

FY 2023 OPERATING BUDGET REDUCTIONS TOTALING \$23.1 MILLION AND IMPACT STATEMENTS

Utility Services Department

- a. **\$1,865,000 - Emergency Responses** - The depots respond to emergencies in communities, in environmentally sensitive areas, at WSSC WFPs, WRRFs, pumping stations and elevated water tanks. Certain responses often require by-pass pumping and repairs for sanitary sewer overflows (SSO) to mitigate untreated wastewater discharges from the sanitary sewer system into the environment. Longer response times may result in increased fines due to the additional flow volume being discharged. Supporting contractors provide specialized equipment necessary to build access roads, pumps large enough to handle our sewer trunk line flow volume and machines large enough to move large pipe through our rights-of-way to make the repairs. The contractors can also address multiple emergencies simultaneously, mitigating the emergencies' impacts. In addition, some planned urgent repairs can include large valve repairs or replacements, pipe repairs and other ancillary tasks. Emergency repair contractors provide support for both buried/linear and vertical assets. This reduction impacts three of the four depots.
- b. **\$600,000 - Work Order Backlog Contract** - The contract supports reducing the backlog of work orders of miscellaneous water and wastewater main repairs. The proposed reduction will likely lead to an increased workload with longer repair times for leaks in mains. This directly impacts water loss and gives the appearance of wasting water. Additionally, we would see an increase in breaks, SSOs, longer water outages, longer repair times, higher fines from regulatory agencies and greater environmental impacts to nearby streams.
- c. **\$500,000 - Acoustic Fiber Optic (AFO) Monitoring System** - These data acquisition systems continually monitor the integrity of large pre-stressed concrete cylinder pipe (PCCP) water mains while the pipelines are in service. The systems collect and record PCCP wire breaks and alert WSSC Water when pipes are in danger of failure so immediate action can be taken to avert failures. One less AFO data acquisition monitoring system will be commissioned.
- d. **\$384,600 - "Miss U" Locating Contractor** - The contract provides locating and marking services for WSSC Water's underground water and sewer assets prior to any excavation work (i.e. valves, water and sewer pipelines, etc.). In accordance with Maryland's Annotated Code, Public Utilities Article, Title 12 "Underground Facilities"; Subtitle I: "Excavation or Demolition Near Underground Facilities" WSSC Water's contractor must respond to all Miss-Utility tickets received from the Miss Utility One-Call Center. Failure of WSSC Water to comply with Maryland's Annotated Code, Public Utilities Article, Title 12 may result in violations and fines from Maryland Underground Facilities Damage Prevention Authority. A reduction in funding can lead to an increased number of contractor damages to our buried assets, can cause customer outages, and in extreme cases may result in injuries and/or property damage. Decreasing funding for locating and marking buried assets will likely increase the time to restore water or sewer service.
- e. **\$300,000 - Pipe Armoring** - This program addresses water and wastewater assets that have become exposed across and along streams, providing construction services for armoring/protecting the exposed assets and restoring portions of the impacted stream to avoid future failures of critical water and sewer assets in environmentally sensitive areas. A 23% program reduction will increase the frequency with which linear assets may become compromised and possibly fail along streams, causing environmental damages as well as disruptions in service. Regulatory agencies may fine WSSC Water due to these exposed assets.

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- f. **\$200,000 - W-1.00 Pressure Monitoring** - Transient pressures occur in water mains because of sudden changes in flow due to daily operations and can be very damaging and often result in water main failures. A budget reduction will result in a 48% decrease in the mileage of WSSC Water's transmission system that can be monitored for dangerous transient pressures each year. The resulting impact may be an increase in breaks in large and small diameter water mains.
- g. **\$150,000 - W-161.01 Valve Repairs** - The existing valve inspection and exercising program includes provisions for repairing broken or malfunctioning valves. The proposed budget cut will reduce the number of valves that can be addressed from 85 to approximately 65 per year, which limits WSSC Water's ability to make sure all critical valves are in proper working condition during emergencies and/or routine maintenance.
- h. **\$150,000 - W-161.01 Right-of-Way Clearing/Temporary Access Roads** - This program provides services to construct temporary access roads to critical valves for inspection and repair. Repairs on valves located in areas difficult to access may take a longer time. Service disruptions, mitigation efforts and overall impact will worsen if access to these critical assets is impeded.
- i. **\$150,000 - Emergency Response Plan Consultants** - This program is to generate emergency response plans related to critical buried water and wastewater assets with the objective of preventing injuries and fatalities, reducing damage to property, protecting the environment and the community and accelerating the resumption of normal operations. Emergencies related to critical buried water and wastewater assets can take longer to resolve resulting in longer disruptions of service.
- j. **\$125,000 - W-161.01 PCCP Inspection & Condition Assessment** - The current PCCP condition assessment program targets approximately 18 miles of pipe each year and should be expanded to ensure the proper operation and maintenance of these critical assets. The program has been instrumental in avoiding water main failures of large PCCP, such as River Road several years ago and more recently in Capital Heights. A reduction in budget will result in a reduction of the large diameter PCCP mileage assessments performed yearly which may result in an increase of large diameter breaks.
- k. **\$100,000 - Large Diameter Inspection Program** - This program provides engineering consultant resources for the inspection and condition assessment of at least 5 miles of large diameter sewer mains and a minimum of one sewer force main per year. The proposed 9% reduction reduces the resources available for the targeted assessment and may result in increased large volume sanitary sewer overflows, resulting in additional mitigation costs and negative environmental impacts.
- l. **\$100,000 - Small Valve Inspection/Exercising** - The small valve inspection and exercising program targets approximately 14,000 valves each year. The proposed budget reduction will reduce the number of valves that can be inspected each year by approximately 1,100 and limits WSSC Water's ability to make sure all critical valves are in proper working condition during emergencies and routine maintenance.
- m. **\$50,000 - Inspection Services** - This program provides contractor resources for responding to sewer emergencies and for performing routine maintenance of sewer mains. A reduction in funding can result in

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additional odor complaints, SSOs, basement backups, line blockages, additional cleaning costs and an increase in claims associated with damages caused by the sewers.

- n. **\$50,000 - Chemical Root Control** - The chemical root control program is part of WSSC Water's preventive maintenance program for the wastewater collection system and is part of the SSO consent decree. The program targets tree roots that have intruded into the sewer pipes, causing SSOs and basement backups. Each year, selected sewer pipes are treated with an herbicide to kill tree roots and prevent regrowth. The chemical root control program has been a significant contributor to WSSC Water's success in reducing SSOs annually from approximately 225 in 2006 to 98 in 2020. Reducing the program will eventually result in a gradual increase in the number of SSOs and basement backups that occur each year.
- o. **\$25,000 - Sewer System Evaluation Survey (SSES) for Flow Reduction** - An SSES is a comprehensive approach to quantifying infiltration and inflow (I&I), locating sources of I&I and making recommendations for the reduction of I&I in selected portions of the collection system. I&I is excess water that flows into the sewer collection system from groundwater and stormwater. I&I can overwhelm WSSC Water's collection system, resulting in SSOs and basement backups. The current budget includes evaluation of approximately 30 miles of sewer pipe per year, which is 10 miles less than the program goal per the SSO Consent Decree. Therefore, any further reduction in the budget will reduce the miles evaluated and continue to limit I&I source detection and reduction efforts in parts of the system such as the Piscataway Broad Creek basins.

Production

- a. **\$1,395,000 - Chemicals** - Increased risk that proper/complete treatment of water or wastewater will not be accomplished.
- b. **\$1,200,000 - Materials** - There is an increased risk that critical maintenance and repair work at water or wastewater treatment facilities will not be completed when needed, potentially causing temporary service interruptions. In addition, potential cost increases for supplies due to inflation, supply chain issues, and/or the need for more emergency purchases will impact the available budget.
- c. **\$1,000,000 - Operating Support Program Projects** - There is an increased risk of facility performance problems due to equipment-related issues. The risk of poor or unsafe working conditions in WSSC Water work locations also increases. We also will not be able to complete roof replacement projects. In addition, there will be increased cost for rehabilitation projects as delays result in further deterioration in the condition of the assets.
- d. **\$807,000 - Various Services Including Hauling** - There is an increased risk that funding dedicated to other areas will have to be diverted to pay for these critical services, which cannot be delayed.
- e. **\$797,000 - Maintenance/Repair Services** - There is an increased risk that critical maintenance and repair work at water or wastewater treatment facilities will not be completed when needed, potentially causing temporary service interruptions. Short term risk: Delay in getting repairs to facility equipment and systems such as pumping systems and electrical distribution systems. Long term risk: Delay in rehabilitation work such as the replacement of major heating, ventilation and air conditioning systems.

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Production

- a. **\$300,000 - Consultant Support for Renovation Projects** - Renovation projects will be delayed.
- b. **\$300,000 - Tools, Machinery, Lab and Radio Equipment** - Some maintenance, repair, or replacement of equipment will have to be deferred.
- c. **\$270,000 - Project Management for Little Seneca Dredging Project** - There will be a delay in getting this project underway, affecting the quantity and quality of stored water in the Little Seneca Dam. There will be an inability to manage this multi-million dollar project due to lack of staff.
- d. **\$178,000 - Rental** - There is an increased risk that some maintenance, repair, or replacement of equipment will have to be deferred.
- e. **\$56,000 - Laboratory Supplies** - The reduction will impact WSSC Water's customer complaint analysis. Delay in the analysis means a delay responding to customers. Note that some samples have holding time limitations (expiration times), and samples might expire before they are analyzed, resulting in no report to customers. The reduction will impact all WRRF and WFP daily process control samples. In addition, all WRRF and WFP regulatory and compliance analyses will be affected. Risk of U.S. Environmental Protection Agency stabilized sludge analysis and reporting violation. Risk of losing the Maryland state certification for Laboratory Division.
- f. **\$40,000 - Consultant Services for New Water Quality Regulations** – This reduction will delay completion of lead service line inventory, which will impact WSSC Water's ability to identify customer lead service and reduce lead risks from customer taps.
- g. **\$20,000 - Overtime** - There is an increased risk of potential staffing shortages at WRRFs.

General Services

- a. **\$482,500 - Fleet Machinery & Equipment** - There is an increased risk that the replacement of certain pieces of equipment will be delayed by one year. Delaying replacement will cause more frequent breakdowns and higher maintenance costs.
- b. **\$311,000 - Truck & Automobiles** - There is an increased risk that the replacement of vehicles and trucks will be delayed for one year. Delaying vehicle replacement will cause more frequent breakdowns and higher maintenance costs.

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Engineering & Construction

- a. **\$2,617,000 - Piscataway Rehabilitation Program** - The Piscataway Rehabilitation Program is designed to rehabilitate sewer assets in the Piscataway sewer basin that WSSC Water has identified as contributing to I&I issues. Over the last several years, I&I issues in the Piscataway basin have contributed to high sewage flows to the Piscataway WRRF. The Piscataway Rehabilitation Program seeks to address these issues through a multi-pronged approach of capital and operating rehabilitation activities. The operating rehabilitation activities include manhole rehabilitation and an enhanced grouting initiative. By postponing this work on some assets, the I&I issues will persist for a longer period of time, which will result in higher costs at the Piscataway WRRF to treat water that should not be in the sewer pipes.

- b. **\$942,600 - System-wide Manhole Rehabilitation and Grouting Programs** - Like with the Piscataway basin as described above, there are I&I issues throughout WSSC Water's service area. These issues lead to higher probabilities of paying to treat cleaner water at all our WRRFs (and the Blue Plains Advanced Wastewater Treatment Plant owned and operated by DC Water). I&I also increases the probability of SSOs. Therefore, the negative impacts of these reductions include higher future costs for our ratepayers, the potential for more, and likely worse, SSOs, and a curtailment to WSSC Water's goal of being a good steward of the environment for current and future generations.

- c. **\$255,000 - Pipeline Design-Build Study** - This reduction will eliminate funding for the Pipeline Design-Build Study. This study would have benchmarked industry best practices for pipe replacement, resulting in potential solutions for streamlining projects and reducing costs. Therefore, the negative impacts of this reduction include higher future costs for our ratepayers, the potential for more service interruptions, and a weakening of WSSC Water's strategic priorities to optimize our infrastructure and spend customer dollars wisely.

- d. **\$120,000 – Water & Sewer Planning and Modeling** - WSSC Water utilizes computerized hydraulic models that simulate the flow of water and wastewater throughout the water and sewer systems. The models should be updated on a regular basis to account for newly constructed or abandoned pipes, to account for changes in demographic projections in future growth, and to be re-calibrated to match current I&I. Neither model has been updated for 11 years due to previous budgeting limits and existing resource issues although many utilities update their models approximately every 2 to 5 years.
 The proposed reduction will slow the progress on this work effort and may impact our ability to make accurate and timely decisions with respect to current and long-term capacity needs within our water distribution and wastewater collection, pumping and treatment systems. Utilizing outdated information can lead to under-sizing system expansions, potential SSOs and lower levels of service provided to WSSC Water customers.

- e. **\$100,000 - Staff Augmentation for Plan Review and Permits** - Cycle times may increase for plan review and permit issuance because the Engineering & Construction Department uses these funds for staff augmentation when needed.

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- c. **\$80,000 - Consultant for On-site Inspection** - Elimination of a consultant inspector for on-site pipeline construction inspection will reduce the inspection capacity and will take longer to complete inspections on time.
- d. **\$47,200 - Process Control Upgrades to WSSC Water Facilities** - Reductions will impact process control upgrades for WSSC Water facilities including the new Biosolids Management Division.
- e. **\$66,500 - Miscellaneous Other** - Reduced support for e-Builder software upgrades and development. Reduced travel that will reduce the employees' ability to meet continuing education credits as required by certifications, learn new technologies and share WSSC Water's projects with the industry and peers. Additional reductions are for office supplies, furniture and small machinery and equipment.

Customer Service

- a. **\$500,000 - Overtime** - Due to the COVID-19 pandemic, WSSC Water has experienced over 91,400 past due accounts with a value exceeding \$67 million in lost revenue. This severe delinquency challenge results in a 42% increase in past due accounts and a 154% growth in past due amounts. The magnitude of the challenge has put additional pressure on existing limited customer service resources, resulting in severe backlogs. Overtime is critical for enabling the Customer Service Department to address high volumes, surges in customer requests and work backlogs. The Customer Service Department often works nights and weekends to reduce backlogs and process billing system transactions, including requests for payment plans, start/stop services, resolution for estimated bills, and high bill adjustments. Reduced funding for overtime will result in longer customer phone wait times, more customer call abandonments, delayed deposit refunds and bill adjustments, increased customer complaints, increased non-call work backlogs, and increased staff stress related unscheduled leave.
- b. **\$432,900 - Vendors and Temporary Staff** - Reduced funding for vendors and temporary customer support staff will result in frustrated customers due to WSSC Water's inability to provide customers with timely call-answering, and quick responses to customer requests and bill adjustments. Work backlogs will increase as will customer complaints. Intensified staff stress will also result in increased unscheduled leave.
- c. **\$75,000 - Professional Services** - This reduction could impact the free plumbing inspection program available to financially challenged customers and would also limit consulting services.

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Information Technology

- a. **\$2,448,600 - Support C2M and Related Applications** - Potentially longer wait time for solutions to be delivered to the end users and fewer incident resolutions per year. 10% reduction in incident resolution because functional architects' capability will decrease by 40% and there will be 15% fewer fixes resolved each week.

Reduces the capability for training WSSC Water staff which will impact the Customer Service staff's effective use of the new release functions.
- b. **\$812,800 - Voice and Contract Center Enhancements** - Reduce the number of enhancements done for the Voice and Contact Center. IT will work on implementing additional features in ServiceNow during FY 2022 to address some of the enhancements previously planned for FY 2023.
- c. **\$722,000 - Application Purchases** - Limits the ability to purchase applications to support and enhance business functions.
- d. **\$192,900 - Upgrade Firewall** - Although the budget to upgrade the firewall when the equipment is end of life will be reduced, there will be minimal impact to services. The functionality can be replicated by other tools that WSSC Water already owns.
- e. **\$164,200 - Consultant for Financial Analysis and Contract Administration** - Reduces resources available to support financial analysis and contract administration functions in IT. However, IT is working on reorganizing the team and plans to utilize existing positions to help to meet the workload requirements for the IT Finance & Contract Administration Section.
- f. **\$139,600 - Research and Advisory Services** - Research and advisory services for IT will be discontinued with the existing vendor; IT will pursue more cost-effective subscriptions for research and advisory services.
- g. **\$82,100 - Computer Equipment Purchases** - Reduces the purchases of computer equipment and other related items.

Finance

- a. **\$170,000 - Professional Services** - Professional services provide financial advisory services, risk management evaluations, financial studies, rate and cost-of-service studies, and development of processes and procedures based on evaluations and audits. The reduction will postpone or eliminate planned studies and services.

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Strategy & Innovation Office

- a. **\$300,000 - Organizational Development Consulting Services** - The Organizational Development contract is used to provide operational support to process the start/stop requests. Start/stop requests are initiated when customers start and/or stop water services when moving into a new home or moving out. Reducing the resources will significantly increase the start/stop backlog. This also results in an increased call volume as customers call to check on their requests.

Additional impacts resulting from this reduction are delays in critical work that can affect Customer Service, Finance and Utility Services Departments, significant increases in pending bill volume, decreases in troubleshooting customer account issues, loss of critical expertise, reductions in staff training and documentation, and reductions in consultant hours which may contribute to the loss of consultants on the project.

- b. **\$44,500 - Leaders on the Same Page Conference** - Eliminating budget for Leaders on the Same Page where 200+ directors, division managers, section managers, chiefs and other WSSC Water leaders come together to share industry knowledge. The conference will potentially take place virtually going forward.

Commissioner's Office/Corporate Secretary's Office

- a. **\$16,500 - Miscellaneous Reductions** - Reduces various expenditures such as student scholarships, consultant hours, temporary staff hours, travel, office supplies and subscriptions.

Office of the Inspector General

- a. **\$11,200 - Auditing Services and Mileage** - Reductions to auditing services will limit the office's ability to solicit external specialized professional services for auditing and investigations. Mileage reductions will reduce the area and time traveled for audits and investigations.

General Manager's Office

- a. **\$13,000 - Consulting Services and Travel to Conferences** - Reductions in consulting services may result in limited funds for hiring consultants for special projects. The travel budget reductions will reduce the General Manager and the Deputy General Managers participation in various meetings and conferences.

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Asset Management Division

- a. **\$222,300 - Business Cases** - The project planning process is the method through which WSSC Water identifies and validates needs and evaluates solutions to address those needs. It incorporates engineering data, environmental requirements, economic factors, and public interaction to establish a sound basis for making decisions, for efficiently conducting and documenting specific work tasks, and for successfully implementing needed solutions. The project planning process utilizes business case evaluations to determine the most effective solution to a validated need based on lifecycle cost, business risk exposure, and/or level of service. An important goal in the planning process is to produce a result that is acceptable to citizens, elected officials, regulatory agencies, and WSSC Water at a reasonable cost.

The reduction will result in delayed project execution on several infrastructure projects within WSSC Water facilities. This may result in higher risk of failure, including the realized level of service failures for WSSC Water customers. Additionally, the reduction will increase operation risk due to delayed project development and execution. This will result in higher operational costs due to emergency interventions and increase maintenance costs.

Police & Homeland Security

- a. **\$127,200 - Maintenance, Electronic Security and IT Projects** - There will be major impacts to maintenance, improvements, and other necessary work on the electronic security system, especially in light of the impacts of IT projects and cybersecurity. In addition, there will not be funding available for planned cybersecurity assessments of the electronic security system network, no funding for additional emergency management initiatives, including training exercises, planning, and response.
- b. **\$44,900 - Overtime** - Limited overtime support for overnight security for water main break crews and other WSSC Water employees operating in potentially dangerous areas.
- c. **\$58,700 - Miscellaneous Reductions** - Includes reduction to the contracted security staff. Reduction to travel will reduce participation in key law enforcement, security, resilience, and emergency management conferences, impacting WSSC Water's ability to remain up to date on all aspects of Police and Homeland Security.

General Counsel's Office

- a. **\$102,200 - Outside Legal Counsel** - Reduction of funding required to pay for outside legal counsel.
- b. **\$11,100 - Temporary Employees** - Reduction will impact hiring a law clerk and temporary employees, or additional services needed for litigation defense.
- c. **\$14,300 - Recording & Court Fees, Subscriptions, Office Supplies and Travel** - Limit office's resources to hire the required court reporters needed for administrative hearings and depositions. The office is also required to pay for attorney dues, library subscriptions, and legal research. Additional reductions are made to travel for conferences and seminars and reductions to office supplies purchases.

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Communications & Community Relations Office

- a. **\$51,700 - WSSC Water Annual Report** - Reduction will result in the annual report being performed by in-house staff versus an outside vendor.
- b. **\$30,100 - Promotional Items, Rental Services, Photography, Subscriptions, Laboratory Supplies** - WSSC Water will distribute fewer promotional opportunities during various events and drives, eliminate a stand-by photographer to cover multiple events, and additional reductions will be made to subscriptions and laboratory supplies.

Human Resources Office

- a. **\$74,000 - Training and Development** - Reduce training and development of WSSC Water employees.
- b. **\$31,000 - Consulting Services** - Limit professional and temporary support when there is a need for support from staffing agencies during busy seasons.
- c. **\$15,900 - Consulting Services** - Reduce consulting services for the Human Resources Office initiatives and activities. Funding reduction impacts requirements for support to benefits, health and welfare activities and Request-for-Proposal for employee benefits.
- d. **\$15,900 - Recruiting Expenses** - Impact to funding for pre-employment services and activities for new employees who are promoted.
- e. **\$11,100 - Educational Assistance** - Reduce funding for the educational assistance for employees seeking advanced degrees.
- f. **\$10,100 - Advertising** - Reduce advertising job postings for open positions throughout WSSC Water. Reduction to the number of professional subscriptions.
- g. **\$5,500 - Administration Staff** – Reduce Equity, Engagement and Inclusion administrative staff assistance within the office.
- h. **\$4,400 - Office Supplies and Travel** - Reduce Occupational Safety and Health Division office supplies and travel for courses, classes and conferences.

Office of Supplier Diversity & Inclusion

- a. **\$22,600 - Business Conference** - Scale back business conference for vendor community including potential limitations to size and scope of the event.

Intergovernmental Relations Office

- a. **\$29,900 - Professional Services** - Reduce WSSC Water's efforts to develop a federal legislation strategy and its advancement before the U.S. Congress, the Executive Branch, and federal agencies.