Control and Industrial Assets Management Groups, and the Utility Cost Control Office.

- The ***Potomac, Patuxent, Piscataway, Parkway, Western Branch, and Seneca/Damascus/Hyattstown Groups*** are responsible for the operation and maintenance of their respective facilities, providing high-quality, cost-effective maintenance and continual operation of the Commission's water supply dams, water filtration plants, water distribution facilities, wastewater collection facilities, and wastewater treatment plants.
- The ***Laboratory Services Group*** is responsible for providing laboratory analysis, regulatory compliance, and consulting support to the plants, other WSSC groups, and local jurisdictions.
- The ***Systems Control Group*** is responsible for the 24-hour Control Center which operates the water distribution system and monitors the wastewater pumping stations. This group also operates and maintains the dams, water pumping stations, finished water storage facilities, and the water distribution system control valves.
- The ***Industrial Assets Management Group*** is responsible for providing specialized in-house electrical, mechanical, fabrication, welding, repair, and machine shop support for all WSSC facilities.
- The Team's ***Utility Cost Control Office*** is responsible for payment and monitoring of all utility bills for electricity, gas, and oil.

During FY'16, the Team plans to filter and treat 60.6 billion gallons of water; treat a total of 27.7 billion gallons of wastewater, and dispose of 120,700 wet tons of biosolids (this does not include the wastewater treated and biosolids managed at Blue Plains); conduct 500,000 laboratory analyses; rehabilitate 6 water storage tanks, and inspect the condition and prepare specifications for 5 others; and remotely monitor more than 5,100 data points within the water distribution system.

The FY'16 Proposed Budget reflects a decrease of approximately 2% of the Approved Budget for FY'15. The decrease is mostly attributable to reduction in both chemical costs and biosolids hauling. The increase in workyears is to support operations planning and pumping station maintenance.

ORGANIZATIONAL HIGHLIGHTS

(Continued)

	FY'15 Approved		FY'16 Proposed		Increase (Decrease)	
	Amount	Workyears	Amount	Workyears	Amount	Workyears
Logistics Office	**$30,370,500**	**176.0**	**$30,669,000**	**174.0**	**$298,500**	**(2.0)**

This Office, led by the Logistics Director, is comprised of 4 Groups: Property Management, Fleet Services, Materials Management, and Security and Safety Services. The Team Office is also responsible for providing reprographics, mail services and distribution, office supplies, food and vending services, and asset management of furniture and copy machines.

- The ***Property Management Group*** is responsible for providing necessary support services to operate and maintain all the WSSC's office buildings, warehouses, recreation facilities, and depots; and for maintaining the landscape of all improved land owned by the Commission.
- The ***Fleet Services Group*** is responsible for providing maintenance and repair services to vehicle and equipment fleets at 6 garage facilities. The Group provides preventive maintenance, repair, road service, fuel supply and management, tag and title processing, vehicle and equipment replacement planning and acquisition, emissions inspection, and fleet utilization management.
- The ***Materials Management Group*** is responsible for acquiring and distributing materials and supplies throughout the Commission; and ensuring the materials are manufactured to the Commissions standards.
- The ***Security and Safety Services Group*** is responsible for safeguarding Commission real property; providing for the safety of WSSC personnel, customers, and visitors to our facilities; investigating theft of service cases; investigating illegal discharges into the wastewater collection system; and investigating complaints of criminal activity which occur on Commission property.

During FY'16, the Office plans to maintain and fuel 1,092 vehicles and 781 pieces of equipment; post 2.6 million and receive 1.0 million pieces of mail; manage 80 supply contracts; tag 2,000 moveable asset items; perform 100 job-site safety inspections, perform 100 vehicle/equipment inspections and complete 50 ergonomic assessments.

The FY'16 Proposed Budget is 1% higher than the FY'15 Approved Budget. A majority of the increase is attributed to additional funding for a Warehouse Distribution and Inventory Optimization Study, implementation of an OSHA Globally Harmonized System of Classification/ Labeling, and fleet vehicle maintenance services. These increases are offset by a decrease in funding for gasoline and mobile equipment repair parts and the transfer of two workyears to other teams in support of Commission initiatives.

ORGANIZATIONAL HIGHLIGHTS

(Continued)

	FY'15 Approved		FY'16 Proposed		Increase (Decrease)	
	Amount	Workyears	Amount	Workyears	Amount	Workyears
Finance Office	**$5,836,000**	**60.0**	**$6,126,100**	**61.0**	**$290,100**	**1.0**

This Office, led by the Chief Financial Officer, is comprised of the Retirement, Revenue, Accounting, Disbursements, and Budget Groups. The Team Office administers grant monies received from the Environmental Protection Agency and the Maryland Department of the Environment. The Maryland Water Quality State Revolving Loan Administration activities are also managed by the Team Office.

- The ***Retirement Group*** is responsible for administering the WSSC Employees' Retirement Plan for employees and retirees in accordance with the Plan and Internal Revenue Service regulations. The Group also supports the Plan's Board of Trustees in managing and investing Plan assets, and is responsible for investing the WSSC's available funds in accordance with State laws.
- The ***Revenue Group*** is responsible for receiving, processing, depositing, and recording all funds received by the Commission in an accurate and timely manner. The Group also recovers the WSSC's construction and related financing costs for non-program size water and sewer lines by assessing Front Foot Benefit (FFB) Charges as outlined by the Annotated Code of Maryland.
- The ***Accounting Group*** is responsible for maintaining the financial books and records of the Commission and preparing financial statements that fairly present the fiscal position of the Commission and the results of its operations.
- The ***Disbursements Group*** is responsible for maintaining and processing all of the Commission's disbursements, including payroll. Additionally, the Group maintains and reconciles the Commission's debt service records and health care records.
- The ***Budget Group*** is responsible for formulating, preparing, justifying, and administering the Commission's Operating and Capital Budgets, and the six-year Capital Improvements Program (CIP), in accordance with Maryland State law. The Group forecasts the impacts of budget and CIP decisions, provides staff support to the Spending Affordability Group, and prepares the monthly status report on the Commission's budget performance.

During FY'16, the Finance Office plans to prepare a six-year Capital Improvements Program (CIP) for major water and sewer facilities and submit a proposed capital and operating budget to the Counties as scheduled; produce timely monthly accounting reports and financial statements; account for the Commission's fiscal year budget; disburse 10,000 non-payroll checks and electronic payments; prepare and distribute 44,000 payroll checks/direct deposit statements; process 31,000 invoices; maintain schedules of the Commission's note and bond principal and interest expenses; process over 1.9 million water and sewer bill payments; and counsel retirees and employees on retirement benefits.

The FY'16 Proposed Budget is approximately 5% higher than the Approved Budget for FY'15. The Proposed Budget includes funding for a historical analysis of water production and revenues and one additional workyear to support Finance Team IT initiatives.

ORGANIZATIONAL HIGHLIGHTS

(Continued)

	FY'15 Approved		FY'16 Proposed		Increase (Decrease)	
	Amount	Workyears	Amount	Workyears	Amount	Workyears
Utility Services Team	**$108,357,700**	**496.0**	**$111,844,900**	**505.0**	**$3,487,200**	**9.0**

This Team, led by the Utility Services Team Chief, is comprised of the Utility Services North, West, Central, South, Utility Enhancement Support, Utility Strategic Development, and Utility Management Groups. This Team is directly responsible for maintaining water and sewer mains throughout the Washington Suburban Sanitary District.

- The ***Utility Services North, West, Central, and South Groups*** are responsible for maintaining the distribution and collection system including all of the Commission'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 our customers.
- The ***Utility Enhancement Support Group*** is responsible for administering the in-house water main replacement program; the water meter evaluation, testing, and repair program for large and small meters; and for reading the WSSC's water meters, ensuring accurate customer billing. Auxiliary emergency maintenance support is provided to the other Utility Services Depots during peak periods or critical events. Additional support services provided include fire hydrant flow testing, the fire hydrant meter leasing program, and warehousing and issuing of large water meters.
- The ***Utility Strategic Development Group*** is responsible for training Utility Services Team employees and ensuring that the Team's current work practices are operationally effective. This Group searches for best practices and/or technology that will provide greater efficiencies and increase productivity in the various work groups of the Utility Services Team.
- The ***Utility Management Group*** is responsible for water distribution and transmission condition assessment activities in line with WSSC's effort to execute the Asset Management Program; 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; and administration and reporting of Sanitary Sewer Overflow (SSO) Consent Decree requirements; and the management of Prestressed Concrete Cylinder Pipe (PCCP) inspections and oversight of Acoustic Fiber Optic (AFO) monitoring of major pipelines.

During FY'16, the Utility Services Team plans to perform approximately 2.1 million meter readings, 2,976 large meter and/or meter setting repairs, 2,875 fire hydrant repairs, 328 water service repairs, 1,297 property inspections, 12,993 small meter replacements, 2,680 emergency responses, 1,858 water main repairs, 700 miles of sewer main preventive cleaning, replacement of a projected 12.0 miles of deteriorating water main, inspection and condition assessment on 18 miles of PCCP, and monitor 93 miles of acoustical fiber optic systems.

ORGANIZATIONAL HIGHLIGHTS

(Continued)

The FY'16 Proposed Budget is approximately 3% greater than the FY'15 Approved Budget. This increase is due primarily to continued focus on PCCP Repair/Replacement and Large Valve Assessment/Replacement programs in addition to an increase in emergency contract repairs.

An increase of 11 workyears has been added to the Team. These workyears are in support of PCCP and transmission main inspection, along with large valve assessment, repair and replacement. This increase was partially offset by 2 workyears that were transferred to the Engineering and Construction Team.

	FY'15 Approved		FY'16 Proposed		Increase (Decrease)	
	Amount	Workyears	Amount	Workyears	Amount	Workyears
Customer Relations Team	**$10,166,200**	**94.0**	**$10,643,400**	**94.0**	**$477,200**	**0.0**

This Team, led by the Customer Relations Team Chief, is responsible for ensuring that customers receive optimum service by generating accurate bills and communicating effectively with customers.

- The ***Customer Relations Group*** will be responsible for billing and other routine and/or emergency matters, such as: occupancy changes, high bills, payments and payment extensions, suspension of services due to nonpayment of bills, requests for new meters, and walk-in customer service. In addition, this Group will handle reviewing billing exceptions, correcting and adjusting billing, and investigating and resolving claims. They serve as the initial point of customer contact and are tasked with receiving and dispatching calls to the four Utility Services zones.

During FY'16, the Customer Relations Team plans to generate 1.9 million customer bills, and address 755,000 customer inquiries – emergency and non-emergency telephone calls, and walk-in customers.

The FY'16 Proposed Budget is approximately 5% greater than the FY'15 Approved Budget. This increase is due primarily to expanding the scope of the Call Center Augmentation contract in line with consultant recommendations, extending and enlarging the Language Interpretation contract amount, and increasing the budgeted allowance for claims in response to recent claim history.

ORGANIZATIONAL HIGHLIGHTS

(Continued)

	FY'15 Approved		FY'16 Proposed		Increase (Decrease)	
	Amount	Workyears	Amount	Workyears	Amount	Workyears
Information Technology Team	**$40,430,300**	**113.0**	**$37,952,500**	**110.0**	**($2,477,800)**	**(3.0)**

This Team, led by the Chief Information Officer, is comprised of the Information Technology Operations, Network Infrastructure & Data Center Operations, and Information Technology Implementations Divisions. The Team Office provides information technology support services and resources (hardware, software, and communications) necessary for the Commission to service its customers, reduce overall operating costs, enhance customer service and improve operational efficiencies. The IT Team Office develops, maintains and supports the IT Strategic Plan while assessing technology solutions and implementation priorities to meet the Commission's long-term business needs. The office is also responsible for IT security and risk management functions and provides governance over IT policies, procedures, and project management best practices.

- The ***Information Technology Operations Division*** is responsible for supporting the core IT business operations as they relate to application development and end user support, including breakfix and enhancements. This division manages the Commission's computing assets, IT inventory/asset management, and IT service request and delivery, ensuring that end user problems and requests are addressed expeditiously and effectively in order to maintain business continuity and functionality.
- The ***Network Infrastructure & Data Center Operations Division*** is responsible for supporting the Commission's computing infrastructure – hardware and software systems, telecom, data networking, call center, and telephony. This includes the design, implementation and support of the mainframe, open system platforms, and storage sub-systems; communication systems including microwave, data networks, and two-way radio; daily operational support for SCADA, cellular leasing, audio/visual services, tape management, and wireless devices; Call Center solutions include IVRS and multimedia applications, as well as security support services for firewalls and intrusion detection.
- The ***Information Technology Implementations Division*** is responsible for using system implementation methodologies to streamline and redesign various technologies and business systems that extend across all Commission functional areas. This office leads and directs functional and technical implementation teams consisting of WSSC staff, consultants, and implementation support organizations in providing day-to-day oversight and management of all IT enterprise system implementation initiatives within the Commission.

The FY'16 Proposed Budget is approximately 6% less than the FY'15 Approved Budget. This decrease is largely due to the ramping down of initiatives outlined in the 5-Year Strategic Plan (FY 2013 - FY 2017), resulting in a reduced level of funding for consulting services related to those initiatives; as well as a reduction in services required for the Modular Data Center. Three workyears were transferred to other teams in support of Commission initiatives.

CAPITAL BUDGET

SECTION 4

CAPITAL BUDGET

The Washington Suburban Sanitary Commission's (WSSC's) budget is a comprehensive financial plan by which the WSSC is funded for a single fiscal year. The WSSC's budget, or funding plan, is composed of six separate funds, three in the operating budget (the **Water Operating, Sewer Operating**, and **General Bond Debt Service Funds**), and three in the capital budget.

WSSC's Capital Budget consists of the **Water Supply Bond**, **Sewage Disposal Bond**, and **General Construction Bond Funds**. Each fund is a separate entity authorized to expend funds for prescribed purposes and to derive revenues from specific sources, primarily proceeds from the issuance of bonds.

The Capital Budget is also composed of a number of programs for which funds are expended, and their associated administrative and support costs. Specifically, these are the water and sewer Capital Improvements Program, the Systems Reconstruction Program, the Engineering Support Program, Other Capital Projects, and General Construction of Local Lines.

The purposes and revenue sources of each fund are prescribed by law in the Washington Suburban Sanitary District Code. The capital funds and their respective purposes and funding sources are as follows:

The purpose of the **Water Supply Bond Fund** is to plan, design, and construct dams and reservoirs, water filtration plants, water pumping stations, water storage facilities, water supply lines of 16 inches in diameter and larger, and improvements or modifications to these facilities.

Sources of revenue include:

Bonds Issued and Cash on Hand - proceeds from the sale of Water Supply Bonds, and cash on hand at the beginning of the fiscal year;

Anticipated Contributions - contributions made by private parties for the excess cost of extending major water lines to certain areas, or to offset the cost of unusual conditions of providing service, and payments to the WSSC from local governments or agencies for the co-use of facilities or for the relocation of pipelines;

System Development Charge (SDC) - a charge to pay for that part of the Commission's Capital Improvements Program needed to accommodate growth.

CAPITAL BUDGET
(Continued)

The purpose of the **Sewage Disposal Bond Fund** is to plan, design, and construct trunk and intercepting sewers 15 inches in diameter and larger; sewage pumping stations and force mains; sewage disposal facilities; along with improvements or modifications to these facilities; and reimbursement to the District of Columbia Water and Sewer Authority for construction at Blue Plains.

Sources of revenue include:

Bonds Issued and Cash On Hand - proceeds from the sale of Sewage Disposal Bonds, and cash on hand at the beginning of the fiscal year;

Anticipated Contributions (Federal) - federal grant funds;

Anticipated Contributions (State) - state grant funds;

Anticipated Contributions (Other) - contributions made by private parties for the excess cost of extending major sewerage lines to certain areas, or to offset the cost of unusual conditions of providing service, and payments to the WSSC from local governments or agencies for the co-use of facilities or for the relocation of pipelines;

System Development Charge (SDC) - a charge to pay for that part of the Commission's Capital Improvements Program needed to accommodate growth.

The purpose of the **General Construction Bond Fund** is to finance a major portion of the cost of constructing minor water and sewer lines (up to 15 inches in diameter for water and 14 inches in diameter for sewer); constructing new administrative and support facilities; modifying, enlarging, or replacing existing support facilities; relocating facilities; and purchasing water meters.

Sources of revenue include:

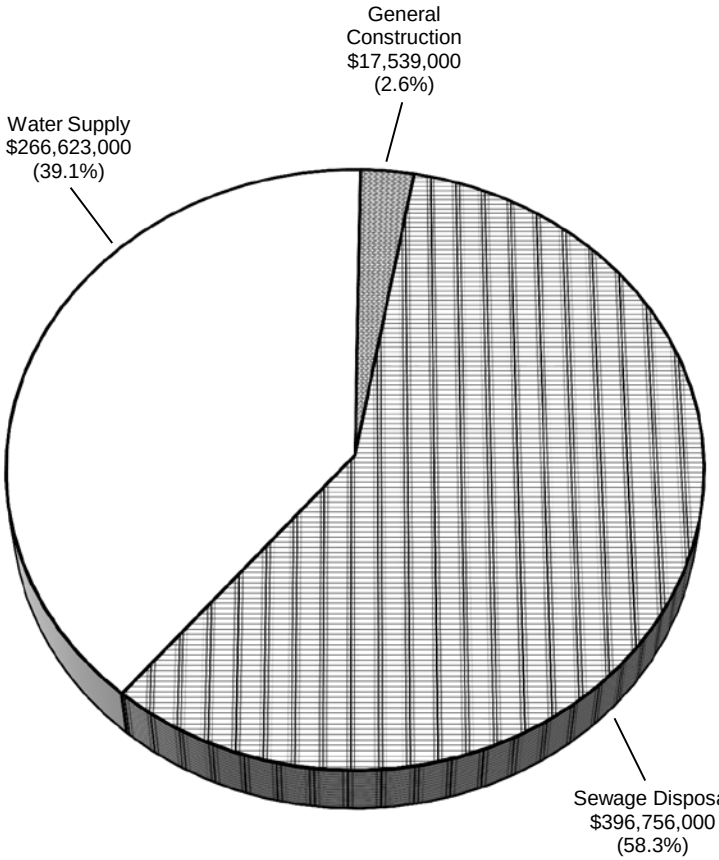
Bonds Issued and Cash On Hand - proceeds from the sale of General Construction Bonds and cash on hand at the beginning of the fiscal year;

Anticipated Contributions - house connection charges which are paid as a lump sum, and contributions made by private parties for the excess cost of extending lateral water and sewer lines to certain areas.

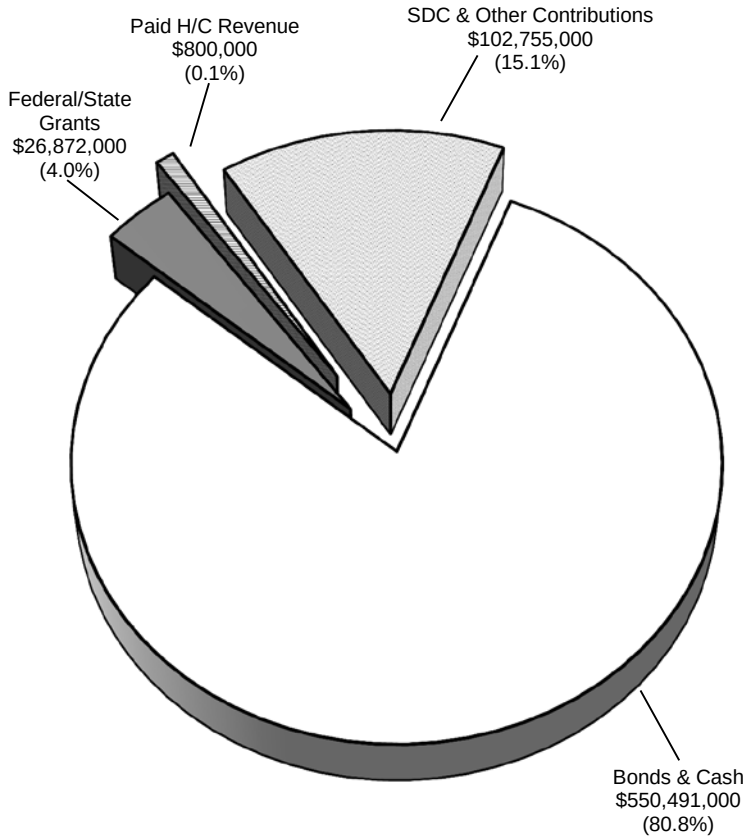
FY 2016 PROPOSED BUDGET

CAPITAL

BY FUND



BY SOURCE



SDC = System Development Charge
H/C = House Connection

TOTAL CAPITAL = $680,918,000

SIX-YEAR CAPITAL IMPROVEMENTS PROGRAM

The WSSC is responsible for protecting 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. The projects contained in the Capital Improvements Program (CIP) represent a multi-year plan to design and construct capital facilities required to successfully meet this responsibility. The Commission 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.

Under state law, the WSSC is responsible for annually preparing a Six-Year Capital Improvements Program for major water and sanitary sewerage facilities for those portions of Prince George's and Montgomery Counties included in the Washington Suburban Sanitary District (WSSD). Only expenditures for the first year of the six-year program are included in this document. These expenditures identify the funding required for acquiring sites and rights-of-way, and planning, designing, and constructing projects in order to provide potable water and environmentally responsible sanitary sewer services to residential and commercial customers, as well as federal, state, and local facilities within the WSSD. The CIP projects include water mains at least 16 inches in diameter, sewer lines at least 15 inches in diameter, water and sewage pumping stations, force mains, storage facilities, joint-use facilities, and water filtration plant and wastewater treatment plant improvements. The CIP is developed in coordination with and in direct support of the two counties' approved land use plans and policies for orderly growth and development as detailed in their approved ten-year water and sewerage programs.

CIP projects are financed primarily with long-term, rate-supported debt through the sale of bonds. Obtaining funding from other sources and through the use of 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. 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 20 to 30-year period by annual principal and interest payments (debt service). The annual debt service on outstanding bonds is paid from the Commission'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 operations, maintenance, and debt service costs of the Commission. 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 Improvements Program impacts the size of water and sewer bond issues, which in turn impacts customers' water and sewer bills.

SIX-YEAR CAPITAL IMPROVEMENTS PROGRAM
(Continued)

For FYs 2016-2021, CIP expenditures total approximately $2.0 billion over the six-year program period, representing a $422 million increase compared to last year's CIP. The increase can be primarily attributed to the significant increase in the Trunk Sewer Reconstruction Program.

Of the $2.0 billion in the six-year program period, approximately $270 million is for growth, $197 million is to meet environmental mandates, and $1.6 billion is for system improvements. Approximately $36.5 million of the growth cost in the six-year program period is attributable to water and sewer developer projects, with approximately $17.5 million programmed in FY'16. A summary of six-year program expenditures is displayed on the next page.

The estimated total expenditures for the first year of the FYs 2016-2021 CIP—the budget year—are included in this FY'16 Proposed Budget for approval. Expenditures for FY'16 are estimated to be $543 million, which is approximately $171 million greater than last year. The increase can be primarily attributed to the significant increase in the Trunk Sewer Reconstruction Program due to significantly higher estimates for working in Environmentally Sensitive Areas and ramping up the schedule to meet the Consent Decree deadline. A table of FY'16 proposed spending for planning and design fees, land and rights-of-way acquisitions, construction, and other costs for the water and sewerage projects contained in the CIP is included later in this section of the budget document. More detailed information is provided in the WSSC's Proposed FYs 2016-2021 Capital Improvements Program document available on our website and through our Communications & Community Relations Office.

Allocated Costs encompass all costs that are not specifically identifiable to a fund account. Instead, the costs are accumulated in expense pools, and subsequently distributed to the fund accounts based upon various allocation methods. The methods are designed to allocate these costs based on the utilization of the cost item being distributed. Allocated costs include machinery, equipment, and transportation charges; materials and procurement costs; and administrative and general costs.

The machinery, equipment, and transportation charges include garage and shop maintenance, and repair and service to vehicles, machinery, and equipment. These costs are assigned to specific WSSC offices based upon utilization, and are then allocated to the capital fund accounts. Materials and procurement costs and costs related to purchasing, storing, issuing, and testing materials are distributed based upon the materials charged to fund accounts. Administrative and general costs include general supervision and all administrative and support areas such as payroll, data processing, management, and fringe benefits.

CAPITAL IMPROVEMENTS PROGRAM
SIX-YEAR FINANCIAL SUMMARY

($ in Thousands)

	Budget Year FY'16	Year 2 FY'17	Year 3 FY'18	Year 4 FY'19	Year 5 FY'20	Year 6 FY'21	Total Six Years FY'16-'21
Water Projects							
Montgomery County	$ 9,634	$ 10,677	$ 5,955	$ 1,113	$ -	$ -	$ 27,379
Prince George's County	43,172	52,710	45,580	28,837	17,748	12,248	200,295
Bi-County	87,099	102,576	106,048	96,912	84,713	62,375	539,723
Total Water Projects	139,905	165,963	157,583	126,862	102,461	74,623	767,397
Sewer Projects							
Montgomery County	9,443	7,410	2,611	46	-	-	19,510
Prince George's County	87,092	67,733	51,167	25,296	18,621	22,188	272,097
Bi-County	306,440	230,164	226,942	113,869	61,947	44,639	984,001
Total Sewer Projects	402,975	305,307	280,720	139,211	80,568	66,827	1,275,608
GRAND TOTAL	$542,880	$471,270	$438,303	$266,073	$183,029	$141,450	$2,043,005

FY'16 ESTIMATES FOR
SIX-YEAR CAPITAL IMPROVEMENTS PROGRAM - WATER
(In Thousands)

PROJECT NUMBER	*PROJECT NAME*	*LAND AND RIGHTS OF WAY*	*PLANNING/ DESIGN FEES*	*CONSTRUCTION COSTS*	*OTHER COSTS*	*FY'16 TOTAL*
MONTGOMERY COUNTY						
W-3.02	Olney Standpipe Replacement	$ -	$ 155	$ 1,833	$ 298	$ 2,286
W-46.14	Clarksburg Area Stage 3 Water Main, Parts 1, 2, & 3	-	451	1,072	228	1,751
W-46.15	Clarksburg Elevated Water Storage Facility	-	110	-	17	127
W-46.18	Newcut Road Water Main, Part 2	-	20	100	18	138
W-46.24	Clarksburg Area Stage 3 Water Main, Part 4	-	120	879	150	1,149
W-46.25	Clarksburg Area Stage 3 Water Main, Part 5	-	15	113	19	147
W-90.04	Brink Zone Reliability Improvements	-	285	300	88	673
W-138.02	Shady Grove Standpipe Replacement	-	49	2,875	439	3,363
	MONTGOMERY COUNTY SUBTOTALS	$ -	$ 1,205	$ 7,172	$ 1,257	$ 9,634
BI-COUNTY						
W-73.19	Potomac WFP Outdoor Substation No. 2 Replacement	$ -	$ 380	$ 4,400	$ 478	$ 5,258
W-73.21	Potomac WFP Corrosion Mitigation	-	195	4,500	470	5,165
W-73.22	Potomac WFP Pre-Filter Chlorination & Air Scour Improvements	-	20	200	33	253
W-73.30	Potomac WFP Submerged Channel Intake	-	1,000	-	100	1,100
W-73.32	Potomac WFP Main Zone Pipeline	-	400	-	40	440
W-127.01	Bi-County Water Tunnel	-	120	901	102	1,123
W-139.02	Duckett & Brighton Dam Upgrades	-	94	515	61	670
W-161.01	Large Diameter Water Pipe Rehabilitation Program	-	4,097	41,896	2,300	48,293
W-172.05	Patuxent WFP Phase II Expansion	-	1,688	12,000	684	14,372
W-172.07	Patuxent Raw Water Pipeline	-	207	2,607	281	3,095
W-172.08	Rocky Gorge Pump Station Upgrade	-	633	5,008	564	6,205
W-202.00	Land & Rights-of-Way Acquisition - Bi-County	1,125	-	-	-	1,125
	BI-COUNTY SUBTOTALS	$ 1,125	$ 8,834	$ 72,027	$ 5,113	$ 87,099

FY'16 ESTIMATES FOR
SIX-YEAR CAPITAL IMPROVEMENTS PROGRAM - WATER
(In Thousands)

PROJECT NUMBER	PROJECT NAME	LAND AND RIGHTS OF WAY	PLANNING/ DESIGN FEES	CONSTRUCTION COSTS	OTHER COSTS	FY'16 TOTAL
PRINCE GEORGE'S COUNTY						
W-12.02	Prince George's County HG415 Zone Water Main	$ -	$ 159	$ 1,620	$ 267	$ 2,046
W-34.02	Old Branch Avenue Water Main	-	244	-	24	268
W-34.03	Water Transmission Improvements 385B Pressure Zone	-	400	-	40	440
W-34.04	Branch Avenue Water Transmission Improvements	-	700	10,000	1,605	12,305
W-34.05	Marlboro Zone Reinforcement Main	-	-	1,167	175	1,342
W-62.05	Clinton Zone Water Storage Facility Implementation	-	250	-	25	275
W-65.10	St. Barnabas Elevated Tank Replacement	-	600	6,950	1,132	8,682
W-84.02	Ritchie Marlboro Road Transmission Main & PRV	-	400	-	40	440
W-84.05	Prince George's County 450A Zone Water Main	-	350	-	35	385
W-111.05	Hillmeade Road Water Main	-	48	1,961	301	2,310
W-119.01	John Hanson Highway Water Main, Part 1	-	101	1,197	195	1,493
W-123.20	Oak Grove/Leeland Roads Water Main, Part 2	-	20	2,000	302	2,322
W-129.12	Church Road Water Main, Part 2	-	10	159	25	194
W-137.02	South Potomac Supply Improvement	-	664	5,067	573	6,304
W-147.00	Collington Elevated Water Storage Facility	-	50	2,038	208	2,296
W-197.00	DSP & Conceptual Design Water Projects	-	303	1,498	269	2,070
	PRINCE GEORGE'S COUNTY SUBTOTALS	$ -	$ 4,299	$ 33,657	$ 5,216	$ 43,172
	GRAND TOTAL WATER PROJECTS	$ 1,125	$ 14,338	$ 112,856	$ 11,586	$ 139,905

FY'16 ESTIMATES FOR
SIX-YEAR CAPITAL IMPROVEMENTS PROGRAM - SEWER
(In Thousands)

PROJECT NUMBER	*PROJECT NAME*	*LAND AND RIGHTS OF WAY*	*PLANNING/ DESIGN FEES*	*CONSTRUCTION COSTS*	*OTHER COSTS*	*FY'16 TOTAL*
MONTGOMERY COUNTY						
S-25.03	Twinbrook Commons Sewer	$ -	$ 8	$ 130	$ 21	$ 159
S-25.04	Mid-Pike Plaza Sewer Main, Phase 1	-	7	25	5	37
S-25.05	Mid-Pike Plaza Sewer Main, Phase 2	-	247	2,455	405	3,107
S-38.01	Preserve at Rock Creek Wastewater Pumping Station	-	84	507	89	680
S-38.02	Preserve at Rock Creek WWPS Force Main	-	10	120	20	150
S-53.21	Seneca WWTP Enhanced Nutrient Removal	-	-	20	2	22
S-53.22	Seneca WWTP Expansion, Part 2	-	-	20	2	22
S-84.47	Clarksburg Triangle Outfall Sewer, Part 2	-	12	471	72	555
S-84.60	Cabin Branch Wastewater Pumping Station	-	75	315	59	449
S-84.61	Cabin Branch WWPS Force Main	-	27	97	19	143
S-84.65	Tapestry Wastewater Pumping Station	-	33	161	29	223
S-84.66	Tapestry WWPS Force Main	-	8	32	6	46
S-85.21	Shady Grove Station Sewer Augmentation	-	11	1,022	155	1,188
S-103.16	Cabin John Trunk Sewer Relief	-	378	1,937	347	2,662
	MONTGOMERY COUNTY SUBTOTALS	$ -	$ 900	$ 7,312	$ 1,231	$ 9,443
BI-COUNTY						
S-22.06	Blue Plains WWTP: Liquid Train Projects, Part 2	$ -	$ 3,719	$ 5,645	$ 94	$ 9,458
S-22.07	Blue Plains WWTP: Biosolids Management, Part 2	-	1,453	5,069	65	6,587
S-22.09	Blue Plains WWTP: Plant-wide Projects	-	3,043	3,305	63	6,411
S-22.10	Blue Plains WWTP: Enhanced Nutrient Removal	-	6,697	49,514	562	56,773
S-22.11	Blue Plains: Pipelines & Appurtenances	-	3,372	16,627	200	20,199

FY'16 ESTIMATES FOR
SIX-YEAR CAPITAL IMPROVEMENTS PROGRAM - SEWER
(In Thousands)

PROJECT NUMBER	PROJECT NAME	LAND AND RIGHTS OF WAY	PLANNING/ DESIGN FEES	CONSTRUCTION COSTS	OTHER COSTS	FY'16 TOTAL
BI-COUNTY (CONTINUED)						
S-103.02	Anaerobic Digestion/Combined Heat & Power	$ -	$ 7,416	$ 6,180	$ 680	$ 14,276
S-170.08	Septage Discharge Facility Planning & Implementation	-	689	-	69	758
S-170.09	Trunk Sewer Reconstruction Program	-	29,686	133,400	28,780	191,866
S-203.00	Land & Rights-of-Way Acquisition - Bi-County	112	-	-	-	112
	BI-COUNTY SUBTOTALS	$ 112	$ 56,075	$ 219,740	$ 30,513	$ 306,440
PRINCE GEORGE'S COUNTY						
S-43.02	Broad Creek WWPS Augmentation	$ -	$ 3,300	$ 55,000	$ 2,915	$ 61,215
S-57.92	Western Branch Facility Upgrade	-	25	20	5	50
S-57.93	Western Branch WWTP Enhanced Nutrient Removal	-	25	20	5	50
S-57.94	Western Branch WWTP Incinerator Emissions Control	-	710	7,500	821	9,031
S-75.21	Mattawoman WWTP Upgrades	-	286	1,855	21	2,162
S-77.19	Parkway WWTP Biosolids Facility Plan Implementation	-	540	4,395	494	5,429
S-96.14	Piscataway WWTP Facility Upgrades	-	1,877	-	94	1,971
S-96.15	Piscataway WWTP Post Lime Stabillization	-	1,350	-	135	1,485
S-96.16	Piscataway WWTP Backup Generators	-	1,097	-	110	1,207
S-131.10	Fort Washington Forest No. 1 WWPS Augmentation	-	120	1,200	198	1,518
S-187.00	DSP & Conceptual Design Sewer Projects	-	413	2,173	388	2,974
	PRINCE GEORGE'S COUNTY SUBTOTALS	$ -	$ 9,743	$ 72,163	$ 5,186	$ 87,092
	GRAND TOTAL SEWER PROJECTS	$ 112	$ 66,718	$ 299,215	$ 36,930	$ 402,975

SYSTEMS RECONSTRUCTION PROGRAM

	FY'15 Approved	FY'16 Proposed
• **Systems Reconstruction Program**	$120,928,000	$136,442,000

This program provides for the systematic replacement or rehabilitation of the Commission's aging small diameter water mains (less than 16-inches in diameter) and sewer lines (less than 15-inches in diameter), as well as associated house connections (from the main to the property line). In order to extend their useful life, portions of these systems are rehabilitated. Through FY'14, WSSC maintained approximately 5,500 miles of water main and 5,400 miles of sewer main, along with 449,300 water house connections and 425,400 sewer house connections. In addition to the small diameter pipe rehabilitation programs, two rehabilitation programs for large diameter pipe projects (the Large Diameter Water Pipe Rehabilitation Program (W-161.01), and the Trunk Sewer Reconstruction Program (S-170.09)) are included in the Capital Improvements Program (CIP budget).

The Water Reconstruction Program consolidates several water main improvement activities designed to enhance water quality and reliability under one initiative. A majority of the funding is dedicated to replacing older water mains that are located in roadways and previously prone to breaks with new sections of cement lined ductile iron pipe. The Program also includes cathodic protection and pipeline appurtenances, including large meter and fire meter vaults. The FY'16 proposed budget of $101.7 million is $2.8 million less than the FY'15 Approved Budget. This reduction is due to planned structural lining shifting from 5 miles to 2 miles, a slight decrease in cathodic protection miles and an offsetting increase for in-house water main replacement design. In summary, the program includes $93.8 million for the design and rehabilitation of 57 miles of water main and associated house connection renewals, $6.5 million for large water service rehabilitation, and $1.3 million for cathodic protection. In FY'14, 60.4 miles of water main and associated house connection renewals were rehabilitated, along with 38 large water service meters, at a total cost of $95.6 million dollars.

The Sewer Reconstruction Program provides for correcting structural deficiencies in sewer mains that may result from soil settlement, root penetration, or corrosion, and often contribute to sewage overflows and backups into homes. The FY'16 proposed budget of $34.8 million provides for the rehabilitation of 8 miles of main and lateral lines located in roadways, as well as associated house connection renewals. The Program increased by $18.4 million predominately due to the number of lateral lines miles increasing from 1 mile to 5 miles. In FY'14, 39.4 miles of roadway sewer mains, sewer laterals, and associated house connections were rehabilitated. Expenditures for all small diameter sewer main rehabilitations were $59.4 million dollars.

ENGINEERING SUPPORT PROGRAM

	FY'15 Approved	FY'16 Proposed
• **Engineering Support Program**	$17,000,000	$18,000,000

The Engineering Support Program (ESP) represents the consolidation of a diverse group of multi-year projects and asset management processes to analyze, evaluate and support the extensive water and sewer infrastructure and numerous support facilities that are owned, operated, and maintained by the WSSC. ESP project requests for engineering support for planning, design, and construction management are initiated through the Asset Management Program process. ESP projects are diverse in scope, and typically include work needed to upgrade operating efficiency, modify existing processes, satisfy regulatory requirements, or rehabilitate aging facilities. The ESP does not include proposed "major projects" which, by law, must be programmed in the WSSC's Six-Year Capital Improvements Program, or "growth" projects to serve new development.

The total FY'16 proposed program is $18,000,000: $14,000,000 in the capital budget and $4,000,000 in the operating budget. The operating portion of the ESP program provides for our planning processes including developing confidence level ratings, determining business risk exposure and performing business case analysis for future capital projects in an enterprise-wide asset management process environment. The ESP provides a stable funding level for planning and projects that require engineering support. All requested ESP projects are evaluated, prioritized and then initiated subject to the available funding for the fiscal year. The projects described below may include both operating and capital costs.

Projects in the program include: fire alarm upgrades at facilities; underground fuel storage tank replacements; NPDES Industrial Stormwater Permit compliance; electrical and data center upgrades at the RGH building and, funding for Business Case Development for the Asset Management Program. Further details of the program are included in the Information Only section of the FYs 2016-2021 Proposed Capital Improvements Program document.

OTHER CAPITAL PROJECTS

($ in Thousands)

Displayed below is the allocation of the Other Capital Projects category to the three major Capital Funds.

Other Capital Projects	Grand Total	Water	Sewer	General Construction
Entrepreneurial Projects	2,337	1,169	1,168	--
Water Storage Facility Rehabilitation Program	5,000	5,000	--	--
Asset Management Program	1,035	518	517	--
Specialty Valve Vault Rehabilitation Program	7,370	7,370	--	--
Advanced Metering Infrastructure	960	480	480	--
New House Connections	1,675	1,150	525	--
Relocations	1,580	790	790	--
Basic Ordering Agreements	2,441	1,385	625	431
Water Meters	2,878	--	--	2,878
TOTAL	$25,276	$17,862	$4,105	$3,309

GENERAL CONSTRUCTION - LOCAL LINES

	FY'15 Approved	FY'16 Proposed
• **General Construction – Local Lines**	$1,443,200	$752,000

General Construction Bond funds are used for the design and installation of local water mains and sewers. As a class, these pipelines are smaller in diameter than those constructed with the proceeds from the sale of Water Supply and Sewage Disposal Bonds. The class includes all water mains up to 15 inches in diameter and sewer lines up to 14 inches in diameter. However, in some cases, larger water pipelines that provide a measure of service to individual customers are partially supported by General Construction funds in proportion to their localized function.

Applications for service requested after July 1, 1999, require the Applicant to finance and construct the local water and sewer mains needed for new development. The WSSC will construct those remaining projects serving one new residence, providing relief from a residential health hazard, or serving existing homes previously connected to private systems.

To initiate an Applicant-built project, the Applicant submits a Hydraulic Planning Analysis Request. Once it has been determined that the property to be served is located within the appropriate service category and the proposed extensions are adequate, the WSSC issues a Letter of Findings which delineates the project conditions that must be met prior to the start of construction. Finally, the WSSC will perform a review for system integrity of the design plans. After design plans have been approved and the Applicant has satisfied all project conditions, the Applicant is issued a permit for construction. The Applicant is responsible for the actual financing and construction of the project.

For WSSC-built projects, the WSSC will prepare the feasibility study and issue a Letter of Findings. The Letter of Findings will again delineate any project conditions and advise the Applicant of their cost responsibilities. If the Applicant elects to proceed with the project, the WSSC will arrange for the preparation of design plans, construction permits and rights-of-way. After design plans have been approved and the Applicant has satisfied all project conditions, the Applicant is issued a System Extension Permit. The Applicant is responsible for the actual financing and construction of the project.

FUNDING OF WATER AND SEWER CAPITAL PROGRAMS

For FY'16, expenditures of $663.4 million are budgeted for the Water and Sewer Bond Funds to implement the Commission's water and sewer Capital Improvements Program, Systems Reconstruction Program, Engineering Support Program, and other Information Only Projects. The capital budget presents the spending level required to *fully implement* during FY'16 all planning, design, and construction activities scheduled for projects in these programs. However, historical experience indicates that some activities will not be completed during the budget year because of difficulties in acquiring land or rights-of-way, delays in obtaining permits from other governmental organizations, changes in developer schedules, and other considerations beyond the WSSC's control. Any delay in one or more of the projects will cause capital expenditures to be less than budgeted. Forecasts of actual FY'16 spending for capital programs are made by reducing the budgeted program dollars using completion and scaling factors. The completion and scaling factors are determined by analyzing projects in the programs and reviewing the historical relationship between budgeted and actual spending for capital projects.

Estimating actual 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 deducting other funding sources, such as grants and System Development Charges, from the total funding requirement. FY'16 spending for the Water and Sewer Bond Funds, adjusted for completion, is estimated to be $558.0 million. The requirement for new long-term Water and Sewer Bonds is estimated to be $439.8 million.

FY'16 SOURCES AND USES OF WATER & SEWER FUNDS

($ in Thousands)

	Water	Sewer	Combined
USES:			
Budgeted Capital Expenditures	$266,623	$396,756	$663,379
Capital Expenditures adjusted for completion factor	233,630	324,362	557,992
SOURCES:			
Long-term Bonds (new)	185,539	254,263	439,802
Federal & State Grants	-	21,498	21,498
System Development Charge (SDC)	23,532	40,731	64,263
Other	24,559	7,870	32,429
TOTAL SOURCES	$233,630	$324,362	$557,992

FUNDING OF WATER AND SEWER CAPITAL PROGRAMS
(Continued)

Both non-rate-supported and rate-supported sources fund Water and Sewer Bond Fund expenditures. Non-rate-supported sources (System Development Charges, federal and state grants, and developer contributions) account for approximately 21% of the funding. Rate-supported sources (long-term debt and construction notes) account for the remaining 79%. The new debt required to fund the capital program is reflected in the operating budget as debt service expense. In FY'14, the Commission began issuing debt for 30 years as opposed to the prior practice of 20 years. The savings will be used to fund PAYGO capital projects. The table below presents the debt service associated with both existing debt and new debt proposed for FY'16.

WATER & SEWER BOND FUNDS
RATE-SUPPORTED DEBT SERVICE EXPENSES
($ in Thousands)

	Water	Sewer	Combined
Debt Service for Existing Debt	$89,834	$106,298	$196,132
Debt Service for Planned New Debt	16,601	22,750	39,351
Total Debt Service	$106,435	$129,048	$235,483

SELECTED MULTI-YEAR HISTORICAL DATA

SECTION 5

SELECTED STATISTICAL DATA

	FY'10 ACTUAL	FY'11 ACTUAL	FY'12 ACTUAL	FY'13 ACTUAL	FY'14 ACTUAL	FY'15 APPROVED	FY'16 PROPOSED
Population Served	1,727,000	1,734,000	1,742,000	1,749,000	1,757,000	1,764,000	1,778,000
Customer Accounts	434,773	438,193	439,805	441,480	443,827	447,080	449,427
Water Produced (average MGD)	168.7	175.0	165.7	161.2	160.6	168.0	166.0
Water Produced (millions of gallons)	61,590	63,861	60,648	58,830	58,603	62,050	60,590
Water Mains Maintained (miles)	5,438	5,451	5,471	5,494	5,521	5,548	5,575
Water Mains Constructed (miles added by WSSC)	1.5	-	0.3	7.3	0.5	2.0	2.0
Water Mains Constructed (miles added by developers)	9.9	12.5	20.5	15.3	26.3	25.0	25.0
Water House Connections Maintained	440,019	441,593	444,184	446,453	449,333	452,053	454,933
Water House Connections Installed	1,126	1,574	2,591	2,269	2,880	2,800	2,800
Water Meters Issued	8,769	13,696	11,598	18,554	14,675	19,860	16,365
Sewage Systems Total Flow (average MGD)	200.3	182.4	183.7	177.2	195.2	214.2	215.8
Sewage Systems Total Flow (millions of gallons)	73,089	66,581	66,950	64,666	71,232	78,183	78,767
Sewer Mains Maintained (miles)	5,324	5,344	5,363	5,376	5,402	5,428	5,454
Sewer Mains Constructed (miles added by WSSC)	-	-	-	0.4	-	1.0	1.0
Sewer Mains Constructed (miles added by developers)	10.4	19.7	19.4	12.6	25.7	25.0	25.0
Sewer House Connections Maintained	417,301	418,718	421,092	423,110	425,445	428,310	430,645
Sewer House Connections Installed	909	1,417	2,374	2,018	2,335	2,600	2,600
Maintenance Work Orders (Emergency and Routine)	75,253	84,473	84,906	99,469	108,482	88,100	90,600
Vehicles in Fleet	883	927	933	955	1,079	970	1,092
Miles Traveled by Fleet	5,563,414	5,514,312	5,866,778	5,250,810	5,028,532	5,890,245	5,313,819
Water Meter Readings Completed	1,933,411	1,937,265	2,006,837	1,967,090	1,987,261	2,006,950	2,052,208
Authorized Positions	1,561	1,632	1,681	1,693	1,717	1,729	1,747
Authorized Workyears	1,561	1,632	1,681	1,693	1,717	1,729	1,747
Actual Employment Level - Beginning	1,455	1,468	1,528	1,549	1,549	1,550	
Actual Employment Level - Ending	1,468	1,528	1,549	1,549	1,550		
Actual Workyears	1,449	1,486	1,522	1,535	1,539		

SELECTED FINANCIAL DATA

	FY'10 ACTUAL	FY'11 ACTUAL	FY'12 ACTUAL	FY'13 ACTUAL	FY'14 ACTUAL	FY'15 APPROVED	FY'16 PROPOSED
1. Customer Water & Sewer Rate Percent Change							
Consumption Charges							
Water	12.1%	14.0%	11.6%	2.9%	1.9%	7.7%	1.2%
Sewer	6.8%	4.3%	5.9%	11.5%	11.6%	3.9%	0.9%
Combined	9.0%	8.5%	8.5%	7.5%	7.25%	5.50%	1.00%
2. Water & Sewer Bill Revenues ($ in Thousands)							
Water Consumption Charges	$178,349	$211,734	$226,286	$225,212	$227,923	$252,627	$251,636
Sewer Use Charges	234,019	248,725	255,842	275,559	309,403	333,628	331,739
Total Consumption Charges	412,368	460,459	482,128	500,771	537,326	586,255	583,375
Account Maintenance Fee	22,886	22,377	22,386	22,772	22,582	22,900	32,374
Infrastructure Investment Fee							19,418
Total	$435,254	$482,836	$504,514	$523,543	$559,908	$ 609,155	$ 635,167
3. Water Production (average MGD)	168.7	175.0	165.7	161.2	160.6	168.0	166.0

COMPARATIVE OPERATING STATEMENTS

($ in Thousands)

	FY'10 ACTUAL	FY'11 ACTUAL	FY'12 ACTUAL	FY'13 ACTUAL	FY'14 ACTUAL	FY'15 BUDGET	FY'16 PROPOSED
WATER OPERATING							
Revenue	$ 197,434	$ 234,940	$ 250,801	$ 250,554	$ 251,781	$ 277,917	$ 290,992
Other Funding Sources							
SDC Debt Service Offset	514	495	471	450	290	277	213
Reconstruction Debt Service Offset	11,500	11,500	-	-	-	5,000	1,000
Reserve Requirement	-	(8,000)	(8,000)	-	-	-	-
Use of Accumulated Net Revenue	6,624	705	-	6,428	13,659	15,399	10,958
TOTAL REVENUE	$ 216,072	$ 239,640	$ 243,272	$ 257,432	$ 265,730	$ 298,593	$ 303,163
TOTAL EXPENSES	$ 209,761	$ 220,332	$ 229,538	$ 240,378	$ 266,714	$ 298,593	$ 303,163
SEWER OPERATING							
Revenue	$ 257,580	$ 271,521	$ 282,548	$ 300,637	$ 333,861	$ 358,812	$ 371,868
Other Funding Sources							
SDC Debt Service Offset	1,984	1,903	1,822	1,742	1,138	890	515
Reconstruction Debt Service Offset	-	-	11,000	11,000	10,500	5,000	7,500
Reserve Requirement	-	8,000	8,000	-	-	-	-
Use of Accumulated Net Revenue	5,371	2,204	3,400	12,100	13,822	14,794	10,528
TOTAL REVENUE	$ 264,935	$ 283,628	$ 306,770	$ 325,479	$ 359,321	$ 379,496	$ 390,411
TOTAL EXPENSES	$ 259,063	$ 264,355	$ 289,022	$ 308,107	$ 319,652	$ 379,496	$ 390,411

CAPITAL BUDGET VS. ACTUAL EXPENSES
FY'95 - FY'14
($ in Thousands)

	Water Supply		Sewage Disposal		General Construction		Total Capital	
Fiscal Year	Approved Budget	Actual Expenses	Approved Budget	Actual Expenses	Approved Budget	Actual Expenses	Approved Budget	Actual Expenses
1995	49,311	31,526	85,342	63,871	86,947	73,363	221,600	168,760
1996	43,638	40,364	53,337	47,385	86,705	51,421	183,680	139,170
1997	56,827	42,509	89,311	68,513	86,921	54,844	233,059	165,866
1998	79,065	66,349	60,936	38,510	89,961	46,143	229,962	151,002
1999	79,079	67,245	59,689	30,821	65,217	50,820	203,985	148,886
2000	60,111	43,037	88,458	48,868	62,871	49,039	211,440	140,944
2001	61,968	38,350	81,801	68,568	52,426	40,086	196,195	147,004
2002	54,972	44,094	104,820	61,073	34,272	31,765	194,065	136,932
2003	56,124	37,478	108,276	97,446	35,892	18,226	200,292	153,150
2004	78,314	55,626	95,777	104,400	36,364	20,250	210,455	180,276
2005	96,998	59,997	97,271	63,210	31,361	23,692	225,630	146,899
2006	112,678	78,267	117,776	55,558	34,365	15,621	264,819	149,446
2007	122,550	76,151	108,731	60,033	23,730	23,750	255,011	159,934
2008	142,820	88,908	108,358	71,705	30,403	22,668	281,581	183,281
2009	185,620	106,490	142,718	82,687	32,637	24,271	360,975	213,448
2010	147,484	111,158	191,008	95,232	32,660	34,092	371,152	240,482
2011	181,815	104,278	276,524	94,308	36,361	41,664	494,700	240,250
2012	198,844	158,078	332,424	262,507	34,654	14,912	565,922	435,497
2013	240,107	182,393	527,914	356,179	19,984	8,617	788,005	547,189
2014	246,702	170,166	475,352	346,043	20,133	9,433	742,187	525,642

APPENDICES

GLOSSARY

Account Maintenance Fee	A charge on customer water and sewer bills designed to recover the fixed cost of servicing a customer account independent of the amount of water used or sewage generated. The Account Maintenance Fee includes the cost of purchasing and reading meters; processing meter readings and generating, mailing, and collecting bills; and providing customer services. Prior to 1992, these costs were included in the water and sewer rate structure rather than identified and billed as a separate fee.
Accrual	The recognition of revenue or expenses at the time they are earned or incurred, regardless of when the money is received or paid out.
Accumulated Net Revenue	See Fund Balance.
Ad Valorem Tax	A property tax based "according to the value" of the property. Such taxes are levied on real and personal property according to the property's assessed valuation and the tax rate.
Advanced Metering Infrastructure	An automated system that communicates remotely with metering devices to measure, collect and analyze consumption data. The system includes both hardware and software and can provide comprehensive real-time information to both the consumer and the utility.
Applicant	Any firm, corporation, municipality, agency, person, or persons who owns or develops property which requires water or sewer service provided by systems, facilities, or service connections within the Washington Suburban Sanitary District.
Asset Management Program	A multi-year effort to create an organization-wide Asset Management Plan which identifies the infrastructure needs for a 30-year planning period. This information will serve as the basis for future investment decision making and management of water, wastewater, communications, and buildings and grounds infrastructure.
Authorized Workyears	Employee workyears that are funded in the adopted budget and may be filled during the budget year.
Balanced Budget	A financial plan showing estimated or planned revenues equaling expenses.
Billing Factor	The amount of revenue received per 1,000 gallons of water production. Billing Factor = Annual Water & Sewer Revenue ÷Annual Water Production (in thousand gallons)

GLOSSARY
(Continued)

Biosolids	Solids produced as a byproduct of treating sewage to produce clean water; also referred to as sludge.
Blue Plains	The regional wastewater treatment plant owned and operated by the District of Columbia Water and Sewer Authority. Approximately 65% of the wastewater from the Washington Suburban Sanitary District is treated at Blue Plains. The WSSC shares in the operating and capital costs of Blue Plains in accordance with the terms of a regional agreement signed by the Maryland and Virginia suburbs and the District of Columbia.
Bond	A written promise to pay a sum of money on a specific date at a specified interest rate.
Break/fix	Refers to any interruption to or failure of service that requires immediate attention. In a break/fix situation, the functionality of any automated system, whether hardware or software related, has been altered and must be repaired such that the service is restored.
Capital Budget	The annual request for capital funding for the first year of the Capital Improvements Program including those projects in the Information Only Section (Water Reconstruction Program, Sewer Reconstruction Program, Engineering Support Program, Energy Performance Program, Entrepreneurial Projects, Water Storage Facility Rehabilitation Program, Asset Management Program, Pressure Reducing Valve Rehabilitation Program, and Advanced Metering Infrastructure), new house connection construction, relocations and major systems contracts, water meter purchases, other engineering contracts, and for the associated administrative and support costs.
Capital Expenditures	An amount spent for the planned purchase of long-term assets (such as filtration/treatment plants and pump stations, storage, joint-use facilities, and equipment upgrades).
Capital Improvements Program	(Also referred to as CIP) The comprehensive presentation of capital project expenditure estimates, funding requirements, capital budget requests, and program data for the construction of all major water and sewerage projects planned by the WSSC over a six-year period.
Capital Project	A WSSC effort involving expenditures and funding for the creation, expansion, renovation, or replacement of major facilities and other assets having relatively long life. Expenditures within

	capital projects may include costs of planning, design, land, construction, contract supervision, and associated administrative and support costs.
Capitalized Interest	Interest paid from proceeds of bond sales rather than from other operating revenues.
Consumer Price Index	(Also referred to as CPI) A measure that examines the change in the cost of a fixed basket of consumer goods and services, such as housing, utilities, transportation, food and medical care. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according to their importance. The CPI is a commonly accepted indicator of inflation, as changes in CPI are used to assess price changes associated with the cost of living.
Cost-of-Living Adjustment	(Also referred to as COLA) A general increase in salaries and wages to wholly or partially offset the adverse effect of inflation on employee compensation.
Cryptosporidium	A microbial contaminant of raw water that can potentially cause chronic or fatal intestinal disorders. In 1993, cryptosporidium was identified as the primary source of an outbreak of water-borne disease in Milwaukee that caused more than 400,000 illnesses and over 100 deaths.
Debt Service	The annual payment of principal and interest on bonded indebtedness.
Development Services Process	(Also referred to as DSP) The process by which the WSSC reviews Applicant's projects that extend the existing water or sewer system. Service to properties reviewed under the process almost always requires the extension of small-diameter subdivision lines, and may involve program-sized pipe, which must be included in the CIP. DSP projects are funded by the Applicant.
Energy Performance Program	(Also referred to as EPP) The program provides for the engineering audit, design and construction necessary to replace and upgrade energy consuming equipment and systems at all major Commission facilities. The program stipulates a reduction in energy usage and costs greater than, or equal to, the annual capital costs to be incurred.

GLOSSARY
(Continued)

Engineering Support Program	(Also referred to as ESP) The consolidation of a diverse group of projects whose unified purpose is to support the extensive water and sewer infrastructure and numerous support facilities that are owned, operated, and maintained by the WSSC. The ESP does not include major projects included in the CIP or projects to serve new development.
Enterprise Resource Planning (ERP) System	An automated system that integrates all data and processes of an organization into a unified system. A typical ERP system will use multiple components of computer software and hardware to achieve the integration. A key ingredient of most ERP systems is the use of a unified database to store data for the various system modules. The main benefits of implementing an ERP system are a single base of consistent information, tighter financial controls, ability to automate business processes, consolidation of redundant systems, improved system reliability, and improved long-term asset management.
Expenditure/Expense	Payment for an asset obtained or goods and services received.
Fats, Oils, and Grease Program	(Also referred to as FOG) A federally mandated program that advises customers on how to properly manage fats, oils, and grease (FOG); monitors and controls the discharge of FOG from commercial food service establishments; investigates sanitary sewer blockages and overflows caused by FOG discharges; and initiates enforcement action to ensure appropriate corrective measures are taken.
Fee	A charge for service to the user or beneficiary of the service. According to state law, charges must be related to the cost of providing the service.
Fiscal Policy	The WSSC's policies with respect to revenues, spending, and debt management as these relate to WSSC services, programs, and capital investments. Fiscal policy provides a set of principles for the planning and programming of budgets, uses of revenues, and financial management.
Fiscal Year	The 12-month period to which the annual operating and capital budgets and their expenditure authorizations apply. The WSSC's fiscal year starts on July 1 and ends on June 30.

GLOSSARY
(Continued)

Fixture Unit	(Drainage fixture unit or water supply fixture unit) A measurement of the probable discharge into the drainage system (sewer) or the probable hydraulic demand on the water supply (water) by various types of plumbing fixtures (bathtubs, lavatories, water closets, drinking fountains, etc.). For example, a drinking fountain corresponds to 0.5 drainage fixture units, while a conventional bathtub corresponds to 2.0 drainage fixture units.
Force Main	The discharge pipe from a wastewater pumping station through which flow is lifted under pressure to a higher elevation. A pipe of this type is used to overcome changes in topography by conveying flow over a ridge or other high point to a nearby, existing sewer line. This avoids the need to construct a longer conventional gravity line in another direction.
Fringe Benefits	Contributions made by the WSSC to help underwrite the Commission's share of the costs for Social Security and various pension, health, and life insurance plans provided to employees. Fringe benefits are centrally budgeted in non-departmental accounts.
Front Foot Benefit	(Also referred to as FFB) A charge assessed owners of property abutting WSSC water mains and/or sewers who derive a benefit from the construction of these water mains and sewers. Revenue from front foot benefit charges is used to pay debt service on General Construction Bonds.
Fund	A set of interrelated accounts to record revenues and expenditures associated with implementing specific activities or achieving certain objectives in accordance with special regulations, restrictions, or limitations, and constituting an independent fiscal and accounting entity.
Fund Balance	The amount by which resources exceed the obligations of the fund. The beginning fund balance represents the residual funds brought forward from the previous year (ending fund balance). Fund balance is also referred to as Accumulated Net Revenue in this document.
General Bond Debt Service Fund	An independent fiscal and accounting entity with a self-balancing set of accounts for recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities associated with paying the debt service on bonds issued to finance the Commission's general construction and administrative and support facility construction program; and administering the Commission's front foot benefit assessment activities.

General Bond Fund	An independent fiscal and accounting entity with a self-balancing set of accounts for recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities associated with carrying out the activities of designing and constructing the Commission's minor water supply and wastewater collection and disposal systems (water mains less than 16 inches in diameter and sewer mains less than 15 inches in diameter), and all administrative and support facilities. Water meters are also purchased from this fund.
Geographic Information System	(Also referred to as GIS) A geographic information system integrates hardware, software, and data for capturing, storing, managing, analyzing, and displaying all forms of geographically referenced information. The technology can be used for scientific investigation, resource management, or development planning.
Goal	A long-term, attainable target for an organization – its vision of the future.
Governmental Accounting Standards Board (GASB) Statement No. 45	A pronouncement that addresses how state and local governments should account for and report their costs and obligations related to post-employment benefits other than pensions. The statement generally requires that state and local governmental employers account for and report the annual cost of other post-employment benefits (OPEB) and the outstanding obligations and commitments related to OPEB in essentially the same manner as is done for pensions, rather than on a "pay-as-you-go" basis.
Haloacetic Acids	(Also referred to as HAAs) A group of chemicals that are formed when chlorine or other disinfectants used to control contaminants in drinking water react with naturally occurring organic and inorganic matter in the water. There are five haloacetic acids (referred to as HAA5) that are regulated by the EPA: monochloroacetic acid, dichloroacetic acid, trichloroacetic acid, monobromoacetic acid, and dibromoacetic acid.
House Connection Charge	A fee set annually by the WSSC to cover the cost of the installation of small diameter pipe between water and sewer mains and the owner's property line. House connections feed water to a dwelling, place of business, or other structure and convey domestic sewage into the main line sewer for transportation to a wastewater treatment facility.

Infiltration	Groundwater that flows into sewer lines due to defective pipes or manholes.
Inflow	Surface stormwater from rainfall that flows into sewer lines due to defective pipes or manholes.
Infrastructure Investment Fee	A fixed fee that funds the debt service associated with the Commission's water and sewer pipe reconstruction programs from the approved Capital Improvements Program.
Level of Service	The existing or current services, programs, and facilities provided by the WSSC to its customers. The level of service may increase, decrease, or remain the same, depending upon needs, alternatives, and available resources.
Memorandum of Understanding	(Also referred to as MOU) An agreement issued to cover design and construction of any water and sewerage system or facilities within the Sanitary District that will be constructed and financed by others.
Merit Increase	An increment in an employee's pay within the salary range for a given class of work to recognize the completion of a period of satisfactory service. Merit increase percentages are applied based upon the overall performance review for the employee.
Mission	The desirable purpose of any activity. Missions are generally broad and long-range in nature compared to objectives, which are more specific and immediate. An example of a mission is ". . . 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."
Nephelometric	A unit of measure; a means of measuring turbidity in a sample by using an instrument called a nephelometer. A nephelometer passes light through a sample and the amount of light deflected is then measured.

GLOSSARY
(Continued)

Nephelometric Turbidity Units	(Also referred to as NTU) A measure of the clarity of water. Maintaining very low levels of filtered water turbidity is recognized as a means of effectively guarding against Cryptosporidium and other chlorine-resistant pathogens.
Non-Departmental	Expenditure items essential to the operation of the WSSC which either do not fall within the functional assignment of any office or which provide for expenditures related to more than one office. Examples include fringe benefits and insurance.
National Pollutant Discharge Elimination System	(Also referred to as NPDES) The National Pollutant Discharge Elimination System is a permit program controlling water pollution by regulating point sources that discharge pollutants into waters of the United States. Point sources are discrete conveyances such as pipes or man-made ditches. (Individual homes that are connected to a municipal system, use a septic system, or do not have a surface discharge do not need a NPDES permit; however, industrial, municipal, and other facilities must obtain permits if their discharges go directly to surface waters.)
Objective	A specific measurable and observable result of an organization's activity which advances the organization toward its goal.
Operating Budget	A comprehensive financial plan by which the WSSC's operating programs are funded for a single fiscal year.
Other Post-Employment Benefits	(Also referred to as OPEB) Employees in the public sector may be compensated in a variety of forms in exchange for their services. In addition to salary, employees may earn benefits over their years of service that will not be received until their service has been severed due to retirement or other reasons. The most common type of post-employment benefit is a pension. Other post-employment benefits generally take the form of health insurance, dental, prescription drug, or other health care benefits. It may also include life insurance, legal services, or other benefits.

Outcome Measure	A measure of the degree to which an objective has been achieved. For the WSSC, this usually corresponds to the impact of a service on an organization's key responsibilities, especially the effect on citizens, customers, or other users of the service.
Pay-As-You-GO Financing	(Also referred to as PAYGO) The funding of capital expenditures with operating funds instead of debt.
Power Purchase Agreement	A long-term agreement with a power (energy) provider to purchase electricity at a fixed rate for a fixed period. The provider designs, builds, and operates the power generation equipment (e.g. solar or wind) either at a remote location or on the customer's property.
Products and Technology	A budget category to account for the revenues and expenses associated with the sale, lease, or licensing of certain WSSC-developed products and technology. State law requires these revenues and expenses to be itemized in the annual budget.
Public Hearing	Opportunities for customers and the citizenry in general to voice opinions and concerns to appointed or elected officials. Section 17-202 of the Public Utilities Article of the Annotated Code of Maryland, requires that the Commission publish a budget before January 15, make it available to the public upon request, and hold a public hearing on the budget not less than 21 days after the budget is released for comment, but before February 15. Notice of the WSSC's public hearings is sent to all customers. In addition, public hearing specifics (date, time, location, contact information, and procedures for testifying) are advertised in local and regional newspapers.
Rate Stabilization	The implementation of a customer bill increase greater than the amount needed to support planned operating expenses in order to avoid a large future bill increase. The excess funds collected are used to fund capital projects with cash to avoid the issuance of additional debt.
Reconstruction Debt Service Offset	(Also referred to as REDO) The use of surplus funds from the Interest and Sinking Fund to offset a portion of the debt service cost of the Systems Reconstruction Program. REDO was established in FY'83 to use the surplus that had accumulated in the General Bond Debt Service account to benefit all WSSC ratepayers on a long-term basis.

Regional Sewage Disposal	The WSSC's share of the maintenance and operating costs of the District of Columbia Water and Sewer Authority's Blue Plains Wastewater Treatment Plant.
Remote Terminal Unit	(Also referred to as RTU) An electronic device that is located at a remote facility and collects status data from the facility's equipment (e.g., if a pump is running or is off, a level in a tank, etc.). The RTU sends the data to a central computer system via a wired or wireless network. Both the RTU and the central computer system are part of the Supervisory Control and Data Acquisition (SCADA) system.
Salaries and Wages	A budget expenditure category for monetary compensation in the form of annual or hourly pay for work performed.
Salary Lapse	The reduction of gross salary and wage costs attributable to turnover, vacancies, and normal delays in filling positions. The amount of lapse differs among organizational units, and from year to year.
Sanitary Sewer Overflow Consent Decree	A court-enforced legal document that was negotiated between the WSSC, the Maryland Department of the Environment, the United States Environmental Protection Agency, the United States Department of Justice, and a number of Citizen Groups that requires the WSSC to take certain actions in order to improve the performance of the wastewater collection system and reduce the number of sanitary sewer overflows.
SDC Debt Service Offset	The use of a portion of System Development Charge (SDC) revenue to pay the debt service on bonds issued after FY'93 to pay for growth-related CIP projects. (FY'94 was the first year that the SDC was in effect.)
Sewage Disposal Bond Fund	An independent fiscal and accounting entity with a self-balancing set of accounts for recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities associated with carrying out the activities of designing and constructing/reconstructing the Commission's major wastewater collection, storage, and disposal facilities, including all sewer

	mains 15 inches and larger, wastewater treatment plants, force mains, and wastewater pumping stations. The fund also covers the reconstruction of all sized sewer lines and lateral lines.
Sewer Operating Fund	An independent fiscal and accounting entity with a self-balancing set of accounts for recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities associated with carrying out the activities of operating and maintaining the Commission's wastewater collection and disposal system.
Sewer System Evaluation Survey	(Also referred to as SSES) The Sewer System Evaluation Survey is an analytical evaluation of a sanitary sewer system to detect sewer pipe defects, blockages, and capacity problems through the use of techniques such as manhole inspections, trunk sewer inspections, smoke tests, dye tests, closed circuit television (CCTV), flow monitoring, rain monitoring, building service connection location/ inspection, and night flow isolations. The SSES is performed to determine the specific location of problems, estimate dry and wet weather flow rates, possible methods of rehabilitation, and the cost of rehabilitation/replacement.
Significant Industrial User	(Also referred to as SIU) Defined by the Environmental Protection Agency as: (1) All industrial users subject to Categorical Pretreatment Standards under 40 CFR 403.6 and 40 CFR chapter I, subchapter N; (2) Any other industrial user that: discharges an average 25,000 gallons per day or more of process wastewater; contributes a process waste stream which makes up 5 percent or more of the average dry weather hydraulic or organic capacity of the treatment plant; or (3) Is designated as a SIU by the WSSC on the basis that the industrial user has a reasonable potential for adversely affecting the operation of the WSSC's wastewater treatment plants.
Spending Affordability	An approach to budgeting that assigns expenditure ceilings for the forthcoming year prior to the development of detailed budget estimates. Limits on new water and sewer debt, total water and sewer debt service, total water and sewer operating expenses, and the amount of the water and sewer bill increase are established each year by the Montgomery and Prince George's County Councils prior to the WSSC's budget preparation. This process started with the FY'96 budget.

GLOSSARY
(Continued)

Supply Chain Management	The identification, acquisition, access, positioning and management of resources an organization needs or potentially needs in the attainment of its strategic objectives.
System Development Charge	(Also referred to as SDC) A charge levied on new development to pay for the construction of major water and sewerage facilities needed to accommodate growth.
System Extension Permit	(Also referred to as SEP) A WSSC-issued permit for extensions to the WSSC's system. This permit is required for the Applicant to build water and sewer systems that the WSSC will, upon satisfactory completion, take over for maintenance and operations.
Trihalomethanes	A group of potentially cancer-causing substances that can be present as low-level contaminants in finished water. Trihalomethanes can be produced as disinfection byproducts when the chlorine used to treat the raw water reacts with certain normally occurring organic contaminants present in the raw water.
Trunk Sewer	As defined in the Consent Decree, "Trunk Sewer" means any sewer lines in WSSC's Collection System that are 15 inches or greater in diameter, including components thereto, and stream-crossings.
Turbidity	Turbidity is the cloudy appearance of water caused by the presence of suspended matter. A turbidity measurement is used to indicate the clarity of water.
Turbidity Units	Turbidity units are a measure of the cloudiness of water. If measured by a Nephelometric (deflected light) instrumental procedure, turbidity units are expressed in Nephelometric turbidity units, or NTU.
Washington Suburban Sanitary District	(Also referred to as WSSD) The area served by the Washington Suburban Sanitary Commission, as specified by state law. The District includes nearly all of Prince George's and Montgomery Counties, with the exception of the municipalities of Bowie, Rockville, and Poolesville, and rural areas in northeastern Montgomery County and southeastern Prince George's County.

GLOSSARY
(Continued)

Water Operating Fund	An independent fiscal and accounting entity with a self-balancing set of accounts for recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities associated with carrying out the activities of operating and maintaining the Commission's water supply and distribution system.
Water Supply Bond Fund	An independent fiscal and accounting entity with a self-balancing set of accounts for recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities associated with carrying out the activities of designing and constructing/reconstructing the Commission's major water supply and distribution facilities, including all water mains 16 inches and larger, water filtration plants, water pumping stations, and water storage facilities. The fund also covers the reconstruction of all sized water lines and lateral lines.
Workyear	A standardized unit for measurement of personnel effort and costs. A workyear is the equivalent of 2,080 work hours or 260 work days.

ACRONYMS

ADC	Average Daily Consumption
A/E	Architecture/Engineering
AMI	Advanced Metering Infrastructure
AMP	Asset Management Program
AWWA	American Water Works Association
BG	Billion Gallons
BOA	Basic Ordering Agreement
BOD	Biological Oxygen Demand
CADD	Computer Aided Design and Drafting
CCTV	Closed Circuit Television
CIP	Capital Improvements Program
COLA	Cost-of-Living Adjustment
CPI	Consumer Price Index
CRM	Customer Relations Management
CSIS	Customer Service Information System
CY	Calendar Year
DBP	Disinfection Byproducts
DCWASA	District of Columbia Water and Sewer Authority
DOD	Department of Defense
DOT	Department of Transportation
DSP	Development Services Process
EAM	Enterprise Asset Management
EEO	Equal Employment Opportunity
EPA	Environmental Protection Agency
EPP	Energy Performance Program
ERP	Enterprise Resource Planning
ESP	Engineering Support Program
FFB	Front Foot Benefit
FIS	Financial Information System
FLSA	Fair Labor Standards Act
FM	Fire Meter
FMLA	Family and Medical Leave Act
FOG	Fats, Oils, and Grease
FSE	Food Service Establishment
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GBDS	General Bond Debt Service
GFOA	Government Finance Officers Association
GIS	Geographic Information System
GPD	Gallons per Day
GPS	Global Positioning System
HAA	Haloacetic Acid
H/C	House Connection
HVAC	Heating, Ventilating, and Air-Conditioning
IDCP	Industrial Discharge Control Program
IFB	Invitation for Bid
I/I	Infiltration and Inflow
ISD	In-Service Date
IT	Information Technology
IVRS	Interactive Voice Response System
KSM	Key Success Measure

ACRONYMS
(Continued)

LBA	Line Blockage Analysis
MBE	Minority Business Enterprise
MCL	Maximum Contaminant Level
MG	Million Gallons
MGD	Million Gallons per Day
MMIS	Maintenance Management Information System
M-NCP&PC	Maryland-National Capital Park & Planning Commission
MOU	Memorandum of Understanding
MWQ	Maryland Water Quality
NPDES	National Pollutant Discharge Elimination System
NTP	Notice to Proceed
NTU	Nephelometric Turbidity Units
OPEB	Other Post-Employment Benefits
OSHA	Occupational Safety & Health Administration
PAYGO	"Pay-As-You-GO" Financing
PCCP	Prestressed Concrete Cylinder Pipe
PMO	Project Management Office
PPA	Power Purchase Agreement
PPIS	Permits Processing Information System
PRV	Pressure Reducing Valve
PVC	Polyvinyl Chloride
QA	Quality Assurance
REDO	Reconstruction Debt Service Offset
RFP	Request for Proposal
RTA	Request to Advertise
RTU	Remote Terminal Unit
SCADA	Supervisory Control and Data Acquisition
SCM	Supply Chain Management
SDC	System Development Charge
SDWA	Safe Drinking Water Act
SEP	System Extension Permit
SIU	Significant Industrial User
SLBE	Small, Local Business Enterprise
SLMBE	Small, Local and Minority Business Enterprise
SQL	Structured Query Language
SSES	Sewer System Evaluation Survey
SSO	Sanitary Sewer Overflow
SWR	Small Work Requests
THM	Trihalomethanes
WASA	See DCWASA
WEF	Water Environment Federation
WFP	Water Filtration Plant
WPS	Water Pumping Station
WSSC	Washington Suburban Sanitary Commission
WSSD	Washington Suburban Sanitary District
WWOA	Water and Waste Operators Association
WWPS	Wastewater Pumping Station
WWTP	Wastewater Treatment Plant