



WSSC Water  
**APPROVED BUDGET**  
FY 2024  
JULY 1, 2023 - JUNE 30, 2024



# **FISCAL YEAR 2024 APPROVED BUDGET**

Regina Y. Speed-Bost, Chair  
T. Eloise Foster, Vice Chair  
Fausto R. Bayonet, Commissioner  
Howard A. Denis, Commissioner  
Lynette D. Espy-Williams, Commissioner  
Mark J. Smith, Commissioner

Kishia L. Powell, General Manager/CEO

ATTEST: Julianne Montes De Oca, Corporate Secretary

GOVERNMENT FINANCE OFFICERS ASSOCIATION



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Washington Suburban Sanitary Commission  
Maryland**

For the Fiscal Year Beginning

**July 01, 2022**

*Christopher P. Morill*

Executive Director

The Government Finance Officers Association (GFOA) of the United States and Canada presented an award of Distinguished Budget Presentation to WSSC Water for its annual budget for the fiscal year beginning July 1, 2022. This is the 28<sup>th</sup> consecutive year that WSSC Water has received this award.



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**SECTION I**

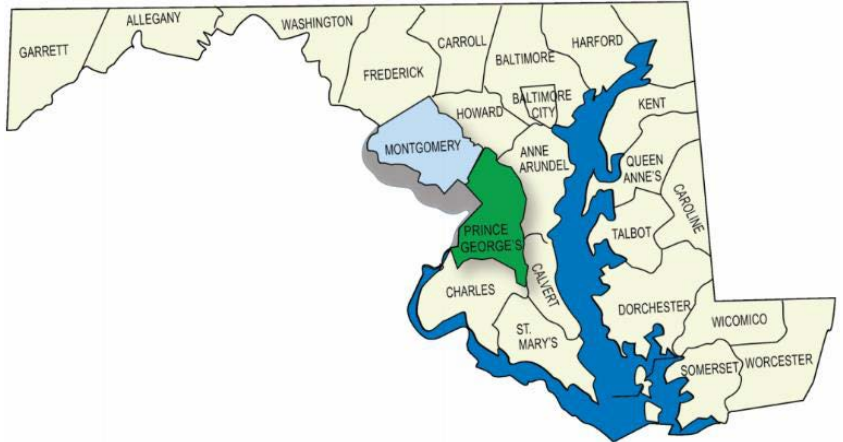
**WSSC WATER OVERVIEW, PREFACE AND  
BUDGET SUMMARIES**

## WSSC WATER OVERVIEW

WSSC Water provides water and sewer services to approximately 1.9 million residents of Maryland's Montgomery and Prince George's Counties, which border Washington, D.C. Established by the Maryland General Assembly in 1918 as a regional (Bi-County) agency under Article 29, it was later re-codified into Division II of the Public Utilities Article of the Annotated Code of Maryland. The agency ranks among the largest water and sewer utilities in the country, encompassing a service area of nearly 1,000 square miles.

## GENERAL INFORMATION

To fulfill its primary mission of providing safe and reliable water and returning clean water to the environment, WSSC Water operates and maintains an extensive array of highly automated facilities. The agency's two water filtration plants (WFPs), drawing raw water from the Potomac and Patuxent rivers, are projected to produce an average of 162 million gallons of water per day in Fiscal Year (FY) 2024 and deliver that water to homes and businesses in Montgomery and Prince George's Counties, serving over 477,000 customer accounts through a system of over 6,000 miles of water mains. To ensure a reliable water supply for all seasons and conditions, WSSC Water operates three reservoirs with a total capacity exceeding 14 billion gallons.



How long is 11,700 miles of water and sewer pipeline



Sewage treatment is provided by six water resource recovery facilities (WRRFs) operated by the agency, and the Blue Plains Advanced Wastewater Treatment Plant (Blue Plains) operated by DC Water. In FY 2024, it is projected that an average of 198 million gallons of wastewater per day from Montgomery and Prince George's Counties will move to these facilities through 5,700 miles of sewer lines maintained by WSSC Water. The six WRRFs owned by the agency have a combined capacity of 95 million gallons per day (MGD). Blue Plains is a regional facility that serves the District of Columbia and several northern Virginia jurisdictions, as well as WSSC Water. Under the Inter-Municipal Agreement that

governs the agency's arrangement with DC Water, WSSC Water is allocated 169 MGD of Blue Plains' 370 MGD capacity. The agency, in turn, pays a proportionate share of Blue Plains' operating and capital expenses. All but one of these facilities (the Hyattstown plant) go beyond conventional wastewater treatment to provide "tertiary treatment" - advanced treatment processes which ensure that the quality of the treated wastewater is better than the quality of the natural water to which it is returned.

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





## 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.



## Our Vision

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

## Our Values



### **Accountability**

We are responsible employees who act ethically, are accountable and conduct ourselves with integrity and transparency.



### **Collaboration**

We work as a team across the agency to fulfill the needs of our customers.



### **Environmental Stewardship**

We continuously enhance and protect natural resources and the environment for the health of future generations.



### **Excellence**

We achieve the highest level of quality, safety, productivity and cost-effectiveness, demonstrating world-class service to everyone.



### **Innovation**

We promote creativity to develop new products, streamline processes and enhance services.



## Our Strategic Priorities



### **Enhance Customer Experience**

- Deliver safe, reliable and consistent service
- Provide timely response to customer queries
- Be a good citizen within our communities



### **Spend Customer Dollars Wisely**

- Improve operating efficiency
- Improve fixed asset use
- Improve financial process efficiency and fiscal sustainability



### **Optimize Infrastructure**

- Achieve industry-leading reliability and asset integrity
- Expand resilience and balance risk



### **Protect Our Resources**

- Resolve and learn from past incidents
- Maintain best-in-class operating environment safety for employees
- Plan proactively with community stakeholders
- Secure the agency's critical infrastructure



### **Transform Employee Engagement**

- Acquire the best people
- Retain top performers
- Develop and grow talent
- Communicate effectively

# **Journey to World Class**

## **WSSC Water's FYs 2023-2025 Strategic Initiatives**

WSSC Water employees work 24/7/365 to fulfill our clean water mission. Throughout FYs 2023-2025, we will work with our customers, neighbors, stakeholders and each other to deliver these strategic initiatives:



### **Enhance Customer Experience**

- Continue to exceed U.S. Environmental Protection Agency water quality requirements and implement actions to ensure compliance with future regulations such as the Lead and Copper Rule Revisions, Unregulated Contaminant Monitoring Rule and Polyfluoroalkyl Substances (PFAS) proposed regulations
- Begin implementation of Advanced Metering Infrastructure (AMI) to provide accurate monthly billing and near real-time water usage data that increases revenues and allows customers to monitor usage and avoid high bills due to leaks
- Enhance and expand WSSC Water's financial assistance programs and educate the public on the value of WSSC Water's services and how to access our programs



### **Spend Customer Dollars Wisely**

- Maintain AAA bond rating through strong financial policies and planning
- Improve contract lifecycle management to ensure deliverables and materials are provided on time, on budget and within scope
- Identify opportunities to reduce costs across WSSC Water



### **Optimize Infrastructure**

- Continually implement the Capital Improvements Program (CIP)
- Continue to invest in innovative technology, processes and ideas
- Prioritize investments to improve the condition of facilities and seek opportunities for public private partnership



### **Protect Our Resources**

- Assess and adapt to the impacts of climate change on WSSC Water infrastructure and continue to invest in projects that reduce greenhouse gas
- Develop and implement the biosolids/water residuals master plan and business plan
- Enhance WSSC Water's comprehensive cybersecurity framework to ensure protection of critical assets
- Ensure resiliency of WSSC Water's water supply and delivery



### **Transform Employee Engagement**

- Develop and implement workforce strategies to plan for current and future workforce needs, including acquiring and developing talent
- Evaluate Human Resources management policies, procedures and practices to retain a high quality and diverse workforce
- Advance achievement of WSSC Water's Strategic Plan by facilitating organizational development activities to enable data and risk informed decisions that optimize business processes

## STRATEGIC PLAN

WSSC Water’s strategic plan guides us as we journey toward our world-class vision. The plan serves as a dynamic tool to govern daily operations and keep stakeholders informed about our progress. The strategic planning process is iterative as we consider emerging trends and identify risks and opportunities that we can leverage to sustain our core mission and improve our service to customers.

The strategic plan, the mission, vision, strategic priorities and core values WSSC Water has held since 2019 is relevant to the current strategic planning cycle. However, the strategic initiatives needed to be revisited and revised to maintain relevance throughout the FYs 2023-2025 Strategic Plan. The revised initiatives reflect updates initiated in Fall 2021 following an analysis of emerging trends and feedback provided in surveys and workshops with employees, the Customer Feedback Community and WSSC Water’s Commissioners. The Commissioners formally endorsed the plan in April 2022.

In 2021, WSSC Water introduced a Strategic Roadmap, which describes the specific strategic initiatives WSSC Water is pursuing to make progress toward the strategic priorities. A detailed Strategic Plan Report provides the rationale behind each strategic initiative and ensuring visibility of action plans. The diagram below illustrates WSSC Water’s strategic planning cycle. Additional information can be found on our website at <https://www.wsscwater.com/strategicplan>.



The FYs 2023-2025 strategic initiatives incorporate emerging trends such as new and updated legislation, climate change, rising customer expectations and feedback from stakeholders. The Commissioners suggested proactively being in touch with our partners and creating opportunities to educate customers on what WSSC Water is all about. Leadership expressed a need to help customers understand the value of water.

We support accountability, a core value of WSSC Water, by publishing this plan on <https://www.wsscwater.com/strategicplan> and noting Senior Leadership Team (SLT) members who serve as Executive Sponsors for each initiative. The Executive Sponsors champion their initiative and accept responsibility for its success. Also shown are the SLT members that the Executive Sponsor relies upon for support in achieving the initiative. We report on these initiatives via regular management meetings and communication with our employees and customers. We will continue to bring updates on progress to the public at the monthly Commission meeting through the General Manager’s Report and the Commission Performance Report. Each quarter, we publish an appendix to this plan called “What’s Our Progress” to <https://www.wsscwater.com/strategicplan> that provides our stakeholders with tangible examples of key supporting tasks, task status, next steps and overall action status.

## STRATEGIC PLAN TIMELINE





# WSSC Water Performance Report

WSSC Water's Commission Performance Report contains Key Performance Indicators that are aligned to the Strategic Plan Priorities and Objectives. The report demonstrates WSSC Water's commitment to accountability, which is a Core Value in the Strategic Plan.

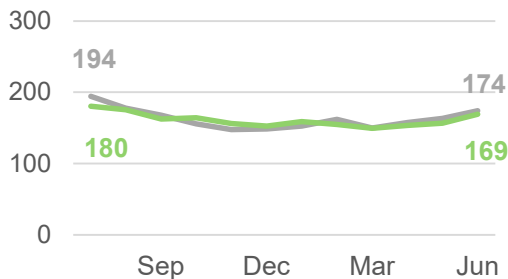
## Mission

— FY 2021  
— FY 2022

### Provide Safe and Reliable Water

#### Water Production

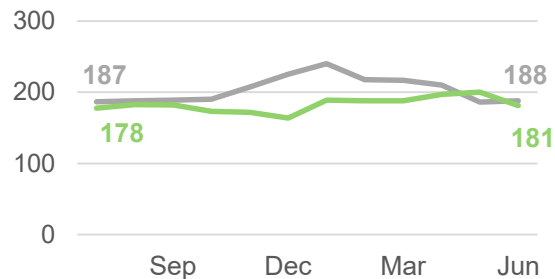
Average gallons of water produced in millions per day



### Return Clean Water to Our Environment

#### Wastewater Treatment

Average gallons of wastewater treated in millions per day



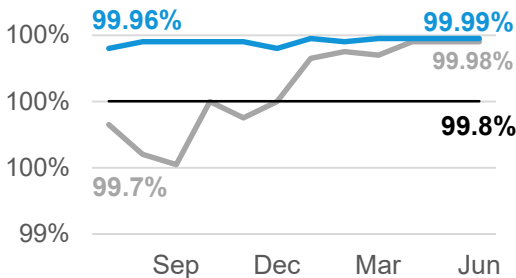
## Enhance Customer Experience

— FY 2021  
— FY 2022  
— Expected Target

### Deliver Safe, Reliable and Consistent Service

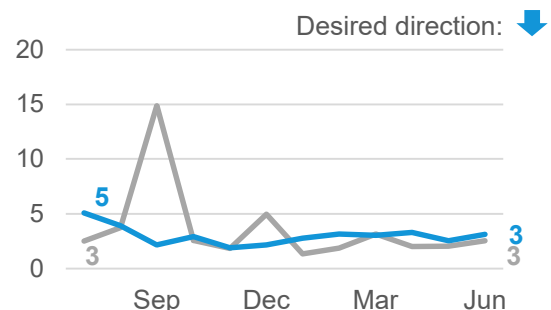
#### Accounts Billed On-Time

% of accounts billed on-time, within 15 calendar days after billing window closes



#### Water Service Restoration Time

# of outage hours / # of housing units impacted



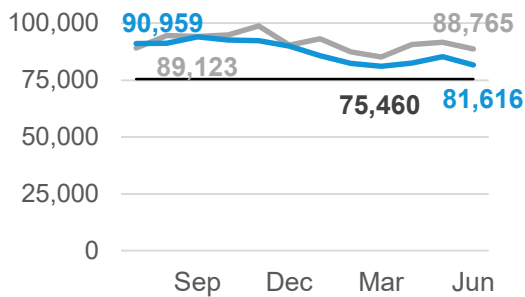
# WSSC Water Performance Report

## Enhance Customer Experience

— FY 2021  
— FY 2022  
— Expected Target

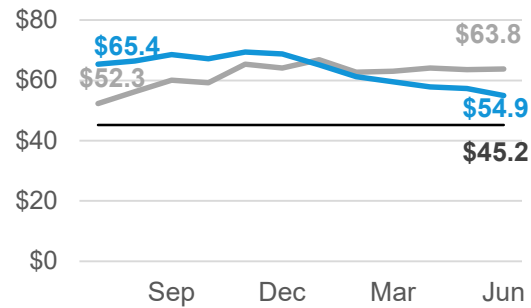
### Past Due Accounts

# of accounts more than 30 days past the bill date



### Past Due Amount

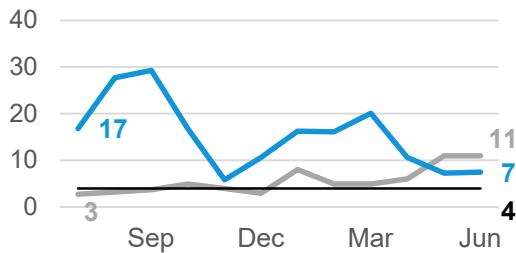
\$ of accounts (millions) more than 30 days past the bill date



### Provide Timely Response to Customer Queries

#### Average Answer Speed

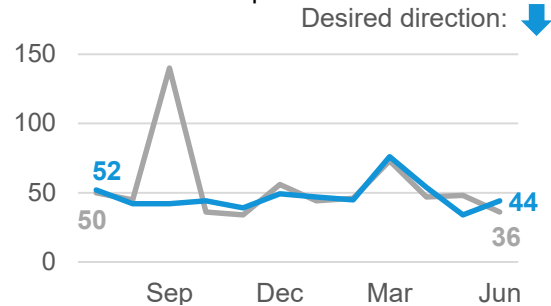
Average minutes customer waits for customer care call center agent



### Be a Good Citizen within Our Community

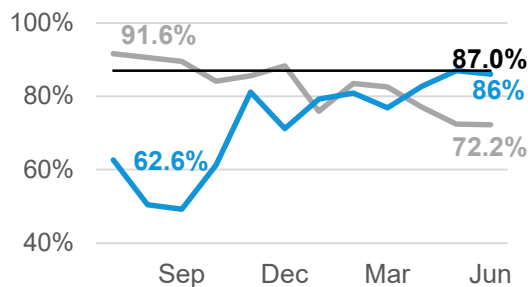
#### Basement Backups

# of basement backups



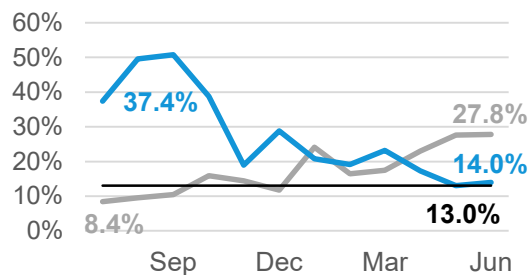
### Calls Answered

# of calls answered by a customer care agent / total calls



### Calls Not Answered

# of calls not answered by a customer care agent / total calls



# WSSC Water Performance Report

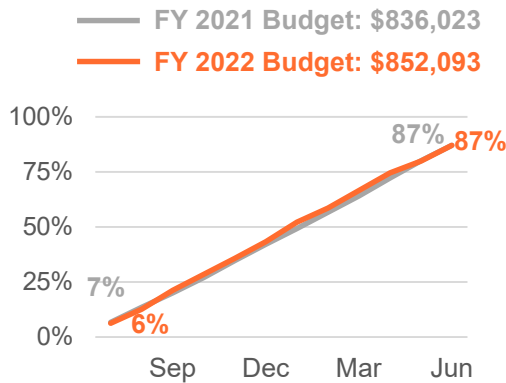
## Optimize Infrastructure

Under the Optimize Infrastructure Strategic Priority, capital improvement projects are highlighted to demonstrate how WSSC Water is working to achieve industry-leading reliability and asset integrity, expanding resilience and balancing risk. See Section 8 for highlighted projects.

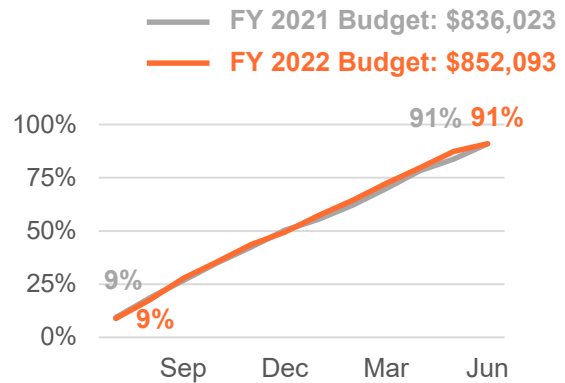
## Spend Customer Dollars Wisely

### Improve Financial Process Efficiency and Fiscal Sustainability

Water and Sewer Expenses



Water and Sewer Revenue



# WSSC Water Performance Report

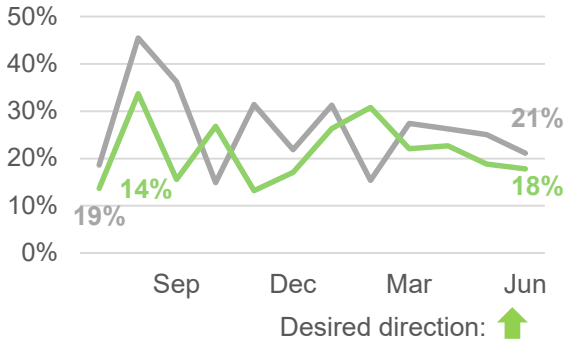
## Transform Employee Engagement

— FY 2021  
— FY 2022

### Acquire the Best People

#### Monthly Positions Filled

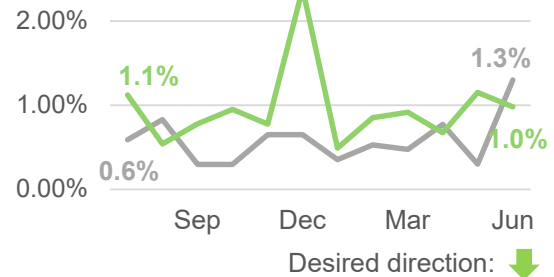
# of positions filled / # of actively recruited positions



### Retain Top Performers

#### Monthly Turnover Rate

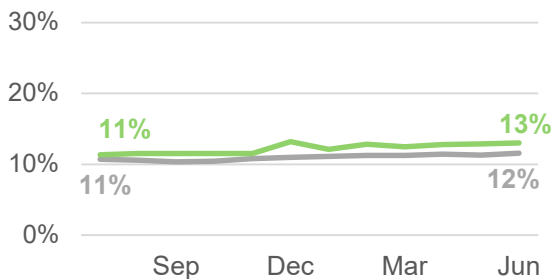
# of employee separations / # of FTEs



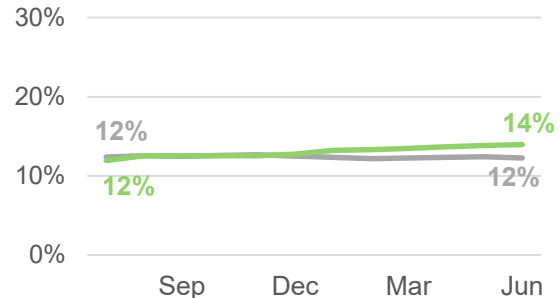
### Develop and Grow Talent

# of regular employees eligible for retirement within next x years / total # of FTEs

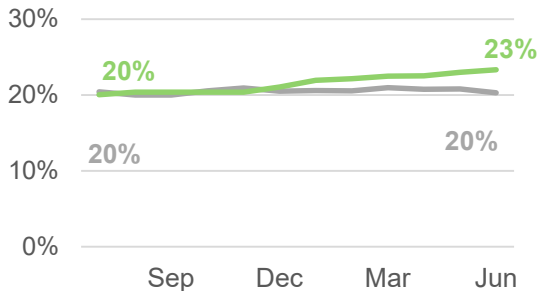
#### Retirement Eligibility (Full) Eligible Now



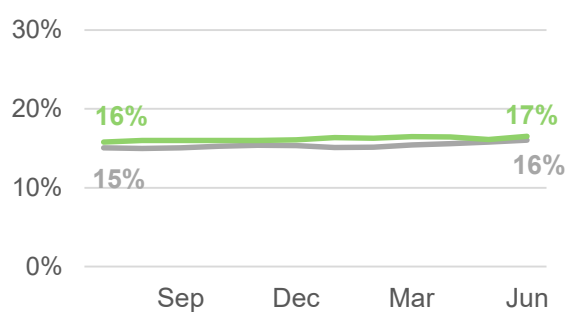
#### Retirement Eligibility (Early) Eligible Now



#### Retirement Eligibility (Full) Eligible Within 5 Years



#### Retirement Eligibility (Early) Eligible Within 5 Years



# WSSC Water Performance Report

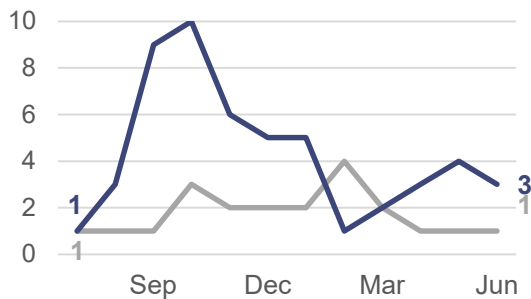
## Protect Our Resources

— FY 2021  
— FY 2022

### Plan Proactively with Community Stakeholders and Resolve and Learn from Past Incidents

#### Emergency & Coordinated Responses

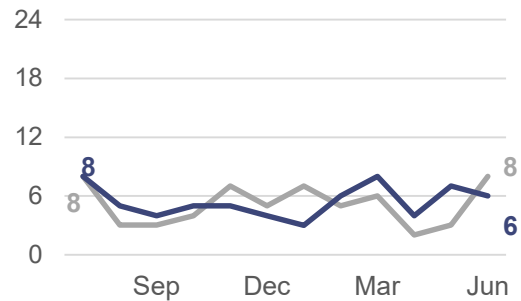
# of cross-departmental coordinated responses, exercises and drills



### Maintain Best in Class Operating Environment Safety for Employees

#### Occupational Injuries

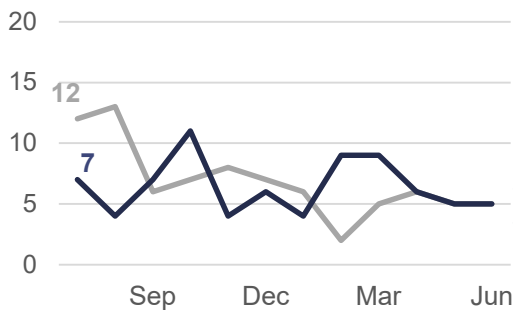
# of occupational injuries



### Secure Commission's Critical Infrastructure

#### Sanitary Sewer Overflows

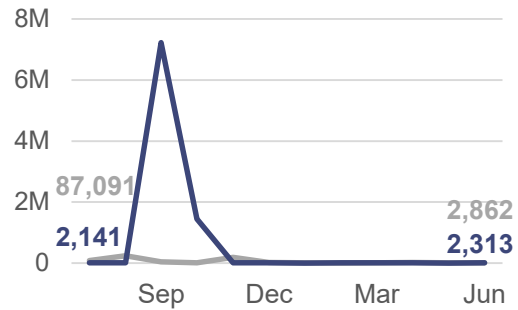
# of sanitary sewer overflows



Desired direction: ↓

#### Sanitary Sewer Overflow Volume

Total gallons of sanitary sewer overflows in millions per month



Desired direction: ↓





## WSSC WATER GOVERNANCE

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

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



### Prince George's County Commissioners



**Regina Y. Speed-Bost**  
Chair



**Lynnette D. Espy-Williams**  
Commissioner



**Mark J. Smith**  
Commissioner



### Montgomery County Commissioners



**T. Eloise Foster**  
Vice Chair

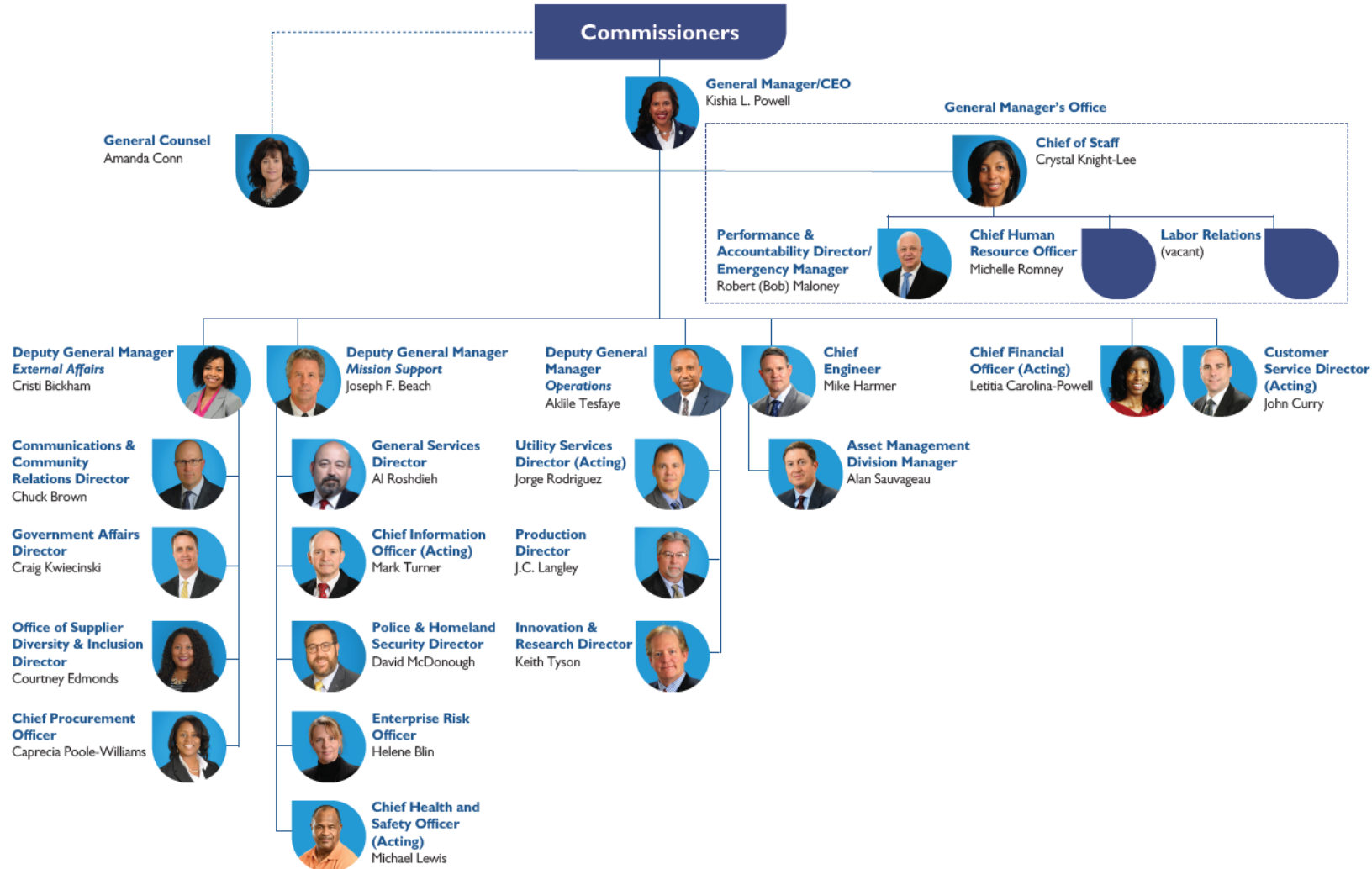


**Fausto R. Bayonet**  
Commissioner



**Howard A. Denis**  
Commissioner

## OUR LEADERSHIP AND ORGANIZATION



The flowchart above is an interim organizational structure. Future changes may occur. Section II – Organizational Budgets and Measures in the upcoming FY 2024 Approved Budget book will be updated in the event the organizational structure is revised



COMMISSIONERS  
Regina Y. Speed-Bost, Chair  
T. Eloise Foster, Vice Chair  
Fausto R. Bayonet  
Howard A. Denis  
Lynnette D. Espy-Williams  
Mark J. Smith

GENERAL MANAGER  
Kishia L. Powell

July 01, 2023

To the Honorable:

County Executives of Prince George's and Montgomery Counties

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

Elected Officials, Valued Customers, and Interested Citizens:

We are pleased to present WSSC Water's Approved Budget for Fiscal Year (FY) 2024, which begins on July 01, 2023. The budget was adopted by the Commission on June 21, 2023. This document reflects a total budget of \$1.614 billion, including \$931.2 million for operating expenses and \$683.1 million for capital investments.

The FY 2024 Approved Budget totals \$144.9 million (9.9%) more than the FY 2023 Approved Budget. The approved operating budget of \$931.2 million represents an increase of \$66.6 million (7.7%) over the FY 2023 Approved Operating Budget of \$864.6 million. The approved capital budget of \$683.1 million represents an increase of \$78.3 million (12.9%) from the FY 2023 Approved Capital Budget of \$604.8 million. This increase is primarily due to recent inflationary trends and the restoration of reductions totaling \$110.5 million that were made to the FY 2023 Approved Capital Budget.

The budget funds several essential priorities for compliance and infrastructure improvements including:

- Compliance with the revised Lead & Copper Rule
- Water tank painting to prevent metal corrosion
- Maintaining Information Technology (IT) investments in cybersecurity and new and upgraded IT applications
- Inspecting large diameter pipes and valve exercising
- Acoustic fiber optic monitoring of pre-stressed concrete cylinder pipes (PCCP)
- Maintenance and repairs at facilities
- Removal of sediment at the Little Seneca Forebays

The FY 2024 Approved Budget includes a 7.0% average water and sewer rate increase as well as a corresponding 7.0% rise in the Account Maintenance Fee (AMF) and the Infrastructure Investment Fee (IIF). The 7.0% rate increase will add approximately \$16.43 per quarter to the bill of a customer using 150 gallons per day (GPD), which aligns with the average per person consumption of 50 GPD for a 3-person household. Per person consumption was reduced from 55 GPD due to a declining trend in water consumption based on the 2022 Cost of Service Study results that are consistent with recent historical consumption. Even with the rate increase, WSSC Water rates continue to compare favorably to many other comparable, regional water and sewer utilities. The average residential bill is 1.0% of the median household income, which is well below the 4.5% U.S. Environmental Protection Agency affordability benchmark.

It is important to emphasize that customers enrolled in the Customer Assistance Program (CAP) will not be impacted by increases to AMF and IIF (fixed fees) as participants receive bill credits for these fees. The CAP was created in FY 2016 to help economically disadvantaged customers by providing financial assistance with water and sewer bills. The program will continue in FY 2024 and the approved budget estimates the revenue offset at \$2.2 million for the program. Note that CAP customers are automatically enrolled in the Bay Restoration Fund exemption, which waives the state-mandated Bay Restoration Fund fee of up to \$60 per year. In addition, CAP customers are also eligible for 100% waiver of late fee charges, free annual plumbing inspections for leaks, payment plan arrangements for up to 48 months, receive high bill adjustment removing 100% of excess water & sewer usage for one billing cycle in any three-year period, and fees to resume service after turn-off for nonpayment are reduced by 50 percent.

The Water Fund is another important program that is designed to assist eligible customers with financial challenges. Customers can make multiple requests for assistance with water and sewer bills up to \$500 per year. Also, in accordance with House Bill 408 enacted in the FY 2018 legislative session, the proposed budget includes \$100,000 to continue the Connection Pipe Emergency Replacement Loan Program, which will provide affordable financing of up to \$5,000 per eligible customer.

While WSSC Water understands the difficulties associated with a rate increase in the current economic climate, we continue to experience COVID-19 pandemic-related challenges. We are experiencing lower revenue due to shifting consumption patterns and we are confronting historic inflation throughout the supply chain. These challenges make the rate increase vital to fulfilling our mission to provide safe, clean and reliable water, life's most precious resource, to our customers and to recover the full cost of these services.

Unfortunately, as of July 2023, WSSC Water also continues to have about 80,000 accounts that are past due, totaling about \$50 million, which continues to significantly impact revenue. WSSC Water has been fortunate to receive about \$1.7 million of indirect assistance through housing/rental assistance programs and about \$4.4 million through the temporary Low Income Household Water Assistance Program. Additionally, WSSC Water has been awarded \$3.7 million from the State of Maryland Water Assistance Relief Program.

Due to the recent and ongoing revenue challenges, Fitch Ratings placed WSSC Water on a Negative Outlook last year. On February 3, 2023, they again affirmed our AAA rating but maintained the Negative Outlook. WSSC Water undertook significant reductions to our FY 2023 operating and capital budgets to maintain our AAA bond rating and remains committed to taking all actions necessary to preserve our AAA rating to ensure we have the lowest interest costs to finance our capital investments.

Like many utilities across the country, WSSC Water continues to face the challenge of balancing increasing costs for infrastructure and operations with affordability considerations for our customers. While the average costs to ensure access to clean, safe drinking water and efficient wastewater treatment compares favorably to other household utilities and expenses, more residents are struggling to meet their monthly expenses especially with rising inflation which is severely pressuring household budgets. However, it remains imperative to price water at the cost of safely producing and delivering this essential resource and to offer assistance programs for our most vulnerable customers.

#### Comparative Expenses by Fund

| (\$ in thousands)         | FY 2020<br>Actual   | FY 2021<br>Actual   | FY 2022<br>Actual   | FY 2023<br>Approved | FY 2024<br>Approved | FY 2024<br>Over/(Under)<br>FY 2023 | % Change      |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------------------------------|---------------|
| <b>Operating Funds</b>    |                     |                     |                     |                     |                     |                                    |               |
| Water Operating           | \$ 338,471          | \$ 335,324          | \$ 339,252          | \$ 379,808          | \$ 421,293          | \$ 41,485                          | 10.9 %        |
| Sewer Operating           | 413,421             | 401,300             | 423,829             | 476,137             | 503,059             | 26,922                             | 5.7 %         |
| General Bond Debt Service | 14,292              | 12,006              | 10,720              | 8,661               | 6,830               | (1,831)                            | (21.1)%       |
| <b>Total Operating</b>    | <b>\$ 766,184</b>   | <b>\$ 748,630</b>   | <b>\$ 773,801</b>   | <b>\$ 864,606</b>   | <b>\$ 931,182</b>   | <b>\$ 66,576</b>                   | <b>7.7 %</b>  |
| <b>Capital Funds</b>      |                     |                     |                     |                     |                     |                                    |               |
| Water Supply Bond         | \$ 162,378          | \$ 142,441          | \$ 138,613          | \$ 239,027          | \$ 315,582          | \$ 76,555                          | 32.0 %        |
| Sewer Disposal Bond       | 211,729             | 265,865             | 238,063             | 343,081             | 333,298             | (9,783)                            | (2.9)%        |
| General Construction      | 20,278              | 18,587              | 21,131              | 22,674              | 34,189              | 11,515                             | 50.8 %        |
| <b>Total Capital</b>      | <b>\$ 394,385</b>   | <b>\$ 426,893</b>   | <b>\$ 397,807</b>   | <b>\$ 604,782</b>   | <b>\$ 683,069</b>   | <b>\$ 78,287</b>                   | <b>12.9 %</b> |
| <b>Grand Total</b>        | <b>\$ 1,160,569</b> | <b>\$ 1,175,523</b> | <b>\$ 1,171,608</b> | <b>\$ 1,469,388</b> | <b>\$ 1,614,251</b> | <b>\$ 144,863</b>                  | <b>9.9 %</b>  |

#### Comparative Expenses by Major Expense Category

| (\$ in thousands)         | FY 2022 Actual    |                   |                     | FY 2023 Approved  |                   |                     | FY 2024 Approved  |                   |                     |
|---------------------------|-------------------|-------------------|---------------------|-------------------|-------------------|---------------------|-------------------|-------------------|---------------------|
|                           | Capital           | Operating         | Total               | Capital           | Operating         | Total               | Capital           | Operating         | Total               |
| <b>Expense Categories</b> |                   |                   |                     |                   |                   |                     |                   |                   |                     |
| Salaries & Wages          | \$ 27,647         | \$ 126,682        | \$ 154,329          | \$ 27,547         | \$ 134,461        | \$ 162,008          | \$ 28,193         | \$ 141,927        | \$ 170,120          |
| Heat, Light & Power       | -                 | 21,014            | 21,014              | 230               | 18,829            | 19,059              | 247               | 27,384            | 27,631              |
| Regional Sewage Disposal  | -                 | 60,751            | 60,751              | -                 | 60,343            | 60,343              | -                 | 64,201            | 64,201              |
| Contract Work             | 251,913           | -                 | 251,913             | 351,478           | -                 | 351,478             | 384,209           | -                 | 384,209             |
| Consulting Engineers      | 42,322            | -                 | 42,322              | 72,122            | -                 | 72,122              | 84,116            | -                 | 84,116              |
| Debt Service              | -                 | 289,214           | 289,214             | -                 | 328,524           | 328,524             | -                 | 333,201           | 333,201             |
| All Other                 | 75,925            | 276,140           | 352,065             | 153,405           | 322,449           | 475,854             | 186,304           | 364,469           | 550,773             |
| <b>Grand Total</b>        | <b>\$ 397,807</b> | <b>\$ 773,801</b> | <b>\$ 1,171,608</b> | <b>\$ 604,782</b> | <b>\$ 864,606</b> | <b>\$ 1,469,388</b> | <b>\$ 683,069</b> | <b>\$ 931,182</b> | <b>\$ 1,614,251</b> |



## **BUDGET SUMMARIES**

## COMPARATIVE EXPENSES

### Comparative Expenses by Fund

| (\$ in thousands)         | FY 2020<br>Actual   | FY 2021<br>Actual   | FY 2022<br>Actual   | FY 2023<br>Approved | FY 2024<br>Approved | FY 2024<br>Over/(Under)<br>FY 2023 | % Change      |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------------------------------|---------------|
| <b>Operating Funds</b>    |                     |                     |                     |                     |                     |                                    |               |
| Water Operating           | \$ 338,471          | \$ 335,324          | \$ 339,252          | \$ 379,808          | \$ 421,293          | \$ 41,485                          | 10.9 %        |
| Sewer Operating           | 413,421             | 401,300             | 423,829             | 476,137             | 503,059             | 26,922                             | 5.7 %         |
| General Bond Debt Service | 14,292              | 12,006              | 10,720              | 8,661               | 6,830               | (1,831)                            | (21.1)%       |
| <b>Total Operating</b>    | <b>\$ 766,184</b>   | <b>\$ 748,630</b>   | <b>\$ 773,801</b>   | <b>\$ 864,606</b>   | <b>\$ 931,182</b>   | <b>\$ 66,576</b>                   | <b>7.7 %</b>  |
| <b>Capital Funds</b>      |                     |                     |                     |                     |                     |                                    |               |
| Water Supply Bond         | \$ 162,378          | \$ 142,441          | \$ 138,613          | \$ 239,027          | \$ 315,582          | \$ 76,555                          | 32.0 %        |
| Sewer Disposal Bond       | 211,729             | 265,865             | 238,063             | 343,081             | 333,298             | (9,783)                            | (2.9)%        |
| General Construction      | 20,278              | 18,587              | 21,131              | 22,674              | 34,189              | 11,515                             | 50.8 %        |
| <b>Total Capital</b>      | <b>\$ 394,385</b>   | <b>\$ 426,893</b>   | <b>\$ 397,807</b>   | <b>\$ 604,782</b>   | <b>\$ 683,069</b>   | <b>\$ 78,287</b>                   | <b>12.9 %</b> |
| <b>Grand Total</b>        | <b>\$ 1,160,569</b> | <b>\$ 1,175,523</b> | <b>\$ 1,171,608</b> | <b>\$ 1,469,388</b> | <b>\$ 1,614,251</b> | <b>\$ 144,863</b>                  | <b>9.9 %</b>  |

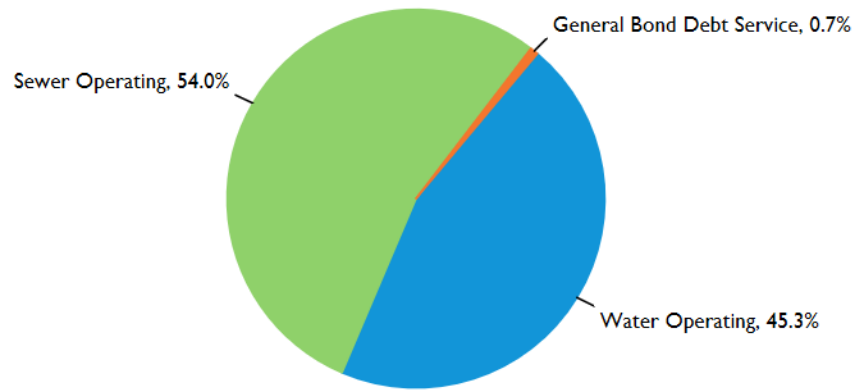
### Comparative Expenses by Major Expense Category

| (\$ in thousands)         | FY 2022 Actual    |                   |                     | FY 2023 Approved  |                   |                     | FY 2024 Approved  |                   |                     |
|---------------------------|-------------------|-------------------|---------------------|-------------------|-------------------|---------------------|-------------------|-------------------|---------------------|
|                           | Capital           | Operating         | Total               | Capital           | Operating         | Total               | Capital           | Operating         | Total               |
| <b>Expense Categories</b> |                   |                   |                     |                   |                   |                     |                   |                   |                     |
| Salaries & Wages          | \$ 27,647         | \$ 126,682        | \$ 154,329          | \$ 27,547         | \$ 134,461        | \$ 162,008          | \$ 28,193         | \$ 141,927        | \$ 170,120          |
| Heat, Light & Power       | -                 | 21,014            | 21,014              | 230               | 18,829            | 19,059              | 247               | 27,384            | 27,631              |
| Regional Sewage Disposal  | -                 | 60,751            | 60,751              | -                 | 60,343            | 60,343              | -                 | 64,201            | 64,201              |
| Contract Work             | 251,913           | -                 | 251,913             | 351,478           | -                 | 351,478             | 384,209           | -                 | 384,209             |
| Consulting Engineers      | 42,322            | -                 | 42,322              | 72,122            | -                 | 72,122              | 84,116            | -                 | 84,116              |
| Debt Service              | -                 | 289,214           | 289,214             | -                 | 328,524           | 328,524             | -                 | 333,201           | 333,201             |
| All Other                 | 75,925            | 276,140           | 352,065             | 153,405           | 322,449           | 475,854             | 186,304           | 364,469           | 550,773             |
| <b>Grand Total</b>        | <b>\$ 397,807</b> | <b>\$ 773,801</b> | <b>\$ 1,171,608</b> | <b>\$ 604,782</b> | <b>\$ 864,606</b> | <b>\$ 1,469,388</b> | <b>\$ 683,069</b> | <b>\$ 931,182</b> | <b>\$ 1,614,251</b> |

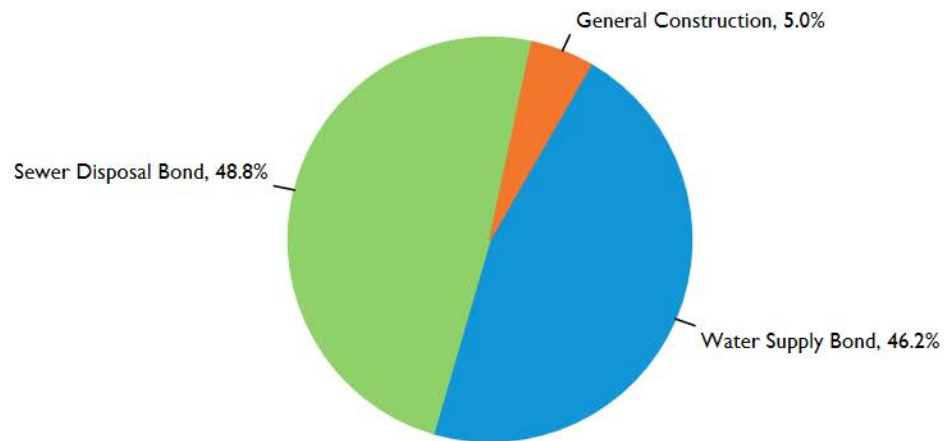
## FY 2024 APPROVED BUDGET BY FUND

**Grand Total = \$1,614,251**

\$ in thousands



**Operating Funds = \$931,182**



**Capital Funds = \$683,069**

# HOW EACH OPERATING DOLLAR IS SPENT



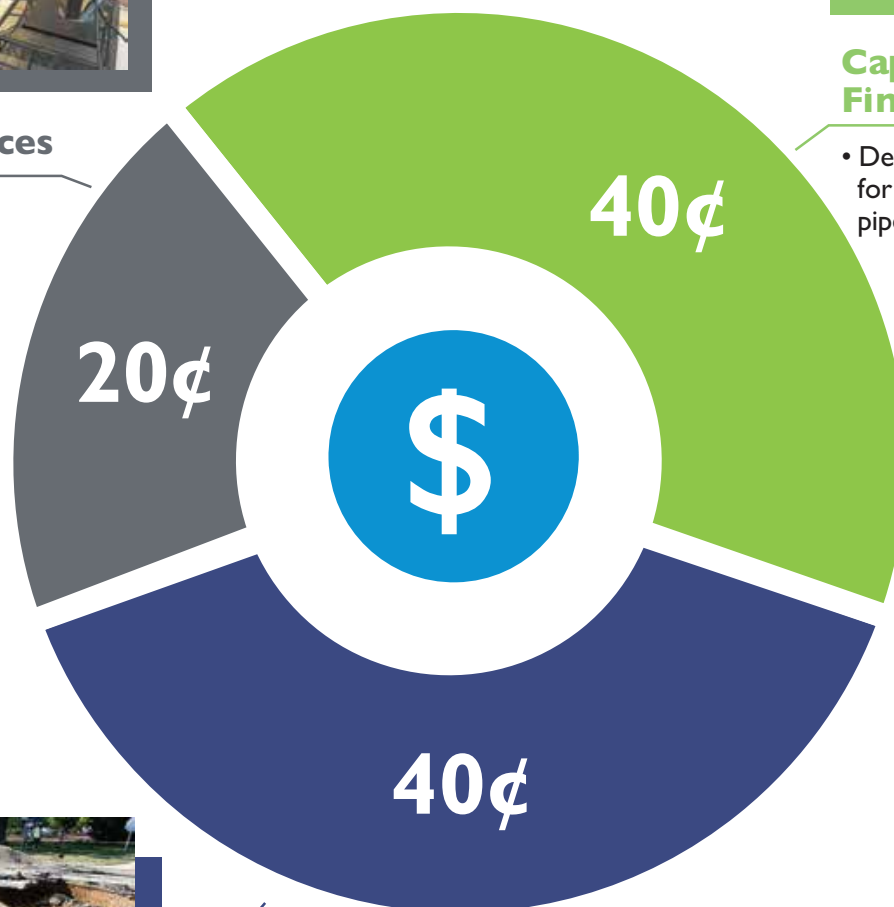
## Support Services

- Governance and management of organization
- Customer service
- Corporate finance
- Employee benefits
- IT Services



## Capital Project Financing

- Debt payments and cash for the construction of pipes and facilities



## Operations & Maintenance

- Operations and maintenance for facilities (including share of Blue Plains)
- Fixing broken or leaking pipes and repairing roads
- Heat, light, and power for facilities
- Maintaining vehicles and equipment

## COMPARATIVE EXPENSES

### Comparative Expenses by Fund

| (\$ in thousands)         | FY 2020<br>Actual   | FY 2021<br>Actual   | FY 2022<br>Actual   | FY 2023<br>Approved | FY 2024<br>Approved | FY 2024<br>Over/(Under)<br>FY 2023 | % Change      |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------------------------------|---------------|
| <b>Operating Funds</b>    |                     |                     |                     |                     |                     |                                    |               |
| Water Operating           | \$ 338,471          | \$ 335,324          | \$ 339,252          | \$ 379,808          | \$ 421,293          | \$ 41,485                          | 10.9 %        |
| Sewer Operating           | 413,421             | 401,300             | 423,829             | 476,137             | 503,059             | 26,922                             | 5.7 %         |
| General Bond Debt Service | 14,292              | 12,006              | 10,720              | 8,661               | 6,830               | (1,831)                            | (21.1)%       |
| <b>Total Operating</b>    | <b>\$ 766,184</b>   | <b>\$ 748,630</b>   | <b>\$ 773,801</b>   | <b>\$ 864,606</b>   | <b>\$ 931,182</b>   | <b>\$ 66,576</b>                   | <b>7.7 %</b>  |
| <b>Capital Funds</b>      |                     |                     |                     |                     |                     |                                    |               |
| Water Supply Bond         | \$ 162,378          | \$ 142,441          | \$ 138,613          | \$ 239,027          | \$ 315,582          | \$ 76,555                          | 32.0 %        |
| Sewer Disposal Bond       | 211,729             | 265,865             | 238,063             | 343,081             | 333,298             | (9,783)                            | (2.9)%        |
| General Construction      | 20,278              | 18,587              | 21,131              | 22,674              | 34,189              | 11,515                             | 50.8 %        |
| <b>Total Capital</b>      | <b>\$ 394,385</b>   | <b>\$ 426,893</b>   | <b>\$ 397,807</b>   | <b>\$ 604,782</b>   | <b>\$ 683,069</b>   | <b>\$ 78,287</b>                   | <b>12.9 %</b> |
| <b>Grand Total</b>        | <b>\$ 1,160,569</b> | <b>\$ 1,175,523</b> | <b>\$ 1,171,608</b> | <b>\$ 1,469,388</b> | <b>\$ 1,614,251</b> | <b>\$ 144,863</b>                  | <b>9.9 %</b>  |

### Comparative Expenses by Major Expense Category

| (\$ in thousands)         | FY 2022 Actual    |                   |                     | FY 2023 Approved  |                   |                     | FY 2024 Approved  |                   |                     |
|---------------------------|-------------------|-------------------|---------------------|-------------------|-------------------|---------------------|-------------------|-------------------|---------------------|
|                           | Capital           | Operating         | Total               | Capital           | Operating         | Total               | Capital           | Operating         | Total               |
| <b>Expense Categories</b> |                   |                   |                     |                   |                   |                     |                   |                   |                     |
| Salaries & Wages          | \$ 27,647         | \$ 126,682        | \$ 154,329          | \$ 27,547         | \$ 134,461        | \$ 162,008          | \$ 28,193         | \$ 141,927        | \$ 170,120          |
| Heat, Light & Power       | -                 | 21,014            | 21,014              | 230               | 18,829            | 19,059              | 247               | 27,384            | 27,631              |
| Regional Sewage Disposal  | -                 | 60,751            | 60,751              | -                 | 60,343            | 60,343              | -                 | 64,201            | 64,201              |
| Contract Work             | 251,913           | -                 | 251,913             | 351,478           | -                 | 351,478             | 384,209           | -                 | 384,209             |
| Consulting Engineers      | 42,322            | -                 | 42,322              | 72,122            | -                 | 72,122              | 84,116            | -                 | 84,116              |
| Debt Service              | -                 | 289,214           | 289,214             | -                 | 328,524           | 328,524             | -                 | 333,201           | 333,201             |
| All Other                 | 75,925            | 276,140           | 352,065             | 153,405           | 322,449           | 475,854             | 186,304           | 364,469           | 550,773             |
| <b>Grand Total</b>        | <b>\$ 397,807</b> | <b>\$ 773,801</b> | <b>\$ 1,171,608</b> | <b>\$ 604,782</b> | <b>\$ 864,606</b> | <b>\$ 1,469,388</b> | <b>\$ 683,069</b> | <b>\$ 931,182</b> | <b>\$ 1,614,251</b> |



## REVENUE AND EXPENSE TRENDS

### Water & Sewer Operating Funds - Combined

| (\$ in thousands)                  | FY 2020<br>Actual | FY 2021<br>Actual | FY 2022<br>Actual | FY 2023<br>Approved | FY 2024<br>Approved |
|------------------------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| <b>Revenues</b>                    |                   |                   |                   |                     |                     |
| Water Consumption Charges          | \$ 271,173        | \$ 275,019        | \$ 316,386        | \$ 334,564          | \$ 355,139          |
| Sewer Use Charges                  | 346,985           | 353,536           | 392,648           | 411,886             | 435,003             |
| Account Maintenance Fees           | 35,922            | 32,346            | 30,597            | 33,887              | 36,259              |
| Infrastructure Investment Fees     | 42,781            | 39,886            | 37,726            | 41,290              | 44,180              |
| Plumbing and Inspection Fees       | 14,425            | 16,882            | 19,491            | 16,780              | 20,380              |
| Rockville Sewer Use                | 3,147             | 3,147             | 3,289             | 3,100               | 3,100               |
| Miscellaneous                      | 21,053            | 16,948            | 27,272            | 19,000              | 28,722              |
| Interest Income                    | 4,881             | 392               | 1,120             | 2,800               | 8,000               |
| Uncollectible                      | -                 | -                 | -                 | (6,000)             | (7,901)             |
| Cost Sharing Reimbursement         | -                 | -                 | -                 | 635                 | 743                 |
| <b>Total Operating Revenues</b>    | <b>\$ 740,367</b> | <b>\$ 738,156</b> | <b>\$ 828,529</b> | <b>\$ 857,942</b>   | <b>\$ 923,625</b>   |
| <b>Other Credits and Transfers</b> |                   |                   |                   |                     |                     |
| Use of Fund Balance                | 11,341            | 8,000             | -                 | -                   | -                   |
| Reconstruction Debt Service Offset | 11,600            | 9,500             | 6,000             | 4,000               | -                   |
| SDC Debt Service Offset            | 6,695             | 5,772             | 5,772             | 5,772               | 5,772               |
| Premium Transfer                   | 7,904             | 7,151             | -                 | 2,500               | -                   |
| Underwriters Discount Transfer     | -                 | 2,000             | 2,000             | 2,000               | 2,000               |
| Miscellaneous Offset               | -                 | -                 | -                 | -                   | 1,200               |
| <b>Total Funds Available</b>       | <b>\$ 777,907</b> | <b>\$ 770,579</b> | <b>\$ 842,301</b> | <b>\$ 872,214</b>   | <b>\$ 932,597</b>   |
| <b>Expenses</b>                    |                   |                   |                   |                     |                     |
| Salaries & Wages                   | 131,711           | 130,884           | 125,788           | 133,765             | 141,179             |
| Heat, Light & Power                | 15,534            | 18,234            | 21,014            | 18,817              | 27,373              |
| Regional Sewage Disposal           | 56,414            | 58,658            | 60,751            | 60,343              | 64,201              |
| <b>Debt Service</b>                |                   |                   |                   |                     |                     |
| Principal Payments                 | 154,238           | 151,398           | 155,358           | 180,349             | 182,127             |
| Interest Payments                  | 125,507           | 130,446           | 124,899           | 141,495             | 146,340             |
| PAYGO                              | -                 | -                 | 27,585            | 31,016              | 44,000              |
| All Other                          | 268,488           | 247,004           | 247,686           | 290,160             | 319,132             |
| <b>Total Expenses</b>              | <b>\$ 751,892</b> | <b>\$ 736,624</b> | <b>\$ 763,081</b> | <b>\$ 855,945</b>   | <b>\$ 924,352</b>   |

Note: In the FY 2024 Approved Budget, WSSC Water revenues appear higher than the expenditures as there is a budgeted \$8.3 million increase in reserves to improve the Leverage Ratio and Days Cash-on-Hand metric. See page 4-4.

## REVENUE AND EXPENSE TRENDS (Continued)

### General Bond Debt Service Fund

| (\$ in thousands)                     | FY 2020<br>Actual | FY 2021<br>Actual | FY 2022<br>Actual | FY 2023<br>Approved | FY 2024<br>Approved |
|---------------------------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| <b>Operating Revenues</b>             |                   |                   |                   |                     |                     |
| Front Foot Benefit & House Connection | \$ 12,824         | \$ 10,664         | \$ 8,674          | \$ 6,744            | \$ 5,321            |
| Interest Income                       | 483               | 20                | 51                | 90                  | -                   |
| Miscellaneous                         | 174               | 189               | 219               | 160                 | 190                 |
| <b>Total Operating Revenues</b>       | <b>\$ 13,481</b>  | <b>\$ 10,873</b>  | <b>\$ 8,944</b>   | <b>\$ 6,994</b>     | <b>\$ 5,511</b>     |
| <b>Other Credits and Transfers</b>    |                   |                   |                   |                     |                     |
| Reconstruction Debt Service Offset    | 11,600            | 9,500             | 6,000             | 4,000               | -                   |
| Use of Fund Balance                   | (11,600)          | (9,500)           | (6,000)           | (4,000)             | -                   |
| <b>Total Funds Available</b>          | <b>\$ 13,481</b>  | <b>\$ 10,873</b>  | <b>\$ 8,944</b>   | <b>\$ 6,994</b>     | <b>\$ 5,511</b>     |
| <b>Expenses</b>                       |                   |                   |                   |                     |                     |
| Salaries & Wages                      | 863               | 915               | 894               | 696                 | 748                 |
| Heat, Light & Power                   | -                 | 7                 | -                 | 12                  | 11                  |
| All Other                             | 852               | 948               | 869               | 1,274               | 1,337               |
| <b>Subtotal</b>                       | <b>\$ 1,715</b>   | <b>\$ 1,870</b>   | <b>\$ 1,763</b>   | <b>\$ 1,982</b>     | <b>\$ 2,096</b>     |
| <b>Debt Service</b>                   |                   |                   |                   |                     |                     |
| Principal Payments                    | 9,445             | 7,985             | 4,721             | 5,332               | 3,172               |
| Interest Payments                     | 3,132             | 2,151             | 4,236             | 1,347               | 1,562               |
| <b>Subtotal</b>                       | <b>\$ 12,577</b>  | <b>\$ 10,136</b>  | <b>\$ 8,957</b>   | <b>\$ 6,679</b>     | <b>\$ 4,734</b>     |
| <b>Total Expenses</b>                 | <b>\$ 14,292</b>  | <b>\$ 12,006</b>  | <b>\$ 10,720</b>  | <b>\$ 8,661</b>     | <b>\$ 6,830</b>     |

## REVENUE AND EXPENSE TRENDS (Continued)

### Capital Funds

| (\$ in thousands)                   | FY 2020<br>Actual | FY 2021<br>Actual | FY 2022<br>Actual | FY 2023<br>Approved | FY 2024<br>Approved |
|-------------------------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| <b>Funds Provided</b>               |                   |                   |                   |                     |                     |
| Bonds and Notes Issues/Cash on Hand | \$ 289,097        | \$ 402,261        | \$ 407,182        | \$ 499,417          | \$ 555,354          |
| PAYGO                               | -                 | -                 | 19,933            | 31,016              | 44,000              |
| Federal & State Grants              | 1,589             | 4,392             | 16,974            | 25,244              | 25,142              |
| System Development Charge           | 14,077            | 8,393             | 3,402             | 29,606              | 36,945              |
| Other Contributions                 | 12,451            | 14,192            | 7,614             | 19,499              | 21,628              |
| <b>Total Capital Funds</b>          | <b>\$ 317,214</b> | <b>\$ 429,238</b> | <b>\$ 455,105</b> | <b>\$ 604,782</b>   | <b>\$ 683,069</b>   |
| <b>Expenses</b>                     |                   |                   |                   |                     |                     |
| Salaries & Wages                    | \$ 26,388         | \$ 25,911         | \$ 27,647         | \$ 27,547           | \$ 28,193           |
| Heat, Light & Power                 | 155               | -                 | -                 | 230                 | 247                 |
| Contract Work                       | 211,404           | 217,590           | 251,913           | 351,478             | 384,209             |
| Consulting Engineers                | 44,478            | 42,349            | 42,322            | 72,122              | 84,116              |
| All Other                           | 111,960           | 141,043           | 75,925            | 153,405             | 186,304             |
| <b>Total Capital Expenses</b>       | <b>\$ 394,385</b> | <b>\$ 426,893</b> | <b>\$ 397,807</b> | <b>\$ 604,782</b>   | <b>\$ 683,069</b>   |

## **SECTION 2**

### **APPROVED RATES, FEES AND CHARGES**

## APPROVED RATES, FEES AND CHARGES

Presented in this section are the Fiscal Year (FY) 2024 approved variable and fixed rates, as well as fees and charges that will be effective July 1, 2023. The majority of WSSC Water's revenue is derived from user charges for high-quality water and sewer services provided to customers. WSSC Water assessed these rates through an in-depth process ensuring revenue stability, cost recovery, conservation management and affordability.

### COMBINED WATER AND SEWER OPERATING FUNDS - APPROVED RATE IMPACT

#### 7.0% Average Water and Sewer Rate Increase

|   |           | FY 2024 Approved<br>(\$ in thousands) |
|---|-----------|---------------------------------------|
| <b>FUNDING SOURCES</b>  |           |                                       |
| <b><u>Revenues</u></b>  |           |                                       |
| Consumption Charges (at Current Rates)  | \$        | 738,450                               |
| Account Maintenance Fees (AMF)  |           | 36,259                                |
| Infrastructure Investment Fees (IIF)  |           | 44,180                                |
| Uncollectible   |           | (7,901)                               |
| Miscellaneous Revenues  |           | 60,945                                |
| <b>Subtotal</b>   | <b>\$</b> | <b>871,933</b>                        |
| <b><u>Other Credits and Transfers</u></b>   |           |                                       |
| Systems Development Charges (SDC) Debt Service Offset                                     |           | 5,772                                 |
| Underwriters Discount Transfer  |           | 2,000                                 |
| Miscellaneous Offset  |           | 1,200                                 |
| <b>Total Funding Sources</b>  | <b>\$</b> | <b>880,905</b>                        |
| <b>EXPENSES</b>   |           |                                       |
| Operating, Maintenance & Support Services Expenses  |           | 551,885                               |
| Debt Service  |           | 328,467                               |
| Pay-As-You-GO (PAYGO)   |           | 44,000                                |
| Additional Cash Balance Reserve   |           | 8,245                                 |
| <b>Total Expenses</b>   | <b>\$</b> | <b>932,597</b>                        |
| Shortfall to be Covered by Rate Increase  | \$        | (51,692)                              |
| Approved Average Water and Sewer Rate Increase (Shortfall divided by Consumption Charges) |           | 7.0 %                                 |

The FY 2024 Approved Budget calls for a combined 7.0% average increase in water consumption and sewer use revenues, AMF and IIF. This approved increase meets the 7.0% Spending Affordability Guidelines (SAG) limit recommended by both Prince George's and Montgomery Counties. Even with this rate increase, WSSC Water rates remain favorable when compared to many other comparable water and sewer utilities as shown on page 3-21.

## WATER AND SEWER RATE SCHEDULES

### Approved Rate Schedule Effective July 1, 2023

| Average Daily Consumption<br>by Customer Unit<br>During Billing Period<br>(Gallons Per Day) | FY 2024<br>July 1, 2023<br>Approved |                | Total    |
|---|-------------------------------------|----------------|----------|
|   | Water<br>Rates                      | Sewer<br>Rates | Combined |
|   | Per 1,000 Gallons                   |                |          |
| 0 - 80.9999   | \$ 6.53                             | \$ 8.67        | \$ 15.20 |
| 81 - 165.9999   | 7.38                                | 9.63           | 17.01    |
| 166 - 275.9999  | 8.50                                | 12.09          | 20.59    |
| 276 & Greater   | 9.96                                | 15.97          | 25.93    |

Approved Flat Rate Sewer Charge - \$152.00 per quarter



## QUARTERLY CUSTOMER BILLS AT VARIOUS CONSUMPTION LEVELS

| Meter Size             | Average<br>Daily Consumption<br>Gallons Per Quarter | Approved<br>FY 2020 | Approved<br>FY 2021 | Approved<br>FY 2022 | Approved<br>FY 2023 | Approved<br>FY 2024 |
|------------------------|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| 3/4" Residential Meter | 100<br>(9,125 gal/qtr)                              | \$ 138.94           | \$ 145.58           | \$ 152.48           | \$ 162.42           | \$ 173.77           |
| 3/4" Residential Meter | 150<br>(13,688 gal/qtr)                             | 199.62              | 209.91              | 220.60              | 234.96              | 251.39              |
| 3/4" Residential Meter | 500<br>(45,625 gal/qtr)                             | 794.66              | 840.78              | 888.79              | 946.56              | 1,012.72            |
| 2" Meter               | 1,000<br>(91,250 gal/qtr)                           | 1,903.02            | 2,004.81            | 2,110.76            | 2,248.01            | 2,405.15            |
| 3" Meter               | 5,000<br>(456,250 gal/qtr)                          | 9,736.92            | 10,284.01           | 10,853.51           | 11,559.50           | 12,367.29           |
| 6" Meter               | 10,000<br>(912,500 gal/qtr)                         | 19,748.55           | 20,852.26           | 22,001.19           | 23,432.35           | 25,069.80           |

Amounts include the Account Maintenance Fees and Infrastructure Investment Fees shown on pages 2-4 and 2-5.

## ACCOUNT MAINTENANCE FEES

### Approved For Implementation July 1, 2023

| Meter Size                   | FY 2023<br>Current<br>Quarterly Charges | FY 2024<br>Approved<br>Quarterly Charges |
|------------------------------|---|--|
| <u>Small Meters</u>          |   |  |
| 5/8" to 1"                   | \$ 17.04                                | \$ 18.23                                 |
| <u>Large Meters</u>          |   |  |
| 1-1/2"                       | 17.04                                   | 18.23                                    |
| 2"                           | 28.76                                   | 30.77                                    |
| 3"                           | 70.29                                   | 75.21                                    |
| 4"                           | 151.23                                  | 161.82                                   |
| 6"                           | 164.01                                  | 175.49                                   |
| 8"                           | 213.00                                  | 227.91                                   |
| 10"                          | 261.99                                  | 280.33                                   |
| <u>Detector Check Meters</u> |   |  |
| 2"                           | 35.15                                   | 37.61                                    |
| 4"                           | 188.51                                  | 201.71                                   |
| 6"                           | 271.58                                  | 290.59                                   |
| 8"                           | 490.97                                  | 525.34                                   |
| 10"                          | 674.15                                  | 721.34                                   |
| <u>Fire Service Meters</u>   |   |  |
| 4"                           | 193.83                                  | 207.40                                   |
| 6"                           | 312.05                                  | 333.89                                   |
| 8"                           | 481.38                                  | 515.08                                   |
| 10"                          | 726.33                                  | 777.17                                   |
| 12"                          | 1,053.29                                | 1,127.02                                 |

This quarterly fee is prorated based on the number of days in the billing cycle

## INFRASTRUCTURE INVESTMENT FEES

**Approved For Implementation July 1, 2023**

| Meter Size                 | FY 2023<br>Current<br>Quarterly Charges | FY 2024<br>Approved<br>Quarterly Charges |
|----------------------------|---|--|
| <u>Small Meters</u>        |   |  |
| 5/8"                       | \$ 11.72                                | \$ 12.54                                 |
| 3/4"                       | 12.78                                   | 13.67                                    |
| 1"                         | 14.91                                   | 15.95                                    |
| <u>Large Meters</u>        |   |  |
| 1-1/2"                     | 95.85                                   | 102.56                                   |
| 2"                         | 197.03                                  | 210.82                                   |
| 3"                         | 623.03                                  | 666.64                                   |
| 4"                         | 865.85                                  | 926.46                                   |
| 6"                         | 1,347.23                                | 1,441.54                                 |
| 8"                         | 3,029.93                                | 3,242.03                                 |
| 10"                        | 4,712.63                                | 5,042.51                                 |
| <u>Fire Service Meters</u> |   |  |
| 4"                         | 531.44                                  | 568.64                                   |
| 6"                         | 656.04                                  | 701.96                                   |
| 8"                         | 2,688.06                                | 2,876.22                                 |
| 10"                        | 2,890.41                                | 3,092.74                                 |
| 12"                        | 5,552.91                                | 5,941.61                                 |

This quarterly fee is prorated based on the number of days in the billing cycle

## SYSTEM DEVELOPMENT CHARGES

**Approved For Implementation July 1, 2023**

| SDC Category                              | FY 2023<br>Current<br>Charges | FY 2024<br>Approved<br>Charges | Current<br>Maximum<br>Allowable | Approved<br>Maximum<br>Allowable |
|---|-------------------------------|--------------------------------|---------------------------------|----------------------------------|
| Apartment                                 |                               |                                |                                 |                                  |
| Water                                     | \$ 896                        | \$ 896                         | \$ 1,456                        | \$ 1,536                         |
| Sewer                                     | 1,140                         | 1,140                          | 1,852                           | 1,954                            |
| 1-2 toilets/residential                   |                               |                                |                                 |                                  |
| Water                                     | 1,344                         | 1,344                          | 2,185                           | 2,305                            |
| Sewer                                     | 1,710                         | 1,710                          | 2,776                           | 2,929                            |
| 3-4 toilets/residential                   |                               |                                |                                 |                                  |
| Water                                     | 2,240                         | 2,240                          | 3,641                           | 3,841                            |
| Sewer                                     | 2,850                         | 2,850                          | 4,633                           | 4,888                            |
| 5 toilets/residential                     |                               |                                |                                 |                                  |
| Water                                     | 3,135                         | 3,135                          | 5,095                           | 5,375                            |
| Sewer                                     | 3,991                         | 3,991                          | 6,486                           | 6,843                            |
| 6+ toilets/residential (per fixture unit) |                               |                                |                                 |                                  |
| Water                                     | 88                            | 88                             | 145                             | 153                              |
| Sewer                                     | 115                           | 115                            | 189                             | 199                              |
| Non-residential (per fixture unit)        |                               |                                |                                 |                                  |
| Water                                     | 88                            | 88                             | 145                             | 153                              |
| Sewer                                     | 115                           | 115                            | 189                             | 199                              |

No increase is approved for the System Development Charges for FY 2024 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 5.5% change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for all items in the Washington, D.C. metropolitan area from November 2021 to November 2022.

## MISCELLANEOUS FEES AND CHARGES - APPROVED FOR IMPLEMENTATION JULY 1, 2023

WSSC Water 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

| Fee/Charge Number and Name  | FY 2024<br>Approved |
|---|---------------------|
| <b>INSPECTIONS, LICENSES AND PERMITS</b>                              |                     |
| <b>I Inspection Fees - Water/Sewer Connection Hookup, Well/Septic</b> |                     |
| <b>Hookup, Plumbing and Gas-fitting Inspections</b>                   |                     |
| <u>Plumbing and Gas-fitting Inspections</u>                           |                     |
| New Single Family Detached Dwellings and Townhouses                   | \$ 1,350            |
| New Attached Dwellings (townhouses/multiplex excluding apartments)    | 1,350               |
| <u>All Other Residential</u>  |                     |
| Water/Well Hookup   | 150                 |
| Meter Yoke Inspection (meter only installation)                       | 150                 |
| Water Hookup Converting from Well (includes 2 inspections)            | 300                 |
| Sewer/Septic Hookup   | 150                 |
| First Plumbing Fixture  | 150                 |
| Each Additional Fixture   | 80                  |
| SDC Credit Fixture Inspection (per fixture)                           | 65                  |
| Minimum Permit Fee  | 265                 |
| Permit Reprocessing Fee   | 75                  |
| Long Form Permit Refund Fee   | 265                 |
| Long Form Permit Re-Issue Fee   | 265                 |
| <u>All Non-Residential</u>  |                     |
| <u>Plan Review without Permit Application</u>                         |                     |
| 25 Fixtures or Less   | 590                 |
| 26-200 Fixtures   | 2,935               |
| Over 200 Fixtures   | 6,175               |
| <u>2nd or 3rd Review (with or without permit application)</u>         |                     |
| 25 Fixtures or Less   | 235                 |
| 26-200 Fixtures   | 665                 |
| Over 200 Fixtures   | 1,480               |
| Water/Well Hookup   | 275                 |
| Meter Yoke Inspection (meter only installation)                       | 275                 |
| Sewer/Septic Hookup   | 275                 |
| FOG Interceptor   | 275                 |
| First Plumbing Fixture  | 275                 |
| Each Additional Fixture   | 75                  |
| SDC Credit Fixture Inspection (per fixture)                           | 65                  |
| Minimum Permit Fee  | 390                 |
| Permit Reprocessing Fee   | 75                  |
| <u>Other Services</u>   |                     |
| Permit Consultation Fee   | 150                 |
| <b>IB Long Form Permit Refund Fees</b>                                |                     |
| Long Form Permit Refund Fee   | 390                 |
| Long Form Permit Re-Issue Fee   | 390                 |

# MISCELLANEOUS FEES AND CHARGES - APPROVED FOR IMPLEMENTATION JULY 1, 2023

| Fee/Charge Number and Name   | FY 2024<br>Approved |
|--|---------------------|
| <b>INSPECTIONS, LICENSES AND PERMITS (Continued)</b>   |                     |
| <b>2 License Fees for the Regulated Trades</b>   |                     |
| <u>Reciprocal Master Plumber, Gas-fitter</u>   |                     |
| Initial Registration per type (for 2 years)  | \$ 140              |
| Registration Renewal all types (for 2 years)   | 115                 |
| Late Registration Renewal  | 70                  |
| <u>Examined Master Plumber, Gas-fitter</u>   |                     |
| Initial Registration per type (for 4 years)  | 150                 |
| Registration Renewal all types (for 4 years)   | 150                 |
| Late Registration Renewal  | 70                  |
| Cross-connection Technician Registration   | 35                  |
| Sewer and Drain Registration and Renewal (for 2 years)   | 60                  |
| Sewer and Drain Late Renewal Fee   | 30                  |
| <u>Journeyman License Registration</u>   |                     |
| Initial Registration per type (for 2 years)  | 50                  |
| Registration Renewal (for 2 years)   | 50                  |
| Late Registration Renewal  | 30                  |
| License Transfer Fee   | 30                  |
| License Replacement Fee  | 20                  |
| Apprentice License Registration Renewal  | 15                  |
| <b>3 Short Form Permit Fee for Initial, Reinspection, and Reactivation Types<br/>(Up to 3 fixtures and Non-Refundable)</b> |                     |
|  | 150                 |
| <b>4 Long Form Permit Transfer Fee (with inspection)</b>   |                     |
|  | 220                 |
| <b>5 Tapper License Fees</b>   |                     |
| Permit Fee   | 360                 |
| Duplicate  | 40                  |
| <b>6 Watershed Use Permit Fees</b>   |                     |
| <u>Boat Removal and Impoundment Fees</u>   |                     |
| Boat/Craft Removal and Impoundment Fee   | 105                 |
| Removed Boat/Craft Storage Fee (Monthly)   | 80                  |
| <u>Watershed Use Permit Fees</u>   |                     |
| Watershed Use Permit (January 1-December 31)   | 70                  |
| Watershed Use Permit (Single Day)  | 5                   |
| Open Season Boat Mooring (March 15 - November 30)  | 80                  |
| Winter Boat Mooring (December 1 - March 14)  | 60                  |
| Azalea Garden Rental (4 hours)   | 75                  |
| Bio-Brick Pavilion Rental (4 hours)  | 100                 |
| Boarding Stable Entrance Permit (Single Day)   | 260                 |
| Adjacent Landowner Entrance Permit (Single Day)  | 80                  |
| <u>Picnic Permit</u>   |                     |
| Picnic Permit - Groups of 1-5 Persons (Single Day)   | 5                   |
| Picnic Permit - Groups of 6-10 Persons (Single Day)  | 10                  |
| Picnic Permit - Groups of 11-15 Persons (Single Day)   | 15                  |
| <b>7 Site Utility Inspection Fees (Non-Minor)</b>  |                     |
| Base Fee   | 2,795               |
| Pipeline (per foot)  | 9.40                |



# MISCELLANEOUS FEES AND CHARGES - APPROVED FOR IMPLEMENTATION JULY 1, 2023

| Fee/Charge Number and Name  | FY 2024<br>Approved |
|---|---------------------|
| <b>DISCHARGE AND WATER PROTECTION</b>                                   |                     |
| <b>8 Septic Hauler Discharge Permit Fees</b>                            |                     |
| <u>Category I - Residential &amp; Septic Waste &amp; Grease</u>         |                     |
| 1-49 gallons (per vehicle)  | \$ 255              |
| 50-799 gallons (per vehicle)  | 7,425               |
| 800-2,999 gallons (per vehicle)   | 21,175              |
| 3,000 gallons & up (per vehicle)  | 42,050              |
| January thru June (50% of fee)  | 50% of fee          |
| Transfer and/or Replacement Permit Sticker                              | 170                 |
| Industrial/Special Waste Disposal Fee (per 1,000 gallons)               | 400                 |
| Zero Discharge Permit Fee   | 170                 |
| Temporary Discharge Permit Fee <u>plus</u> sewer rate per 1,000 gallons | 220                 |
| Sewer Rate - Hauled Waste (1,000 gallons of truck capacity)             | 50                  |
| <b>9 Industrial Discharge Control Program Fees By Category</b>          |                     |
| <u>Industrial Users Subject to Categorical Pretreatment Standards</u>   |                     |
| Less than 5,000 gpd (double visit)                                      | 7,445               |
| Greater than 5,000 gpd (double visit)                                   | 11,405              |
| Non-Discharging Categorical Industries (zero discharge)                 | 2,010               |
| <u>Significant Industrial Users</u>                                     |                     |
| Less than 25,000 gpd (single visit - priority pollutant sampling)       | 7,445               |
| Greater than 25,000 gpd (double visit - priority pollutant sampling)    | 11,405              |
| Penalty Charge for Late Fee Payment                                     | 5% of fee           |
| <b>10 Discharge Authorization Permit Fees</b>                           |                     |
| Significant Industrial User - Initial Permit (for 4 years)              | 8,855               |
| Significant Industrial User - Renewal (for 4 years)                     | 4,340               |
| Initial Zero-Discharge CIU Permit (for 4 years)                         | 3,360               |
| Reissued Zero-Discharge CIU Permit (for 4 years)                        | 2,240               |
| Temporary Discharge Permit (non-SIU)                                    | 8,855               |
| <b>11 Discharge Fees - Food Service Establishment</b>                   |                     |
| Full Permit FSE   | 590                 |
| BMP Permit FSE  | 170                 |
| <b>12 Cross Connection Fees</b>   |                     |
| Test Report Fee (per report)  | 55                  |
| Base Fee for High Hazard Commercial Water Customer (per month)          | 25                  |
| Base Fee for All Other Commercial Water Customer (per month)            | 12.50               |

# MISCELLANEOUS FEES AND CHARGES - APPROVED FOR IMPLEMENTATION JULY 1, 2023

| Fee/Charge Number and Name                                  | FY 2024<br>Approved |
|---|---------------------|
| <b>METERS AND RELATED SERVICES</b>                          |                     |
| <b>13 Small Meter Replacement Fee (at Customer Request)</b> | \$ 215              |
| <b>14 Meter Replacement Fees (Damaged or Stolen Meter)</b>  |                     |
| 5/8" w/ touch pad (inside w/remote)                         | 135                 |
| 5/8" w/ pit pad (outside w/o remote)                        | 140                 |
| 5/8 Meter - pad encoder                                     | 135                 |
| 5/8" x 3/4" w/ touch pad (inside w/ remote)                 | 135                 |
| 3/4" w/ touch pad (inside w/ remote)                        | 160                 |
| 3/4" w/ pit pad (outside w/o remote)                        | 165                 |
| 1" w/ touch pad (inside w/ remote)                          | 205                 |
| 1" w/ pit pad (outside w/o remote)                          | 210                 |
| 1" Kamstrup Meter, UT                                       | 370                 |
| 1 1/2" Badger Flanged Meter                                 | 570                 |
| 1 1/2" Flanged Meter  | 630                 |
| 1 1/2" Nipple Meter   | 740                 |
| 2" Flanged Meter  | 960                 |
| 2" 15 1/4 Flanged Meter                                     | 1,210               |
| 3" Compound Meter   | 2,205               |
| 4" Compound Meter   | 3,250               |
| 6" Compound Meter   | 5,225               |
| Turbine, Horizontal 3" Neptune w/ pit pad                   | 1,480               |
| Turbine, Horizontal 4" Neptune w/ pit pad                   | 1,980               |
| 2" Hersey MVR Turbine                                       | 1,000               |
| 3" Hersey MVR Turbine                                       | 2,805               |
| 4" Hersey MVR Turbine                                       | 3,920               |
| 6" Hersey MVR Turbine                                       | 4,815               |
| 2" Detector Check   | 4,620               |
| 4" Detector Check   | 3,300               |
| 6" Detector Check   | 3,880               |
| 8" Detector Check   | 5,020               |
| 10" Detector Check  | 6,385               |
| 12" Detector Check  | 22,250              |
| 4" Fire Service Meter                                       | 8,190               |
| 6" Fire Service Meter                                       | 10,075              |
| 8" Fire Service Meter                                       | 12,540              |
| 10" Fire Service Meter                                      | 14,430              |
| 12" Fire Service Meter                                      | 20,440              |
| 3" Octave UT L=24   | 3,105               |
| 4" Octave UT L=29/ L=33                                     | 4,110               |
| 6" Octave UT L=45   | 6,040               |
| 8" Octave UT L=53   | 9,710               |
| 10" Octave UT L=68  | 13,115              |
| <b>15 Meter Testing Fees</b>                                |                     |
| 5/8" to 1"  | 260                 |
| 1-1/2"  | 420                 |
| 2" and up   | 470                 |

# MISCELLANEOUS FEES AND CHARGES - APPROVED FOR IMPLEMENTATION JULY 1, 2023

| Fee/Charge Number and Name  | FY 2024<br>Approved |
|---|---------------------|
| <b>METERS AND RELATED SERVICES (Continued)</b>                              |                     |
| <b>16 Sub-Meter Installation Fees</b>                                       |                     |
| One-time Sub-Meter Charge - Small   | \$ 260              |
| One-time Sub-Meter Charge - Large   | 525                 |
| One-time Inspection Fee   | 100                 |
| Minimum Permit Inspection fee   | Delete              |
| <b>17 Water Turn-Off, Turn-On Fees</b>                                      |                     |
| <b>A. Customer Requested - Water Turn-Off, Turn-On Fees</b>                 |                     |
| Small Meter Turn-Off  | 60                  |
| Small Meter Turn-On   | 90                  |
| Large Meter Turn-Off  | 200                 |
| Large Meter Turn-On   | 230                 |
| <b>B. WSSC Water Scheduled Action - Water Turn-Off, Turn-On Fees</b>        |                     |
| Small Meter Turn-On   | 135                 |
| Large Meter Turn-On   | 405                 |
| <b>18 Call Back Fee (small meters, plumbers)</b>                            | 90                  |
| <b>19 Call Back Fee (large meters, plumbers)</b>                            | 355                 |
| <b>20 Missed Appointment Fees for Meter Services/Restoration of Service</b> |                     |
| First Missed Appointment  | 95                  |
| Each Additional Missed Appointment  | 110                 |
| <b>21 Meter Reinstallation Correction Fee</b>                               | 385                 |
| <b>22 Sewer Meter Maintenance Fee (per year)</b>                            | 20,995              |
| Quarterly Calibrations (per quarter)  | 5,250               |
| <b>23 Property Inspection Fee</b>   | 120                 |
| <b>24 Warehouse Restocking Fee</b>  | 80                  |

# MISCELLANEOUS FEES AND CHARGES - APPROVED FOR IMPLEMENTATION JULY 1, 2023

| Fee/Charge Number and Name  | FY 2024<br>Approved |
|---|---------------------|
| <b>FIRE HYDRANT SERVICES</b>  |                     |
| <b>25 Temporary Fire Hydrant Connection Fees</b>                              |                     |
| <u>3/4" Meter - Deposit</u>   |                     |
| 3/4" Meter Deposit  | \$ 380              |
| <u>3" Meter - Deposit</u>   |                     |
| 3" Meter Deposit  | 2,420               |
| <u>Service Charge</u>   |                     |
| 2 Weeks or Less (3/4" meter)  | 95                  |
| 2 Weeks or Less (3" meter)  | 130                 |
| Over 2 Weeks (3/4" and 3" meters)   | 175                 |
| Water Consumption - 3/4" meter  |                     |
| (Minimum charge or Tier 4 rate per 1,000 gallons flat rate)                   | 35                  |
| Water Consumption - 3" meter  |                     |
| (Minimum charge or Tier 4 rate per 1,000 gallons flat rate)                   | 240                 |
| Late Fee for Return of Meter (per day)  | 10                  |
| Fee on Unpaid Temporary Fire Hydrant Billings                                 | 1.5% per month      |
| Loss/Destruction of Meter   | Replacement cost    |
| Loss/Destruction of Wrench  | 40                  |
| <b>26 Truck Inspection Fee with Attached Fire Hydrant Meter (for 2 years)</b> | 50                  |
| <b>27 Fire Hydrant Flow Test Fees</b>   |                     |
| No Current Test   | 690                 |
| Current Test  | 80                  |

# MISCELLANEOUS FEES AND CHARGES - APPROVED FOR IMPLEMENTATION JULY 1, 2023

| Fee/Charge Number and Name  | FY 2024<br>Approved   |
|---|---|
| <b>DEVELOPMENT SERVICES</b>   |   |
| <b>28 Feasibility Review Fees (WSSC Water Built)</b>  |   |
| Feasibility Submission Fee (non-refundable)   | \$ 1,980  |
| Feasibility Review & Report Fee Deposit<br>(can be deferred as deficit when extension is completed) | 17,370  |
| <b>29 Construction Services Fee</b>   | 9.3% of WSSC<br>Water's unit<br>cost estimate<br>or 12% of<br>contractor's<br>cost estimate |
| <b>30 Design Review</b>   |   |
| Development is More than 10 Residential Units or Commercial   | 11,500  |
| Development is 10 Residential Units or Less   | 5,750   |
| <b>31 Hydraulic Planning Analysis and System Planning Forecast</b>                                  |   |
| Modeling and Re-Modeling Fee - Up to 3 parts  | Delete  |
| Modeling and Re-Modeling Fee - per part over 3  | Delete  |
| Pressure Sewer System Review Fee (per system)   | Delete  |
| Basic Project Category (per Development Services Code)  | 5,430   |
| Moderate Project Category (per Development Services Code)   | 7,570   |
| Complex Project Category (per Development Services Code)  | 9,230   |
| <b>32 Extra Review Fees</b>   |   |
| <u>Per SEP Plan Review</u>  |   |
| Minor Additional Reviews of Unsigned or Signed Plans (per review)                                   | 1,705   |
| Major/Splitting Additional Reviews of Unsigned or Signed Plans (per review)                         | 3,410   |
| <u>Per Site Utility/Minor Utility Additional Unsigned or Signed Plan Review</u>                     |   |
| Site Utility (per review)   | 2,135   |
| Minor Site Utility (per review)   | 555   |
| <u>Per Hydraulic Planning Analysis/Systems Planning Forecast</u>                                    |   |
| Additional Review of Required Data - HPA/SPF/Non-DR Developer (per review)                          | 1,315   |
| <b>33 In-House Design Deposit</b>   | Deposit   |
| <b>34 Partial Certificate of Substantial Completion Release Fee</b><br>(up to 50% of construction)  | 1,640   |
| <b>35 Off-Property Service Connection Reimbursement</b>   | Reimbursement   |
| <b>36 Service Connection Application and Inspection Fee (per permit)</b>                            | 2,430 water<br>and/or sewer<br>connection   |
| <b>37 Government Referred Plan Review</b>   |   |
| Major Development - Over 10 Units   | 1,710   |
| Minor Development - 10 or Less Units  | 790   |
| Re-Review Fee for Major Development   | 790   |
| Re-Review Fee for Minor Development   | 395   |
| <b>38 Pre-Screen Fee All Plan Types</b>   | 410   |
| <b>39 Site Utility (On-site) Review Fees</b>  |   |
| Base Fee  | 4,430   |
| Additional Fee per 100 feet   | 430   |
| Minor (Waived) Site Utility (On-Site) Fee   | 1,535   |
| <b>40 Name/Transfer of Ownership Change Fee</b>   | 325   |
| <b>41 Variance Review Fee</b>   | 1,500   |

# MISCELLANEOUS FEES AND CHARGES - APPROVED FOR IMPLEMENTATION JULY 1, 2023

| Fee/Charge Number and Name   | FY 2024<br>Approved |
|--|---------------------|
| <b>PIPELINE, ENGINEERING AND ENVIRONMENTAL SERVICES</b>                                |                     |
| <b>42 Shutdown/Charge Simple Water Main Fee</b>  | \$ 1,180            |
| Shutdown/Charge Complex Water Main Fee   | 2,145               |
| <b>43 Review and Inspection Fees for Site Work Potentially Impacting WSSC</b>          |                     |
| <b>Water Pipelines</b>   |                     |
| Simple Review  | 400                 |
| Complex Review / Non-DR Developer Review   | 5,425               |
| Inspection for Minor Adjustment / Non-DR Developer (per inspection)                    | 270                 |
| <b>44 Relocation Fee</b>   |                     |
| Inspection for MOU project (minimum charge up to 4 hours)                              | 600                 |
| <b>45 Connection Abandonment Fees</b>  |                     |
| County Roads (except Arterial Roads) - Water   | 1,470               |
| County Roads (except Arterial Roads) - Sewer   | 1,870               |
| State Roads and County Arterial Roads - Water  | 1,770               |
| State Roads and County Arterial Roads- Sewer   | 2,200               |
| <b>46 Chlorination Confirmation Test Fee (per first test)</b>                          | 245                 |
| Re-Test or Additional Tests (per hour)   | 185                 |
| <b>47 Re-Test or Additional Tests Chlorination and Pressure Test (per test)</b>        | 185                 |
| Inspector Overtime (per hour)  | 205                 |
| <b>48 Review Fee for Additional Reviews of Contract Documents As-Builts (per hour)</b> | 206                 |
| <b>49 Residential Outside Meter Housing Upgrade/Pipe Alteration</b>                    | 6,810               |
| <b>50 Utility Erosion and Sediment Control Permit Fees (per linear foot)</b>           |                     |
| Minor Projects (<125 linear foot OR less than 42 inch deep and 20 inch width)          | 0.45                |
| Major Projects   | 0.45                |
| Minimum Charge for Major Projects  | 120                 |
| <b>51 Right-of Way Release (or Subordination) Review Fee (per document)</b>            | 1,575               |
| <b>52 Right-of Way Acquisition and Condemnation for SEP Projects</b>                   | Reimbursement       |
| <b>53 Environmental Site Review Fee</b>  |                     |
| With Database Search Submitted by Applicant  | 440                 |
| <b>54 Feasibility Report and Committee Review Fee for On-Site Takeover Projects</b>    | 1,960               |

# MISCELLANEOUS FEES AND CHARGES - APPROVED FOR IMPLEMENTATION JULY 1, 2023

| Fee/Charge Number and Name   | FY 2024<br>Approved |
|--|---------------------|
| <b>PUBLICATIONS AND ADMINISTRATIVE</b>   |                     |
| <b>55 Plans, Plats and 200' Reference Maps Copies</b>  |                     |
| Xerographic bond paper copy (per sheet)  | \$ 5                |
| <b>56 WSSC Water Plumbing and Fuel Gas Code (Plumbing Code)</b>  |                     |
| Sale of Plumbing Regulation (per book)   | 55                  |
| <b>57 Contract Specifications, Contract Specification Books, Drawings, Design Manuals, Standard Details and General Conditions</b>   |                     |
| <u>Construction Specifications/Drawings</u>  |                     |
| Utility Contracts (up to \$20)   | 11 - 20             |
| Facility Contracts (up to \$450)   | 40 - 450            |
| Construction Standard Details  | 80                  |
| Construction General Conditions & Standard Specifications  | 85                  |
| SEP Construction General Conditions & Standard Specifications  | 85                  |
| <u>Procurement Specifications/Drawings/General Conditions</u>  |                     |
| With Routine Specifications  | No charge           |
| With Complex/Voluminous Specifications (up to \$200)   | 40 - 200            |
| <b>58 Photocopies of WSSC Water Documents Charges</b>  |                     |
| Readily Available Source Material (per single sided page)  | 0.30                |
| Certified Copy of Readily Available Source Material (per single sided page)  | 0.60                |
| Scanning Documents (per single sided page)   | 0.30                |
| (A reasonable fee may be charged for time in excess of two hours expended by WSSC Water in searching for requested records or preparing such records for inspection and copying) |                     |
| <b>59 WSSC Water Pipeline Design Manual Fee</b>  | 90                  |
| <b>60 WSSD Laws</b>  |                     |
| Bound Volume   | 85                  |
| Supplements  | 45                  |
| <b>61 Transcribed Tape of a Hearing or Meeting Fee</b>   | Prevailing fee      |
|  | charged by          |
|  | vendor              |

## MISCELLANEOUS FEES AND CHARGES - APPROVED FOR IMPLEMENTATION JULY 1, 2023

| Fee/Charge Number and Name  | FY 2024<br>Approved     |
|---|-------------------------|
| <b>OTHER FEES AND CHARGES</b>   |                         |
| <b>62 Patuxent Watershed Civil Citation Fines (State Mandated)</b>  |                         |
| First Offense   | \$ 150                  |
| Each Additional Offense within Calendar Year  | 300                     |
| <b>63 Sediment Control, Theft of Service, and Plumbing Civil Citation Fines (State Mandated)</b>  |                         |
| First Offense   | 250                     |
| Second Offense  | 500                     |
| Third Offense   | 750                     |
| Each Violation in Excess of Three   | 1,000                   |
| <b>64 Lobbyist Registration Fee (Code of Ethics)</b>  | 125                     |
| <b>65 Dishonored Check Fee &amp; Electronic Payment Fee</b>   | 35                      |
| (applies to all dishonored checks and dishonored electronic payments)   |                         |
| <b>66 Credit Card Surcharge (Applies to customer payment of the Point-of-Sale fee/charge by credit card other than water and sewer billing)</b> | 2% of amount<br>charged |
| <b>67 Protest Filing Fee</b>  | 857                     |
| <b>68 Preparation of Hold Harmless Agreement Fee</b>  | 1,800                   |
| <b>69 Connection Redemption Fee</b>   | 16                      |
| <b>70 Financial Disclosure Filer Late Fee (per day/\$500 max)</b>   | 5                       |



**SECTION 3**

**RACIAL EQUITY AND SOCIAL JUSTICE**

## RACIAL EQUITY AND SOCIAL JUSTICE

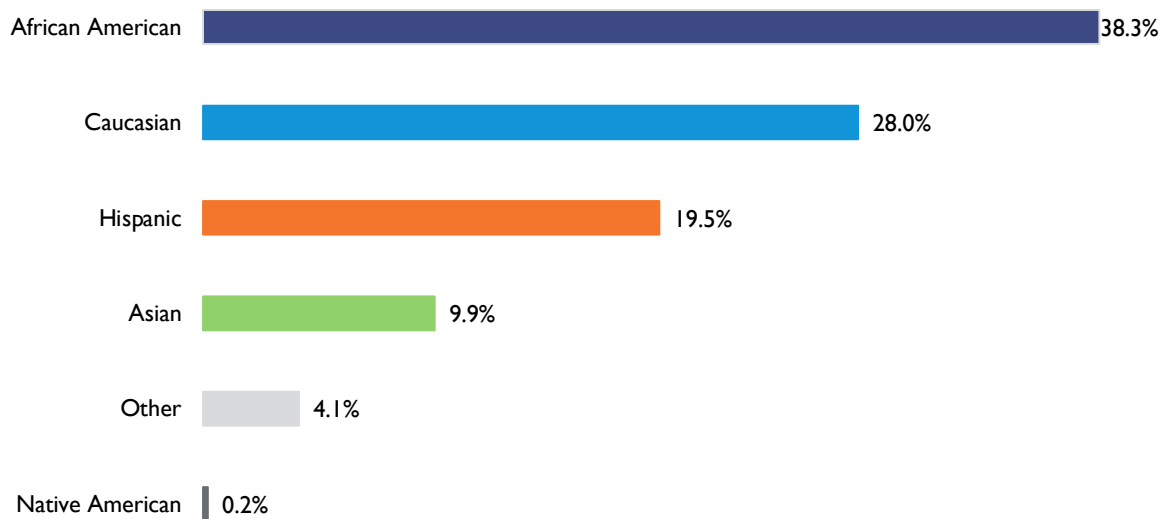
This section discusses racial equity and social justice (RESJ) topics related to WSSC Water's operations, including demographics about our customer base, equity issues in the provision of water and sewer services, supplier diversity, workforce diversity and customer affordability. In addition, this section highlights future and existing RESJ programs supported by the Fiscal Year (FY) 2024 Approved Budget and data related to these focus areas.

### CUSTOMER DEMOGRAPHICS

WSSC Water provides water and sewer services to a diverse customer base of approximately 1.9 million residents across Montgomery and Prince George's Counties. The demographic data presented in this section is based on combined 5-year data for Montgomery and Prince George's Counties from the U.S. Census Bureau's American Community Survey ([www.census.gov](http://www.census.gov)). The data represents estimates for calendar year 2021, which is the latest year for which data is available, but is based on sampling data for calendar years 2017 through 2021 in order to improve the accuracy of the estimates. The water and sewer services provided by WSSC Water include most areas, but not all, of the two Counties. Therefore, the demographics of the population served may vary slightly from those reported for the Counties as a whole.

The chart below shows the ethnic and racial makeup of the Montgomery and Prince George's residents. The two Counties have a diverse and majority-minority population. The residents are 38.3% African American, 28.0% Caucasian, 19.5% Hispanic, 9.9% Asian, 0.2% Native American, and 4.1% Other.

#### Population by Race/Ethnicity



## CUSTOMER DEMOGRAPHICS (Continued)

The table below shows the breakdown of the population of Montgomery and Prince George's Counties by age. There is a relatively even distribution between the age brackets for those under 65 years of age. Summarizing the data further, 31.4% of the population is under 25 years of age, 40.8% is between the ages of 25 and 54, and 27.8% is 55 years of age or older.

| Age Bracket       | Share of Population (%) |
|-------------------|-------------------------|
| Under 5 Years     | 6.2%                    |
| 5 to 14 Years     | 12.8%                   |
| 15 to 24 Years    | 12.4%                   |
| 25 to 34 Years    | 13.3%                   |
| 35 to 44 Years    | 13.7%                   |
| 45 to 54 Years    | 13.8%                   |
| 55 to 64 Years    | 13.3%                   |
| 65 to 74 Years    | 8.8%                    |
| 75 to 84 Years    | 4.0%                    |
| 85 Years and Over | 1.7%                    |
| <b>Total</b>      | <b>100.0%</b>           |

As shown in the table below, the median household income for Montgomery and Prince George's Counties was \$105,070 in calendar year 2021. This compares favorably to the state-wide median household income of \$91,431 and the national median household income of \$69,021. This means that the median household income in the two Counties is approximately 14.9% higher than the state-wide figure and 52.2% higher than the national figure.

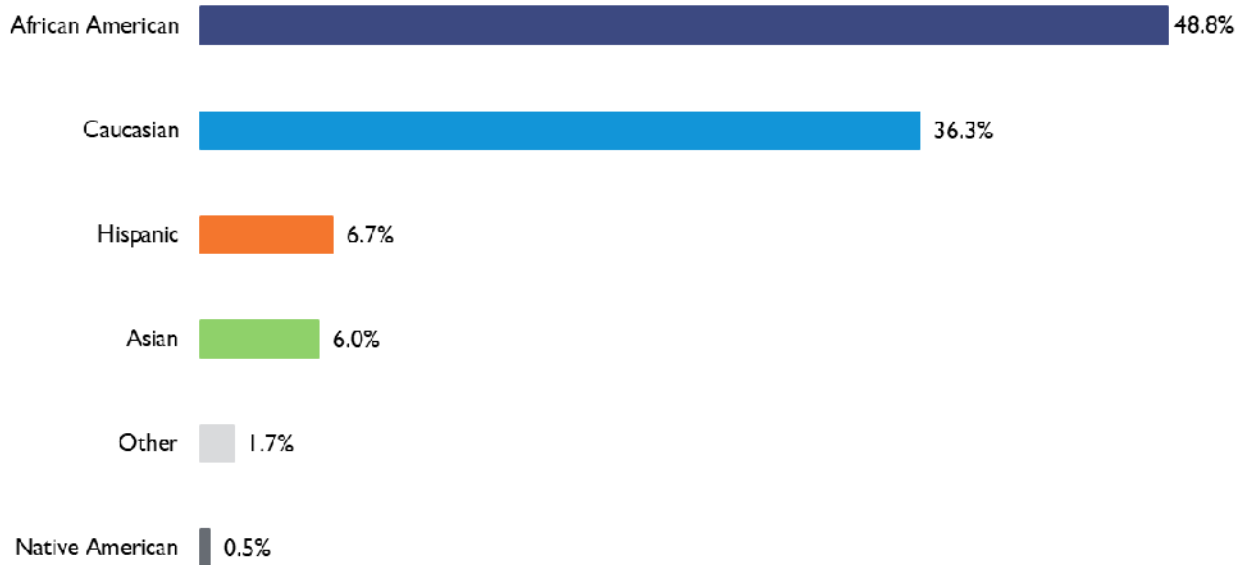
The table below also shows the percent of the population that is below the poverty level in Montgomery and Prince George's Counties combined, the State of Maryland, and the United States. In Montgomery and Prince George's Counties, approximately 8.1% of the population is below the poverty level. This is lower than the 9.2% figure for the State of Maryland and well below the national figure of 12.8%.

| Region                                | Median Household Income | Population Below Poverty Level (%) |
|---------------------------------------|-------------------------|------------------------------------|
| Montgomery & Prince George's Counties | \$ 105,070              | 8.1%                               |
| Maryland                              | \$ 91,431               | 9.2%                               |
| United States                         | \$ 69,021               | 12.8%                              |

## WSSC WATER WORKFORCE DIVERSITY

WSSC Water employs a diverse, majority-minority workforce. As shown in the chart below, as of June 30, 2022, the workforce is 48.8% African American, 36.3% Caucasian, 6.7% Hispanic, 6.0% Asian, 0.5% Native American and 1.7% Other. Compared to the ethnic and racial makeup of Montgomery and Prince George's Counties, the WSSC Water workforce is generally overrepresented in the African American and Caucasian groups and underrepresented in the Hispanic and Asian groups. WSSC Water promotes a diverse workplace that is free of discrimination and harassment based upon race, color, religion, gender, sexual orientation, national origin, age, disability, genetic information and retaliation or reprisal through the Equity, Engagement and Inclusion Division within the Human Resources Office.

### Workforce by Race/Ethnicity



## OFFICE OF SUPPLIER DIVERSITY & INCLUSION

The Office of Supplier Diversity & Inclusion (OSDI) is responsible for carrying out WSSC Water's commitment to ensure that our vendor base is reflective of the community that we serve. OSDI is dedicated to creating an inclusive purchasing environment and adding value to the organization and community by building sustainable relationships, expanding opportunities and cultivating growth with small, local and minority businesses. OSDI helps the organization achieve these goals through its management of the Minority Business Enterprise (MBE) Program and the Small Local Business Enterprise (SLBE) Program. The key components that OSDI uses to support these programs are supplier advocacy, compliance, outreach and development.

OSDI is also responsible for ensuring that the MBE and SLBE programs conform to all legal requirements. As part of these duties, OSDI prepares annual performance reports on the MBE and SLBE programs and conducts a disparity study that is typically done once every five years. The annual performance reports are required under state law to be sent to the elected officials from Montgomery and Prince George's Counties in the Maryland General Assembly by October 31<sup>st</sup> of each year. The performance reports provide details on the implementation and administration of the MBE and SLBE programs during the prior fiscal year and provide any appropriate recommendations regarding the programs. The disparity studies determine the following:

- The extent to which MBEs participate in the procurement of construction services, architectural and engineering services, goods and general services and professional services with WSSC Water
- If MBE participation is representative of the availability of MBE firms that are ready, willing and able to participate in WSSC Water contracts
- If discrimination exists, and is found, identifies the race, ethnicity and gender of the affected individuals
- Best practices to assist in administering the MBE Program and the establishment of an overall aspirational goal

In 2022 WSSC Water completed a Disparity Study which reviewed WSSC Water's minority business enterprise program and analyzed its activity with minority and women-owned businesses. The 2022 Disparity Study had reached the following conclusions:

- Evidence exists to show the presence of business discrimination of M/WBEs in both the private and public sector within the WSSC Water's marketplace. Business discrimination continues to be a barrier to M/WBE business opportunities. Statistical evidence also finds discriminatory experiences of vendors in the marketplace. WSSC Water should tailor its M/WBE and SLBE programs participation policies to remedy the disparities
- WSSC Water should be commended for its extensive set of incentives for M/WBE and SLBE participation, including SLBE bid incentives, funds for management and technical assistance, sheltered markets, subcontractor goals, mentor-protégé program and small contracts rotation
- WSSC Water should be commended for its extensive outreach activities, which include widespread coverage of the program on the WSSC Water website, partnerships with numerous business organizations, participation in numerous events, monthly training and other activities
- One solution to the issues with size standards is to adopt a two-tier standard MBE and SLBE certification in which contracts can be set aside for small and very small firms and goals that include very large MBEs and SLBEs can be established on large projects
- WSSC Water should work to improve prime contractor compliance with entering non-MBE subcontractor data into the system of record

## OFFICE OF SUPPLIER DIVERSITY & INCLUSION (Continued)

### MBE Program

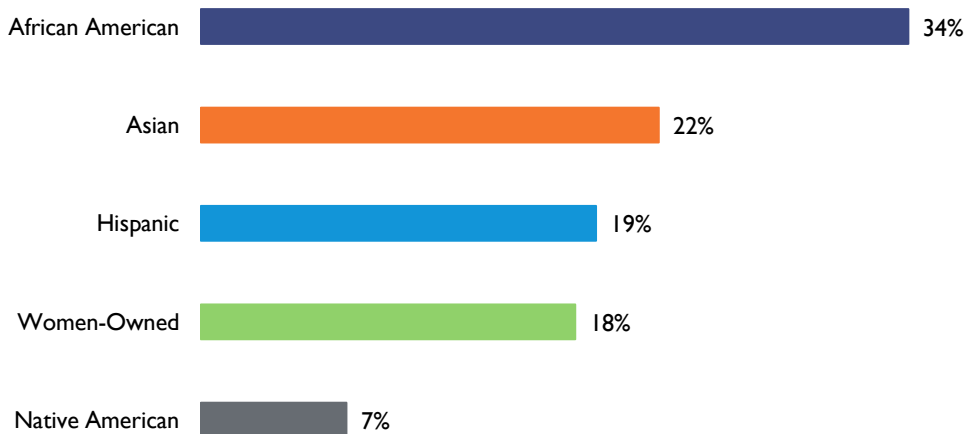
WSSC Water's MBE Program was originally developed in 1978. For more than 40 years, the MBE Program has sought to promote fair and inclusive contract participation, provide greater access for diverse firms and produce educational content to further develop diverse businesses. The program seeks to eliminate barriers to success in the public marketplace for both prime contractors and subcontractors. The MBE Program recognizes certifications for minority-owned companies, women-owned companies and disadvantaged companies from five local and national entities.

Since 2012, the MBE Program has resulted in more than \$1.4 billion in payments to diverse businesses. In FY 2022, WSSC Water spent more than \$140.4 million with MBE firms. This represents 28% of the total contract payments in FY 2022 for architectural and engineering services, construction services, goods and general services and professional services. Approximately 84% of the payments to MBE firms in FY 2022 went to firms located in the State of Maryland or Washington D.C. The table below summarizes the contract payments performance of WSSC Water's MBE Program over the last five years.

| Fiscal Year  | MBE<br>Contract Payments | Total<br>Contract Payments | MBE Share<br>(%) |
|--------------|--------------------------|----------------------------|------------------|
| 2012         | 102,281,071              | 365,680,655                | 28%              |
| 2013         | 92,137,148               | 465,068,695                | 20%              |
| 2014         | 99,965,604               | 491,360,333                | 20%              |
| 2015         | 134,409,006              | 542,740,015                | 25%              |
| 2016         | 114,832,166              | 587,498,789                | 20%              |
| 2017         | 156,900,804              | 588,775,203                | 27%              |
| 2018         | 146,562,712              | 518,434,501                | 28%              |
| 2019         | 152,510,264              | 517,153,557                | 29%              |
| 2020         | 136,209,781              | 481,475,872                | 28%              |
| 2021         | 154,826,411              | 474,978,466                | 33%              |
| 2022         | 140,418,391              | 506,532,398                | 28%              |
| <b>Total</b> | <b>\$ 1,431,053,358</b>  | <b>\$ 5,539,698,484</b>    | <b>26%</b>       |

The chart below shows the breakdown of the FY 2022 contract payments by the type of MBE firm that received the payments. As shown in the chart, African American firms received the largest share of the MBE contract payments with a 34% share.

### Share of Contract Payments



## OFFICE OF SUPPLIER DIVERSITY & INCLUSION (Continued)

### **MBE Program (Continued)**

The MBE Program also tracks contract awards as they are a leading indicator of future contract payments to MBE firms. In FY 2022, WSSC Water awarded approximately \$358.9 million in contracts to MBE firms in the architectural and engineering services, construction services, goods and general services and professional services contracting areas. This equates to 28% of the approximately \$1.3 billion of total contract awards issued in these four contracting areas.

### **SLBE Program**

WSSC Water's SLBE Program was created in 2001 to provide race and gender-neutral contracting opportunities for small businesses principally located in Montgomery and Prince George's Counties. To qualify for the SLBE Program, firms must meet several eligibility criteria. Some examples of the eligibility criteria include the firm being principally located within or having a significant employment presence (at least 25% of the firm's total number of employees) in Montgomery County or Prince George's County, the firm not being a subsidiary of another business and the firm meeting size eligibility requirements. In FY 2022, approximately \$38.5 million was spent with SLBE firms for architectural and engineering services, construction services, goods and general services and professional services. Another approximately \$102.4 million was awarded in contracts to SLBE firms in these four contracting areas in FY 2022.

Additional information on the WSSC Water MBE and SLBE programs, including copies of the most recent performance report and disparity study, can be found on our website at <https://www.wsscwater.com/supplierdiversity>.

## OTHER RACIAL EQUITY AND SOCIAL JUSTICE INITIATIVES

WSSC Water also has several other RESJ initiatives that are currently underway. Three examples of these initiatives are the effort to address the public health, equity and environmental justice concerns with unserved and underserved communities, the effort to incorporate RESJ criteria into the capital project prioritization process, and efforts to obtain external funding for projects located in disadvantaged communities throughout Montgomery and Prince George's Counties in alignment with the U.S. government's Justice40 Initiative. The following sections describe these three initiatives in further detail, including the current status of each.

### Unserved and Underserved Communities

An unserved community is defined as an area within the sewer service envelope where a new sewer main greater than 1,500 feet is required to extend sewer service to the homes within the community. An underserved community is defined as an area within the sewer service envelope where public sewer service is available to some homes within the community, but one or more houses cannot access the service until a new sewer main greater than 200 feet in length is built.

Thousands of homes throughout Montgomery and Prince George's Counties have septic systems despite being in communities that were planned for public sewer service. Many of these homes have old septic systems that are beginning to fail and many of these failing systems cannot be easily repaired or replaced either because the lot is too small or the soil conditions are inadequate. These unserved and underserved communities cannot access sewer service from WSSC Water until sewer mains are extended into their community. Under current state statute, homeowners are responsible for the cost of any new water or sewer infrastructure that is required to extend service to their homes. A typical sewer extension can cost up to \$700 per foot and total project costs can range from \$100,000 to over \$1.0 million. Although the current application process provides for long-term financing and limited subsidies in cases where failing septic systems are causing a public health problem in the community, very few homeowners can afford to extend water or sewer service into their communities. Since 2005, only 16 sewer extension projects have been constructed to provide service to approximately 84 homes with septic systems.

WSSC Water, in conjunction with Montgomery and Prince George's Counties, formed a subset of the Bi-County Infrastructure Working Group to identify policy challenges and deficiencies of the current system and to build a roadmap for an improved system of extending water and sewer service to unserved and underserved communities. The workgroup identified the following key legal, financial and policy challenges:

- The current approach places all of the burden of project financing on the homeowner, which makes most sewer extension projects unaffordable for the majority of homeowners
- There is a lack of fairness and equity in the current approach to extending sewer service to unserved and underserved communities because only homeowners who are requesting service pay for the extension project deficit costs over and above the front foot benefits assessments
  - Homeowners who decide to take advantage of the availability of sewer service in the future get a "free ride" because they only pay a front foot benefit assessment after they connect
- The current sewer extension process, which is applicant driven, impedes the Counties' ability to address septic system problems and other potential community health hazards comprehensively
  - Sewer service is not being extended into communities where it is most needed
  - This is preventing the Counties from addressing the public and environmental health impacts of septic systems in a systematic, cost-effective manner

The workgroup believes that WSSC Water and the Counties must adopt a collaborative approach to address the needs of homeowners in unserved and underserved communities and reached consensus on eight discrete recommendations that lay the groundwork for a comprehensive, programmatic solution to the problems facing residents in these communities. The recommendations are as follow:

- Public subsidies for sewer extension projects in unserved and underserved communities should be increased
- A uniform, affordable fee for sewer service for homeowners in unserved and underserved communities should be implemented



## OTHER RACIAL EQUITY AND SOCIAL JUSTICE INITIATIVES (Continued)

### Unserved and Underserved Communities (Continued)

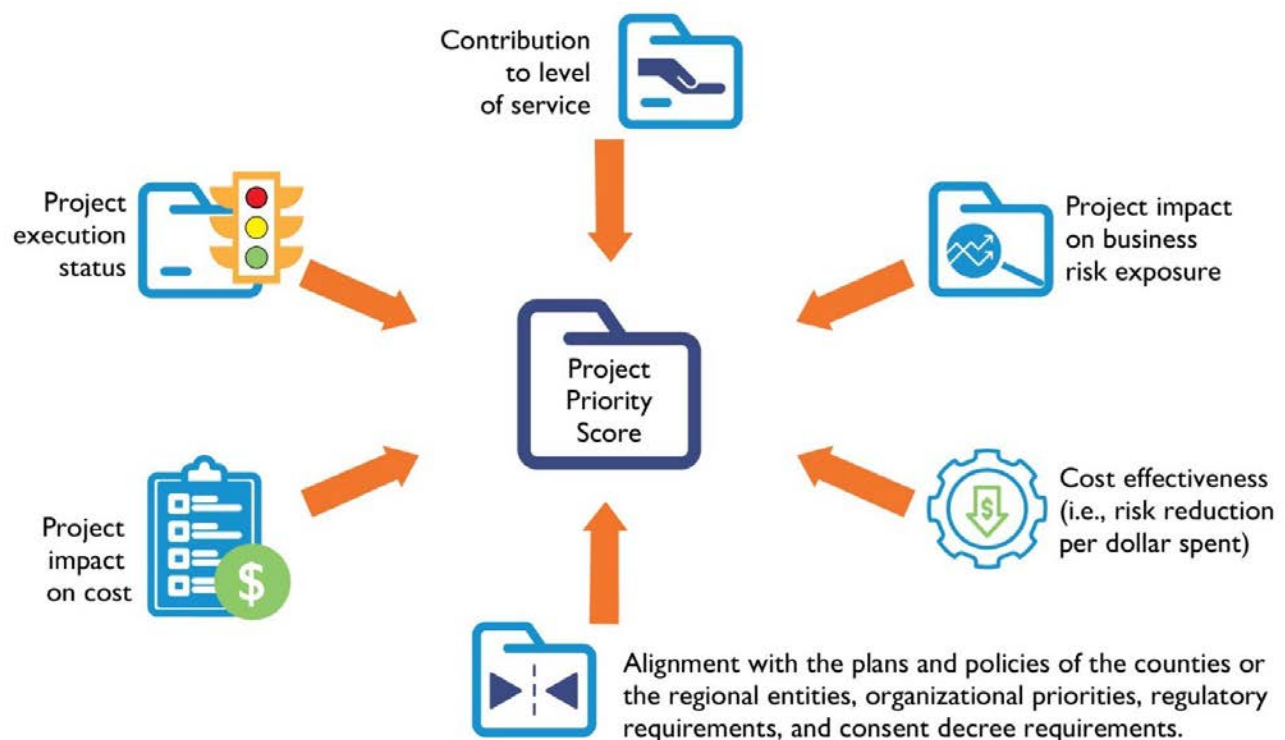
- Additional assistance with up-front costs for homeowners who are experiencing other financial hardship should be provided
- A Pay-As-You-GO (PAYGO) funded Capital Improvements Program (CIP) project for sewer extensions to unserved and underserved communities should be established
- Program funding should be equitably allocated between Montgomery and Prince George's Counties
- The Counties and WSSC Water should aggressively pursue funding from the State of Maryland's Bay Restoration Fund for sewer extension projects in unserved and underserved communities
- A subdistrict process to secure support within unserved and underserved communities for sewer connection projects should be established
- Each County should develop an approach to identify and prioritize communities with the greatest need for sewer extensions

The workgroup's eight policy recommendations provide a starting point for further discussions between WSSC Water and the Counties on the development of an effective, long-term program to address the lack of water and sewer service in unserved and underserved communities.

In January 2023, WSSC Water submitted an application to the Maryland Water Infrastructure Financing Administration seeking funding for an Onsite Septic Conversion Program to extend sewer service to unserved and underserved communities. The application covers several state grant and federal grant/loan programs. The state typically sends out award notification letters 10-15 months after the application period closes in January, depending on the program from which funds have been awarded.

### Capital Project Prioritization Criteria

As part of the CIP process each year, the Asset Management Division prioritizes the projects in the CIP based on a predetermined set of criteria. The graphic below shows the six elements that make up the CIP prioritization criteria.



## OTHER RACIAL EQUITY AND SOCIAL JUSTICE INITIATIVES (Continued)

### Capital Project Prioritization Criteria (Continued)

The Asset Management Division undertook a pilot project in FY 2022 to examine ways to incorporate RESJ considerations into the CIP prioritization criteria shown on the prior page. The division identified the element concerning alignment with the plans and policies of the Counties as a potential way to incorporate RESJ factors into the criteria. Both Montgomery and Prince George's Counties have identified parts of their respective jurisdictions as focus areas based on RESJ or related criteria. Montgomery County has designated portions of the County as equity focus areas based on factors such as high concentrations of minorities, low-income households and people age 5 or older with lower levels of English language proficiency. Prince George's County has established revitalization tax credit districts throughout the County based on factors such as median household income, residential density of an area, land use in an area, economic factors and unemployment rates.

For the pilot, the Asset Management Division reviewed the geographic locations of the projects included in the CIP and identified those that either provided widespread benefits that impacted one of the areas designated by either County or that provided benefits to a specific location within one of the areas. The projects were then given a prioritization score that reflected their designation as a project that aligned with the plans and policies of the Counties based on the RESJ factors. All of the CIP projects were then re-ranked based on the new priority scores that incorporated RESJ considerations. The results of the pilot were then presented to other departments throughout WSSC Water. Based on the results of the pilot project, the Asset Management Division incorporated the RESJ factors, utilizing the identified methodology, into the CIP prioritization criteria for the FYs 2024-2029 CIP. The Asset Management Division is also continuing to research other methods for incorporating RESJ factors into the prioritization criteria in the future.

### External Funding for Disadvantaged Communities

The federal government, through the Justice40 Initiative created by President Biden in Executive Order 14008, has made it a goal that 40% of the overall benefits of certain federal investments flow to disadvantaged communities that are marginalized, underserved and overburdened by pollution. There are seven categories of investments that fall within the Justice40 initiative, which are as follows: i) climate change; ii) clean energy and energy efficiency; iii) clean transit; iv) affordable and sustainable housing; v) training and workforce development; vi) remediation and reduction of legacy pollution; and vii) the development of critical clean water and wastewater infrastructure. The Justice40 Pilot Program identified 21 existing federal programs to serve as pilots for the Justice40 Initiative by undergoing rapid changes to accelerate the implementation of the Justice40 Initiative and create a roadmap for all covered programs to meet the goals of the initiative by providing lessons and best practices that could be applied to other programs. The Clean Water State Revolving Fund (SRF) and Drinking Water SRF programs, which are administered by the U.S. Environmental Protection Agency (EPA), were selected as part of the pilot program.

Federal funding to help provide low-cost financing for water and wastewater projects is provided to all 50 states, the District of Columbia and U.S. territories through the Clean Water SRF and the Drinking Water SRF programs. In Maryland, these funds are administered by the Maryland Water Infrastructure Financing Administration (MWIFA), which is part of the Maryland Department of the Environment. MWIFA is responsible for encouraging capital investment for drinking water and wastewater projects pursuant to the federal Clean Water Act of 1987 and the federal Safe Drinking Water Act and Amendments of 1996. The primary avenue through which MWIFA encourages capital investment in water and wastewater infrastructure is its administration of the Drinking Water Revolving Loan Fund (DWRLF), the Water Quality Revolving Loan Fund (WQRLF), the Bay Restoration Fund, the Supplemental Assistance Grant, the Water Supply Grant and the Comprehensive Flood Management Grant Program. The DWRLF and WQRLF programs are the state sponsored programs that receive the federal Clean Water SRF and Drinking Water SRF funding from the EPA, respectively, including supplemental funding through the Bipartisan Infrastructure Law.

MWIFA accepts applications for funding from the programs that it administers in December through January each year. WSSC Water submitted 10 applications for external funding to MWIFA as part of the latest funding round in January 2023. Out of the 10 applications, 8 align with the goal of the Justice40 Initiative to have 40% of the overall benefits of the federal investments flow to disadvantaged communities that are marginalized, underserved and overburdened by pollution.

## OTHER RACIAL EQUITY AND SOCIAL JUSTICE INITIATIVES (Continued)

### External Funding for Disadvantaged Communities (Continued)

The list below includes a brief description of the 10 projects/programs included in the applications submitted to MWIFA and additional information on how those projects/programs align with the Justice40 Initiative, if applicable.

- **Karla Lane Water Main Replacement**
  - Description: This project will replace approximately 1.47 miles of small diameter 4" and 8" water mains in the Fort Washington area.
  - Justice40 Initiative Alignment: Based on the MWIFA criteria for determining qualified disadvantaged communities, this project is wholly located within a disadvantaged community.
- **Newburg Drive Water Main Replacement**
  - Description: This project will replace approximately 1.62 miles of small diameter 4", 8", 10" and 12" water mains in the Lanham area.
  - Justice40 Initiative Alignment: This project is wholly located within a disadvantaged community.
- **Village in the Woods Water Main Replacement**
  - Description: This project will replace approximately 2.71 miles of small diameter 4", 6", 8", 10" and 12" water mains in the Landover area.
  - Justice40 Initiative Alignment: This project is wholly located within a disadvantaged community.
- **Sanitary Sewer Reconstruction – Section 8**
  - Description: This project will rehabilitate 78.36 miles of 6" to 42" diameter sewer mains and 834 manholes throughout WSSC Water's service area.
  - Justice40 Initiative Alignment: Based on the MWIFA criteria, it has been determined that 59.0% of the project costs will be spent on work within qualified disadvantaged communities.
- **Water Storage Facility Rehabilitation Program**
  - Description: This program will rehabilitate the Andrews Elevated Tank and Greenbelt Standpipe in Prince George's County and the North Woodside Standpipe in Montgomery County, including structural, mechanical and electrical upgrades to the water storage facilities.
  - Justice40 Initiative Alignment: Based on the MWIFA criteria, it has been determined that 53.4% of the area inside the three water pressure zones served by these facilities are qualified disadvantaged communities.
- **Lead Service Line Inventory**
  - Description: While WSSC Water currently has no known publicly owned lead service lines (LSLs), we are preparing for continued compliance with EPA's Lead and Copper Rule Revisions (LCRR), including expanded customer tap sampling, monitoring for schools and childcare facilities, and an LSL inventory, replacement plan and sampling plan. This project will categorize all service lines, regardless of ownership, as either lead, non-lead, galvanized requiring replacement (GRR), or unknown. This includes the need to evaluate existing plumbing records and field inspections of homes with potential LSLs. For more information on the LCRR and its requirements, please refer to Section 10.
  - Justice40 Initiative Alignment: Nationally, communities where LSLs have been found are disproportionately disadvantaged communities with underserved and marginalized populations.
- **Lead Service Line Replacement Program**
  - Description: While WSSC Water currently has no known publicly owned LSLs, we are preparing for continued compliance with EPA's LCRR, including expanded customer tap sampling, monitoring for schools and childcare facilities, and an LSL inventory, replacement plan and sampling plan. If any service line is determined to be an LSL or GRR, WSSC Water will initiate a full service line replacement. This program covers the replacement work. For more information on the LCRR and its requirements, please refer to Section 10.
  - Justice40 Initiative Alignment: Nationally, communities where LSLs have been found are disproportionately disadvantaged communities with underserved and marginalized populations.

## OTHER RACIAL EQUITY AND SOCIAL JUSTICE INITIATIVES (Continued)

### External Funding for Disadvantaged Communities (Continued)

- Onsite Septic Conversion Program
  - Description: This program provides for the planning, design and construction of sewer extensions to convert approximately 3,800 properties that are currently on private onsite septic systems within the sewer service area to public sewer service.
  - Justice40 Initiative Alignment: While less than 40% of these properties are within qualified disadvantaged communities, the purpose of this program is to provide service to historically underserved communities.
- Piscataway Water Resource Recovery Facility (WRRF) Bioenergy
  - Description: This project provides for the engineering, design, construction, maintenance and monitoring and verification necessary to add sustainable energy equipment and systems to produce biogas and electricity at the Piscataway WRRF. The new bioenergy facility will handle waste from five existing WRRFs, employing innovative technologies to recover resources and produce green energy.
  - Justice40 Initiative Alignment: While the project will serve disadvantaged communities, it does not meet the 40% threshold.
- Parkwood Water Main Replacement Phase I
  - Description: This project will replace approximately 3.09 miles of small diameter 8” and 10” water mains in the Kensington area.
  - Justice40 Initiative Alignment: This project does not serve a disadvantaged community.

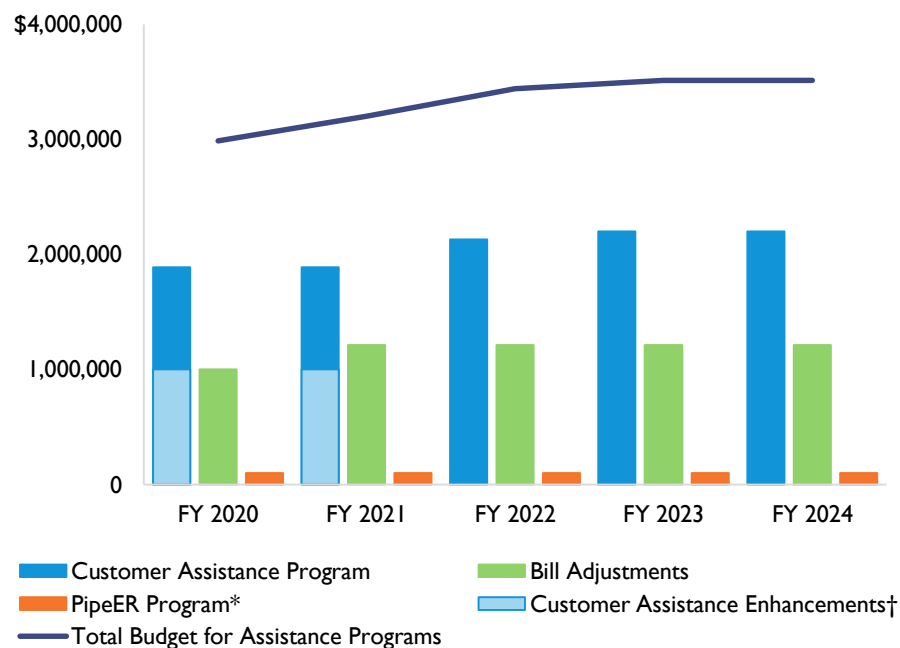
## WSSC WATER FINANCIAL ASSISTANCE PROGRAMS

WSSC Water is committed to making water and sewer bills affordable for its customers, which is why the agency offers a multitude of financial assistance programs that are designed to address common affordability issues faced by its customers. The financial assistance programs offered by the agency include the following:

- Customer Assistance Program (CAP)
- Water Fund
- PipeER Program (also known as the Connection Pipe Emergency Replacement Loan Program)
- Bay Restoration Fund Exemption Program
- Bill adjustments
- Flexible payment options

These programs aim to tackle customer affordability from several different angles, depending on the specific needs of the customer. The CAP, PipeER Program, and bill adjustments are funded as part of WSSC Water's annual budget process. The chart below shows the funding levels for these programs, individually and overall, from FY 2020 through FY 2024. As shown in the chart, WSSC Water has increased the funding for its financial assistance programs by approximately 18% over the last several years, from about \$3.0 million in FY 2020 to over \$3.5 million in FY 2024.

WSSC Water Financial Assistance Programs Budget



\*The PipeER Program was established in FY 2020.

†Funding was included in the FY 2020 and 2021 budgets for customer assistance enhancements. This funding was folded into CAP in FY 2022.

The following sections describe each program in detail. Additional information, including guidance on how to enroll in each of the programs, can be found on our website at <https://www.wsscwater.com/assistance>.

## WSSC WATER FINANCIAL ASSISTANCE PROGRAMS (Continued)

### Customer Assistance Program

CAP provides financial assistance to approved residential customers via credits for WSSC Water's fixed fees (the Account Maintenance Fee and the Infrastructure Investment Fee). The credits are capped for FY 2023 at \$29.82 per quarterly bill or \$119.28 per year, which is equivalent to the fees for a 3/4" meter. The cap will increase to \$31.90 per quarterly bill or \$127.60 per year in FY 2024. Eligibility for CAP is determined based on enrollment in the Maryland Office of Home Energy Programs' (OHEP) energy assistance program. If a customer is enrolled in this state program, then they also qualify for WSSC Water's CAP. Starting from FY 2023, the CAP participants will undergo a recertification process every year where those who were initially certified for this program will recertify with OHEP. The credit for the fixed fees will be applied retroactively to July 1 for the approved CAP participants. Customers are required to annually re-enroll with OHEP to continue their CAP enrollment. The current income eligibility criteria established by OHEP for its energy assistance program are outlined in the tables below.

| Income Eligibility Limits  |  |   |
|--|--|---|
| Effective July 1, 2022 to June 30, 2023  |  |   |
| (Based on 175% of the Federal Poverty Level)                                       |  |   |
| For Households with NO Members 67 Years of Age or Older at the Time of Application |  |   |
| Household Size   | Maximum<br>Gross Monthly<br>Income Standards | Maximum<br>Gross Annual<br>Income Standards |
| 1  | \$ 1,982                                     | \$ 23,783                                   |
| 2  | 2,670  | 32,043                                      |
| 3  | 3,359  | 40,303                                      |
| 4  | 4,047  | 48,563                                      |
| 5  | 4,735  | 56,823                                      |
| 6  | 5,424  | 65,083                                      |
| 7  | 6,112  | 73,343                                      |
| 8  | 6,800  | 81,603                                      |
| For Each Additional Person, Add  | 688  | 8,260                                       |

| Income Eligibility Limits   |  |   |
|---|--|---|
| Effective July 1, 2022 to June 30, 2023   |  |   |
| (Based on 200% of the Federal Poverty Level)  |  |   |
| For Households with ONE OR MORE Members 67 Years of Age or Older at the Time of Application |  |   |
| Household Size  | Maximum<br>Gross Monthly<br>Income Standards | Maximum<br>Gross Annual<br>Income Standards |
| 1   | \$ 2,265                                     | \$ 27,180                                   |
| 2   | 3,052  | 36,620                                      |
| 3   | 3,838  | 46,060                                      |
| 4   | 4,625  | 55,500                                      |
| 5   | 5,412  | 64,940                                      |
| 6   | 6,198  | 74,380                                      |
| 7   | 6,985  | 83,820                                      |
| 8   | 7,772  | 93,260                                      |
| For Each Additional Person, Add   | 787  | 9,440                                       |

WSSC Water was given the authority to establish CAP via legislation passed by the Maryland General Assembly and signed by the Governor in 2015. Per the enabling legislation, CAP is 100% funded via WSSC Water revenues. To date, WSSC Water's CAP has assisted more than 17,000 customers, an increase of 11.0% CAP enrollment from last year.

Customers enrolled in CAP are automatically enrolled in the Bay Restoration Fund Exemption Program. This exemption waives the state-mandated Bay Restoration Fund of up to \$60.00 per year.

## WSSC WATER FINANCIAL ASSISTANCE PROGRAMS (Continued)

### Water Fund

The Water Fund was established in 1994 by WSSC Water employees to help residential customers in financial need pay their water and sewer bills. Eligible customers may receive up to \$500 in financial assistance per year toward their water and sewer bills. The Salvation Army administers the Water Fund and is responsible for determining whether applicants qualify for assistance. The eligibility criteria are primarily based on household income and size, as shown in the table below.

| Income Eligibility Limits<br>Effective July 1, 2022 to June 30, 2023<br>(Based on 200% of the Federal Poverty Level) |  |   |
|--|--|---|
| Household Size   | Maximum Gross<br>Monthly Income<br>Standards | Maximum Gross<br>Annual Income<br>Standards |
| 1  | \$ 2,265                                     | \$ 27,180                                   |
| 2  | 3,052  | 36,620                                      |
| 3  | 3,838  | 46,060                                      |
| 4  | 4,625  | 55,500                                      |
| 5  | 5,412  | 64,940                                      |
| 6  | 6,198  | 74,380                                      |
| 7  | 6,985  | 83,820                                      |
| 8  | 7,772  | 93,260                                      |
| For Each Additional<br>Person, Add   | 787  | 9,440                                       |

The Water Fund is funded entirely by contributions from customers, employees and other sources. Customers can donate to the Water Fund via direct online donations, through lump sum donations added when paying their bill or through participation in the bill round up program. WSSC Water employees contribute to the Water Fund through the agency's annual giving campaign and special events that support the Water Fund, like the annual Manhole Open golf tournament. WSSC Water pays the administrative and promotional fees while The Salvation Army assists participants and manages the fund, which ensures that 100% of all donations go directly to those in need. Since 1994, the Water Fund, in partnership with The Salvation Army, has distributed more than \$2.4 million to help more than 23,000 people throughout Montgomery and Prince George's counties. In FY 2022, the Water Fund provided water bill assistance to 3,710 people by disbursing almost \$576,000 in aid.

### PipeER Program



The PipeER Program, also known as the Connection Pipe Emergency Replacement Loan Program, provides loans to eligible residential customers to finance the replacement of their water service line, which is located on their property and connects WSSC Water's main line to the home. The program makes available \$100,000 annually to customers in need. The funds are available on a first come, first served basis each FY until the fund is depleted. All loans must be used to replace a water service line, not for service line repairs. Once approved, customers are eligible to receive a loan up to \$5,000. The loan proceeds are disbursed directly to a WSSC Water licensed plumber and any additional cost over the loan amount must be paid by the customer.

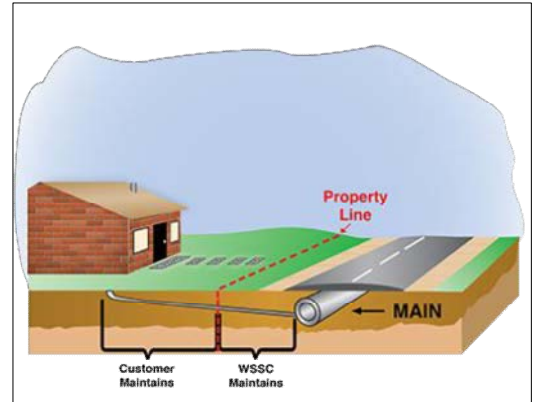


## WSSC WATER FINANCIAL ASSISTANCE PROGRAMS (Continued)

### PipeER Program (Continued)

The PipeER Program is administered by the WSSC Federal Credit Union, which includes underwriting the loans. In order to qualify for the program, customers must meet the following criteria:

- The applicant must be a residential customer of WSSC Water and be the owner of the property upon which the pipe replacement will occur
- The customer must have received a WSSC Water 30-day leak letter or notification
- The customer must have received at least two quotes for the work from WSSC Water licensed plumbers
- The applicant must meet the WSSC Federal Credit Union's minimum underwriting standards



The Maryland General Assembly passed, and the Governor signed, legislation that enabled WSSC Water to create the PipeER Program in 2018. In accordance with the legislation establishing the PipeER Program, WSSC Water includes the program funding of \$100,000 in its annual budget. The legislation also limits the total outstanding amount for all loans under the program to \$1.0 million. WSSC Water has committed to transferring any unused funds from the \$100,000 annual budget to the Water Fund each year to further aid customers facing financial hardships.

### Bay Restoration Fund Exemption Program

The Chesapeake Bay has experienced a decline in water quality due to over-enrichment of nutrients (mainly phosphorus and nitrogen). Effluent from water resource recovery facilities (WRRFs) is one of the top three major contributors of nutrients entering the bay. Therefore, the Maryland General Assembly established the Chesapeake Bay Watershed Restoration Fund (also known as the Bay Restoration Fund) via legislation that was signed by the Governor in 2004. The legislation also mandated an environmental surcharge, often referred to as the Bay Restoration Fund Fee, to provide a source of revenue for the fund. The fee is imposed upon WRRF users in order to finance enhanced nutrient removal upgrades at Maryland's WRRFs (there is also a similar fee for septic users). In 2012, a bill was passed to increase the fee to \$5.00 per month (or \$15.00 per quarter) for residential customers served by a WRRF that discharges to the Chesapeake Bay and Coastal Bay watersheds.

As part of the legislation establishing the Bay Restoration Fund, WSSC Water was tasked with billing and collecting the fee from its customers. The agency then turns the funds over to the Maryland Department of the Environment (MDE), which administers the fund. As part of the 2012 legislation, WSSC Water was given the authority to establish a Bay Restoration Fund Exemption Program for residential customers that demonstrate substantial financial hardship, subject to the approval of MDE.





## WSSC WATER FINANCIAL ASSISTANCE PROGRAMS (Continued)

### Bay Restoration Fund Exemption Program (Continued)

In order to qualify for the Bay Restoration Fund Exemption Program, residential customers must either be certified by OHEP or meet at least two of the following criteria:

- Have received assistance from the Water Fund within the last 12 months
- Have received public assistance or food stamps within the last 12 months
- Have received Veteran's Disability or Social Security Disability benefits within the last 12 months
- Meet the income eligibility criteria based on the current year's tax return

The current income eligibility criteria for the Bay Restoration Fund Exemption Program are outlined in the table below.

| Income Eligibility Limits  |  |       |                                       |
|--|--|-------|---------------------------------------|
| Effective July 1, 2022 to June 30, 2023  |  |       |                                       |
| (Based on 175% of the Federal Poverty Level)                                       |  |       |                                       |
| For Households with NO Members 67 Years of Age or Older at the Time of Application |  |       |                                       |
| Household Size   | Maximum Gross Monthly Income Standards |       | Maximum Gross Annual Income Standards |
| 1  | \$                                     | 1,982 | \$ 23,783                             |
| 2  |  | 2,670 | 32,043                                |
| 3  |  | 3,359 | 40,303                                |
| 4  |  | 4,047 | 48,563                                |
| 5  |  | 4,735 | 56,823                                |
| 6  |  | 5,424 | 65,083                                |
| 7  |  | 6,112 | 73,343                                |
| 8  |  | 6,800 | 81,603                                |
| For Each Additional Person, Add  |  | 688   | 8,260                                 |

| Income Eligibility Limits   |  |       |                                       |
|---|--|-------|---------------------------------------|
| Effective July 1, 2022 to June 30, 2023   |  |       |                                       |
| (Based on 200% of the Federal Poverty Level)  |  |       |                                       |
| For Households with ONE OR MORE Members 67 Years of Age or Older at the Time of Application |  |       |                                       |
| Household Size  | Maximum Gross Monthly Income Standards |       | Maximum Gross Annual Income Standards |
| 1   | \$                                     | 2,265 | \$ 27,180                             |
| 2   |  | 3,052 | 36,620                                |
| 3   |  | 3,838 | 46,060                                |
| 4   |  | 4,625 | 55,500                                |
| 5   |  | 5,412 | 64,940                                |
| 6   |  | 6,198 | 74,380                                |
| 7   |  | 6,985 | 83,820                                |
| 8   |  | 7,772 | 93,260                                |
| For Each Additional Person, Add   |  | 787   | 9,440                                 |

## WSSC WATER FINANCIAL ASSISTANCE PROGRAMS (Continued)

### Bill Adjustments

Leaks due to issues with the plumbing system within a building or from the underground service line can result in higher water bills, which can cause a financial hardship for the property owner. While property owners are responsible for maintaining their plumbing systems and service lines, WSSC Water does make bill adjustments available under certain circumstances in order to relieve the financial hardship caused by an undetected leak. In accordance with WSSC Water's Code of Regulations, the following types of bill adjustments are available:

- High bill adjustment (single-unit residential properties)
- One-time high bill adjustment (single-unit commercial properties)
- Leaks on property – underground leaks (residential or commercial, single or multi-unit)
- Underground leaks, off property (residential or commercial, single or multi-unit)
- Delayed collection action (single-unit residential and single-unit commercial)
- Charitable institutions
- Credits for customers with physical or mental impairment (single-unit residential)
- Fire or vandalism (residential or commercial, single or multi-unit)
- Public fountain use
- Discolored water or sod restoration (single/multi-unit residential)
- Unpaid previous owner charges (residential or commercial, single or multi-unit)
- Gasket leak on meter (residential or commercial, single or multi-unit)
- Illegal consumption (single-unit residential)
- Lining project (residential or commercial, single or multi-unit)

Detailed information on the qualification criteria for each type of bill adjustment can be found in WSSC Water's Code of Regulations, which is published online at <https://wssc.district.codes/code>.

### Flexible Payment Options

WSSC Water offers flexible payment options, such as extended due dates and payment plans, to assist customers with unexpected financial hardships that cause them to have trouble paying their water and sewer bills. Customers that have been approved for CAP may also be eligible for a payment plan lasting up to 48 months. Additionally, there is a payment plan option for customers that are not enrolled in CAP. Effective January 4, 2021, this option offers a payment plan that may last up to 36 months. To learn more about the flexible payment options, customers can contact one of WSSC Water's customer service advisors by calling 301-206-4001.



## WSSC WATER BILL AFFORDABILITY

### Federal Affordability Standard

The U.S. Environmental Protection Agency (EPA) has established affordability criteria for residential water and wastewater services. The EPA criteria establishes an overall affordability standard of 4.5% of median household income. This overall standard is comprised of individual thresholds of 2.5% for potable water and 2.0% for wastewater and combined sewer overflow controls that were set by the EPA. Therefore, given the EPA's role as the federal agency responsible for regulating drinking water systems, WSSC Water has adopted the EPA standard of 4.5% of median household income as the measure it uses to determine the affordability of its services for its customers.

### Median Household Income

Based on 5-year data from the U.S. Census Bureau's American Community Survey, the median household income for Montgomery and Prince George's Counties was \$105,070 in calendar year 2021, which is the latest year for which data is available. Based on the FY 2024 approved rates, WSSC Water's average annual residential bill for water and sewer services at 150 gallons per day is approximately \$1,005. The consumption level of 150 gallons per day is used because it represents the average household in WSSC Water's service area, a 3-person household using 50 gallons of water per person per day. Therefore, it is estimated that the annual cost of water and sewer services from WSSC Water for the average customer will be 1.0% of the median household income in FY 2024, absent any changes in household income between 2021 and 2024. This level is well below the 4.5% standard set by the EPA.

| Median Household Income | Average WSSC Water Bill | Share of Median Income |
|-------------------------|-------------------------|------------------------|
| \$ 105,070              | \$ 1,005                | 1.0%                   |

Median household income figures from the U.S. Census Bureau ([www.census.gov](http://www.census.gov)), American Community Survey 5-Year Estimates for 2017-2021.

The average per person consumption is adjusted from 55 GPD to 50 GPD due to a declining trend in water consumption based on the 2022 Cost of Service Study results that are consistent with recent historical consumption.

Looking more in-depth, the table below shows the share of median household income for the average WSSC Water bill by household size over the FY 2017 to FY 2021 time period. The average WSSC Water bill for each size household is based on consumption of 50 gallons of water per person per day. Over the five-year period analyzed, the share of WSSC Water's bill to median household income remained fairly steady for all seven household sizes. This means that while WSSC Water's rates have been going up, they have been increasing in proportion with the changes to median household incomes in Montgomery and Prince George's Counties.

| Household Size                          | FY 2017 Actual | FY 2018 Actual | FY 2019 Actual | FY 2020 Actual | FY 2021 Actual |
|---|----------------|----------------|----------------|----------------|----------------|
| 1-person Household                      | 0.5%           | 0.5%           | 0.5%           | 0.6%           | 0.6%           |
| 2-person Household                      | 0.5%           | 0.5%           | 0.5%           | 0.5%           | 0.5%           |
| 3-person Household                      | 0.7%           | 0.7%           | 0.7%           | 0.6%           | 0.6%           |
| 4-person Household                      | 0.8%           | 0.8%           | 0.8%           | 0.8%           | 0.8%           |
| 5-person Household                      | 1.2%           | 1.2%           | 1.2%           | 1.1%           | 1.1%           |
| 6-person Household                      | 1.6%           | 1.5%           | 1.5%           | 1.4%           | 1.4%           |
| 7-or-more Person Household <sup>†</sup> | 1.8%           | 1.8%           | 1.8%           | 1.6%           | 1.6%           |

Median household income figures from the U.S. Census Bureau ([www.census.gov](http://www.census.gov)), American Community Survey 5-Year Estimates for 2013-2017, 2014-2018, 2015-2019, 2016-2020 and 2017-2021.

<sup>†</sup>The average WSSC Water bill for the 7-or-more person household size was calculated based on a 7-person household.

The average per person consumption is adjusted from 55 GPD to 50 GPD due to a declining trend in water consumption based on the 2022 Cost of Service Study results that are consistent with recent historical consumption.

## WSSC WATER BILL AFFORDABILITY (Continued)

### Household Income Quintiles

The table below compares the average household income by income quintile to the average WSSC Water bill for a three-person household. Each income quintile contains 20.0% of the population of Montgomery and Prince George's Counties based on where their household income falls on the spectrum for all households. As shown in the table, the average household income for the first quintile is \$24,591 per year. At this level of income, a three-person household would spend about 4.1% of their annual income on water and sewer services, which is below the 4.5% EPA affordability threshold. Therefore, WSSC Water's average bill for water and sewer services is affordable for the average customer at the lower end of the household income distribution in Montgomery and Prince George's Counties.

| Quintile | Average Household Income | Average WSSC Water Bill* | Share of Average Income |
|----------|--------------------------|--------------------------|-------------------------|
| First    | \$ 24,591                | \$ 1,005                 | 4.1%                    |
| Second   | 65,426                   | 1,005                    | 1.5%                    |
| Third    | 105,451                  | 1,005                    | 1.0%                    |
| Fourth   | 159,413                  | 1,005                    | 0.6%                    |
| Fifth    | 332,667                  | 1,005                    | 0.3%                    |

Average household income figures from the U.S. Census Bureau ([www.census.gov](http://www.census.gov)), American Community Survey 5-Year Estimates for 2017-2021.

\* The average per person consumption is adjusted from 55 GPD to 50 GPD due to a declining trend in water consumption based on the 2022 Cost of Service Study results that are consistent with recent historical consumption.

### Household Income Brackets

The table below shows a more detailed breakdown of household incomes in Montgomery and Prince George's Counties and how the average WSSC Water bill for a three-person household compares to each income level. Looking at this more detailed breakdown, the average WSSC Water bill begins to exceed the EPA affordability threshold towards the upper bound of the fourth income bracket (\$20,000-\$24,999 per year). The income at which the 4.5% threshold is crossed for a three-person household is about \$22,342 per year. The first through third income brackets contain approximately 7.6% of households and the fourth contains about 2.0%, so the average bill for a three-person household would exceed the EPA threshold for fewer than 9.6% of households in Montgomery and Prince George's Counties without any financial assistance from the agency.

| Income Bracket Lower Bound | Income Bracket Upper Bound | Number of Households | Share of Households | Average WSSC Water Bill* | Share of Lower Bound | Share of Upper Bound |
|----------------------------|----------------------------|----------------------|---------------------|--------------------------|----------------------|----------------------|
| \$ -                       | \$ 9,999                   | 27,276               | 3.8%                | \$ 1,005                 | N/A                  | 10.1%                |
| 10,000                     | 14,999                     | 13,695               | 1.9%                | 1,005                    | 10.1%                | 6.7%                 |
| 15,000                     | 19,999                     | 13,761               | 1.9%                | 1,005                    | 6.7%                 | 5.0%                 |
| 20,000                     | 24,999                     | 14,634               | 2.0%                | 1,005                    | 5.0%                 | 4.0%                 |
| 25,000                     | 29,999                     | 16,966               | 2.4%                | 1,005                    | 4.0%                 | 3.4%                 |
| 30,000                     | 34,999                     | 18,687               | 2.6%                | 1,005                    | 3.4%                 | 2.9%                 |
| 35,000                     | 39,999                     | 16,924               | 2.3%                | 1,005                    | 2.9%                 | 2.5%                 |
| 40,000                     | 44,999                     | 18,884               | 2.6%                | 1,005                    | 2.5%                 | 2.2%                 |
| 45,000                     | 49,999                     | 17,874               | 2.5%                | 1,005                    | 2.2%                 | 2.0%                 |
| 50,000                     | 59,999                     | 40,583               | 5.6%                | 1,005                    | 2.0%                 | 1.7%                 |
| 60,000                     | 74,999                     | 59,609               | 8.3%                | 1,005                    | 1.7%                 | 1.3%                 |
| 75,000                     | 99,999                     | 89,404               | 12.4%               | 1,005                    | 1.3%                 | 1.0%                 |
| 100,000                    | 124,999                    | 81,317               | 11.3%               | 1,005                    | 1.0%                 | 0.8%                 |
| 125,000                    | 149,999                    | 62,722               | 8.7%                | 1,005                    | 0.8%                 | 0.7%                 |
| 150,000                    | 199,999                    | 88,831               | 12.3%               | 1,005                    | 0.7%                 | 0.5%                 |
| 200,000                    | N/A                        | 139,507              | 19.4%               | 1,005                    | 0.5%                 | N/A                  |
| <b>Total</b>               |                            | <b>720,674</b>       | <b>100.0%</b>       |                          |                      |                      |

Income bracket information from the U.S. Census Bureau ([www.census.gov](http://www.census.gov)), American Community Survey 5-Year Estimates for 2017-2021.

\* The average per person consumption is adjusted from 55 GPD to 50 GPD due to a declining trend in water consumption based on the 2022 Cost of Service Study results that are consistent with recent historical consumption.

## WSSC WATER BILL AFFORDABILITY (Continued)

### Household Income Brackets (Continued)

WSSC Water's income-based financial assistance programs, CAP and the Water Fund, would provide help to most of the customers in the four lowest income brackets, even if they are in single-person households. CAP provides assistance for single-person households with annual incomes of up to \$23,783 if under 67 years of age and \$27,180 if 67 years of age or older. For a three-person household, the income limits increase to \$40,303 if all household members are under 67 years of age and \$46,060 if one household member is 67 years of age or older. The Water Fund provides assistance to single-person households with up to \$27,180 in annual income. For a three-person household, the income limit increases to \$46,060. Therefore, WSSC Water's financial assistance programs can help keep the costs of water and sewer services affordable for many of those who are most likely to struggle to pay their bills.

The table below shows how WSSC Water's CAP can increase bill affordability for our lowest income customers. As previously mentioned, CAP provides financial assistance to approved residential customers via credits for WSSC Water's fixed fees (the Account Maintenance Fee and the Infrastructure Investment Fee). It is anticipated that up to \$127.60 in assistance will be available in FY 2024 to match the fixed fees for a 3/4" meter. This would lower the average WSSC Water bill, which is based on a three-person household with a 3/4" meter, from approximately \$1,005 per year to \$878 per year. The income at which the 4.5% threshold is crossed for a three-person household would similarly decrease from about \$22,342 per year to \$19,506 per year. Consequently, the percentage of households for which the average three-person bill would exceed the EPA threshold would drop to about 7.6%, from the previous figure of less than 9.6%. The Water Fund, which provides up to \$500 in financial assistance per year for eligible residential customers, can further help those customers facing affordability concerns even after the CAP assistance is taken into account.

| Income Bracket<br>Lower Bound | Income Bracket<br>Upper Bound | Number of<br>Households | Share of<br>Households | Average WSSC<br>Water Bill (w/ CAP)*† | Share of<br>Lower Bound | Share of<br>Upper Bound |
|-------------------------------|-------------------------------|-------------------------|------------------------|---------------------------------------|-------------------------|-------------------------|
| \$ -                          | \$ 9,999                      | 27,276                  | 3.8%                   | \$ 878                                | N/A                     | 8.8%                    |
| 10,000                        | 14,999                        | 13,695                  | 1.9%                   | 878                                   | 8.8%                    | 5.9%                    |
| 15,000                        | 19,999                        | 13,761                  | 1.9%                   | 878                                   | 5.9%                    | 4.4%                    |
| 20,000                        | 24,999                        | 14,634                  | 2.0%                   | 878                                   | 4.4%                    | 3.5%                    |
| 25,000                        | 29,999                        | 16,966                  | 2.4%                   | 878                                   | 3.5%                    | 2.9%                    |
| 30,000                        | 34,999                        | 18,687                  | 2.6%                   | 878                                   | 2.9%                    | 2.5%                    |
| 35,000                        | 39,999                        | 16,924                  | 2.3%                   | 878                                   | 2.5%                    | N/A                     |

Income bracket information from the U.S. Census Bureau ([www.census.gov](http://www.census.gov)), American Community Survey 5-Year Estimates for 2017-2021.

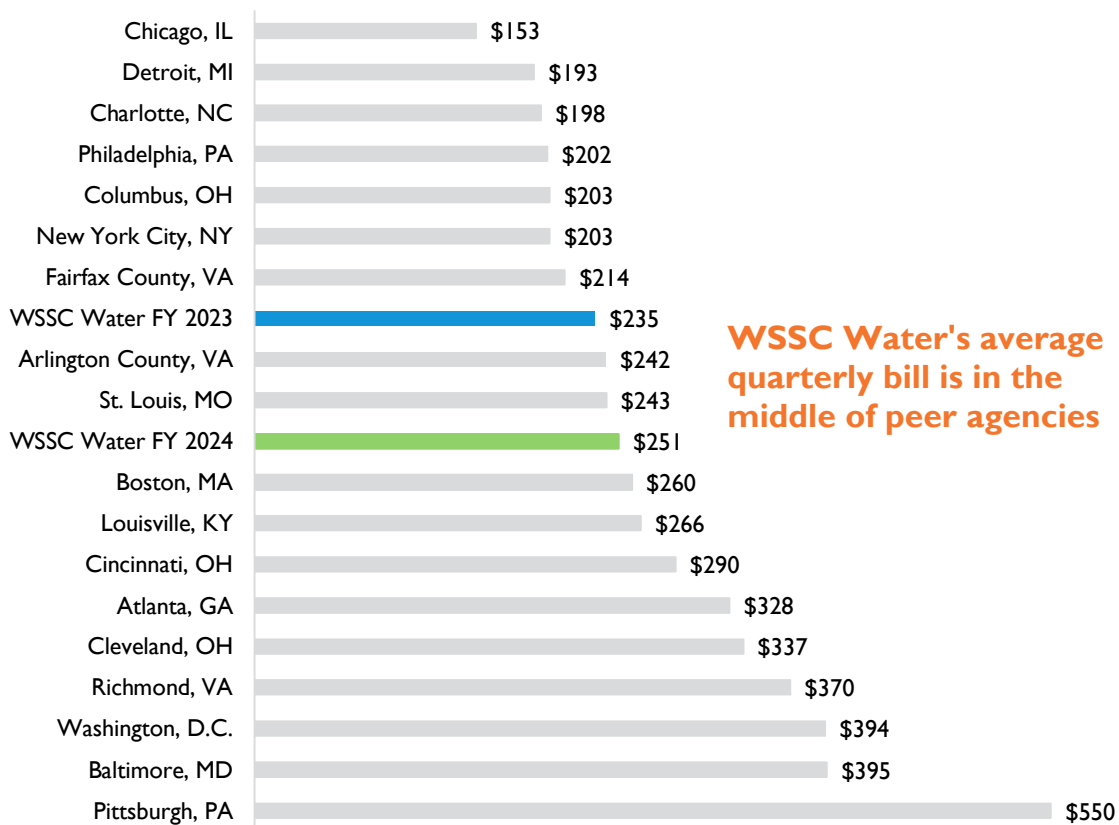
\* The average per person consumption is adjusted from 55 GPD to 50 GPD due to a declining trend in water consumption based on the 2022 Cost of Service Study results that are consistent with recent historical consumption.

## WATER AND SEWER BILL COMPARISONS

### Quarterly Bill Comparison

Presented below is a comparison of WSSC Water's average quarterly residential bill for water and sewer services at 150 gallons per day to the equivalent bill from 18 other cities and communities, both locally and nationally. The consumption level of 150 gallons per day represents the average household in WSSC Water's service area, a 3-person household using 50 gallons of water per person per day. The rates and fees used in this comparison were in effect as of December 2022. The chart includes WSSC Water bills at FY 2023 approved and FY 2024 approved rates. As shown in the chart, the quarterly bills in the other communities range from a low of \$153 in Chicago, Illinois to a high of \$550 in Pittsburgh, Pennsylvania. WSSC Water ranks in the middle of the peer agencies, with quarterly bills of \$235 in FY 2023 and \$251 in FY 2024. This shows that WSSC Water's rates and fees are competitive both locally and nationally.

### Residential Quarterly Water/Sewer Bill Comparison (150 Gallons per Day)

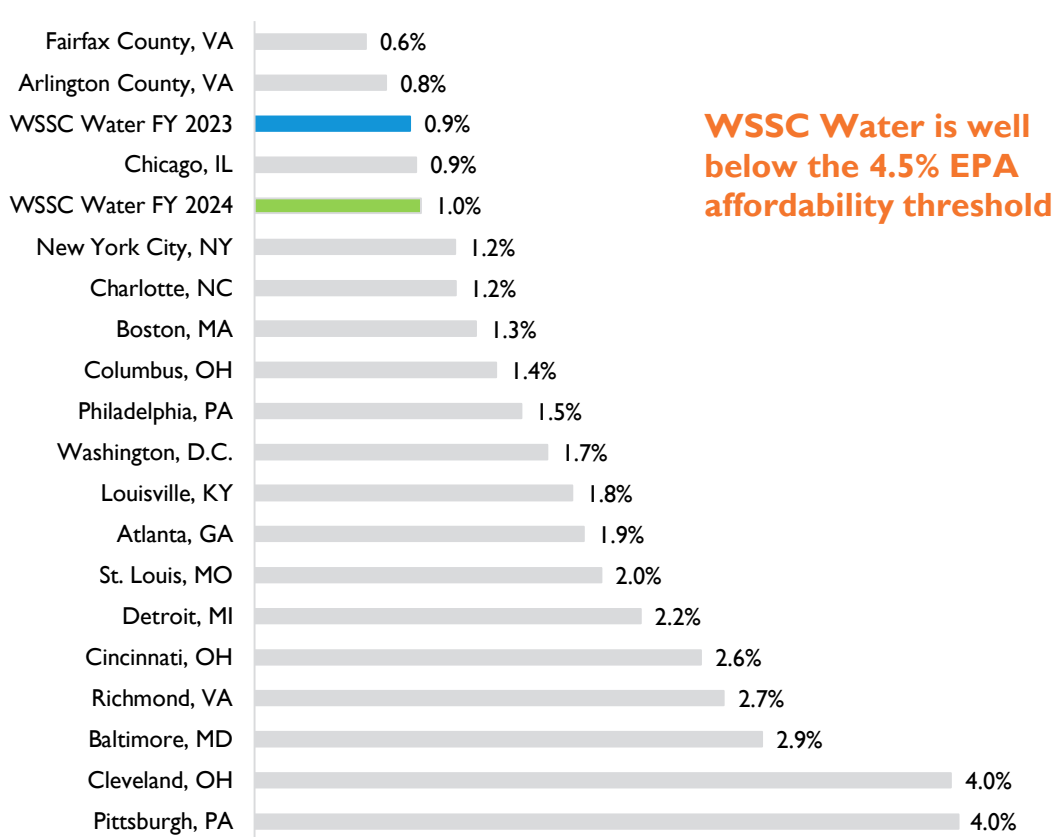


## WATER AND SEWER BILL COMPARISONS (Continued)

### Bill as a Percentage of Median Household Income Comparison

The chart below shows a comparison of the average residential bills as a percentage of median household income for WSSC Water and the 18 other cities and communities analyzed for customers using 150 gallons of water per day. The average annual bill from WSSC Water in FY 2024 is only 1.0% of the median household income of its customers, a slight increase from the 0.9% in FY 2023. This places WSSC Water among the most affordable of its peer agencies, with only two agencies (Fairfax County and Arlington County in Virginia) having lower percentages. Additionally, WSSC Water is well below the 4.5% threshold that the EPA considers to be affordable for customers.

### Average Residential Bill as a Percentage of Median Income (150 Gallons per Day)



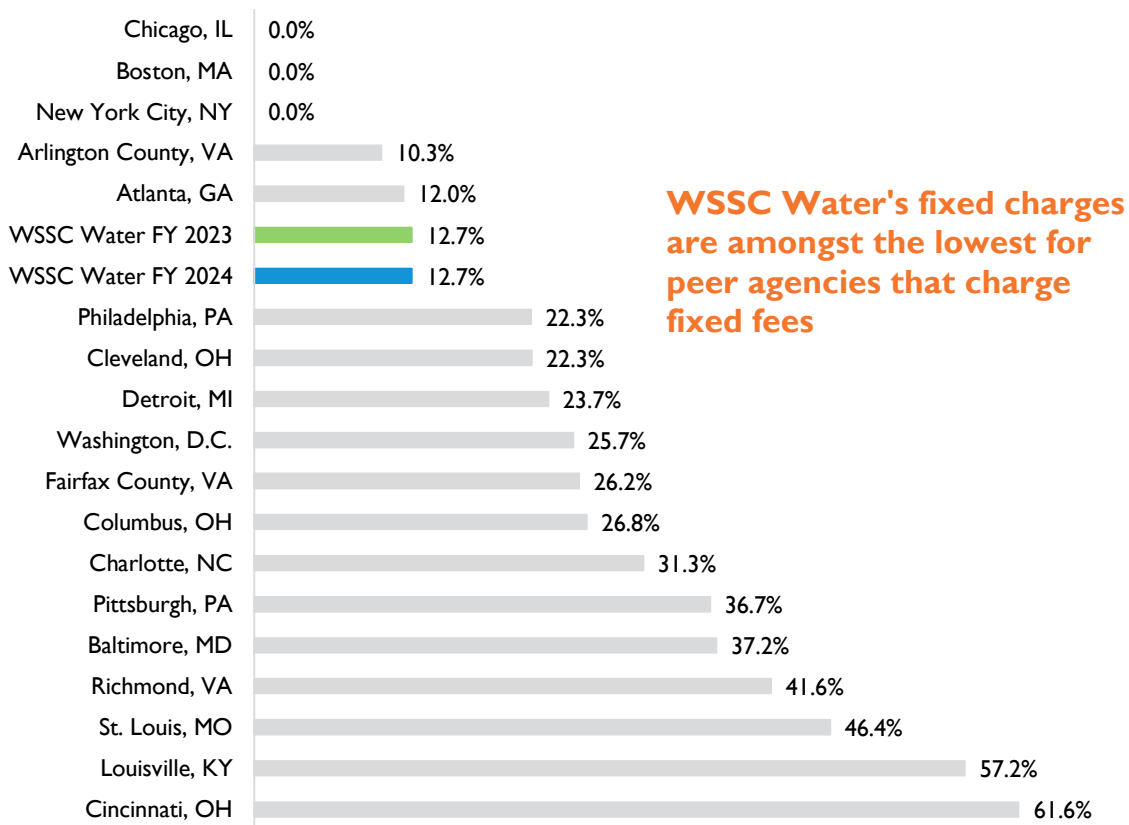
Median household income figures (in 2021 dollars) from the U.S. Census Bureau ([www.census.gov](http://www.census.gov)), American Community Survey 5-Year Estimates for 2017-2021.

## WATER AND SEWER BILL COMPARISONS (Continued)

### Percentage of Bill from Fixed Charges Comparison

The chart below compares fixed charges as a portion of the average residential bill for WSSC Water and the 18 other cities and communities reviewed. Three of the peer agencies (Chicago, Illinois; Boston, Massachusetts; and New York City, New York) do not have any fixed fees as part of their water and sewer bills. Of the agencies that do charge fixed fees, WSSC Water's fixed charges are the third lowest as a percentage of the average bill. In FY 2023 and FY 2024, 12.7% of the average residential bill from WSSC Water is attributable to fixed fees. WSSC Water's CAP focuses on limiting the impact of these fixed fees on those who are most likely to struggle to pay their bills.

### Percentage of Average Residential Bill from Fixed Charges (150 Gallons per Day)

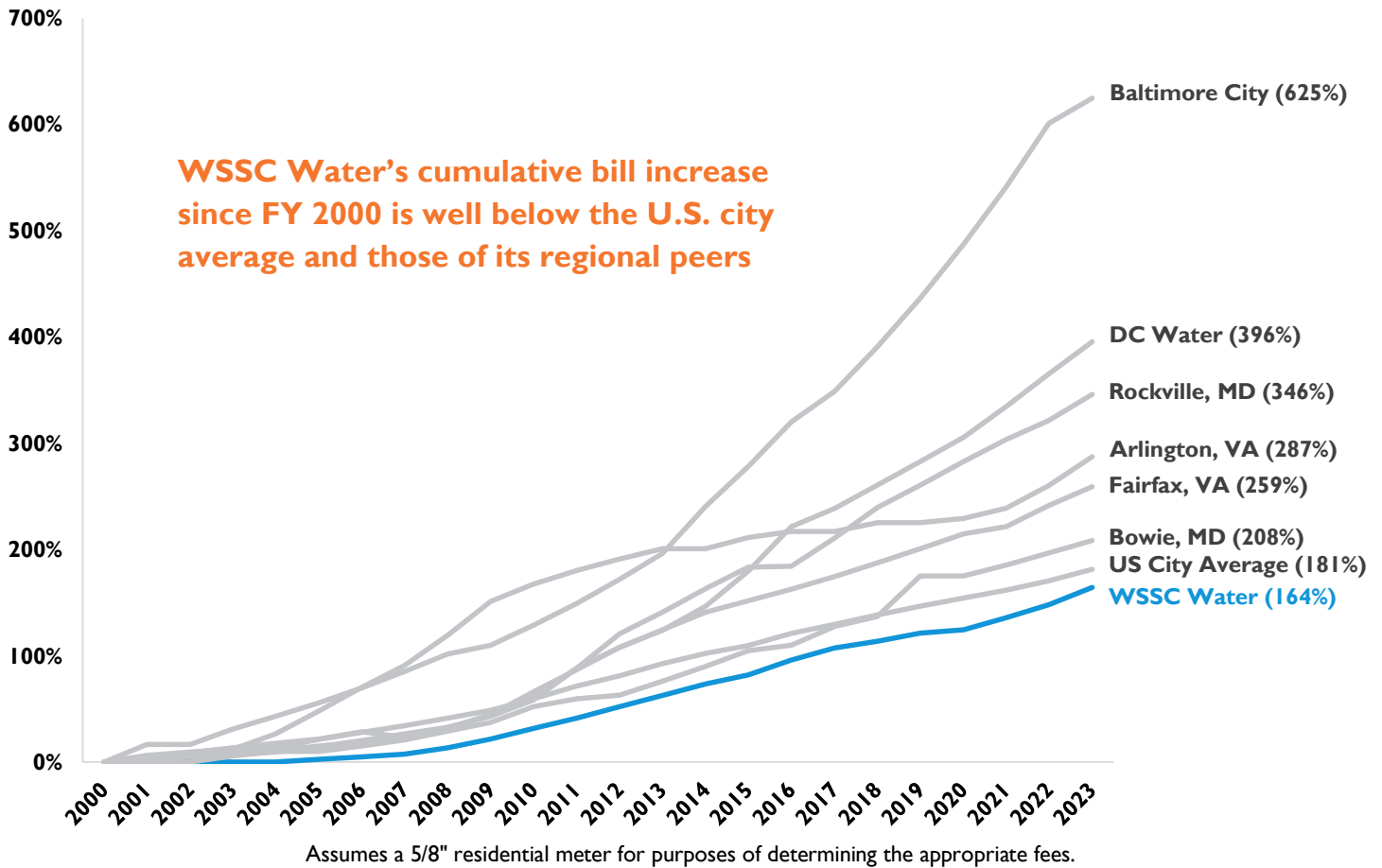




## WATER AND SEWER BILL COMPARISONS (Continued)

### Bill Increases Over Time Comparison

The chart below shows a comparison of the cumulative bill increases for comparable water and sewer providers in the greater Washington-Baltimore-Arlington combined statistical area and the U.S. city average for FYs 2000-2023. As with the previous comparisons, the consumption level used is 150 gallons per day to represent the average 3-person household using 50 gallons of water per person per day. The chart shows that the cumulative increase in the average WSSC Water bill was about 164% over the last 23 years, which is lower than the increases for all of the peer agencies and the U.S. city average over the same time period. The increases for the comparable regional providers range from a low of 208% for Bowie, Maryland to a high of 625% for Baltimore City, Maryland. The U.S. city average increased by 181% over the 23-year analysis period.



The U.S. city average is based on the water and sewerage maintenance component of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, from the U.S. Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov)). Values for July of each fiscal year (i.e., July 2022 = FY 2023).

## WATER AND SEWER BILL COMPARISONS (Continued)

### Electric and Cell Phone Service Bill Comparison

Another useful comparison is looking at the cost of other utility or utility-like services. Two such services for which there is readily available data from government sources are electric services and cell phone service. The most recent year for which data are available for all three services (electricity, cell phone and WSSC Water services) is 2021. The data shows that in 2021 the average cost of electricity from the two primary providers in Montgomery and Prince George's Counties, Baltimore Gas and Electric Company (BGE) and Potomac Electric Power Company (PEPCO), was approximately \$115 per month. For cell phone service, the 2021 data for the South Census Region, which includes the State of Maryland, has a monthly cost of about \$104. The average monthly cost of water and sewer services from WSSC Water, based on a three-person household using FY 2021 rates and fees, was only about \$70 in comparison. This means that the monthly cost of water and sewer was only around 61% of the cost of electricity and 67% of the cost of cell phone service in 2021.

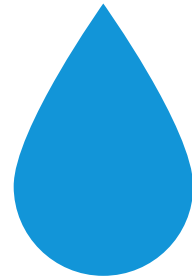
**In 2021, the average household spent per month...**



**\$115**  
**on electricity from**  
**BGE and PEPCO**



**\$104**  
**on cell phone**  
**service**



**\$70**  
**on water and sewer**  
**services from WSSC**  
**Water**

Electric sales, revenue and average price data from the U.S. Energy Information Administration ([www.eia.gov](http://www.eia.gov)), 2021 Electricity Reports.

Cellular phone service expenditures from the U.S. Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov)), Consumer Expenditure Survey, September 2022.

The average WSSC Water bill is based on a three-person household with consumption of 50 gallons of water per person per day. The average per person consumption is adjusted from 55 GPD to 50 GPD due to a declining trend in water consumption based on the 2022 Cost of Service Study results that are consistent with recent historical consumption.

**SECTION 4**

**SPENDING AFFORDABILITY AND LONG-RANGE**

**FINANCIAL PLAN**

## SPENDING AFFORDABILITY AND LONG-RANGE FINANCIAL PLAN

In May 1993, the Montgomery and Prince George's County Councils created the Bi-County Working Group on WSSC Spending Controls (Working Group) to review WSSC Water's finances and recommend spending control limits. The Working Group's January 1994 report recommended "the creation of a spending affordability process that requires the Counties to set annual ceilings on the WSSC's rates and debt (debt in this context means both bonded indebtedness and debt service), and then place corresponding limits on the size of the capital and operating budgets of the Commission."

Each year, the spending affordability process focuses debate, analysis and evaluation on balancing affordability considerations against the provision of resources necessary to serve existing customers (including infrastructure replacement/rehabilitation), meet environmental mandates and maintain operating and capital budgets and debt service at prudent and sustainable levels.

The FY 2024 Spending Affordability Guidelines (SAG) rate increase recommended by the two County Councils is 7.0% for both water and sewer volumetric and ready-to-serve charges. The agency prepared the approved budget based on the 7.0% water and sewer rate increase meets the recommended limits established by both the Counties.

A long-range financial plan (the Plan) complements the spending affordability process by utilizing approved SAG limits to forecast outer year implications and strategize potential problems and opportunities which may impact WSSC Water's work program. The Plan is the agency's roadmap and reflects financial strategic intent, as well as imposing discipline by highlighting the cumulative effects of decisions. Addressing issues earlier not only protects WSSC Water's long-term financial condition, but also ensures that necessary actions and/or changes are properly communicated to our customers, County Councils and other stakeholders.

## MAJOR ASSUMPTIONS, WORKLOAD INDICES AND DEMAND PROJECTIONS

Below is a summary of the budget outcomes from the FY 2024 SAG process.

- Fund Balance – It was assumed for the purpose of preparing the FY 2024 Approved Budget that, at the end of FY 2023, accumulated net revenues for the water and sewer operating funds would total \$266.6 million. For FY 2024, the total water and sewer operating revenues are \$923.6 million; therefore, at least \$184.7 million will be held in accumulated net revenues in adherence to WSSC Water's 20% reserve policy (see Fiscal Guidelines page 6-1). The budgeted accumulated net revenue of \$274.8 million exceeds the reserve target and is 30.0% of the total operating revenues.
- Revenues – The estimated FY 2024 revenues from water consumption and sewer use charges are \$355.1 million and \$435.0 million, respectively. Water production is assumed to be 162.0 million gallons per day (MGD) in FY 2024 and water consumption is projected to slightly increase from 124.5 MGD in FY 2023 to 124.7 MGD in FY 2024.
- Capital Budget – 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. The FY 2024 Capital Budget is \$683.1 million.
- Debt Service – The debt service estimates for FY 2024 assume that \$191.4 million in Water Supply bonds and \$188.6 million in Sewage Disposal bonds will be issued in FY 2024, in addition to repayment of existing debt. The water and sewer issues will be 30-year bonds with an estimated 4.5% average interest rate.
- Reconstruction Debt Service Offset (REDO) – There will be no transfer in FY 2024 as the fund balance has been spent down as planned.
- Workforce and Compensation – Forty additional authorized workyears are included. A marker is included for salary enhancements in the FY 2024 budget.

## MAJOR ASSUMPTIONS, WORKLOAD INDICES AND DEMAND PROJECTIONS (Continued)

The following table presents data used during the SAG process to develop the FY 2024 Approved Budget.

| Workload Data   | Actual     |            |            |            |            | Projected  |            |
|---|------------|------------|------------|------------|------------|------------|------------|
|   | FY<br>2018 | FY<br>2019 | FY<br>2020 | FY<br>2021 | FY<br>2022 | FY<br>2023 | FY<br>2024 |
| Water and Sewer Combined Rate Increase (%)                  | 3.5        | 4.5        | 5.0        | 6.0        | 5.9        | 6.5        | 7.0        |
| Population to be Served (000s)*                             | 1,777      | 1,801      | 1,910      | 1,915      | 1,939      | 1,945      | 1,952      |
| Customer Accounts (000s): **                                | 460        | 461        | 464        | 467        | 469        | 475        | 477        |
| Residential (%)   | 95.7       | 95.5       | 95.4       | 95.4       | 94.4       | 94.4       | 94.4       |
| Commercial and Industrial (%)                               | 3.7        | 3.7        | 3.8        | 3.7        | 4.7        | 4.7        | 4.7        |
| Government and Other (%)                                    | 0.6        | 0.8        | 0.8        | 0.9        | 0.9        | 0.9        | 0.9        |
| <b>Water Program:</b>                                       |            |            |            |            |            |            |            |
| Water Production (Average MGD)                              | 163.9      | 161.7      | 162.6      | 162.8      | 161.2      | 163.0      | 162.0      |
| Water Consumption (Average MGD)                             | 126.6      | 123.2      | 128.6      | 126.4      | 127.2      | 124.5      | 124.7      |
| Water Mains Maintained (Miles)                              | 5,768      | 5,816      | 5,844      | 5,869      | 5,884      | 6,000      | 6,000      |
| Water House Connections Maintained (000s)                   | 465        | 469        | 471        | 473        | 476        | 479        | 482        |
| <b>Sewer Program:</b>                                       |            |            |            |            |            |            |            |
| Sewage Treated (Average MGD)                                | 172.8      | 218.7      | 188.3      | 204.1      | 184.3      | 196.9      | 194.4      |
| Sewer Use (Average MGD)                                     | 116.3      | 113.3      | 116.0      | 114.6      | 114.6      | 112.7      | 112.3      |
| Sewer Mains Maintained (Miles)                              | 5,578      | 5,604      | 5,624      | 5,615      | 5,624      | 5,700      | 5,700      |
| Sewer House Connections Maintained (000s)                   | 438        | 441        | 443        | 445        | 446        | 449        | 451        |
| <b>House Connections added:</b>                             |            |            |            |            |            |            |            |
| Water   | 2,931      | 3,480      | 2,410      | 2,553      | 2,622      | 2,700      | 2,800      |
| Sewer   | 2,500      | 3,152      | 1,868      | 1,869      | 1,869      | 2,100      | 2,100      |
| New Water & Sewer Bond & Notes Debt Issues (\$ in millions) | 459        | 390        | 234        | 350        | 327        | 359        | 380        |
| Average Annual Interest Rate for New Bond Issuance (%)      | 3.3        | 3.6        | 2.6        | 2.0        | 2.3        | 4.0        | 4.5        |

\* FY 2020 population served is based on the decennial census which is conducted by the U.S. Census Bureau every 10-years

\*\* Beginning FY 2020, the data source for the customer accounts is based on the Customer-to-Meter (C2M) billing system

## PENSION OBLIGATIONS AND OTHER UNFUNDED LIABILITY

WSSC Water makes continued funding contributions as part of its operating budget planning to remedy unfunded liabilities. While these liabilities will continue to persist over the long-term, WSSC Water's management is committed to making substantial forward progress in addressing these liabilities as part of our long-term financial plan, while balancing such need within the context of actuarial review, reasonableness, and affordability. If market and/or actuarial changes reflect a need for more strict and rapid progress in addressing these liabilities, WSSC Water management will consider appropriate action and make course changes as necessary.

### **Pension**

Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension costs are impacted by fluctuations in the market affecting actual and projected investment income and related deferred outflows or inflows. Investment activities are reported as non-operating revenues, therefore pension costs are allocated amongst operating and non-operating costs and/or revenues.

WSSC Water's net pension liability as of December 2021 is \$24,681,000 and the net pension liability is 2.4% of the total pension liability. The actuarial assumptions for pension are: 2.5% inflation factor, 2.75%-7.5% salary increase, and 7.0% investment rate of return.

### **Other Post-Employment Benefits (OPEB)**

WSSC Water employees are eligible to continue group insurance coverage after retirement provided that retiring employees have had coverage in effect for two years prior to retirement.

WSSC Water's net OPEB liability as of December 2021 is \$37,223,000 and net OPEB liability is 15.0% of the total OPEB liability. The actuarial assumptions for OPEB are: 2.5% inflation factor, a salary increase, and 7.0% investment rate of return.

More information can be found within WSSC Water's Annual Financial Report or on our website at the following <https://wsscwater.com/financereports>.

# LONG-RANGE FINANCIAL PLAN FOR WATER AND SEWER OPERATING FUNDS

| (\$ in thousands)                                       | FY 2023<br>Approved | FY 2024<br>Approved | FY 2025<br>Projected | FY 2026<br>Projected | FY 2027<br>Projected | FY 2028<br>Projected | FY 2029<br>Projected |
|---|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| New Water and Sewer Debt Issues                         | \$ 358,840          | \$ 379,960          | \$ 388,352           | \$ 326,030           | \$ 364,708           | \$ 325,870           | \$ 287,053           |
| Water and Sewer Combined Rate Increase (Average)        | 6.5 %               | 7.0 %               | 8.0 %                | 8.0 %                | 6.5 %                | 6.5 %                | 6.5 %                |
| <b>Operating Revenues</b>                               |                     |                     |                      |                      |                      |                      |                      |
| Consumption Charges                                     | \$ 746,450          | \$ 790,142          | \$ 853,353           | \$ 921,622           | \$ 981,527           | \$ 1,045,326         | \$ 1,113,272         |
| Account Maintenance Fees (AMF)                          | 33,887              | 36,259              | 39,160               | 42,293               | 45,042               | 47,969               | 51,087               |
| Infrastructure Investment Fees (IIF)                    | 41,290              | 44,180              | 47,715               | 51,532               | 54,881               | 58,449               | 62,248               |
| Plumbing and Inspection Fees                            | 16,780              | 20,380              | 20,991               | 21,621               | 22,270               | 22,938               | 23,626               |
| Rockville Sewer Use                                     | 3,100               | 3,100               | 3,100                | 3,100                | 3,100                | 3,100                | 3,100                |
| Miscellaneous   | 19,000              | 28,722              | 25,452               | 25,707               | 25,962               | 26,222               | 26,486               |
| Interest Income   | 2,800               | 8,000               | 5,500                | 5,500                | 5,500                | 5,500                | 5,500                |
| Uncollectible   | (6,000)             | (7,901)             | (8,532)              | (9,218)              | (9,814)              | (10,453)             | (11,133)             |
| Cost Sharing Reimbursement                              | 635                 | 743                 | 7,013                | 12,860               | 12,860               | 7,158                | 7,004                |
| <b>Total Operating Revenues</b>                         | <b>\$ 857,942</b>   | <b>\$ 923,625</b>   | <b>\$ 993,752</b>    | <b>\$ 1,075,017</b>  | <b>\$ 1,141,328</b>  | <b>\$ 1,206,209</b>  | <b>\$ 1,281,190</b>  |
| <b>Other Credits and Transfers</b>                      |                     |                     |                      |                      |                      |                      |                      |
| Use of Fund Balance                                     | -                   | -                   | -                    | 39,936               | 6,644                | -                    | -                    |
| Reconstruction Debt Service Offset                      | 4,000               | -                   | -                    | -                    | -                    | -                    | -                    |
| SDC Debt Service Offset                                 | 5,772               | 5,772               | 5,772                | 5,772                | 5,748                | 5,748                | 5,748                |
| Premium Transfer  | 2,500               | -                   | -                    | -                    | -                    | -                    | -                    |
| Underwriters Discount Transfer                          | 2,000               | 2,000               | 2,000                | 2,000                | 2,000                | 2,000                | 2,000                |
| Miscellaneous Offset                                    | -                   | 1,200               | -                    | -                    | -                    | -                    | -                    |
| <b>Total Funds Available</b>                            | <b>\$ 872,214</b>   | <b>\$ 932,597</b>   | <b>\$ 1,001,524</b>  | <b>\$ 1,122,725</b>  | <b>\$ 1,155,720</b>  | <b>\$ 1,213,957</b>  | <b>\$ 1,288,938</b>  |
| <b>Operating Expenses</b>                               |                     |                     |                      |                      |                      |                      |                      |
| Salaries & Wages  | 133,765             | 141,179             | 148,238              | 154,908              | 161,879              | 169,164              | 176,776              |
| Heat, Light & Power                                     | 18,817              | 27,373              | 26,263               | 25,198               | 26,382               | 27,305               | 28,261               |
| Regional Sewage Disposal                                | 60,343              | 64,201              | 65,485               | 66,794               | 68,130               | 69,493               | 70,883               |
| All Other   | 290,160             | 319,132             | 331,589              | 341,537              | 351,783              | 362,336              | 373,206              |
| <b>Total Operating Expenses</b>                         | <b>\$ 503,085</b>   | <b>\$ 551,885</b>   | <b>\$ 571,575</b>    | <b>\$ 588,437</b>    | <b>\$ 608,174</b>    | <b>\$ 628,298</b>    | <b>\$ 649,126</b>    |
| <b>Debt Service</b>                                     |                     |                     |                      |                      |                      |                      |                      |
| Bonds and Notes Principal and Interest                  | 321,844             | 328,467             | 366,169              | 387,288              | 405,949              | 424,137              | 434,635              |
| <b>Other Transfers and Adjustments</b>                  |                     |                     |                      |                      |                      |                      |                      |
| Additional and Reinstated                               | -                   | -                   | (1,220)              | -                    | -                    | -                    | -                    |
| PAYGO   | 31,016              | 44,000              | 65,000               | 147,000              | 141,597              | 148,546              | 177,000              |
| <b>Total Expenses</b>                                   | <b>\$ 855,945</b>   | <b>\$ 924,352</b>   | <b>\$ 1,001,524</b>  | <b>\$ 1,122,725</b>  | <b>\$ 1,155,720</b>  | <b>\$ 1,200,981</b>  | <b>\$ 1,260,761</b>  |
| <b>Net Revenue (Loss)</b>                               | <b>\$ 16,269</b>    | <b>\$ 8,245</b>     | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ 12,976</b>     | <b>\$ 28,177</b>     |
| <b>Beginning Fund Balance - July 1</b>                  | <b>\$ 242,554</b>   | <b>\$ 266,601</b>   | <b>\$ 274,846</b>    | <b>\$ 274,846</b>    | <b>\$ 234,910</b>    | <b>\$ 228,266</b>    | <b>\$ 241,242</b>    |
| Net Increase (Decrease) in Fund Balance                 | 16,269              | 8,245               | -                    | -                    | -                    | 12,976               | 28,177               |
| Use of Fund Balance/Other Adjustments                   | 7,778               | -                   | -                    | (39,936)             | (6,644)              | -                    | -                    |
| <b>Ending Fund Balance - June 30</b>                    | <b>\$ 266,601</b>   | <b>\$ 274,846</b>   | <b>\$ 274,846</b>    | <b>\$ 234,910</b>    | <b>\$ 228,266</b>    | <b>\$ 241,242</b>    | <b>\$ 269,419</b>    |
| Debt Service as a % of Total Expenses (< 40% Target)    | 37.6 %              | 35.5 %              | 36.6 %               | 34.5 %               | 35.1 %               | 35.3 %               | 34.5 %               |
| Debt Service Coverage "Stress Case" (>=1.5 Target)      | 1.3                 | 1.3                 | 1.3                  | 1.4                  | 1.4                  | 1.5                  | 1.5                  |
| Leverage Ratio "Stress Case" (<10.0)                    | 9.9                 | 9.6                 | 8.8                  | 8.0                  | 7.5                  | 7.1                  | 6.5                  |
| Days-Cash-on-Hand "Stress Case" (250 Days Target)       | 183                 | 250                 | 276                  | 275                  | 275                  | 275                  | 310                  |
| End Fund Balance as a % of Operating Revenue (min. 20%) | 31.1 %              | 29.8 %              | 27.7 %               | 21.9 %               | 20.0 %               | 20.0 %               | 21.0 %               |
| Total Workyears (All Funds)                             | 1,796               | 1,836               | 1,836                | 1,836                | 1,836                | 1,836                | 1,836                |

- The FYs 2025-2029 projections reflect WSSC Water's multi-year forecast and assumptions. The projected expenditures, revenues and fund balances for these years may be based on changes to rates, fees, usage, inflation, future labor agreements and other factors not assumed in the FY 2024 Approved Budget. Data excludes General Bond Debt Service
- Leverage ratio is calculated as net adjusted debt (debt outstanding less cash and cash equivalent) to adjusted funds available for debt service (Operating Revenues less Operating Expenses excluding depreciation plus adjustments for miscellaneous revenues and expenses)
- Debt Service for bonds and notes includes Maryland Water Quality Bonds and interfund debt service transfers
- Adjustments to Consumption Charges, AMF and IIF for Water and Sewer Combined Rate Increase assumes rate increase is in effect for 12 months
- Debt Service Coverage is Funds Available for Debt Service divided by the Debt Service on bonds and notes. The target increased from 1.10-1.25 range in FY 2023 to >=1.5 in FY 2024
- Days Cash-on-Hand is Unrestricted Cash and Investments times 365 days divided by Total Operating Expenses (excluding Depreciation). Starting in FY 2024, the metric is revised from Days Operating Reserve-on-Hand to Days Cash-on-Hand. The target also increased from 150 days in FY 2023 to 250 in FY 2024
- The FY 2023 adjustments reflect the FY 2023 estimated increase in Net Revenue
- The "Stress Case" assumes an increase in capital costs of 10%. This is consistent with how Fitch calculates the Leverage Ratio and Days-Cash-on-Hand

**SECTION 5**  
**EXPLANATION OF BUDGET AND SUMMARIES**



## EXPLANATION OF BUDGET AND SUMMARIES

Maryland state law requires that WSSC Water prepare capital and operating budgets each fiscal year. The FY 2024 Approved Budget shows funding and staff requirements, organizational components and program and fund sources.

### BUDGET FORMULATION

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

The budget process begins with submission of requests by all organizational units following the guidance provided by the General Manager. 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 hearings. A preliminary proposed budget document must be available to the public by January 15. Hearings on the WSSC Water budget are held in each County or virtually via livestream before February 15. The agency considers comments and testimony given at the public hearings before the proposed budget is transmitted to the Counties. The flow chart on page 5-3 depicts the budget and CIP process.

State law requires that WSSC Water transmit its proposed budget to the Counties by March 1 of each year. The County Councils, County Executives and their staffs review the budget and make recommendations. Both Counties must approve any amendments to the budget on or before June 1. Once the Counties' actions have been received, the agency adopts an approved budget and sets the levels for charges, fees and taxes to finance approved expenditures. The approved budget takes effect on July 1. Once the budget is adopted, total expenditures may not exceed the final total approved budget without an approved budget supplement. Budget supplements must be approved by the Montgomery and Prince George's County Councils and are transmitted to them through their respective County Executives.

### Fiscal Year

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

### Capital Budget & Capital Improvements Program

Preparation of the six-year Capital Improvements Program (CIP) spans 15 months, beginning in April of each year. After a preliminary staff-level review in May, the General Manager and key management personnel review all CIP project submissions in June to assess the justification for new projects, the criticality and priority of ongoing projects and the overall financial impacts of these projects on spending affordability.

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

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

## BUDGET FORMULATION (Continued)

### Capital Budget & Capital Improvements Program (Continued)

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

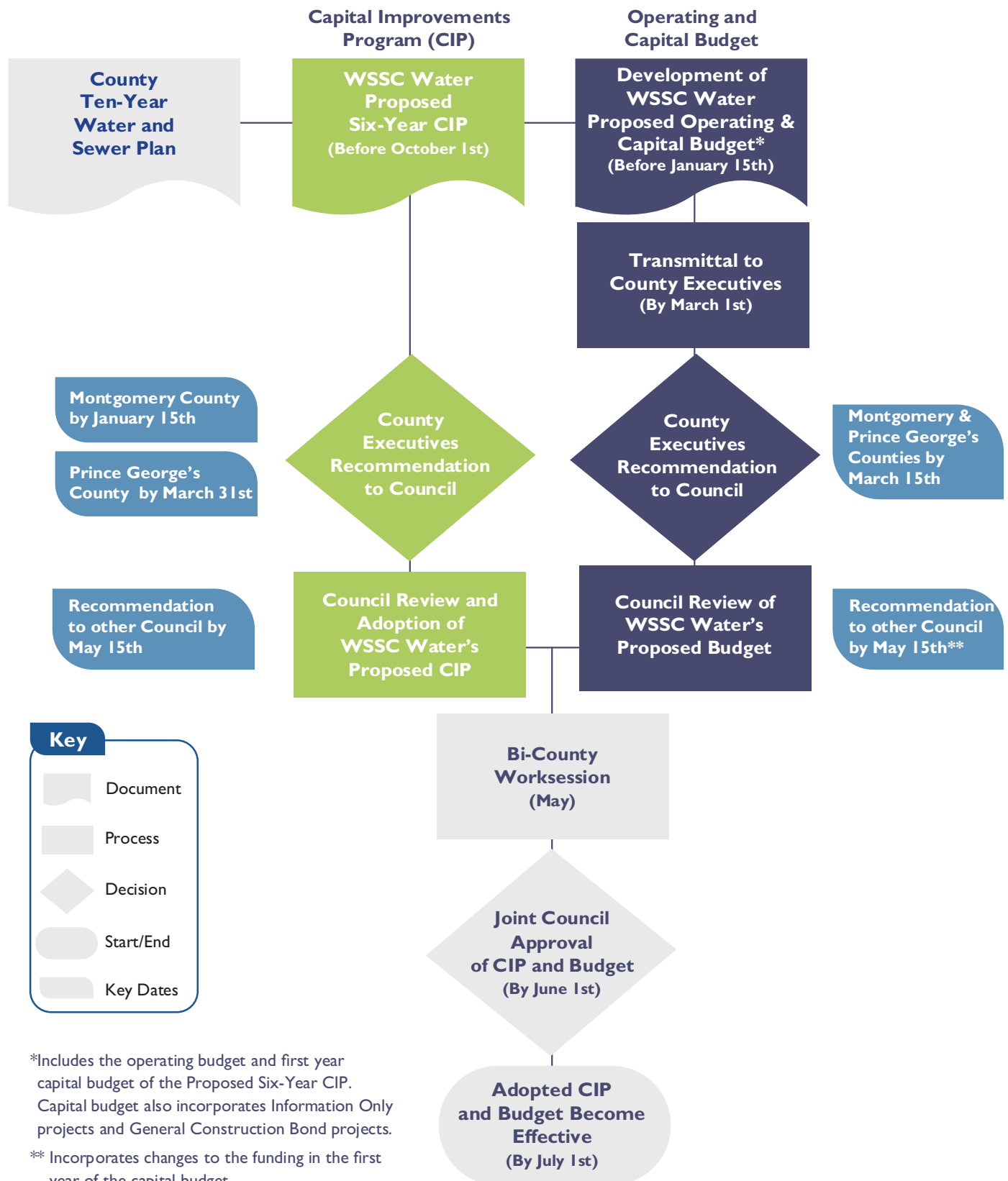
### Operating Budget

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

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

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

# WSSC WATER BUDGET AND CAPITAL IMPROVEMENTS PROGRAM PROCESS



## FUND STRUCTURE

The budget consists of six separate funds, three in the capital budget (Water Supply Bond, Sewage Disposal Bond and General Construction Bond Funds) and three in the operating budget (Water Operating, Sewer Operating and General Bond Debt Service Funds). The Water Operating and Sewer Operating Funds are the primary funds for operating purposes. The Water Operating Fund pays for water treatment and distribution, and the Sewer Operating Fund pays for sewage collection and treatment. The General Bond Debt Service Fund receives Front Foot Benefit Charges (FFBC) to underwrite the debt service on smaller lateral water and sewer lines.

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

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

### Water

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

### Sewer

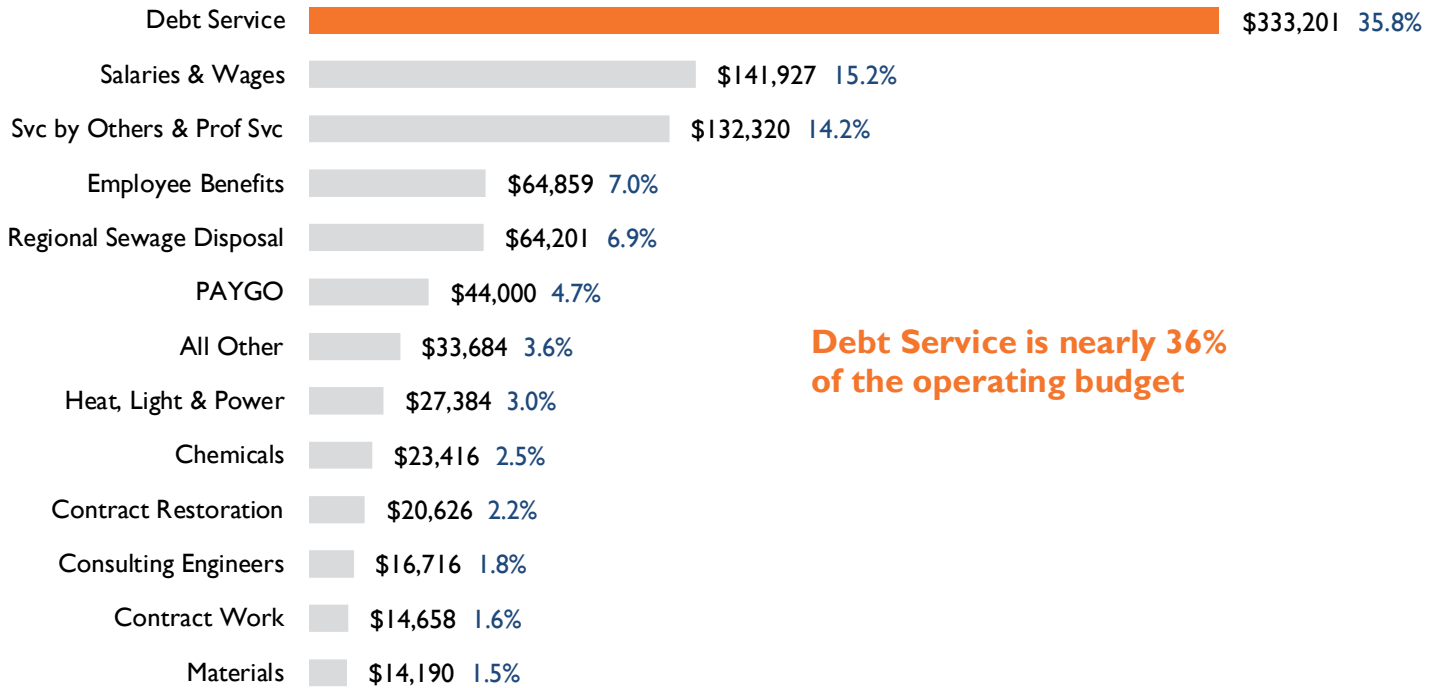
WSSC Water issues Sewage Disposal Bonds (Capital Fund), collects SDC, and receives grants to finance the planning, design and construction of major sewage disposal and treatment facilities and the reconstruction of the sewerage collection system. The facilities include sewage pumping stations and force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

### General Construction

WSSC Water issues General Construction Bonds (Capital Fund) to pay for the construction of minor water and sewer lines (water distribution lines less than 16" in diameter and sewer lines less than 15" in diameter) and support facilities. General Bond Debt Service Fund revenues - customer payments for FFBC - are used to pay the debt service on construction of minor water and sewer lines. House connection construction costs are underwritten by a direct charge to the applicant.

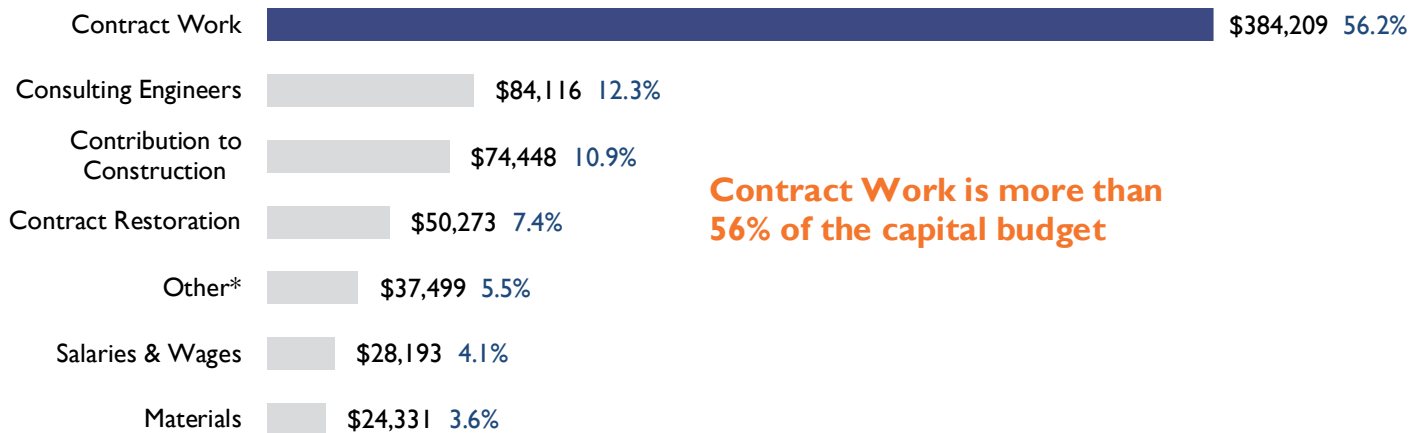
## FY 2024 APPROVED BUDGET – BY MAJOR EXPENSE CATEGORIES

**Total Operating Budget = \$931,182 (\$ in thousands)**



Includes Water Operating, Sewer Operating and General Bond Debt Service

**Total Capital Budget = \$683,069 (\$ in thousands)**

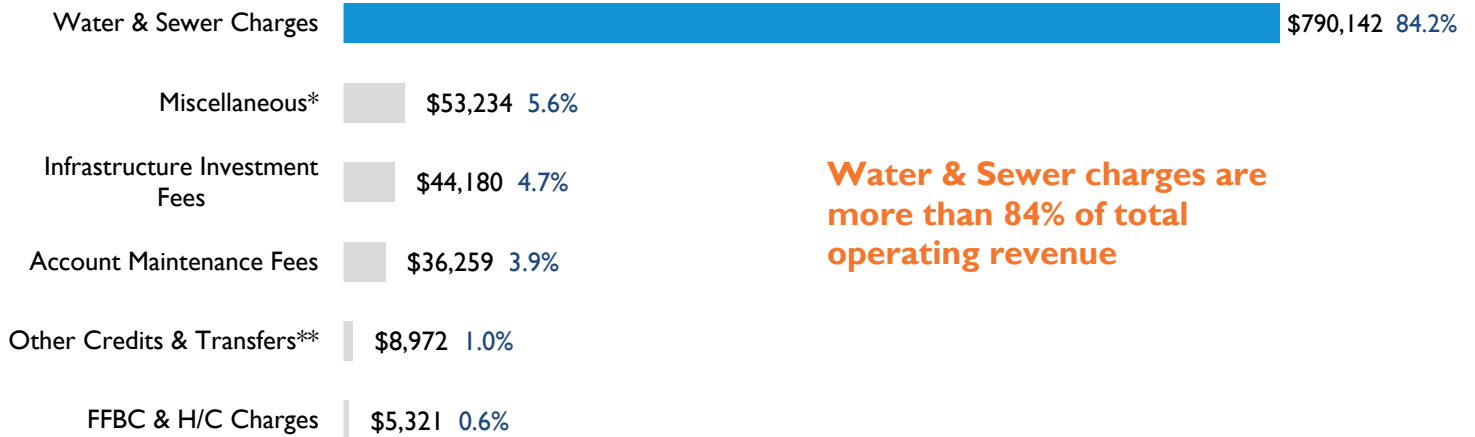


(\*) Includes Land, Professional Services, Water Meters and Non-Departmental Accounts

Includes Water Supply, Sewage Disposal and General Construction Bond

## FY 2024 APPROVED BUDGET – BY SOURCES

**Total Operating Revenue = \$938,108 (\$ in thousands)**

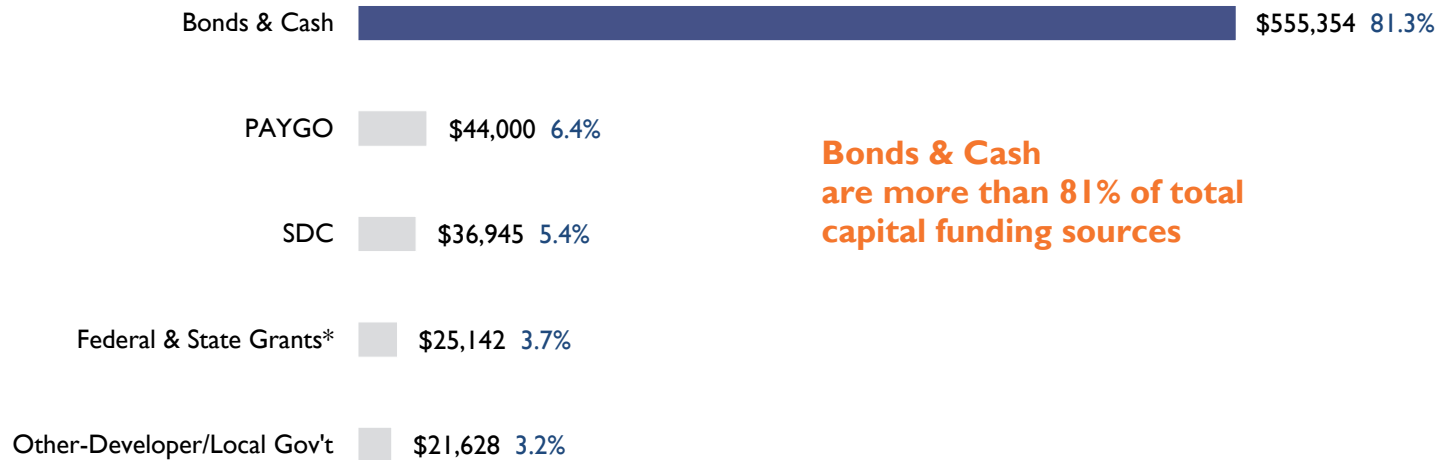


(\*) Plumbing and inspection fees, Rockville sewer use, interest income and other miscellaneous fees and uncollectible revenue

(\*\*) Includes SDC Debt Service Offset, Premium Transfer and Underwriters Discount

Includes Water Operating, Sewer Operating and General Bond Debt Service

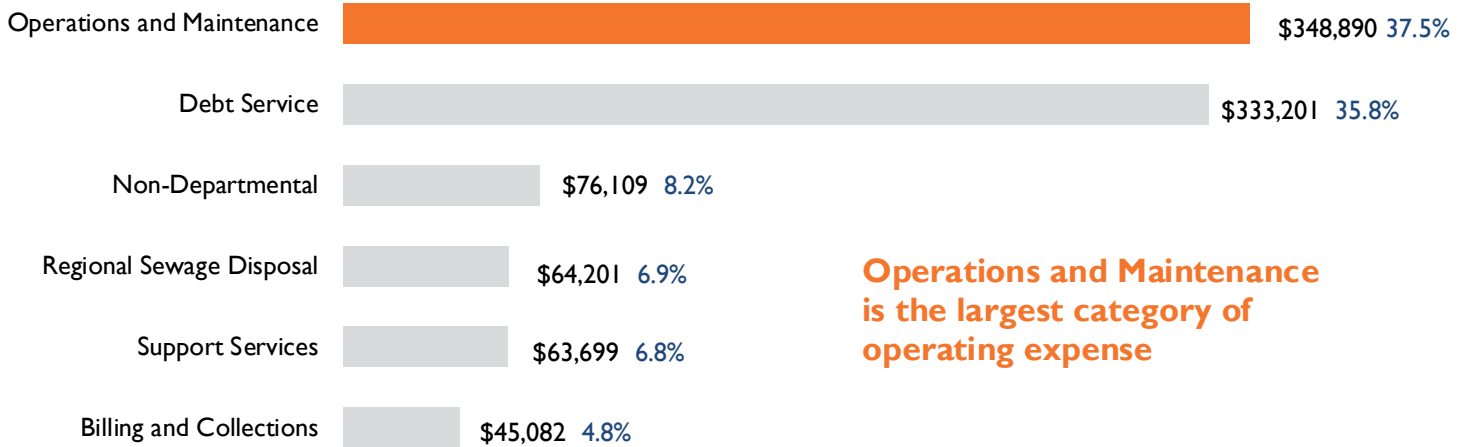
**Total Capital Funding Sources = \$683,069 (\$ in thousands)**



(\*) Includes funding from Maryland's Bay Restoration Fund.

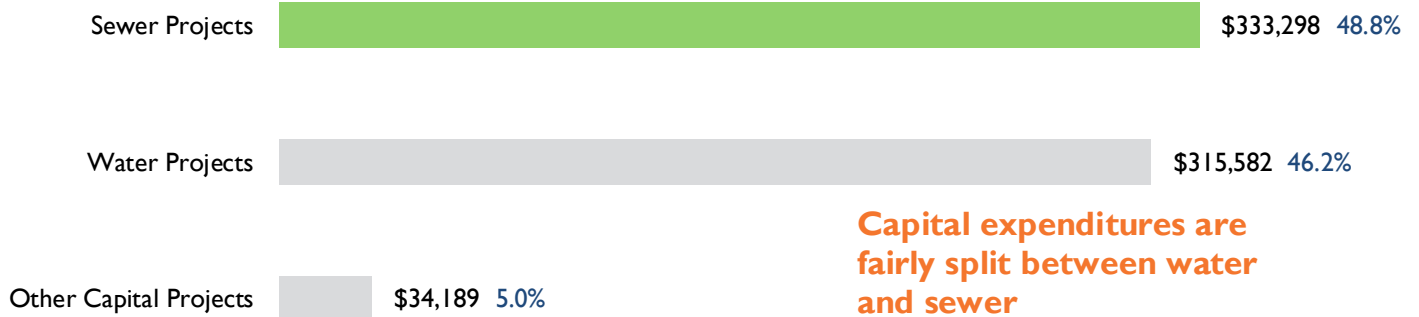
## FY 2024 APPROVED BUDGET – BY FUND USES

### Total Operating Uses = \$931,182 (\$ in thousands)



Includes Water Operating, Sewer Operating and General Bond Debt Service

### Total Capital Uses = \$683,069 (\$ in thousands)



Includes Water Supply, Sewage Disposal and General Construction Bond

# OPERATING REVENUE & EXPENSE BY MAJOR SOURCE CATEGORY & FUND TYPE

|   | Water Operating     |                     | Sewer Operating     |                     | General Bond Debt Service |                     | Total               |                     |          |
|---|---------------------|---------------------|---------------------|---------------------|---------------------------|---------------------|---------------------|---------------------|----------|
| (\$ in thousands)                       | FY 2023<br>Approved | FY 2024<br>Approved | FY 2023<br>Approved | FY 2024<br>Approved | FY 2023<br>Approved       | FY 2024<br>Approved | FY 2023<br>Approved | FY 2024<br>Approved | %<br>Chg |
| Operating Revenues                      |                     |                     |                     |                     |                           |                     |                     |                     |          |
| Water Consumption Charges               | \$ 334,564          | \$ 355,139          | \$ -                | \$ -                | \$ -                      | \$ -                | \$ 334,564          | \$ 355,139          | 6.1 %    |
| Sewer Use Charges                       | -                   | -                   | 411,886             | 435,003             | -                         | -                   | 411,886             | 435,003             | 5.6 %    |
| FFBC & H/C Charges                      | -                   | -                   | -                   | -                   | 6,744                     | 5,321               | 6,744               | 5,321               | (21.1)%  |
| Account Maintenance Fees                | 17,185              | 18,388              | 16,702              | 17,871              | -                         | -                   | 33,887              | 36,259              | 7.0 %    |
| Infrastructure Investment Fees          | 20,939              | 22,405              | 20,351              | 21,775              | -                         | -                   | 41,290              | 44,180              | 7.0 %    |
| Plumbing & Inspection Fees              | 9,900               | 11,600              | 6,880               | 8,780               | -                         | -                   | 16,780              | 20,380              | 21.5 %   |
| Rockville Sewer Use                     | -                   | -                   | 3,100               | 3,100               | -                         | -                   | 3,100               | 3,100               | 0.0 %    |
| Miscellaneous                           | 8,900               | 13,219              | 10,100              | 15,503              | 160                       | 190                 | 19,160              | 28,912              | 50.9 %   |
| Interest Income                         | 668                 | 2,713               | 2,132               | 5,287               | 90                        | -                   | 2,890               | 8,000               | 176.8 %  |
| Uncollectible                           | (3,060)             | (4,030)             | (2,940)             | (3,871)             | -                         | -                   | (6,000)             | (7,901)             | 31.7 %   |
| Cost Sharing Reimbursement              | 635                 | 743                 | -                   | -                   | -                         | -                   | 635                 | 743                 | 17.0 %   |
| Total Operating Revenues                | \$ 389,731          | \$ 420,177          | \$ 468,211          | \$ 503,448          | \$ 6,994                  | \$ 5,511            | \$ 864,936          | \$ 929,136          | 7.4 %    |
| Other Credits and Transfers             |                     |                     |                     |                     |                           |                     |                     |                     |          |
| Other                                   | -                   | -                   | -                   | -                   | 4,000                     | -                   | 4,000               | -                   | (100.0)% |
| REDO                                    | 2,040               | -                   | 1,960               | -                   | (4,000)                   | -                   | -                   | -                   | 0.0 %    |
| SDC Debt Service Offset                 | 2,731               | 2,731               | 3,041               | 3,041               | -                         | -                   | 5,772               | 5,772               | 0.0 %    |
| Premium Transfer                        | 703                 | -                   | 1,797               | -                   | -                         | -                   | 2,500               | -                   | (100.0)% |
| Underwriters Discount Transfer          | 872                 | 888                 | 1,128               | 1,112               | -                         | -                   | 2,000               | 2,000               | 0.0 %    |
| Miscellaneous Offset                    | -                   | 1,200               | -                   | -                   | -                         | -                   | -                   | 1,200               | 100.0 %  |
| Total Funds Available                   | \$ 396,077          | \$ 424,996          | \$ 476,137          | \$ 507,601          | \$ 6,994                  | \$ 5,511            | \$ 879,208          | \$ 938,108          | 6.7 %    |
| Operating Expenses                      |                     |                     |                     |                     |                           |                     |                     |                     |          |
| Salaries & Wages                        | 72,596              | 76,565              | 61,169              | 64,614              | 696                       | 748                 | 134,461             | 141,927             | 5.6 %    |
| Heat, Light & Power                     | 11,021              | 15,453              | 7,796               | 11,920              | 12                        | 11                  | 18,829              | 27,384              | 45.4 %   |
| Regional Sewage Disposal                | -                   | -                   | 60,343              | 64,201              | -                         | -                   | 60,343              | 64,201              | 6.4 %    |
| All Other                               | 146,193             | 167,444             | 143,967             | 151,688             | 1,274                     | 1,337               | 291,434             | 320,469             | 10.0 %   |
| Total Operating Expenses                | \$ 229,810          | \$ 259,462          | \$ 273,275          | \$ 292,423          | \$ 1,982                  | \$ 2,096            | \$ 505,067          | \$ 553,981          | 9.7 %    |
| Debt Service                            |                     |                     |                     |                     |                           |                     |                     |                     |          |
| Principal Payments                      | 73,799              | 77,110              | 106,550             | 105,017             | 5,332                     | 3,172               | 185,681             | 185,299             | (0.2)%   |
| Interest Payments                       | 65,747              | 68,793              | 75,748              | 77,547              | 1,347                     | 1,562               | 142,842             | 147,902             | 3.5 %    |
| Total Debt Service                      | \$ 139,546          | \$ 145,903          | \$ 182,298          | \$ 182,564          | \$ 6,679                  | \$ 4,734            | \$ 328,523          | \$ 333,201          | 1.4 %    |
| Other Transfers                         |                     |                     |                     |                     |                           |                     |                     |                     |          |
| PAYGO                                   | 10,452              | 15,928              | 20,564              | 28,072              | -                         | -                   | 31,016              | 44,000              | 41.9 %   |
| Total Expenses                          | \$ 379,808          | \$ 421,293          | \$ 476,137          | \$ 503,059          | \$ 8,661                  | \$ 6,830            | \$ 864,606          | \$ 931,182          | 7.7 %    |
| Net Revenue (Loss)                      | \$ 16,269           | \$ 3,703            | \$ -                | \$ 4,542            | \$ (1,667)                | \$ (1,319)          | \$ 14,602           | \$ 6,926            | (52.6)%  |
| Fund Balance - July 1                   |                     |                     |                     |                     |                           |                     |                     |                     |          |
|   | \$ 80,255           | \$ 100,491          | \$ 162,299          | \$ 166,110          | \$ 3,409                  | \$ 1,742            |                     |                     |          |
| Net Increase (Decrease) in Fund Balance | 16,269              | 3,703               | -                   | 4,542               | (1,667)                   | (1,319)             |                     |                     |          |
| Adjustments                             | 3,967               | -                   | 3,811               | -                   | -                         | -                   |                     |                     |          |
| Fund Balance - June 30                  | \$ 100,491          | \$ 104,194          | \$ 166,110          | \$ 170,652          | \$ 1,742                  | \$ 423              |                     |                     |          |



## CAPITAL FUNDING & EXPENSE BY MAJOR SOURCE CATEGORY & FUND TYPE

| (\$ in thousands)                    | Water Supply Bond   |                     | Sewer Disposal Bond |                     | General Construction Bond |                     | Total               |                     |               |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------------|---------------------|---------------------|---------------------|---------------|
|                                      | FY 2023<br>Approved | FY 2024<br>Approved | FY 2023<br>Approved | FY 2024<br>Approved | FY 2023<br>Approved       | FY 2024<br>Approved | FY 2023<br>Approved | FY 2024<br>Approved | %<br>Chg      |
| <b>Funds Provided</b>                |                     |                     |                     |                     |                           |                     |                     |                     |               |
| Bonds & Notes Issues/Cash on Hand \$ | 202,213             | \$ 264,466          | \$ 274,530          | \$ 256,699          | \$ 22,674                 | \$ 34,189           | \$ 499,417          | \$ 555,354          | 11.2 %        |
| PAYGO                                | 10,452              | 15,928              | 20,564              | 28,072              | -                         | -                   | 31,016              | 44,000              | 41.9 %        |
| Anticipated Contributions:           |                     |                     |                     |                     |                           |                     |                     |                     |               |
| Federal & State Grants               | 4,285               | 4,542               | 20,959              | 20,600              | -                         | -                   | 25,244              | 25,142              | (0.4) %       |
| SDC                                  | 18,264              | 26,622              | 11,342              | 10,323              | -                         | -                   | 29,606              | 36,945              | 24.8 %        |
| Other Contributions                  | 3,813               | 4,024               | 15,686              | 17,604              | -                         | -                   | 19,499              | 21,628              | 10.9 %        |
| <b>Total Funds Provided</b>          | <b>\$ 239,027</b>   | <b>\$ 315,582</b>   | <b>\$ 343,081</b>   | <b>\$ 333,298</b>   | <b>\$ 22,674</b>          | <b>\$ 34,189</b>    | <b>\$ 604,782</b>   | <b>\$ 683,069</b>   | <b>12.9 %</b> |
| <b>Construction Costs</b>            |                     |                     |                     |                     |                           |                     |                     |                     |               |
| Salaries & Wages                     | \$ 15,694           | \$ 15,555           | \$ 8,606            | \$ 9,448            | \$ 3,247                  | \$ 3,190            | \$ 27,547           | \$ 28,193           | 2.3 %         |
| Contract Work                        | 133,685             | 179,706             | 214,590             | 197,666             | 3,203                     | 6,837               | 351,478             | 384,209             | 9.3 %         |
| Consulting Engineers                 | 31,879              | 43,581              | 36,223              | 36,101              | 4,020                     | 4,434               | 72,122              | 84,116              | 16.6 %        |
| All Other                            | 57,769              | 76,740              | 83,662              | 90,083              | 12,204                    | 19,728              | 153,635             | 186,551             | 21.4 %        |
| <b>Total Construction Costs</b>      | <b>\$ 239,027</b>   | <b>\$ 315,582</b>   | <b>\$ 343,081</b>   | <b>\$ 333,298</b>   | <b>\$ 22,674</b>          | <b>\$ 34,189</b>    | <b>\$ 604,782</b>   | <b>\$ 683,069</b>   | <b>12.9 %</b> |

## PROJECTED CHANGE IN FUND BALANCE

| Fund<br>(\$ in thousands) | Fund<br>Balance -<br>July 1st | Operating<br>Revenues | Operating<br>Expenses | Other<br>Credits<br>and<br>Transfers | Adjust.  | Fund<br>Balance -<br>June 30th | Fund Balance            |          |
|---------------------------|-------------------------------|-----------------------|-----------------------|--------------------------------------|----------|--------------------------------|-------------------------|----------|
|                           |                               |                       |                       |                                      |          |                                | Increase/<br>(Decrease) | %<br>Chg |
| Water Operating           |                               |                       |                       |                                      |          |                                |                         |          |
| FY 2023                   | \$ 80,255                     | \$ 389,731            | \$ (379,808)          | \$ 6,346                             | \$ 3,967 | \$ 100,491                     | \$ 20,236               | 25.2 %   |
| FY 2024                   | 100,491                       | 420,177               | (421,293)             | 4,819                                | -        | 104,194                        | 3,703                   | 3.7 %    |
| Sewer Operating           |                               |                       |                       |                                      |          |                                |                         |          |
| FY 2023                   | 162,299                       | 468,211               | (476,137)             | 7,926                                | 3,811    | 166,110                        | 3,811                   | 2.3 %    |
| FY 2024                   | 166,110                       | 503,448               | (503,059)             | 4,153                                | -        | 170,652                        | 4,542                   | 2.7 %    |
| General Bond Debt Service |                               |                       |                       |                                      |          |                                |                         |          |
| FY 2023                   | 3,409                         | 6,994                 | (8,661)               | -                                    | -        | 1,742                          | (1,667)                 | (48.9) % |
| FY 2024                   | 1,742                         | 5,511                 | (6,830)               | -                                    | -        | 423                            | (1,319)                 | (75.7) % |

Operating expenses include debt service.

### Explanation of Significant Changes to Fund Balance

#### Water and Sewer Operating Funds

The FY 2024 Approved Budget ending fund balance is higher than the projected FY 2023 ending balance for the Water Operating Fund and Sewer Operating Fund by 3.7% and 2.7% respectively due to the budgeted increase in the fund balance to build up cash reserves and improve the financial metrics.

#### General Bond Debt Service Fund

The FY 2024 Approved Budget ending fund balance is 75.7% lower than the projected FY 2023 ending balance for the General Bond Debt Service Fund. Revenues for this fund are derived from FFBC and H/C charges. Developers now build these types of mains and lines that were previously built by WSSC Water for new development. As a result, property owners of newly developed sites do not pay FFBC to WSSC Water. Additionally, as the bonds associated with older sites expire, the impacted property owners cease paying WSSC Water the associated FFBC. Therefore, the revenues for this fund are expected to decrease further in the future. Surplus funds that accumulated in the General Bond Debt Service Fund were transferred to the Water and Sewer Operating Funds to benefit all ratepayers via the Reconstruction Debt Service Offset.

## EXPENSE TRENDS BY FUND

### Operating Budget

#### Water & Sewer Operating Funds - Combined

| (\$ in thousands)        | FY 2020<br>Actual | FY 2021<br>Actual | FY 2022<br>Actual | FY 2023<br>Approved | FY 2024<br>Approved |
|--------------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| <b>Expenses</b>          |                   |                   |                   |                     |                     |
| Salaries & Wages         | \$ 131,711        | \$ 130,884        | \$ 125,788        | \$ 133,765          | \$ 141,179          |
| Heat, Light & Power      | 15,534            | 18,234            | 21,014            | 18,817              | 27,373              |
| Regional Sewage Disposal | 56,414            | 58,658            | 60,751            | 60,343              | 64,201              |
| All Other                | 268,488           | 247,004           | 247,686           | 290,160             | 319,132             |
| <b>Subtotal</b>          | <b>\$ 472,147</b> | <b>\$ 454,780</b> | <b>\$ 455,239</b> | <b>\$ 503,085</b>   | <b>\$ 551,885</b>   |
| <b>Debt Service</b>      |                   |                   |                   |                     |                     |
| Principal Payments       | 154,238           | 151,398           | 155,358           | 180,349             | 182,127             |
| Interest Payments        | 125,507           | 130,446           | 124,899           | 141,495             | 146,340             |
| <b>Subtotal</b>          | <b>\$ 279,745</b> | <b>\$ 281,844</b> | <b>\$ 280,257</b> | <b>\$ 321,844</b>   | <b>\$ 328,467</b>   |
| <b>Other Transfers</b>   |                   |                   |                   |                     |                     |
| PAYGO                    | -                 | -                 | 27,585            | 31,016              | 44,000              |
| <b>Total Expenses</b>    | <b>\$ 751,892</b> | <b>\$ 736,624</b> | <b>\$ 763,081</b> | <b>\$ 855,945</b>   | <b>\$ 924,352</b>   |

#### General Bond Debt Service Fund

| (\$ in thousands)     | FY 2020<br>Actual | FY 2021<br>Actual | FY 2022<br>Actual | FY 2023<br>Approved | FY 2024<br>Approved |
|-----------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| <b>Expenses</b>       |                   |                   |                   |                     |                     |
| Salaries & Wages      | \$ 863            | \$ 915            | \$ 894            | \$ 696              | \$ 748              |
| Heat, Light & Power   | -                 | 7                 | -                 | 12                  | 11                  |
| All Other             | 852               | 948               | 869               | 1,274               | 1,337               |
| <b>Subtotal</b>       | <b>\$ 1,715</b>   | <b>\$ 1,870</b>   | <b>\$ 1,763</b>   | <b>\$ 1,982</b>     | <b>\$ 2,096</b>     |
| <b>Debt Service</b>   |                   |                   |                   |                     |                     |
| Principal Payments    | 9,445             | 7,985             | 4,721             | 5,332               | 3,172               |
| Interest Payments     | 3,132             | 2,151             | 4,236             | 1,347               | 1,562               |
| <b>Subtotal</b>       | <b>\$ 12,577</b>  | <b>\$ 10,136</b>  | <b>\$ 8,957</b>   | <b>\$ 6,679</b>     | <b>\$ 4,734</b>     |
| <b>Total Expenses</b> | <b>\$ 14,292</b>  | <b>\$ 12,006</b>  | <b>\$ 10,720</b>  | <b>\$ 8,661</b>     | <b>\$ 6,830</b>     |

### Capital Budget

#### All Bond Funds – Water Supply, Sewer Disposal and General Construction

| (\$ in thousands)     | FY 2020<br>Actual | FY 2021<br>Actual | FY 2022<br>Actual | FY 2023<br>Approved | FY 2024<br>Approved |
|-----------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| <b>Expenses</b>       |                   |                   |                   |                     |                     |
| Salaries & Wages      | \$ 26,388         | \$ 25,911         | \$ 27,647         | \$ 27,547           | \$ 28,193           |
| Heat, Light & Power   | 155               | -                 | -                 | 230                 | 247                 |
| Contract Work         | 211,404           | 217,590           | 251,913           | 351,478             | 384,209             |
| Consulting Engineers  | 44,478            | 42,349            | 42,322            | 72,122              | 84,116              |
| All Other             | 111,960           | 141,043           | 75,925            | 153,405             | 186,304             |
| <b>Total Expenses</b> | <b>\$ 394,385</b> | <b>\$ 426,893</b> | <b>\$ 397,807</b> | <b>\$ 604,782</b>   | <b>\$ 683,069</b>   |

## EXPENSE TRENDS BY FUND

### Capital Budget

All Bond Funds – Water Supply, Sewer Disposal and General Construction

| (\$ in thousands)     | FY 2020<br>Actual | FY 2021<br>Actual | FY 2022<br>Actual | FY 2023<br>Approved | FY 2024<br>Approved |
|-----------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| <b>Expenses</b>       |                   |                   |                   |                     |                     |
| Salaries & Wages      | \$ 26,388         | \$ 25,911         | \$ 27,647         | \$ 27,547           | \$ 28,523           |
| Heat, Light & Power   | 155               | -                 | -                 | 230                 | 247                 |
| Contract Work         | 211,404           | 217,590           | 251,913           | 351,478             | 384,209             |
| Consulting Engineers  | 44,478            | 42,349            | 42,322            | 72,122              | 83,887              |
| All Other             | 111,960           | 141,043           | 75,925            | 153,405             | 186,303             |
| <b>Total Expenses</b> | <b>\$ 394,385</b> | <b>\$ 426,893</b> | <b>\$ 397,807</b> | <b>\$ 604,782</b>   | <b>\$ 683,169</b>   |

**SECTION 6**  
**FISCAL GUIDELINES**

## FISCAL GUIDELINES

This section discusses fiscal guidelines that correspond to the practices of WSSC Water with respect to revenues, expenditures and debt management. Fiscal planning, generally done within the context of the operating budget and the capital budget/Capital Improvements Program (CIP), reflects and helps shape fiscal guidelines.

## FISCAL CONTROL

The budget process not only reflects those fiscal guidelines currently in force, but is itself a major vehicle for determining and implementing such guidelines. The fiscal guideline statements presented on the following pages are not static. They evolve as the economy and fiscal environment change and as WSSC Water's service population and requirements for services change.

### **Structurally Balanced Budget**

WSSC Water prepares a structurally balanced budget. Budgeted expenditures equal projected revenues from water and sewer services inclusive of recurring net transfers and any mandatory contributions to reserves for that fiscal year. Recurring revenues should fund recurring expenses with minimal reliance on non-recurring (one-time) revenues or resources. Note that for the FY 2024 Approved Budget, WSSC Water revenues appear higher than the expenditures as there is a budgeted \$8.3 million increase in reserves to improve the financial metrics.

### **Fund Balance Operating Reserves**

WSSC Water maintains a combined unrestricted reserve from the water and sewer operating funds equal to at least 20% of the total water and sewer operating revenues to offset unanticipated variations in water and sewer services revenues that may occur in future years. Use of reserves is as directed by WSSC Water management.

### **Pay-As-You-GO (PAYGO)**

In FY 2014, WSSC Water began to issue debt for 30 years as opposed to the prior practice of 20 years. This change included the introduction of PAYGO. WSSC Water had been budgeting for PAYGO each fiscal year to reduce the amount of planned debt issued for capital projects. The FY 2024 Approved Budget assumes \$44.0 million in PAYGO.

### **Fiscal Plan**

WSSC Water develops and publishes a fiscal plan and provides updated six-year projections of the operating and capital budgets - revenues and expenditures - to ensure that the agency has the best possible knowledge of the impacts of contemplated actions and emerging conditions.

### **Budgetary Control**

Budgetary control over WSSC Water is exercised following a joint review by Montgomery County and Prince George's County governments through the annual review and approval of operating and capital budgets. WSSC Water's Budget Division administers and monitors operating and capital expenditures during the fiscal year.

### **Financial Management**

The methodology utilized for budgetary purposes is the "debt service" method of accounting. All internal financial statements are recorded utilizing this method. Annual audited financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). Comparisons between the debt service method and GAAP method require adjustments since there are differences in reporting.

### **Audits**

WSSC Water will ensure the conduct of timely, effective and periodic audit coverage of all financial records and actions of WSSC Water, its officials and employees in compliance with local, state and federal regulations and laws.

## EXPENDITURES AND ALLOCATION OF COSTS

### **Content of Budgets**

WSSC Water will include in the operating budget all programs and facilities which are not included in the CIP. There are three major impacts of the CIP on the operating budget: debt service; PAYGO (revenues applied to the CIP for debt avoidance or for projects which are not debt-eligible); and presumed costs of operating new or expanded facilities. Details on the CIP can be found at <https://www.wsscwater.com/fin>.

### **Expenditure Growth**

The Prince George's County Council adopted Resolution No. CR-12-1994 and the Montgomery County Council adopted Resolution No. 12-1558 requiring WSSC Water, to the extent possible, to conform with the County Councils' established spending affordability limits in preparing the capital and operating budgets.

Spending affordability guidelines are adopted each year and include recommended limits on the amount of water and sewer rate increases, operating budget expenditures, new debt issues and debt service that may be approved for expenditure for the first year of the CIP. WSSC Water's General Manager advises the County Councils on spending affordability limits and makes budget recommendations with realistic prospects for the served populations' ability to pay, both in the upcoming fiscal year and in the ensuing years.

WSSC Water, where required by the two County Councils' final action on the programs, must revise the same and then, prior to the commencement of the first fiscal year, approve the operating and capital budget, as well as the six-year CIP.

### **Expenditure Reduction**

WSSC Water will seek expenditure reductions whenever possible through efficiencies, reorganization of services and through the reduction, elimination or re-engineering of programs, guidelines and practices which are no longer cost effective.

### **Private Provision of Services**

WSSC Water will encourage, through matching grants, subsidies and other funding assistance, the participation of private organizations in the provision of desirable services when objectives can be more effectively met through private activity and expertise and where permitted by law.

### **Cost Avoidance and Cost Savings**

WSSC Water will consider investment in equipment, land, facilities and other expenditure actions to reduce or avoid costs in the future.

### **Strategic Sourcing**

WSSC Water will make direct or indirect purchases through a competitive process, except when an alternative method of procurement is specifically authorized by law, is in WSSC Water's best interest and is the most cost-effective means of procuring goods and services. The strategic sourcing team helps manage procurement costs by using a fact-based and data-driven process focused on cost savings, process improvements, supplier innovation and category management. Cross-functional teams led by both strategic sourcing specialists and business unit staff work collaboratively to understand WSSC Water's internal needs via spend analytics, process gap-analysis and defining stakeholder requirements. The benefits to the agency include: encourages cross-functional teams; provides visibility into spending habits; focuses on total cost of ownership; and optimizes category management.

## SHORT-TERM FISCAL AND SERVICE GUIDELINES

Short-term guidelines are specific to the budget year. They address key issues and concerns that frame the task of preparing a balanced budget that achieves WSSC Water's priorities within the context of current and expected environmental, social and governance expectations.

The budget reflects a 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 the approved budget seek to achieve the agency's mission through alignment with its strategic priorities.

Budget planning continues to be shaped by the challenges of balancing increasing costs for infrastructure and operations with affordability considerations for our customers. While the average costs to ensure access to clean, safe drinking water and efficient wastewater remain low when compared to other household utilities and expenses, there are still residents who struggle to meet their monthly expenses. WSSC Water offers financial assistance to its customers through a variety of programs, such as the Customer Assistance Program (CAP), the Water Fund and the Connection Pipe Emergency Replacement Loan Program (also known as the PipeER Program).

CAP provides residential customers with a credit for WSSC Water's fixed fees, up to a FY 2024 limit of \$31.90 per quarterly bill or \$127.60 per year. The Water Fund, which is administered by a third party, provides one-time or emergency assistance to customers in financial need and is funded entirely by contributions from customers, employees and other sources. The PipeER Program makes available \$100,000 annually to eligible residential customers to finance up to \$5,000 for the replacement of a water service line located on their property that connects the agency's main line to the home. At the end of a fiscal year, any unused funds in the PipeER Program are contributed to the Water Fund. Additional information can be found at <https://www.wsscwater.com/assistance>.

Additional factors and events that shaped the budget environment included:

- Flat or declining water consumption revenues
- Sewer revenue reduction to re-baseline
- Compliance with consent decrees
- Aging infrastructure
- Past due accounts
- Uncertainty regarding potential changes in environmental regulations
- Improving financial metrics to maintain AAA bond rating
- Supply chain disruptions and inflationary pressures

The FY 2024 Approved Budget calls for a combined 7.0% average increase to both water and sewer volumetric and ready-to-serve charges. To develop a budget based on the 7.0% rate increase, \$13.4 million in additional cuts were made to the operating and capital budgets.

To cope with these fiscal challenges while ensuring that WSSC Water's priorities are met, the agency reaffirmed its efforts to control and reduce costs, as well as identify opportunities for cost savings. Initiatives instituted included:

- Careful management of labor costs including overtime
- Expansion of innovation programs to improve efficiency and reduce costs

The cumulative effects of the many efficiencies and reductions WSSC Water implemented helped manage slowing revenue growth and tightening budgets.

These short-term fiscal guidelines and actions have been critical in shaping WSSC Water's FY 2024 Approved Budget. Together with the long-term guidelines discussed elsewhere in this section, the short-term guidelines described here have allowed WSSC Water to construct a fiscally responsible budget consistent with current economic and fiscal realities while achieving the agency's priorities.



## CIP FISCAL GUIDELINES

### **Guideline on Eligibility for Inclusion in the CIP**

Capital expenditures included for projects in the CIP should:

- Comply with Maryland state law that defines major projects for inclusion in the CIP as water mains at least 16" in diameter, sewer mains at least 15" in diameter, water or sewage pumping stations, force mains, storage facilities and other major facilities
- Preserve and improve services by employing annual system reconstruction programs to reconstruct aging capital infrastructure
- Include Information Only projects which are capital projects that are not required to be in the program under Section 23-301 of the Public Utilities Article of the Annotated Code of Maryland, but may be included for any number of reasons such as: fiscal planning purposes; the reader's improved understanding of the full scope of a specific set of projects; or responding to requests from County governments
- Ensure compliance with all legal requirements of both Counties' ten-year water and sewerage plans and directly support the two Counties' approved land use plans and guidelines for orderly growth and development
- Generally have a defined beginning and end and a reasonably long useful life
- Successfully meet WSSC Water's responsibilities and the public's demand for clean water
- Enable decision makers to evaluate the project based on complete and accurate information

Water and sewer capital projects requested by private applicants in support of new development, identified as Development Services Process projects, may only proceed if built at the applicant's expense. The use of ratepayer supported debt for these projects is not allowed.

### **Guideline on Funding CIP with Debt**

Much of the CIP should be funded with debt. Capital projects usually have a long useful life and will serve future ratepayers, as well as current ratepayers. It would be inequitable and an unreasonable fiscal burden to make current ratepayers pay for projects out of current rate revenues. Bond issues, retired over approximately 30 years, are both necessary and equitable.

Projects deemed to be debt eligible should:

- Involve a long-term capital asset, as defined in accordance with accounting principles, and have a reasonably long useful life
- Be ineligible for other potential revenue sources within an appropriate time frame, such as WSSC Water's System Development Charge (SDC), governmental aid or private contributions
- Ensure that tax-exempt debt is issued only for those improvements that meet the Internal Revenue Service requirements for the use of tax-exempt bond proceeds

### **Guideline on WSSC Water Debt Limits**

Projects in the CIP are primarily financed with funds from the Water Supply and Sewage Disposal Bond Funds. The Water Supply and Sewage Disposal Bonds are repaid to bondholders over a 30-year period by annual principal and interest payments (debt service). The annual debt service on outstanding bonds is paid from WSSC Water's operating funds.

Paying principal and interest on debt is the first claim on WSSC Water's revenues. By prudent financial management and the long-term strength of the regional economy, WSSC Water has maintained the highest quality rating of its general obligation bonds, AAA/Aaa/AAA. This top rating by Wall Street rating agencies assures WSSC Water of a ready market for its bonds and the lowest available interest rates on that debt.

## CIP FISCAL GUIDELINES (Continued)

### Guideline on WSSC Water Debt Limits (Continued)

Debt limitation strategies such as PAYGO financing, use of accumulated net revenue (fund balance) and reduction or deferral of planned capital expenditures should always be balanced against affordability considerations and the demands for the resources necessary to serve existing customers and meet environmental mandates.

#### Debt Capacity

The aggregate principal amount of bonds and notes issued by the agency must not exceed the legislated allowable level of the total assessable tax base for all property assessed for County tax purposes within the Washington Suburban Sanitary District (WSSD), in conformance with state law governing WSSC Water. Bonds and notes issued by the agency are limited to an amount outstanding at any time that may not exceed the sum of 3.8% of the total assessable base of all real property and 7.0% of the total assessable personal and operating real property for County taxation purposes within the WSSD.

To maintain the highest credit rating, WSSC Water utilizes financial metrics to monitor debt service levels:

- Water and Sewer Debt Service as a Percentage of Water and Sewer Expenditures - This ratio reflects WSSC Water's budgetary flexibility to adapt spending levels and respond to economic condition changes. Required annual debt service expenditures should be kept at no greater than 40.0% of WSSC Water's water and sewer expenditures. This measure excludes expenditures in the General Bond Debt Service fund.
- Water and Sewer Debt Service Coverage Ratio (DSCR) – This ratio helps assess WSSC Water's ability to pay its debt obligations. The ratio is calculated as the amount of net operating revenue available after operating expenses have been paid to meet the annual interest and principal payments on debt service. WSSC Water's target DSCR is 1.5. This measure excludes the General Bond Debt Service fund.
- Leverage Ratio – This ratio helps assess WSSC Water's ability to pay its debt obligations. The ratio is calculated as net adjusted debt (debt outstanding less cash and cash equivalents) to adjusted funds available for debt service (operating revenues minus operating expenses excluding depreciation plus adjustments for miscellaneous revenues and expenses). WSSC Water's target is that net adjusted debt be less than 10.0 times adjusted funds available for debt service.

The results of these metrics are calculated each year in conjunction with spending affordability, the capital budget process and as needed for fiscal planning purposes.

### Guideline on Terms for General Obligation Bond Issues

WSSC Water's debt typically takes the form of general obligation bonds and notes, with the pledge of the levy of an unlimited ad valorem tax upon the assessable property of the WSSD for repayment. However, all the debt service is paid from its water consumption charges, sewer use charges, Ready-to-Serve Charges, Front Foot Benefit Charges, assessments and other available funds. WSSC Water has always paid general obligation debt from its own revenues and has never relied on an ad valorem tax levy to pay its debt service.

Bonds are normally issued in a 30-year series with equal payments over the life of the bond issue, which means payments of interest on the outstanding bonds are higher at the beginning and lower at the end. When bond market conditions warrant, or when a specific project would have a shorter useful life, different repayment terms may be used.

### Guideline on Other Forms of Debt

The use of variable rate debt allows the agency to take advantage of short-term interest rates, which are typically lower, as well as to provide interim financing for the water and sewer projects comprising a portion of the agency's capital program. The agency has established a General Obligation Multi-Modal Bond Anticipation Note Program whereby the notes may bear interest in a weekly mode.

## CIP FISCAL GUIDELINES (Continued)

### **Guideline on Other Forms of Debt (Continued)**

In deciding to utilize this note program, the agency shall consider market conditions, funding needs, the level of variable rate debt outstanding and other relevant issues when determining in which mode the notes will be initially issued and reserves the right to convert to a different mode if market conditions change.

The agency participates in the State of Maryland Revolving Loan Funds program offered by the Maryland Water Infrastructure Financing Administration. These loan funds were established by the Maryland General Assembly for providing below market interest rates for qualifying projects. When advantageous to WSSC Water, debt financing via these programs is pursued. SDC funds are used to pay for new treatment, transmission and collection (storage) facilities.

### **Guideline on Use of Federal and State Grants and Other Contributions**

Grants and other contributions are used to fund capital projects whenever available on terms that are to WSSC Water's long-term fiscal advantage. Such revenues are used for debt avoidance and not for debt service.

### **Guideline on Operating Budget Impact**

In the development of capital projects, WSSC Water evaluates and displays the funding source and the impact to the operating budget on the project description form. In evaluating the cost of construction or acquiring assets funded with debt, the agency budgets to ensure that funding is available for debt service and the subsequent annual operation and maintenance costs of the asset.

### **Guideline on New Development and Growth**

WSSC Water funds capital facilities needed to accommodate growth with developer contributions and through the SDC. In 1993 the Maryland General Assembly approved legislation authorizing the Montgomery and Prince George's County Councils to establish, and WSSC Water to impose, an SDC. This is a charge on new development to pay for that part of WSSC Water's CIP needed to accommodate growth in WSSC Water's customer base. SDC funds are used to pay for new treatment, transmission and collection (storage) facilities. The SDC is reviewed annually by the County Councils. During periods where SDC revenue may be inadequate to fully fund growth projects on a PAYGO basis, WSSC Water bonds are issued with the related debt service expense repaid from future SDC revenues.

## WSSC WATER MANAGEMENT

### **Productivity**

WSSC Water will seek continuous improvement in the productivity of programs in terms of quantity of services relative to resources expended, through all possible strategies.

### **Risk Management**

WSSC Water will control its exposure to financial loss through a combination of commercial and self-insurance; self-insure against all but the highest cost risks; and aggressively control its future exposure through a comprehensive risk management program.

### **Resource Management**

WSSC Water will seek continued improvement in its budgetary and financial management capacity to reach the best possible decisions on resource allocation and the most effective use of ratepayer resources.

### **Employee Compensation**

WSSC Water will act to contain the growth of compensation costs using various strategies including organizational efficiencies, management efficiencies within its operations and service delivery and productivity improvements within its workforce.

### **Retirement Plan**

WSSC Water will assure the security of benefits for employees, retirees and beneficiaries, as well as the solvency of the Employees' Retirement Plan (Plan) of WSSC Water by providing responsible investment management of the Plan's assets through the Board of Trustees (Board). The Board is composed of two WSSC Water Commissioners, four employees who are participants of the Plan, two representatives of the public, two retirees who are participants in the Plan and the Executive Director of the Plan. The administration of the Plan is managed by the Executive Director.

### **Retiree Other Post-Employment Benefits Trust**

The Retiree Other Post-Employment Benefits Trust (Trust), a single employer contributory fund, was established to address the cost of life insurance and medical benefits for future retirees and beneficiaries. Through an Internal Revenue Code Section 115 Grantor Trust, annual contributions by WSSC Water are set aside and invested. The goal of the Trust is to set aside sufficient assets to meet the future costs of retiree benefits as they are earned by current employees.

The agency appoints trustees responsible for the investment management of the assets for the exclusive benefit of the Plan participants. Current trustees are three employees in key positions that are appointed by the agency. The administration of the Trust has been delegated to the Executive Director of the WSSC Water Employees' Retirement Plan.

## GUIDELINES FOR REVENUES AND PROGRAM FUNDING

### **Diversification of Revenues**

WSSC Water will work in cooperation with the elected leadership in both Counties to implement a combination of a volumetric rate structure with dedicated fixed charges to provide a reliable and stable source of water and sewer revenues to fund operations and maintenance and responsible system reinvestment. Permit and inspection fees and other special service charges will be set in a manner to recover the related costs incurred so that the general ratepayer is not subsidizing private activity.

### **Revenue Projections**

WSSC Water will estimate revenues in a realistic and conservative manner to minimize the risk of a funding shortfall.

### **One-Time Revenues**

WSSC Water will, whenever possible, give highest priority for the use of one-time revenues from any source to the funding of capital assets or other non-recurring expenditures so as not to incur ongoing expenditure obligations for which revenues may not be adequate in future years.

### **Ready-to-Serve Charges/Fixed Fees**

WSSC Water's water and sewer rates produce only the revenues needed to support services and operations. The agency's rate structure is comprised of both variable rates and fixed fees and reflects the costs to provide services to different customers based on their usage characteristics. The Annotated Code of Maryland authorizes a fixed, Ready-to-Serve Charge that represents the fixed costs of delivery of service to customers, regardless of the volume of service used. The Ready-to-Serve Charge is comprised of two components: the Account Maintenance Fee and the Infrastructure Investment Fee.

#### Account Maintenance Fee

The Account Maintenance Fee (AMF) is a fixed fee that recovers the cost of service associated with maintaining and servicing customer accounts. These expenses include the cost of purchasing, maintaining, reading and replacing meters; processing meter readings; generating and mailing customer bills; and providing customer services.

The AMF ensures that revenue will be received to cover the cost of providing customer services and meter maintenance. The fee increases with meter size because it is costlier to purchase and maintain larger meters.

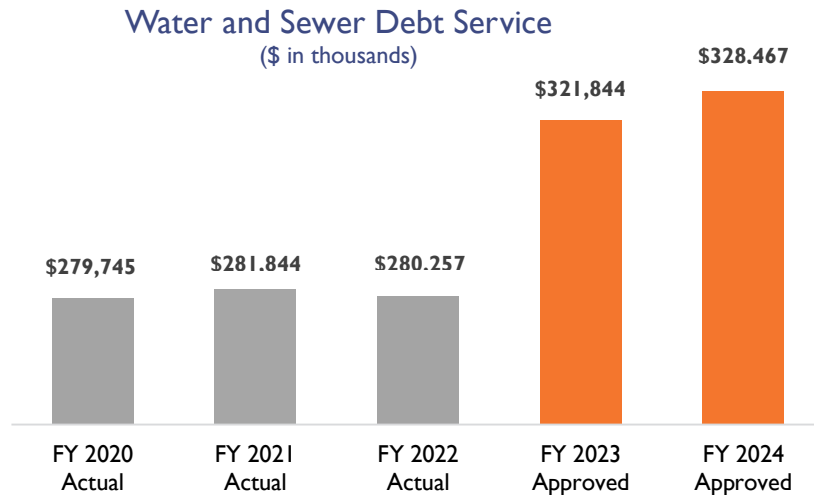
#### Infrastructure Investment Fee

The Infrastructure Investment Fee (IIF) is a fixed fee that funds a portion of the debt service associated with the agency's water and sewer pipe reconstruction programs from the approved CIP.

## WATER AND SEWER DEBT SERVICE GUIDELINES

### Debt Service

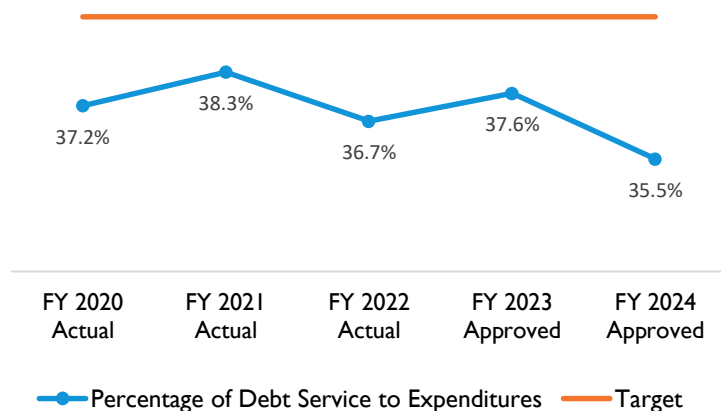
The largest expenditure in the FY 2024 approved water and sewer operating budget is debt service. Debt service increased by \$6.6 million from \$321.8 million in FY 2023 to \$328.5 million in FY 2024. The increase is primarily due to deferrals and reductions made in the FY 2023 budget process, plus inflationary factors. Ongoing water and sewer rehabilitation programs aimed at addressing WSSC Water's aging infrastructure continue to be a major contributing factor to debt service. Rehabilitation programs make up about 40.7% of the FY 2024 Approved CIP and highlights can be found in the FYs 2024-2029 Approved CIP at <https://www.wsscwater.com/fin>.



### Debt Service as a Percentage of Expenditure

As part of the long-range financial plan, WSSC Water has a target of keeping water and sewer debt service below the targeted 40.0% of total water and sewer expenditures. The chart below shows that the agency continues to be fiscally responsible in meeting this target. For FY 2024, the approved debt service percentage is 35.5% of water and sewer operating costs.

### Debt Service as a Percentage of Expenditures

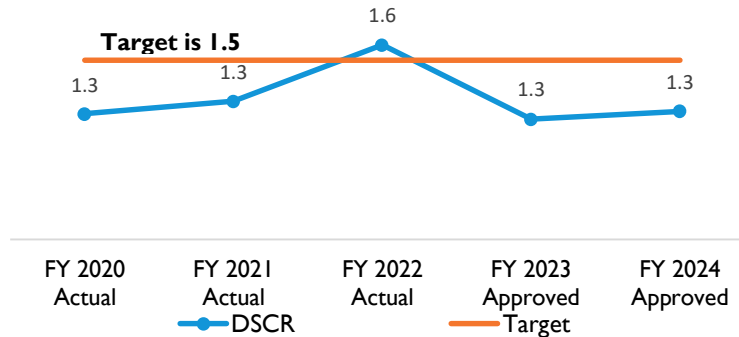


## WATER AND SEWER DEBT SERVICE GUIDELINES (Continued)

### Debt Service Coverage Ratio

The Debt Service Coverage Ratio (DSCR) is an important benchmark used to measure the ability to meet current total debt service with current revenue available for debt service. Starting in FY 2024, WSSC Water's target DSCR increased from 1.10-1.25 range to  $\geq 1.5$  to address concerns raised by the rating agencies. In FY 2024, WSSC Water projected DSCR is 1.3.

#### Debt Service Coverage Ratio



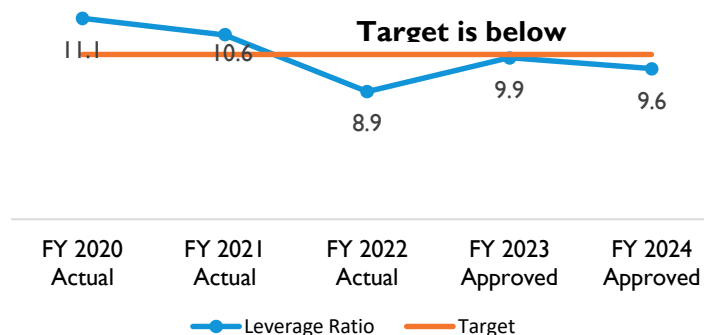
The DSCR calculation has been revised in accordance with the rating agencies' methodology. The DSCR formula has been revised from Net Operating Revenue divided by Total Debt Service to Funds Available for Debt Service divided by Total Debt Service. The revised formula is shown below.

$$\text{DSCR} = \frac{\text{Funds Available for Debt Service}}{\text{Total Debt Service}}$$

### Leverage Ratio

The leverage ratio is an important financial metric for measuring the ability to pay debt obligations. Beginning FY 2023, WSSC Water included the leverage ratio as one of the metrics to the agency's long-range financial plan. WSSC Water's target for the leverage ratio is a value below 10.0. The projected ratio for FY 2024 is 9.6, which is slightly below the target. For the last three years, Leverage Ratio actuals have been trending down, with FY 2022 achieving below target.

#### Leverage Ratio



Below is the formula for calculating the leverage ratio.

$$\text{Leverage Ratio} = \frac{\text{Net Adjusted Debt}}{\text{Adjusted Funds Available for Debt Service}}$$

## **SECTION 7**

## **REVENUES**



## REVENUES

This section provides assumptions, including discussions of the regional economy. Revenue sources used to fund WSSC Water's Fiscal Year (FY) 2024 Approved Budget incorporate policy recommendations. WSSC Water currently recovers necessary revenues through both fixed and volumetric charges.

## ECONOMIC OUTLOOK

### Policy Assumptions

Revenue and resource estimates presented are the result of the recommended policies of WSSC Water's FY 2024 Approved Budget. Even though it is assumed that these policies will be effective during the budget period, subsequent agency actions, state law and budgetary changes, actual economic conditions and revised revenue projections may result in policy changes.

### COVID-19 Impact to Assumptions

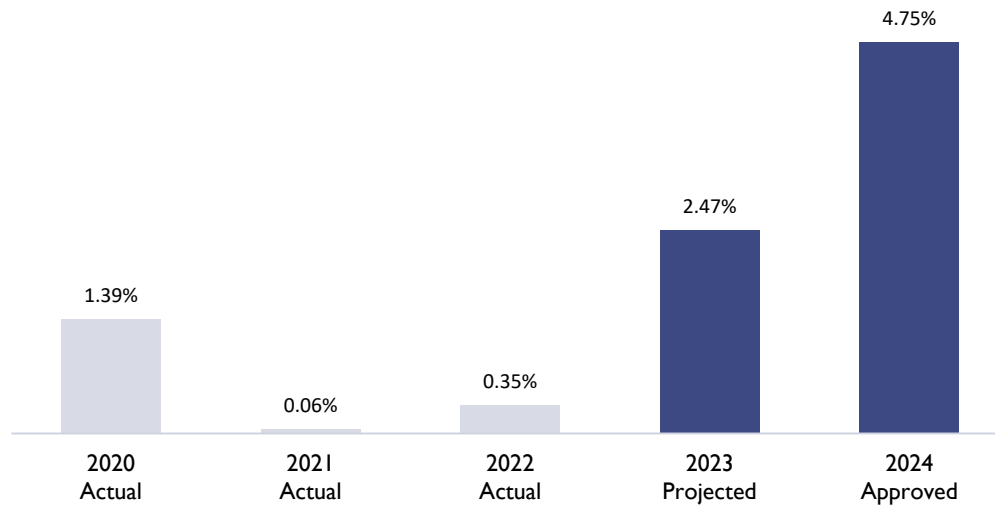
The FY 2024 Approved Operating Budget anticipates continued pressure on revenue resulting from the COVID-19 pandemic and higher inflation challenging customers' ability to pay utility expenses. To date the agency has not received any direct federal, state or county financial support other than \$255,000 from the Federal Emergency Management Agency ("FEMA") as reimbursement for COVID-19 related costs. WSSC Water has required budget cuts of \$151.7 million in FYs 2020 through 2022. Additional operating budget cuts of \$27.0 million and \$110.5 million of capital budget reductions were included in the FY 2023 Approved Budget across all departments, which will impact services. The agency continues to have about 79,000 accounts that are past due, totaling about \$50.0 million, which continues to significantly impact revenue. It is projected that the impact of COVID-19 on revenues will continue going into FY 2024. Therefore, the uncollectible revenue projections increased to \$7.9 million in FY 2024 compared to \$6.0 million in FY 2023. The revenue base for the water consumption and sewer use is also reduced by \$8.0 million to reflect the shift in water consumption from the highest rate tier to the lowest. WSSC Water ensures protection of public health and safety by providing safe, clean and reliable water, but the budget reductions to the operations will impact the level of service.

### Interest Rates

After maintaining near-zero interest rates for most of the past decade, the Federal Reserve Board, through its Federal Open Market Committee (FOMC), increased rates seven times in 2022 in an effort to address rampant inflation. Despite these efforts to curb inflation, prices continue to escalate, which is likely to result in more interest rate hikes in December 2023. As a result, operating investment income is assumed to be \$8.0 million in FY 2024, a significant increase from FY 2023 Approved Budget levels. The return on WSSC Water's short-term investments highly correlate to the federal funds rate with a slight lag period.

## ECONOMIC OUTLOOK (Continued)

### Yield on Investment Income



### Demographic Assumptions

The revenue projections incorporate assumptions based on economic data and analyses used or prepared by the Finance Department. Using economic and demographic assumptions to develop fiscal projections does not mean that all possible factors have been considered. It is likely unanticipated events may affect long-term revenue or expenditure projections. Although the events cannot be quantified, such potential factors should not be ignored in considering possible future developments. These potential factors include the following changes: the level of local economic activity, national economic climate, federal and state tax and expenditure policies, federal and state mandates and financial markets.

### Population Served and Customer Accounts

Based on the 2020 decennial census conducted by the U.S. Census Bureau, the agency's population served is slightly more than 1.9 million. The FY 2024 projected population growth is based on applying the Census of Government's projected population growth to the decennial population figure.

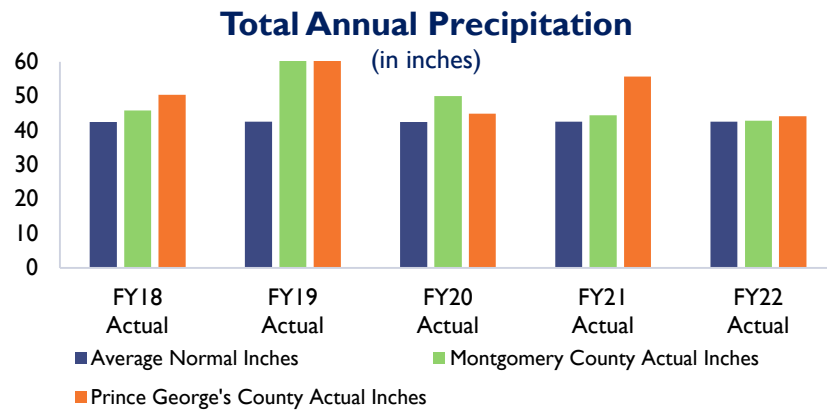
As of June FY 2024, WSSC Water is estimated to have 477,000 customer accounts. Most accounts are residential at 94.5% followed by commercial and industrial at 4.7%, and government and other at 0.9%.

### Weather Conditions

Weather influences both the supply of and demand for water. Higher rainfall levels generally increase the operating costs of a water utility. When surface water is the source of drinking water, more chemicals may be needed to treat the drinking water. Heavy rain and wet conditions can cause infiltration and inflow into sanitary sewer systems meaning increased wastewater flows and chemical demands for treatment. Higher flow levels increase the amount of time sewer pumps must run to manage the additional flow, increasing utility costs. With extremely rapid or heavy rainfall, additional labor hours are needed to maintain equipment at sewer pump stations throughout the service area. While operating costs increase, demand for the water usually decreases. Demand for water used for irrigation drops during periods of high rainfall. In addition, customers take fewer showers and consume less drinking water because outdoor work decreases, and average temperatures are lower on rainy days.

## ECONOMIC OUTLOOK (Continued)

According to the Maryland Department of the Environment, normal annual precipitation for Montgomery County and Prince George's Counties averages 42.6". For the twelve month period through June 2022, Montgomery County received 42.9", a 3.4% decrease from the prior year, and Prince George's County received 44.2", a 20.6% decrease over FY 2021. Water production increased slightly from 162.8 million gallons per day (MGD) in FY 2021 to 163.0 MGD in FY 2022.



## ECONOMIC OUTLOOK (Continued)

### Economic Indicators

Revenue projections depend on the current and national, regional and local economic indicators. The assumptions for each indicator will affect WSSC Water's revenue projections. Such projections are dependent on several factors: public health crises; fiscal and monetary policy; real estate and construction projects; population; income and employment; consumer and business confidence; the stock market; mortgage interest rates; and geo-political risks. Analysts assess the stability and strength of an organization's revenue potential, which includes looking at income, inflation and the general strength of the region.

Prior to the COVID-19 public health emergency, the Maryland Bureau of Revenue Estimates anticipated the continued slowing of underlying economic growth due to several factors, including: the reduction of federal government jobs; restraint on demand due to trade barriers; and the impact of wage and employment growth occurring primarily in lower wage industries. In addition, the changing age demographics of the workforce has and will continue to restrain revenue growth through at least 2040.

### COVID-19 Public Health Crisis

The Maryland Bureau of Revenue Estimates has been monitoring the impact of the COVID-19 public health crisis since March 2020, which continues to impact Maryland's economies, particularly Prince George's and Montgomery Counties, which had the most virus cases in the state. According to the Centers for Disease Control's community level indicator's, community level status for both counties is low as of November 2022. However, the effects of the pandemic on the economy remain.

Between FY 2021 and FY 2022, Prince George's County received \$176.6 million in American Rescue Plan Act funds, and \$158.6 million in Coronavirus Aid, Relief and Economic Security Act (CARES) funding. The County's Approved FY 2023 budget of \$5.1 billion includes an 11.5% increase over the Approved FY 2022 budget and centers on education, providing safe neighborhoods, economic development and improving the quality of life of its residents. The County is home to vital government bureau and higher education facilities.

During FY 2021 and FY 2022, Montgomery County received \$183.3 million of CARES, \$204.1 million from the American Rescue Plan Act and \$73.3 million in federal and state funding for emergency rental assistance programs. The County's Approved \$6.3 billion FY 2023 budget focuses on education, health services, affordable housing and the ongoing recovery from the pandemic. The County's employment base includes the U.S. government and contractors in the information, intelligence, biotechnology and high-tech manufacturing industries.

According to the FEMA website, the State of Maryland has received more than \$1.4 billion in FEMA reimbursement through its public assistance program as of October 2022. In addition, FEMA, in collaboration with the National Guard, provided the state of Maryland over \$405 million in mission assignment funds to purchase vital equipment and supplies. Maryland was also allocated \$3.7 billion through the American Rescue Plan Act (ARPA) of 2021, \$173.5 million of these funds remain unallocated according to the 2022 Annual Performance Report. Maryland's FY 2023 budgeted revenues are estimated to increase 11% over FY 2022.

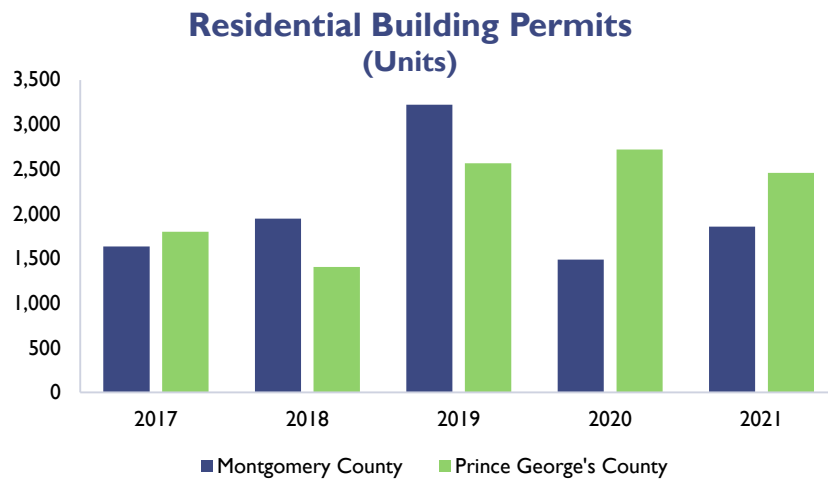
The states of Virginia and West Virginia provided \$100 million and \$25 million respectively in water utility assistance with the funds received through the CARES act. These states and Pennsylvania have also allocated funds received from the ARPA act of 2021 to water and sewer infrastructure and/or utility assistance.

Despite the assistance received by the State of Maryland, Prince George's and Montgomery Counties, no funds have been allocated to WSSC Water to assist covering the revenue losses due account delinquencies. The agency did receive \$255,000 from FEMA for COVID-19 related cost reimbursements in FY 2022.

## ECONOMIC OUTLOOK (Continued)

### Real Estate and Construction Projects

According to the U.S. Census Bureau, the construction of new residential units in Montgomery County decreased 53.9% in 2020 and then increased 25.0% in 2021. The County had a 4.9% increase in median owner-occupied housing value in 2021. Prince George's County residential construction increased 5.9% in 2020 and then decreased 9.6% in 2021. Prince George's County saw increased median owner-occupied housing values of 11.6% over the prior year.



Large construction projects in Montgomery and Prince George's Counties also positively impact WSSC Water's revenue. The 16-mile Purple Line light rail system between Montgomery and Prince George's County is under construction and the completion of a new mixed-use development in the center of Wheaton Triangle called the Wheaton Revitalization project.

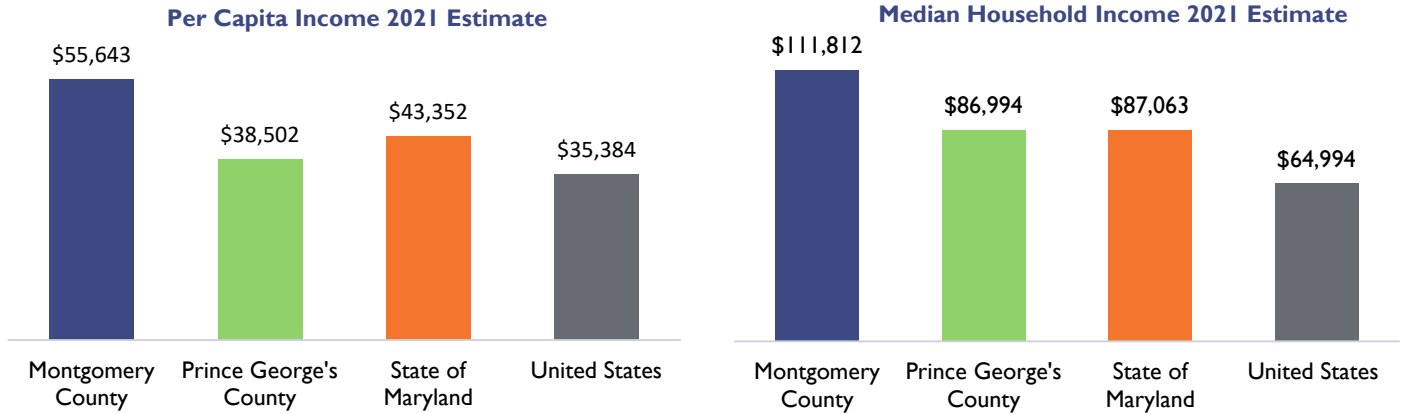
### Population

As of the fall of 2022, Montgomery County's population increased 0.2% over the prior period according to the Maryland Department of Commerce. During the same period Prince George's County's population grew 5.0% as compared to the overall State of Maryland growth rate of 1.8%.

### Per Capita Income and Median Household Income Statistics

According to the U.S. Census Bureau, the higher the per capita income and median household income indicators, the more money people have available to spend. Prince George's County's 2021 per capita income grew 3.5%, faster than the 2.9% state increase. Prince George's County median household income increased 2.4%. Montgomery County per capita income grew 2.1% for the same period. Montgomery County median household income growth mirrored the state average of 2.7% in 2021.

## ECONOMIC OUTLOOK (Continued)



### Employment

Montgomery County's unemployment rate grew to 6.3% in 2020 from 2.9% in 2019, a direct result of the COVID-19 pandemic. The County's unemployment rate in 2021 decreased to 5.5%.

Prince George's County 2020 unemployment rate grew to 8.2% from 3.7% in 2019 as the result of the COVID-19 pandemic. The County's rate improved to 7.5% in 2021.

The State of Maryland's 2020 unemployment rate was 6.8% versus 3.6% in 2019. The state's unemployment rate had improved to 5.4% at the end of 2021.

Additional economic information about Montgomery County and Prince George's County is found in Appendix A.

## RATEPAYER, READY-TO-SERVE AND MISCELLANEOUS REVENUES

Revenues from the Water and Sewer Operating Funds are estimated at \$923.6 million in FY 2024. This is a \$65.7 million increase, or 7.7%, from the FY 2023 Approved Budget, primarily attributed to an increase in volumetric and ready-to-serve charges.

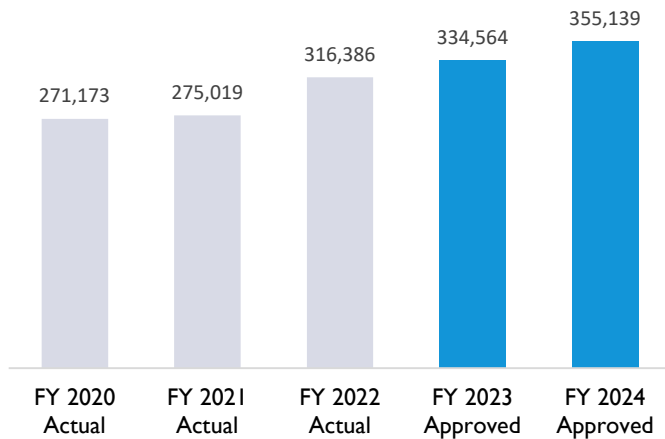
### Water and Sewer Consumption Revenues

The purpose of the water consumption and sewer use charges is to recover those costs for maintenance and operation of pipes, pumping stations, filtration and treatment plants and reservoirs needed to supply water to the Washington Suburban Sanitary District (WSSD), and to pay the principal and interest on bonds.

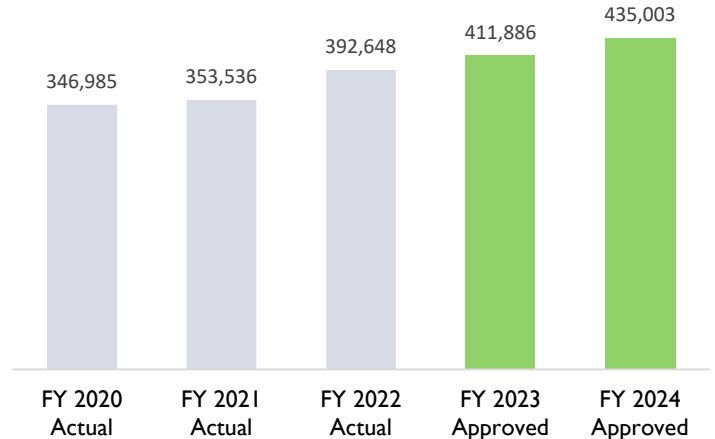
WSSC Water pays the District of Columbia Water and Sewer Authority (DC Water) for the agency's share of the regional sewage disposal charges incurred by DC Water. State law requires the water consumption and sewer use charges be sufficient to meet all expense provisions.

FY 2024 water production is assumed to be 162.0 MGD and sewer treatment is projected to be 194.4 MGD.

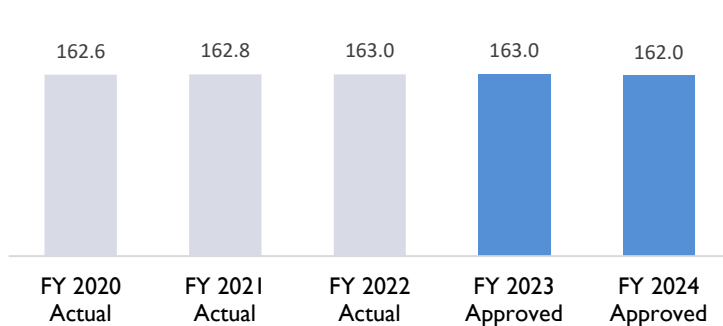
**Water Consumption Revenue**  
(\$ in thousands)



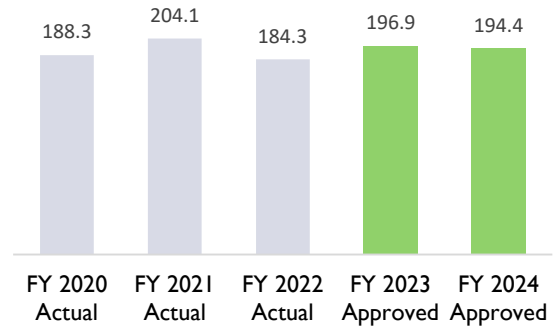
**Sewer Use Revenue**  
(\$ in thousands)



**Water Production**  
(Avg MGD)



**Sewage Treatment**  
(Avg MGD)



## RATEPAYER, READY-TO-SERVE AND MISCELLANEOUS REVENUES (Continued)

### Water and Sewer Consumption Revenues (Continued)

Water Consumption Charges – revenue is derived from the sale of water by applying an increasing rate schedule per 1,000 gallons of use. The rate charged for each account is based upon the average daily consumption during each billing period. The approved range of FY 2024 rates is \$6.53 to \$9.96 per 1,000 gallons of water consumed.

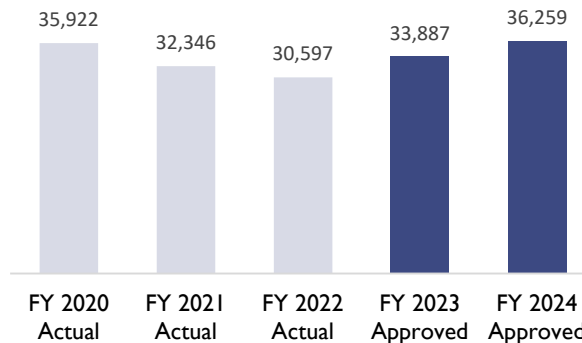
Sewer Use Charges – revenue is derived from applying an increasing rate schedule per 1,000 gallons of metered water use. The rate charged for each account is based upon the average daily water consumption during each billing period. The approved range of FY 2024 rates is \$8.67 to \$15.97 per 1,000 gallons of metered water. The approved rate for customers using sewage disposal only is a flat rate of \$152.00 per quarter.

The estimated FY 2024 revenues from water consumption and sewer use charges are \$355.1 million and \$435.0 million, respectively. A 7.0% average rate increase has been incorporated to help pay for debt service, maintenance and infrastructure renewal. Additional information on rates can be found in Section 2.

### Account Maintenance Fee

The Account Maintenance Fee (AMF) is charged to all customers, based on meter size, to defray costs of providing and reading a meter and rendering a water and/or sewer bill. The FY 2024 Approved Budget of \$36.3 million includes a 7.0% rate increase.

**Account Maintenance Fee**  
(\$ in thousands)

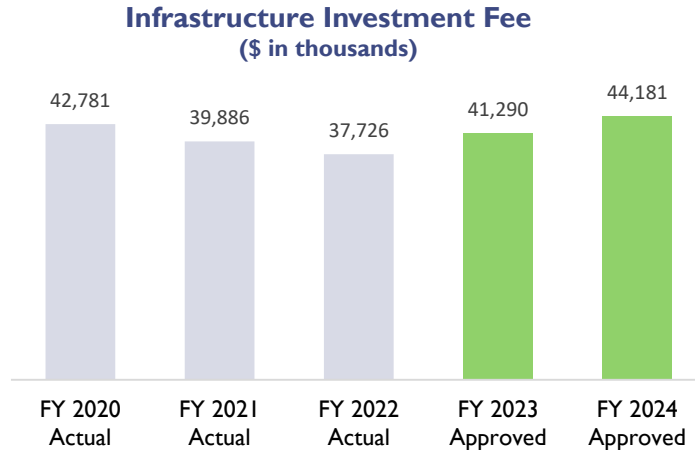




## RATEPAYER, READY-TO-SERVE AND MISCELLANEOUS REVENUES (Continued)

### Infrastructure Investment Fee

The Infrastructure Investment Fee (IIF) is a fixed fee that funds a portion of the debt service associated with the agency's water and sewer main reconstruction programs in the approved CIP.

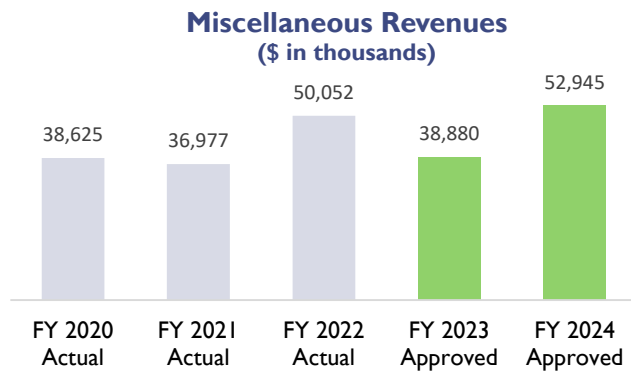


The IIF was implemented in FY 2016 with the fee phased-in over two fiscal years. WSSC Water held the fee at the FY 2017 level through FY 2022. The FY 2024 fee reflects the 7.0% rate increase based on meter size.

The FY 2024 Approved Budget is \$44.2 million.

### Miscellaneous Revenues

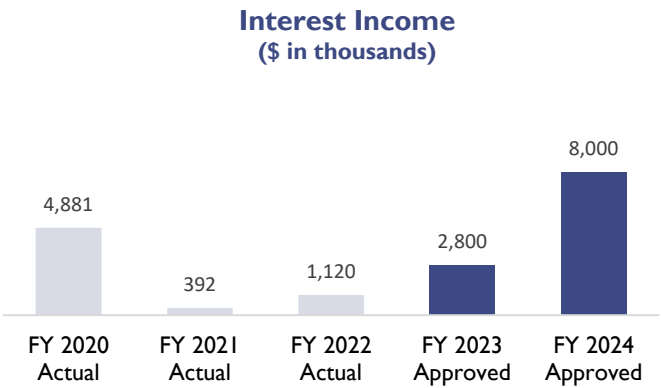
Miscellaneous Revenues are derived from: plumbing and inspection fees; Rockville sewer use; late payment of bills; repair of agency property (e.g., sewer mains) damaged by individuals; relocation of WSSC Water's sewer lines and/or facilities for the benefit of other parties (e.g., state or County departments of transportation); sewage haulers' fees which are charged for discharging septic tank clean-out wastes into WSSC Water's sewerage system; and the Little Seneca Forebay sediment removal reimbursements.



The FY 2024 Approved Budget Miscellaneous Revenue is \$52.9 million, an increase of 33.9% from the FY 2023 Approved Budget.

**Interest Income**

Interest income includes pooled and non-pooled investments, plus interest income from other funds. WSSC Water operates an investment pool, directed by an investment manager, adhering to the agency’s adopted Investment Policy. WSSC Water earned an average of 1.40% in interest income on its short-term portfolio for FY 2020 with a decrease to 0.06% in FY 2021, and a slight increase to 0.35% in FY 2022. Estimated returns for FY 2023 and FY 2024 are at 0.79% and 4.75% per annum, respectively. This assumption is based on the likelihood of continued federal action to combat inflation throughout FY 2023. As result, interest income is assumed to be approximately \$8.0 million in FY 2024 as short-term interest rates reach near 5.0% throughout the period.



## REVENUES AND TRANSFERS IMPACT ON DEBT SERVICE

### Front Foot Benefit Charges and House Connection Assessments

Front Foot Benefit Charge (FFBC) revenues are derived from charges assessed on owners of property abutting water and/or sewer mains who derive a benefit from the construction of these water mains and sewers. This revenue pays a portion of General Construction Bonds. Current FFBC assessment rates are as follows (\$ per foot):

|                    | Water  | Sewer  |
|--------------------|--------|--------|
| <b>Subdivision</b> |        |        |
| First 150 Feet     | \$4.00 | \$6.00 |
| Next 150 Feet      | 3.00   | 4.50   |
| Over 300 Feet      | 2.00   | 3.00   |
| <b>Business</b>    |        |        |
| All Footage        | 5.32   | 7.98   |

The rates established each year apply mainly to the assessable properties that benefit from that year's construction. The rates cannot be increased and remain in effect during the life of the bonds issued to pay for the construction. Developers now install the water mains and sewers previously built by WSSC Water for new builds. As a result, property owners of newly developed sites do not pay FFBC to WSSC Water. In addition, as the bonds associated with older sites expire, the impacted property owners cease paying WSSC Water the associated FFBC, thereby permanently reducing the agency's FFBC revenues. The continued decline in FFBC revenue is anticipated as bonds mature.

House Connections (H/C) revenues are derived from deferred or amortized house connection payments to cover the cost of building lines from WSSC Water's lateral lines to the property line. These H/C charges may be paid over a multi-year period and revenues shown are those being collected from this method of payment until fully amortized.

The FY 2024 Approved Budget assumes that FFBC and H/C revenue is projected to decrease \$1.4 million (21.1%) from the FY 2023 Approved Budget.

### Use of Fund Balance

Using a portion of the fund balance is an essential tool for addressing an operating budget that may be impacted by short term revenue volatility, need for debt service relief and/or an extraordinary expense. The decision to use fund balance is at the discretion of WSSC Water's management and may be done in conjunction with other actions to reduce costs or increase revenues. The minimum level of fund balance retained is governed under fiscal policy.

The FY 2024 Approved Budget assumes no use of fund balance.

### Debt Service Offsets

The System Development Charge (SDC) Debt Service Offset is related to prior fiscal years when capital "growth" expenditures exceeded the available SDC account balance. When there is such an occurrence, WSSC Water issues new SDC supported debt to cover this temporary gap rather than increasing the SDC. The portion of debt is then repaid (offset) through future SDC collections, as allowed by state law. For the FY 2024 Approved Budget, the SDC offset is programmed at \$5.8 million.

The Reconstruction Debt Service Offset (REDO) is supported through surplus funds from the refinancing of General Construction Bond debt. The offset is used to pay a portion of the debt service for the system reconstruction programs. The FY 2024 Approved Budget assumes no REDO funds will be used.

## REVENUE TRENDS

### Water & Sewer Operating Funds - Combined

| (\$ in thousands)                  | FY 2020<br>Actual | FY 2021<br>Actual | FY 2022<br>Actual | FY 2023<br>Approved | FY 2024<br>Approved |
|------------------------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| <b>Operating Revenues</b>          |                   |                   |                   |                     |                     |
| Water Consumption Charges          | \$ 271,173        | \$ 275,019        | \$ 316,386        | \$ 334,564          | \$ 355,139          |
| Sewer Use Charges                  | 346,985           | 353,536           | 392,648           | 411,886             | 435,003             |
| Account Maintenance Fees           | 35,922            | 32,346            | 30,597            | 33,887              | 36,259              |
| Infrastructure Investment Fees     | 42,781            | 39,886            | 37,726            | 41,290              | 44,180              |
| Plumbing & Inspection Fees         | 14,425            | 16,882            | 19,491            | 16,780              | 20,380              |
| Rockville Sewer Use                | 3,147             | 3,147             | 3,289             | 3,100               | 3,100               |
| Miscellaneous                      | 21,053            | 16,948            | 27,272            | 19,000              | 28,722              |
| Interest Income                    | 4,881             | 392               | 1,120             | 2,800               | 8,000               |
| Uncollectible                      | -                 | -                 | -                 | (6,000)             | (7,901)             |
| Cost Sharing Reimbursement         | -                 | -                 | -                 | 635                 | 743                 |
| <b>Total Operating Revenues</b>    | <b>\$ 740,367</b> | <b>\$ 738,156</b> | <b>\$ 828,529</b> | <b>\$ 857,942</b>   | <b>\$ 923,625</b>   |
| <b>Other Credits and Transfers</b> |                   |                   |                   |                     |                     |
| Use of Fund Balance                | 11,341            | 8,000             | -                 | -                   | -                   |
| REDO                               | 11,600            | 9,500             | 6,000             | 4,000               | -                   |
| SDC Debt Service Offset            | 6,695             | 5,772             | 5,772             | 5,772               | 5,772               |
| Premium Transfer                   | 7,904             | 7,151             | -                 | 2,500               | -                   |
| Underwriters Discount Transfer     | -                 | 2,000             | 2,000             | 2,000               | 2,000               |
| Miscellaneous Offset               | -                 | -                 | -                 | -                   | 1,200               |
| <b>Total Funds Available</b>       | <b>\$ 777,907</b> | <b>\$ 770,579</b> | <b>\$ 842,301</b> | <b>\$ 872,214</b>   | <b>\$ 932,597</b>   |

### General Bond Debt Service Fund

| (\$ in thousands)                  | FY 2020<br>Actual | FY 2021<br>Actual | FY 2022<br>Actual | FY 2023<br>Approved | FY 2024<br>Approved |
|------------------------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| <b>Operating Revenues</b>          |                   |                   |                   |                     |                     |
| FFBC & H/C Charges                 | \$ 12,824         | \$ 10,664         | \$ 8,674          | \$ 6,744            | \$ 5,321            |
| Interest Income                    | 483               | 20                | 51                | 90                  | -                   |
| Miscellaneous                      | 174               | 189               | 219               | 160                 | 190                 |
| <b>Total Operating Revenues</b>    | <b>\$ 13,481</b>  | <b>\$ 10,873</b>  | <b>\$ 8,944</b>   | <b>\$ 6,994</b>     | <b>\$ 5,511</b>     |
| <b>Other Credits and Transfers</b> |                   |                   |                   |                     |                     |
| REDO                               | 11,600            | 9,500             | 6,000             | 4,000               | -                   |
| Use of Fund Balance                | (11,600)          | (9,500)           | (6,000)           | (4,000)             | -                   |
| <b>Total Funds Available</b>       | <b>\$ 13,481</b>  | <b>\$ 10,873</b>  | <b>\$ 8,944</b>   | <b>\$ 6,994</b>     | <b>\$ 5,511</b>     |

**SECTION 8**  
**CAPITAL BUDGET**

## CAPITAL BUDGET

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

### CIP PROJECT DEVELOPMENT AND APPROVAL PROCESS

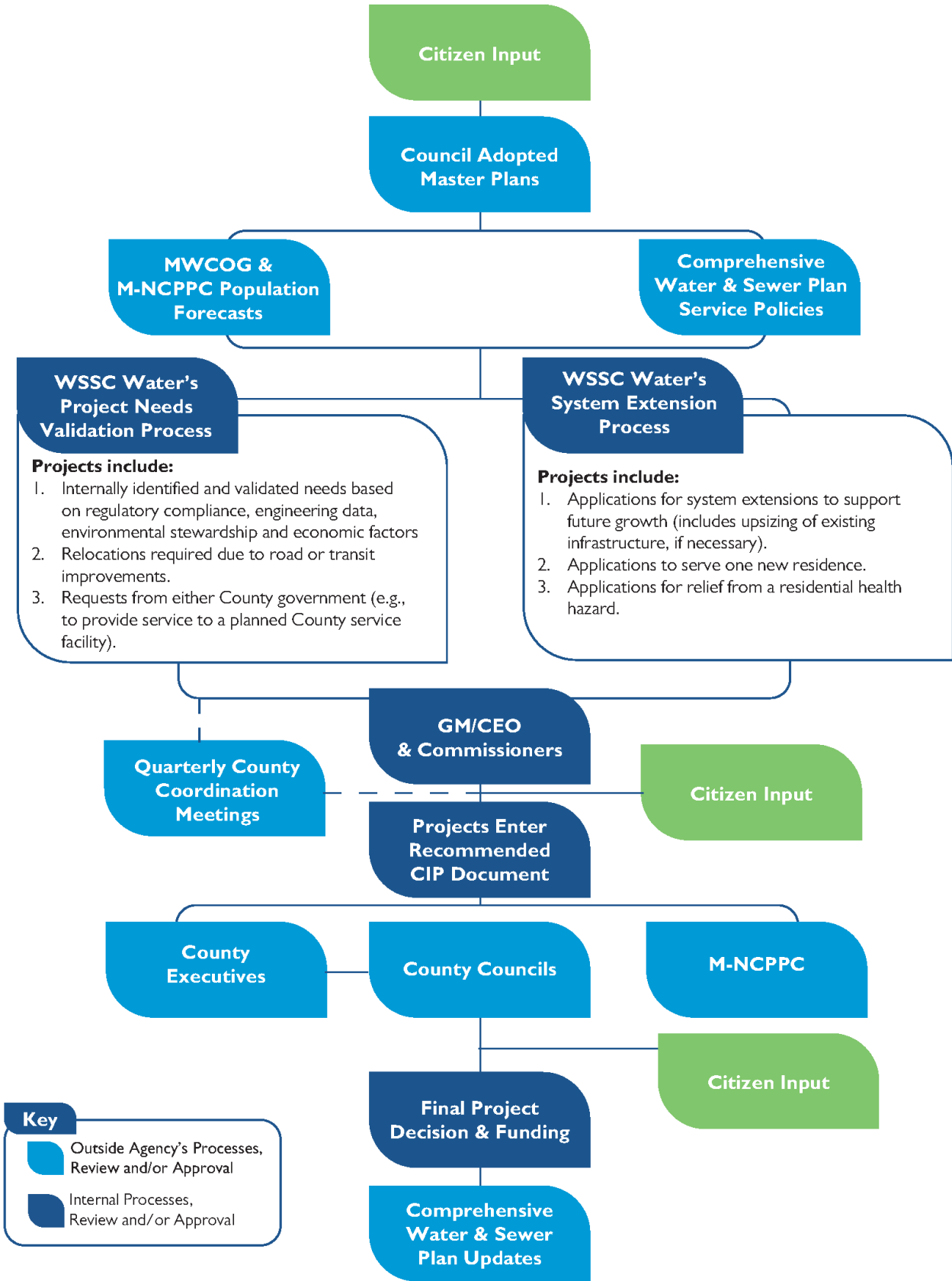
Projects are selected for inclusion in the capital budget based on our Capital Improvements Program (CIP) project development and approval process. The primary objectives of this process are to establish a sound basis for decision-making, to efficiently conduct and document specific work tasks and to successfully implement needed solutions. This is achieved by incorporating engineering data, environmental requirements, economic factors and public interaction. The guiding policy for the process is to have facilities in service when, or before, they are needed so that new development demands on the system do not result in a reduction of the level of service provided to existing customers. This policy provides for unrestricted water supply and no sewage overflows and avoids a water or sewer connection moratorium. It also requires that both the water and wastewater systems are sized to handle the peak or maximum demands, adjusted for weather-related usage. For most facilities, WSSC Water plans enough capacity to last 20 years or more. Other important goals of the process include producing a result that is acceptable to citizens, elected officials, regulatory agencies and WSSC Water at a reasonable cost and providing utility service to the type and location of development that each County governing body has approved, if economically and otherwise feasible.

The CIP project development and approval process is a combination of several internal and external processes. These component processes include the two Counties' master planning and water and sewer planning processes, WSSC Water's Project Needs Validation Process, WSSC Water's System Extension Process and the statutory approval process for the CIP. These various processes incorporate a significant amount of other outside influences and data. For example, they encompass numerous opportunities for citizen input, population forecasts from the Metropolitan Washington Council of Governments (MWCOCG) and the Maryland-National Capital Park and Planning Commission (M-NCPPC) and regulatory, engineering, environmental and economic data. The overall CIP project development and approval process is shown in the diagram on the next page.

The two primary avenues through which a project may be added to the CIP are shown in the diagram and are WSSC Water's Project Needs Validation Process and WSSC Water's System Extension Process. The Project Needs Validation Process, which is overseen by WSSC Water's Asset Management Program, systematically identifies and validates the water, wastewater and support services needs of the agency, develops potential solutions to the validated needs and recommends a preferred solution. The System Extension Process addresses projects undertaken by applicants to support future growth, serve one new residence or provide relief from a residential health hazard. Projects may also be included in the CIP in response to relocation requirements due to road or transit improvements, at the request of either County government (e.g., to provide service to a planned County service facility) or when an existing project is split either at the request of the applicant or for administrative reasons (e.g., to afford better project management or to provide greater clarity to the reader). As shown in the process diagram, relocation and County driven projects are generally processed through the Project Needs Validation Process for consistency and transparency.

Additional information about the CIP project development and approval process is provided in the CIP document available through our Communications & Community Relations Office and on our website at <https://www.wsscwater.com/fin>.

CIP PROJECT DEVELOPMENT AND APPROVAL PROCESS (Continued)



## EXPENSE CATEGORIES

The WSSC Water capital budget is comprised of two main expenditure categories: CIP projects and Information Only projects.

### **Capital Improvements Program**

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

### **Information Only**

The Information Only projects section of the CIP document contains projects that are not required to be in the CIP but may be included for any number of reasons such as: fiscal planning purposes, the reader's improved understanding of the full scope of a specific set of projects or responding to requests from County governments. The projects that make up the largest expenditures in this section are as follows: the water and sewer system reconstruction programs, the Engineering Support Program and the Other Capital Programs. The reconstruction programs provide for the systematic replacement and rehabilitation of small diameter water mains and sewer lines. The Engineering Support Program represents a consolidation of a diverse group of smaller, non-CIP sized, projects that support our existing facilities. The Other Capital Programs includes miscellaneous capital projects and expenditures for common operational activities such as relocations, new house connections, water meters, paving and general construction of local lines. Detailed project information is provided in the Information Only projects section of the CIP document. A list of the Information Only projects is shown in the expenditure summary on the next page.



## CAPITAL BUDGET EXPENSE SUMMARY

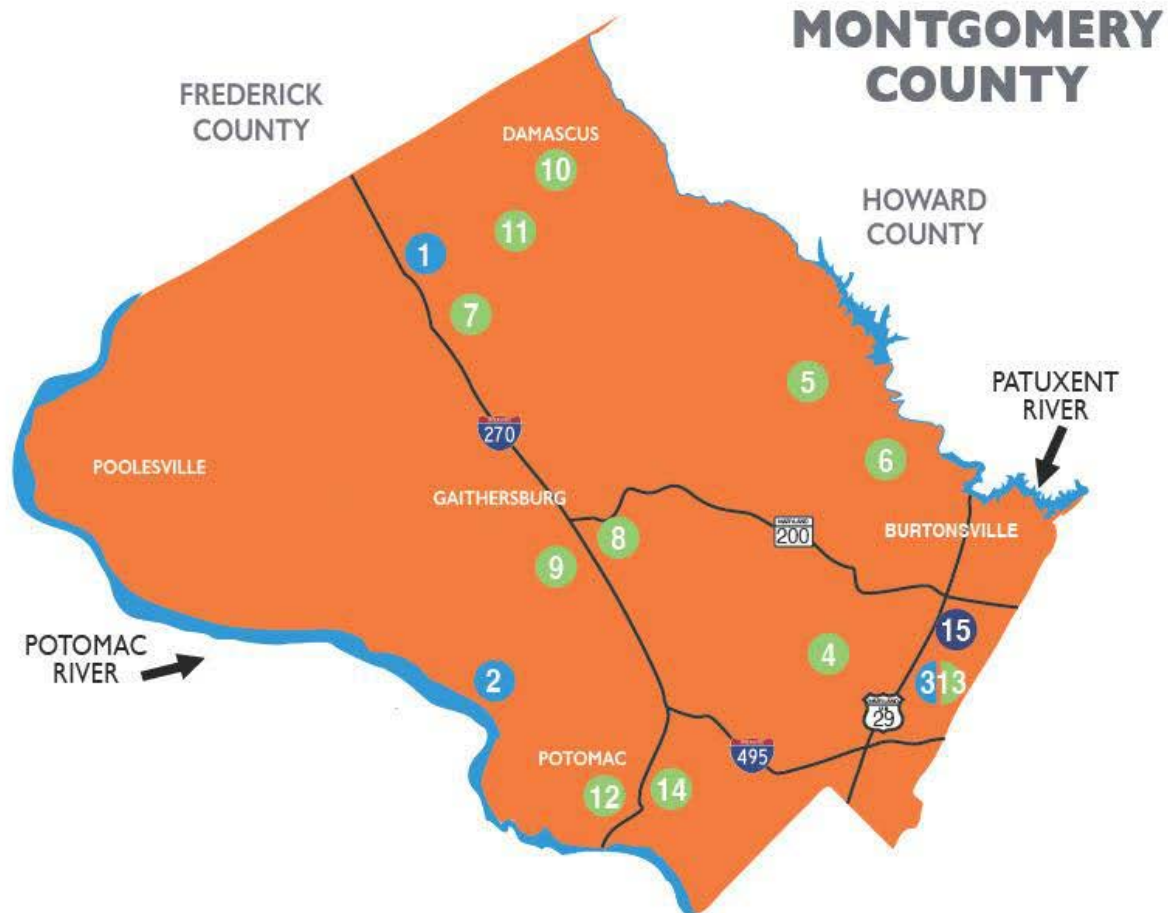
The total Fiscal Year (FY) 2024 Approved Capital Budget is \$683.1 million. This is comprised of \$441.7 million in CIP projects, \$262.9 million in Information Only projects and an adjustment of \$21.5 million to account for expenditures funded via developer contributions for projects with a signed System Extension Permit (SEP). The FY 2024 Approved Capital Budget is \$78.3 million higher than the FY 2023 Approved Capital Budget. The increase is primarily due to recent inflationary trends and the deferrals and reductions totaling \$110.5 million that were made to the FY 2023 Approved Capital Budget as part of the budget process last year. Key changes leading to the increase are as follows:

- An increase of \$15.6 million for the Water Reconstruction Program (reduced by \$27.7 million in FY 2023)
- An increase of \$33.7 million for the Large Diameter Water Pipe & Large Valve Rehabilitation Program (reduced by \$18.6 million in FY 2023)
- An increase of \$12.5 million for Prince George's County water projects (2 water supply projects were deferred for one year in FY 2023, totaling \$37.0 million in reductions)
- An increase of \$7.7 million for the Engineering Support Program (reduced by \$5.7 million in FY 2023)
- An increase of \$6.1 million for the Other Capital Programs (reduced by \$5.2 million in FY 2023)

| (\$ in thousands)                             | FY 2023<br>Approved | FY 2024<br>Approved |
|---|---------------------|---------------------|
| <b>Capital Improvements Program:</b>          |                     |                     |
| Montgomery County Water                       | \$ 2,621            | \$ 3,133            |
| Prince George's County Water                  | 26,925              | 39,443              |
| Bi-County Water                               | 104,105             | 142,441             |
| Montgomery County Sewer                       | 4,242               | 10,106              |
| Prince George's County Sewer                  | 57,000              | 66,393              |
| Bi-County Sewer                               | 218,559             | 180,166             |
| <b>Total Capital Improvements Program</b>     | <b>\$ 413,452</b>   | <b>\$ 441,682</b>   |
| <b>Information Only:</b>                      |                     |                     |
| Water Reconstruction Program                  | 71,611              | 87,182              |
| Sewer Reconstruction Program                  | 50,540              | 65,439              |
| Anacostia Depot Reconfiguration               | -                   | 1,870               |
| Laboratory Division Building Expansion        | 12,320              | 10,726              |
| RGH Building Upgrades                         | 1,100               | 5,038               |
| Engineering Support Program                   | 12,301              | 20,000              |
| Energy Performance Program                    | 5,717               | 4,079               |
| Water Storage Facility Rehabilitation Program | 4,000               | 6,692               |
| Specialty Valve Vault Rehabilitation Program  | 1,691               | 3,072               |
| Other Capital Programs                        | 52,473              | 58,539              |
| D'Arcy Park North Relief Sewer                | 290                 | 290                 |
| <b>Total Information Only</b>                 | <b>\$ 212,043</b>   | <b>\$ 262,927</b>   |
| <b>Total Capital Expenses</b>                 | <b>\$ 625,495</b>   | <b>\$ 704,609</b>   |
| Adjustment for Developer Contributions        | (19,252)            | (21,540)            |
| Capital Reductions to the Approved Budget     | (1,461)             | -                   |
| <b>Total Capital Budget</b>                   | <b>\$ 604,782</b>   | <b>\$ 683,069</b>   |

## MAP OF PROJECTS IN MONTGOMERY COUNTY

The map below shows the location of the CIP projects within Montgomery County. It does not include projects with multiple jobsites, such as the reconstruction programs. For more information on all of the CIP projects within Montgomery County, please refer to the CIP document available on our website at <https://www.wsscwater.com/fin>.



### WATER

- 1 Pleasant's Property Water Main Extension (W-46.26)
- 2 Potomac WFP Submerged Channel Intake (W-73.30)  
Potomac WFP Main Zone Pipeline (W-73.32)  
Potomac WFP Consent Decree Program (W-73.33)  
Regional Water Supply Resiliency (W-175.05)
- 3 White Oak Water Mains Augmentation (W-113.20)  
Viva White Oak Water Main (W-113.21)

### SEWER

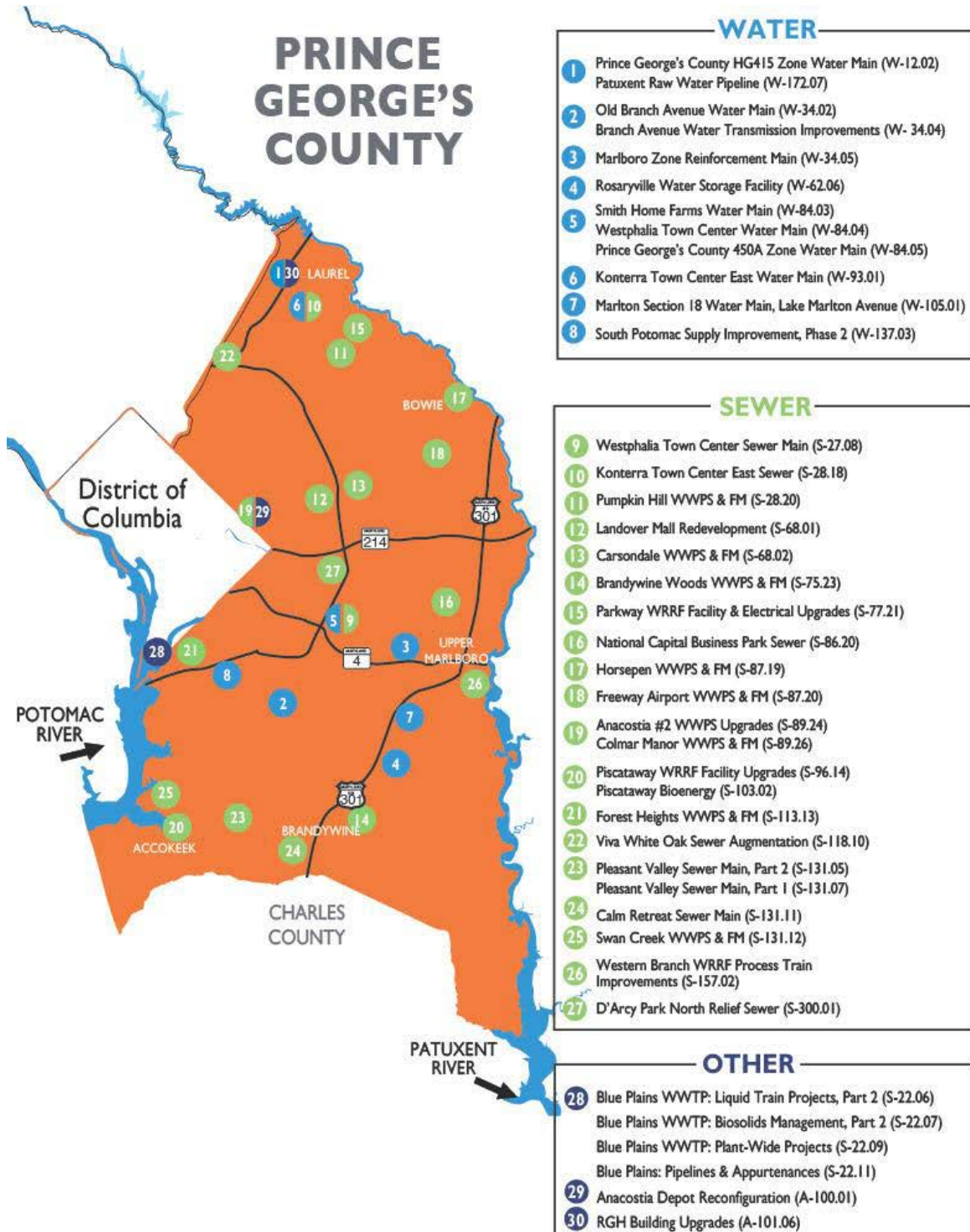
- 4 Arcola WWPS & FM (S-36.01)
- 5 Reddy Branch WWPS & FM (S-61.02)
- 6 Sam Rice Manor WWPS & FM (S-63.08)
- 7 Ashford Woods WWPS & FM (S-83.07)
- 8 Shady Grove Neighborhood Center (S-85.22)
- 9 Johns Hopkins Medical Research Park Sewer Main (S-85.23)
- 10 Damascus Town Center WWPS Replacement (S-94.13)
- 11 Spring Gardens WWPS Replacement (S-94.14)
- 12 Rose Village Sewer Main (S-103.17)
- 13 Viva White Oak Sewer Main (S-118.09)
- 14 Erickson Bethesda Sewer Main (S-151.02)

### OTHER

- 15 Laboratory Division Building Expansion (A-101.04)

## MAP OF PROJECTS IN PRINCE GEORGE'S COUNTY

The map below shows the location of the CIP projects within Prince George's County. It does not include projects with multiple jobsites, such as the reconstruction programs. Additionally, the map shows the location of the four CIP projects associated with the Blue Plains Advanced Wastewater Treatment Plant (Blue Plains) in Washington D.C., which are owned and operated by the District of Columbia Water and Sewer Authority (DC Water). For more information on all of the CIP projects within Prince George's County, please refer to the CIP document available on our website at <https://www.wsscwater.com/fin>.





## HIGHLIGHTED PROJECTS

Below are five highlighted projects from the FY 2024 Approved Capital Budget. All five of the highlighted projects are major ongoing projects. Each of these projects contribute to WSSC Water's mission 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.

### Potomac Water Filtration Plant Consent Decree Program



This project provides for the planning, design and construction of short-term and long-term capital improvements at the Potomac Water Filtration Plant (WFP) to allow WSSC Water to meet the new discharge limitations identified in the Potomac WFP Consent Decree. The objective of the consent decree is to reduce the amount of solids discharged from the plant to the Potomac River on a daily basis. Preliminary planning work for the Potomac WFP Consent Decree Program began in FY 2016. The long-term upgrades are currently under construction.

The total estimated cost for the Potomac WFP Consent Decree Program is \$194.6 million, including \$1.0 million for supplemental environmental projects. A portion of this project will be financed by Green bonds. The reduction in solids discharged to the Potomac River addresses the pollution prevention/control and terrestrial and aquatic biodiversity conservation categories from the International Capital Market Association's Green Bond Principles. More information on the utilization of Green bonds for the Potomac WFP Consent Decree Program can be found on our website at <https://www.wsscwater.com/greenbond>.

### Laboratory Division Building Expansion

The Laboratory Division Building Expansion project provides for the planning, design and construction of a 19,720 square-foot expansion to the Consolidated Laboratory Facility (CLF) at an estimated cost of \$36.7 million. The expansion is necessary to accommodate the increased analytical workload, ensure that all data meets requirements set forth by the regulators and to improve the safety of WSSC Water's employees and customers. The CLF is a Maryland Department of the Environment (MDE) certified laboratory constructed in 2000 to meet the original laboratory program of a maximum of 500,000 tests per year. During the past 23 years, WSSC Water has experienced a significant increase in the analytical workload, number of employees and number of instruments, and also added new functions with the creation of the Water Quality Division. The historical workload of 500,000 tests per year is expected to grow to over 750,000 tests per year in the coming years.



Currently, WSSC Water depends on subcontract laboratories for critical and regulatory analysis that cannot be handled in-house due to space, infrastructure and instrument constraints. Lack of control and supervision by qualified WSSC Water staff on the regulatory samples tested in subcontract laboratories has resulted in errors in the past that could potentially lead to a citation/violation for WSSC Water. Additionally, increased analytical time involved with subcontract analysis may delay response to critical water contamination events, which could jeopardize the safety of WSSC Water's customers. An MDE laboratory audit recommended having separate rooms for analyzing wastewater and drinking water microbiological samples.

## HIGHLIGHTED PROJECTS (Continued)

### Water Reconstruction Program

The Water Reconstruction Program provides for the planning, design and construction required to renew and extend the useful life of the more than 4,500 miles of water distribution mains (pipes less than 16" in diameter) in the system. The program also includes house connection and large water services renewal. Portions of the water distribution system are more than 80 years old. Bare cast iron mains, installed generally before 1965, permit the build-up of tuberculation which can reduce flow and cause discoloration at the customer's tap. Select replacement and rehabilitation is necessary to supply water in sufficient quantity, quality and pressure for domestic use and firefighting. As the distribution system ages, water main breaks are increasing. Selected mains are chronically breaking, and other mains are undersized for the current flow standards.



The reconstruction work performed under this program includes replacement, rehabilitation via structural lining, and the addition of cathodic protection to the water mains. Galvanized, copper, and cast iron water mains, as well as all other water main appurtenances including meter and valve vaults, are replaced on an as needed basis when they have exceeded their useful life. The program has been ongoing since 1979 and has replaced or rehabilitated more than 1,900 miles of water distribution mains. Over the last 10 years, the program has replaced or rehabilitated on average almost 50 miles per year. For FY 2024, the program is targeting 27 miles of water distribution mains for replacement or rehabilitation. The estimated cost in FY 2024 is \$87.2 million and the total program costs over the six-year CIP planning period is \$836.4 million. This is an ongoing program and expenditures are expected to continue indefinitely. The work plan and expenditure schedule for the program are updated annually based upon the most recent recommendations from WSSC Water's Asset Management Program.

### Patuxent Raw Water Pipeline

The Patuxent Raw Water Pipeline project is the final project in a series of three projects that will increase the capacity of the Patuxent WFP from 72 million gallons per day (MGD) to 110 MGD. The first project in the series, the Patuxent WFP Phase II Expansion, added a sixth treatment train and other upgrades at the plant and was completed in October 2018. The Rocky Gorge Pump Station Upgrade project, the second in the series, provided for the modification and expansion of the station and was completed in June 2020. The Patuxent Raw Water Pipeline project is expected to be completed in FY 2024, at which time the Patuxent WFP will be capable of providing up to 110 MGD in emergency situations.



The Patuxent Raw Water Pipeline project provides for the planning, design and construction of a new 48" diameter, 2.5-mile long raw water pipeline from the Rocky Gorge Raw Water Pumping Station to the Patuxent WFP. The work to clean the existing three raw water lines and replace existing valves has already been completed. Construction of the new raw water pipeline began in December 2020. As with any construction project, the work also includes the restoration of any areas disturbed by the construction, including the restoration of paving on any impacted roads. The total estimated cost of the project is \$33.4 million.

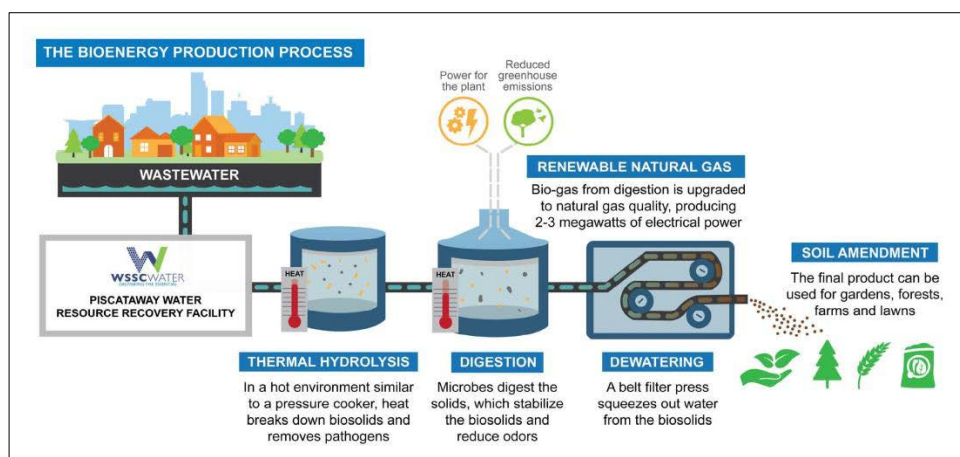


## HIGHLIGHTED PROJECTS (Continued)

### Piscataway Bioenergy

An exciting project currently underway at the Piscataway Water Resource Recovery Facility (WRRF) is transforming the way WSSC Water handles waste from five existing WRRFs. The Piscataway Bioenergy project - the largest and most technically advanced project ever constructed by WSSC Water - will employ innovative technologies to recover resources and produce green energy. In the coming years, our Piscataway WRRF will evolve into a bioenergy production facility that uses efficiency, technology and sustainability to enhance the financial and environmental health of the region. This \$334.8 million project will serve our customers for the next 100 years.

The Piscataway Bioenergy project will transform how WSSC Water handles biosolids - the nutrient-rich organic materials resulting from the wastewater treatment process - from five existing WSSC Water WRRFs. Using cutting-edge “green” technology, the new facility will significantly reduce the amount of biosolids left over from the treatment process, thus reducing costs to haul and dispose of the product. The remaining biosolids will be significantly cleaner (Class A), making the disposal process much easier and allowing the final product to be sold and distributed as fertilizer. With cleaner Class A biosolids, WSSC Water will also save money by eliminating the use of lime, which is currently applied to Class B biosolids to control odor. This new process will save money for our customers by reducing operating costs by more than \$3.0 million per year.



As an added benefit, the process to create the Class A biosolids will generate renewable fuel to help run the plant. This new process produces methane gas providing green energy that will help run the Piscataway WRRF. The new process will reduce WSSC Water’s greenhouse gas emissions by 15%.

In addition to critical sustainability benefits, WSSC Water’s investment in bioenergy is a conscientious investment decision to spend now in order to save going forward. Bioenergy will demonstrate significant cost savings over the long-term by reducing power consumption from fossil fuels and reducing disposal costs. The Piscataway WRRF will become WSSC Water’s showcase for achieving optimal value by investing in a green future.

Phase One of the project, which includes design, demolition of existing on-site facilities and relocation of existing utilities, is complete. Phase Two, the construction of the new facility, began in the summer of 2020. Preliminary start-up and testing are planned for summer 2023 and the entire project is expected to be complete and operational in 2024.

A portion of this project is being financed by low-interest loans through the Maryland Water Infrastructure Financing Administration’s Water Quality Revolving Loan Fund Program and a grant from the Maryland Energy Administration.



## FUNDING SOURCES

The major funding sources for the capital budget are described in Section 6. There are three major types of funding sources for the capital budget: proceeds from bonds and other debt instruments; Pay-As-You-GO (PAYGO) financing; and grants, contributions and other funding sources.

The specific funding sources for all expenditures are identified on each individual capital project description form in the CIP document.

### **Bonds and Other Debt Instruments**

WSSC Water Bonds – legally-binding general obligations constituting an irrevocable pledge of full faith and credit. The money to repay debt comes primarily from ratepayer revenues.

### **PAYGO**

PAYGO – when budgeted, the practice of using current revenues to the extent practical to help fund the capital program, thereby reducing the need for debt financing.

### **Grants, Contributions and Other Funding Sources**

The use of other funding sources is normally conditioned upon specific legislative authority or project approval.

Federal Grants – an award of financial assistance from a federal agency to a recipient in support of a public policy goal, which usually includes some compliance and reporting requirements. For example, U.S. Department of Energy grants related to WSSC Water's Energy Performance Program and Piscataway Bioenergy projects to promote and develop green energy sources.

State Grants – an award of financial assistance from a state agency to a recipient in support of a public policy goal, which usually includes some compliance and reporting requirements. For example, a program for enhanced nutrient removal at existing WRRFs and for the rehabilitation of sewer mains as part of the Chesapeake Bay Program.

Local Government Contributions – payments to WSSC Water for co-use of regional facilities, or funding provided by County governments for projects they are sponsoring.

SDC – anticipated revenue from the charge levied on new development to pay for the construction of major water and sewerage facilities needed to accommodate growth.

Contribution/Other – projects funded by applicants for growth projects where the County Councils have directed that no WSSC Water rate supported debt be used to pay for the project and other funds that do not fit in the above funding sources.

## CAPITAL BUDGET FUNDING SUMMARY

The total funding for the FY 2024 Approved Capital Budget is \$683.1 million. The funding is comprised of \$555.4 million in bonds, \$44.0 million in PAYGO and \$83.7 million in grants, contributions and other funding sources. The \$78.3 million increase from the FY 2023 Approved Capital Budget is driven primarily by CIP projects funded with bonds, as the goal of the \$110.5 million in deferrals and reductions made to the FY 2023 Approved Capital Budget as part of the budget process last year was to lower the level of debt issuance. Key changes leading to the increase in bond funding are as follows:

- An increase of \$15.6 million for the Water Reconstruction Program (reduced by \$27.7 million in FY 2023)
- An increase of \$33.7 million for the Large Diameter Water Pipe & Large Valve Rehabilitation Program (reduced by \$18.6 million in FY 2023)
- An increase of \$12.5 million for Prince George's County water projects (2 water supply projects were deferred for one year in FY 2023, totaling \$37.0 million in reductions)
- An increase of \$7.7 million for the Engineering Support Program (reduced by \$5.7 million in FY 2023)
- An increase of \$6.1 million for the Other Capital Programs (reduced by \$5.2 million in FY 2023)

| (\$ in thousands)                         | FY 2023<br>Approved | FY 2024<br>Approved |
|---|---------------------|---------------------|
| <b>Capital Improvements Program:</b>      |                     |                     |
| Bonds                                     | \$ 309,733          | \$ 313,317          |
| PAYGO                                     | 31,016              | 44,000              |
| Federal Grants                            | 4,285               | 4,542               |
| State Grants                              | 351                 | -                   |
| Local Government Contribution             | 5,486               | 6,328               |
| SDC                                       | 29,606              | 36,945              |
| Contribution/Other                        | 32,975              | 36,550              |
| <b>Total Capital Improvements Program</b> | <b>\$ 413,452</b>   | <b>\$ 441,682</b>   |
| <b>Information Only:</b>                  |                     |                     |
| Bonds                                     | 191,145             | 242,037             |
| State Grants                              | 20,608              | 20,600              |
| Contribution/Other                        | 290                 | 290                 |
| <b>Total Information Only</b>             | <b>\$ 212,043</b>   | <b>\$ 262,927</b>   |
| <b>Total Capital Funding</b>              | <b>\$ 625,495</b>   | <b>\$ 704,609</b>   |
| Adjustment for Developer Contributions    | (19,252)            | (21,540)            |
| Capital Reductions to the Approved Budget | (1,461)             | -                   |
| <b>Total Capital Budget Sources</b>       | <b>\$ 604,782</b>   | <b>\$ 683,069</b>   |



## IMPACT OF CAPITAL PROGRAM ON THE OPERATING BUDGET

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

### Debt Service

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

Obtaining funding from other sources and 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 SDC funds for certain projects which are intended to support new development, payments from other jurisdictions for projects which specifically benefit them and state and federal grants. The amounts of these collections may vary from year to year.

Estimating future spending is an important step in forecasting the issuance of new debt at a level which does not exceed the amount necessary to cover actual expenditures. Conservative issuance of long-term debt is essential to keep outstanding debt, debt service and water and sewer rates at moderate levels. The amount of new debt is calculated by adjusting for other funding sources and incorporating expected construction completion rates. Taking into account these adjustments results in an estimated new long-term water and sewer debt requirement of \$380.0 million. The FY 2024 debt service payment is shown in the next section.

### Operating Budget Impacts

The construction of capital projects impacts the water and sewer portion of the operating budget in several ways. The first and largest impact is the payment of debt service associated with major projects programmed in the capital budget.

The second impact from capital projects is less direct, and involves changes to operations, processes or revenue streams when a project is completed. These changes can have positive effects on the operating budget, although the effects are difficult to quantify. For instance, WSSC Water's water and sewer system reconstruction programs for infrastructure improvements are funded through the capital budget and are focused on the aging portions of our extensive network of water distribution mains and sewage collection lines. These efforts include water main rehabilitation, sewer reconstruction and other non-CIP sized pipeline replacements. These efforts are aimed at reducing service interruptions and providing all of WSSC Water's customers with the same high levels of service. The infrastructure work will eliminate some line flushing, reduce the number of complaints to be addressed, reduce the number of leaks and breaks and result in some deferral of costs related to preventive maintenance, costs which are paid out of operating funds.

The third impact of capital projects relates to new facilities that will require operation and maintenance funding in the operating budget. The most significant effect occurs when additional staff must be hired to operate and maintain a new or expanded facility, or in cases where new or increased regulations require new equipment and processes that may increase operating costs for energy, chemicals, monitoring or maintenance. In some cases, where capital projects provide for renovation or replacement of major existing facilities, or encompass smaller infrastructure improvements, the impacts on the operating budget are minimal and may even result in cost savings. Energy Performance Program projects serve to reduce operating expenses when state-of-the-art computerized controls and modern pumping and treatment technology are installed at an existing facility. These improvements increase process efficiencies and lower our overall energy requirements.

## IMPACT OF CAPITAL PROGRAM ON THE OPERATING BUDGET (Continued)

### Operating Budget Impacts (Continued)

The following table summarizes the estimated impact on the FY 2024 Approved Operating Budget based upon projects included in the FY 2024 Approved Capital Budget:

| (\$ in thousands)                          | FY 2023<br>Approved | FY 2024<br>Projected | FY 2024<br>Net Impact |
|--|---------------------|----------------------|-----------------------|
| <b>Operating - Water and Sewer Program</b> |                     |                      |                       |
| Debt Service Expense                       | \$ 321,844          | \$ 328,467           | \$ 6,623              |
| Major Capital Projects Net Impact          | -                   | 864                  | 864                   |
| <b>Total</b>                               | <b>\$ 321,844</b>   | <b>\$ 329,331</b>    | <b>\$ 7,487</b>       |

Major capital projects which will impact the FY 2024 Approved Operating Budget are summarized below:

- Piscataway Bioenergy - This project provides for the engineering, design, construction, maintenance and monitoring and verification necessary to add sustainable energy equipment and systems to produce biogas and electricity at the Piscataway WRRF. The new bioenergy facility will handle waste from five existing WRRFs, employing innovative technologies to recover resources and produce green energy. Preliminary start-up and testing will begin in FY 2023. Once the new facility is fully operational, it is expected to reduce net operating costs by more than \$3.0 million per year as a result of significantly lower expenditures for energy, biosolids disposal and chemicals.

**SECTION 9**  
**DEBT SERVICE**

## DEBT SERVICE

WSSC Water issues bonds, a long-term debt financing instrument, to fund the planning, design and construction of long-lived additions or improvements to its infrastructure. The bonds are repaid to bondholders over a period of years with a series of principal and interest payments known as debt service. In this manner, the initial high cost of capital improvements is spread over time and paid for by customers benefiting from the facilities in the future, as well as by current customers. Due to various federal and state policies, interest costs on the debt are kept low because the interest on WSSC Water debt is exempt from federal and state taxation.

WSSC Water's debt is primarily repaid from water consumption and sewer use charges. Other sources for debt repayment include the Infrastructure Investment Fee (IIF) and the Front Foot Benefit Charge (FFBC). The IIF is a fee that was first implemented in Fiscal Year (FY) 2016 and phased in over two fiscal years. The purpose of the fee is to fund a portion of the debt service associated with the water and sewer reconstruction programs. The FFBC is assessed to owners of property abutting water and/or sewer mains who derive a benefit from the construction of these water and sewer mains.

Should the revenues from these sources be inadequate to service the debt repayments, state law provides for the levy of ad valorem taxes, annually, against all the assessable property within the Washington Suburban Sanitary District (WSSD) by the County Councils of Montgomery and Prince George's Counties, sufficient to pay principal and interest when due and payable. WSSC Water has never needed to invoke this underlying pledge and does not expect to do so. Thus, these financial instruments provide strong advantages in both safety of repayment and investment return for certain categories of investors.

## DEBT SERVICE AND OBLIGATION PURPOSE

### Debt Service Budget

The approved debt service expense is based upon paying the FY 2024 principal and interest payments on current outstanding debt as of June 30, 2022, budgeted new debt issues approved for FY 2023 and the approved issuance of \$380.6 million in new debt for FY 2024 (\$191.4 million for water; \$188.6 million for sewer; and \$0.6 million for general construction). The new debt issues are necessary to implement the first year of WSSC Water's Approved Capital Improvements Program (CIP) for FYs 2024-2029, as well as the Information Only projects included in the CIP document. The FY 2024 Approved Budget for debt service expenses is \$333.2 million, an increase of \$4.7 million or 1.4% more than the FY 2023 Approved Budget of \$328.5 million. The increase is primarily due to the deferrals and reductions made to the FY 2023 Approved Capital Budget to lower the debt issuance. In addition, inflation and the resulting higher interest rates have also contributed to the debt service increase. The FY 2024 Approved Budget includes, in addition to debt service payments, all bond sales expenses and bond coupon payment redemption expenses.

### Water Supply and Sewage Disposal – General Obligation Bonds

WSSC Water issues Water Supply and Sewage Disposal bonds to fund a major portion of the construction of long-lived additions or improvements to major water and sewerage facilities, including water filtration plants (WFP), water resource recovery facilities (WRRF), pumping stations and force mains, storage structures, water mains and sewer mains. WSSC Water's fiscal plan for these facilities is known as the CIP and is published separately from the operating and capital budget. Water Supply and Sewage Disposal bonds also help finance projects in the Information Only section of the CIP document. These projects include the water and sewer system reconstruction programs, the Engineering Support Program and the Other Capital Programs.

### General Construction – General Obligation Bonds

General Construction bonds are issued to finance a major portion of the costs of constructing new or replacement facilities for administrative and support activities, modifying existing support facilities, relocating facilities, purchasing water meters and constructing minor small diameter water and sewer line additions. Due to a legislative change, 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. WSSC Water will still construct projects serving one residence or providing relief from a residential health hazard.

## DEBT SERVICE AND OBLIGATION PURPOSE (Continued)

### Green Bonds

Green bonds are any type of bond instrument where the proceeds will be exclusively applied to finance eligible green projects. The International Capital Market Association describes the Green bond market as an opportunity to enable and develop the key role that debt markets can play in funding projects that contribute to environmental sustainability. WSSC Water is committed to protecting the natural environment of Montgomery and Prince George's Counties as it executes its mission 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.

Projects focused on the eligible green project categories are qualified to be funded in whole or in part by an allocation of the Green bond proceeds. The projects involve one or more of the following activities:

- Green buildings
- Pollution prevention and control
- Renewable energy
- Water quality
- Climate change adaptation

In the FY 2024 CIP, the Potomac WFP Consent Decree Program and the Large Diameter Water Pipe & Large Valve Rehabilitation Program will be financed with Green Bonds. Green bond proceeds will be specifically directed to pay the costs of design, construction, property acquisition and other related costs necessary for the selected projects. WSSC Water will produce an annual report detailing how the Green bond proceeds were used to finance the selected projects, a description of the selected projects and details of the environmental benefits resulting from the projects. Additional information on WSSC Water's Green bond program and reporting can be found on our website at <https://www.wsscwater.com/greenbond>.

### Maryland Water Quality Revolving Loan Fund Program

In addition to borrowing funds in the private financial markets, WSSC Water periodically borrows funds from the Water Quality Revolving Loan Fund Program managed by the Maryland Department of the Environment's Water Quality Financing Administration to fund major capital improvements that are needed to help maintain or improve water quality in the Chesapeake Bay. The fund, established by the State of Maryland, provides low interest loans to local governments to help with a variety of water quality improvement projects such as upgrades of WRRFs, construction of sewers in areas with failing septic tanks, implementation of estuary conservation management plans and the reduction of nonpoint source pollution.

### Rating Agency Reviews

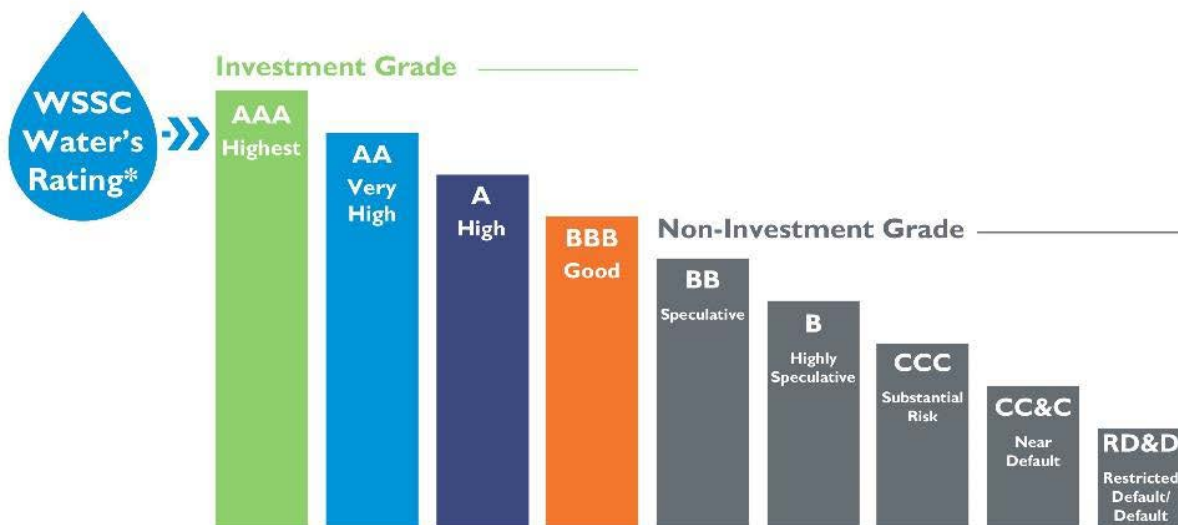
WSSC Water bonds carry AAA/Aaa/AAA credit ratings from the three major bond rating agencies: Fitch Ratings, Inc., Moody's Investors Service, Inc., and S&P Global Inc., respectively. These high ratings are critical to ensuring a low cost of debt to WSSC Water customers. High credit ratings translate into low interest rates and considerable savings over the bond repayment period. WSSC Water has been able to secure these ratings primarily due to the quality of its operations, its policy of maintaining a 20.0% or greater operating reserve, the willingness of the agency and local governments to raise the water consumption and sewer use revenues necessary to meet debt service requirements, the underlying credit worthiness of Montgomery and Prince George's Counties and the pledge of the levy of an unlimited ad valorem tax upon the assessable property of the WSSD for repayment. All of these factors are considered evidence of both the ability and willingness of WSSC Water and the Montgomery and Prince George's County governments to support public debt.

## DEBT SERVICE AND OBLIGATION PURPOSE (Continued)

### Rating Agency Reviews (Continued)

Due to the recent and ongoing revenue challenges, Fitch Ratings placed WSSC Water on a Negative Outlook in September 2021. In September 2022, they affirmed our AAA rating but maintained the Negative Outlook. WSSC Water undertook significant reductions to the FY 2023 operating and capital budgets to maintain our AAA bond rating and remains committed to preserving our AAA rating in FY 2024 and beyond.

## Credit Rating Scale



- \* Maintaining a AAA rating for our bonds helps lower costs to our customers.
- \* We plan to issue around \$350 million to \$425 million of debt per year over the next six years.
- \* Assuming an issuance of \$350 million, the interest savings from maintaining our AAA rating, compared to a one-step lower rating of AA, would be more than \$430,000 annually over the 30-year life of the bonds.
- \* Over a 30-year period, with issuances of \$350 million annually, the estimated interest savings would be in excess of \$200 million.

## OUTSTANDING DEBT

### Debt Principal and Interest Obligations

| Debt Principal and Interest Obligations<br>(\$ in millions) |                   |                   |                   |
|---|-------------------|-------------------|-------------------|
| Year  | Principal         | Interest          | Total             |
| 2023  | 164.3             | 132.2             | 296.5             |
| 2024  | 172.4             | 125.2             | 297.6             |
| 2025  | 189.5             | 113.8             | 303.3             |
| 2026  | 184.3             | 109.5             | 293.8             |
| 2027  | 182.8             | 102.8             | 285.6             |
| 2028  | 182.8             | 95.9              | 278.7             |
| 2029  | 177.0             | 89.1              | 266.1             |
| 2030  | 171.1             | 82.7              | 253.8             |
| 2031  | 164.1             | 76.5              | 240.6             |
| 2032  | 153.2             | 70.7              | 223.9             |
| 2033  | 137.1             | 65.5              | 202.6             |
| 2034  | 138.5             | 60.8              | 199.3             |
| 2035  | 129.7             | 56.7              | 186.4             |
| 2036  | 128.4             | 52.5              | 180.9             |
| 2037  | 126.7             | 48.6              | 175.3             |
| 2038  | 127.1             | 44.8              | 171.9             |
| 2039  | 130.9             | 40.8              | 171.7             |
| 2040  | 134.8             | 36.8              | 171.6             |
| 2041  | 138.8             | 32.7              | 171.5             |
| 2042  | 142.9             | 28.4              | 171.3             |
| 2043  | 147.1             | 24.0              | 171.1             |
| 2044  | 151.4             | 19.6              | 171.0             |
| 2045  | 136.8             | 14.9              | 151.8             |
| 2046  | 118.6             | 10.6              | 129.2             |
| 2047  | 91.5              | 6.8               | 98.3              |
| 2048  | 66.7              | 3.9               | 70.6              |
| 2049  | 45.1              | 2.0               | 47.1              |
| 2050  | 34.0              | 0.9               | 35.0              |
| 2051  | 18.9              | 0.4               | 19.3              |
| 2052  | 3.0               | 0.0               | 3.0               |
| 2053  | 3.0               | 0.0               | 3.0               |
| <b>Total</b>  | <b>\$ 3,892.5</b> | <b>\$ 1,549.1</b> | <b>\$ 5,441.6</b> |

<sup>1</sup> The debt summary and schedule includes Bonds and General Notes.

For additional information on WSSC Water's debt service, as well as detailed schedules, please refer to our Bond & Note Information Book published annually and listed on our website. You can also refer to the latest publication on our website at <https://www.wsscwater.com/investor>

## OUTSTANDING DEBT (Continued)

### Actual Principal Debt Outstanding

WSSC Water's principal debt amounts outstanding are reflected in the table below. The total debt outstanding for the agency was \$3.9 billion as of June 30, 2022, an 6.9% increase over the June 30, 2021, figure of \$3.6 billion. WSSC Water's outstanding debt has been increasing over the last decade as it complies with the requirements of the Sanitary Sewer Overflow (SSO) Consent Decree and continues to implement its water and sewer reconstruction programs, which are capital-intensive undertakings.

|   | Outstanding<br>06/30/21 | % of<br>Total | Outstanding<br>06/30/22 | % of<br>Total |
|---|-------------------------|---------------|-------------------------|---------------|
| Water Supply Bonds <sup>1</sup>           | \$ 1,514,416,402        | 43.8%         | \$ 1,556,794,984        | 41.7%         |
| Sewage Disposal Bonds                     | 1,535,457,682           | 44.3%         | 1,735,163,759           | 46.6%         |
| General Construction Bonds                | 126,375,916             | 3.6%          | 117,438,256             | 3.2%          |
| Maryland Water Quality Bonds <sup>2</sup> | 286,212,656             | 8.3%          | 317,550,339             | 8.5%          |
| <b>Total Bonds</b>                        | <b>\$ 3,462,462,656</b> | <b>100.0%</b> | <b>\$ 3,726,947,338</b> | <b>100.0%</b> |
| Water, Sewer and General Notes            | 177,800,000             |               | 165,600,000             |               |
| <b>Total Principal Debt Outstanding</b>   | <b>\$ 3,640,262,656</b> |               | <b>\$ 3,892,547,338</b> |               |

<sup>1</sup>Includes \$122,945,000 in Green Bonds.

<sup>2</sup>Maryland Water Quality Bonds are issued for Water, Sewer and General Construction projects.

### FY 2024 Estimated Debt Outstanding

The estimated principal debt outstanding at the end of FY 2024 is built upon a base of the existing outstanding debt from past issues (as of June 30, 2022), the approved debt issues for FY 2023 and the approved debt issues in FY 2024, along with the estimated principal payments in FY 2023 and FY 2024. The table that follows shows that the existing outstanding debt of \$3.9 billion as of June 30, 2022 is projected to grow to a total of \$4.3 billion as of June 30, 2024 an increase of 9.9%.

|  |                         |
|--|-------------------------|
| <b>Total Principal Debt Outstanding, June 30, 2022</b>           | <b>\$ 3,892,547,338</b> |
| <b>Less: Estimated Principal Payments</b>                        |                         |
| FY 2023 for All Outstanding Bonds and Notes as of June 30, 2022  | (164,274,820)           |
| FY 2024 for All Outstanding Bonds and Notes as of June 30, 2022  | (172,395,939)           |
| <b>Total (As of June 30, 2024)</b>                               | <b>\$ 3,555,876,579</b> |
| <b>Plus:</b>   |                         |
| FY 2023 Budgeted New Debt Issues:                                |                         |
| Water Supply Bonds   | 155,676,000             |
| Sewage Disposal Bonds  | 203,164,000             |
| General Construction Bonds                                       | 600,000                 |
| FY 2024 Approved New Debt Issues:                                |                         |
| Water Supply Bonds   | 191,408,000             |
| Sewage Disposal Bonds  | 188,551,000             |
| General Construction Bonds                                       | 600,000                 |
| <b>Less: Estimated Principal Payments:</b>                       |                         |
| FY 2023 for Budgeted New Issues as of June 30, 2023              | (6,408,851)             |
| FY 2024 for Budgeted and Approved New Issues as of June 30, 2024 | (12,903,154)            |
| <b>Total Estimated Debt Outstanding (As of June 30, 2024)</b>    | <b>\$ 4,276,563,574</b> |



## BORROWING LIMITATION

Bonds and notes issued by WSSC Water are limited under the State of Maryland's Public Utilities Article to an amount outstanding at any time that may not exceed the sum of 7.0% of the total assessable personal property and operating real property and 3.8% of the total assessable base of all real property for County taxation purposes within the WSSD. The following table shows WSSC Water's legal debt limit and remaining debt margin.

| Debt Limit per Public Utilities Article:                            |                           |
|---|---------------------------|
| 7.0% of Total Assessable Personal & Operating Real Property         | \$ 158,973,889            |
| 3.8% of Total Assessable Tax Base of All Real Property              | 12,696,770,417            |
| <b>Total Debt Limit (As of June 30, 2022)</b>                       | <b>\$ 12,855,744,306</b>  |
| <b>Less: Total Estimated Debt Outstanding (As of June 30, 2024)</b> | <b>\$ (4,276,563,574)</b> |
| <b>Legal Debt Margin</b>  | <b>\$ 8,579,180,732</b>   |

<sup>1</sup>The assessed valuation figures used to calculate the debt limit are based on the totals for Montgomery and Prince George's Counties, which are being used as an approximation of the values for the WSSD.

Shown below are the latest certified assessed valuations for the Counties, the total estimated debt limit and the ratio of debt to permitted debt. The table shows that as of June 30, 2022 the total outstanding debt of \$3.9 billion represented 30.3% of the total estimated debt limit.

| Fiscal Year | Total Assessed Valuation <sup>1,2,3</sup> | Total Debt Limit <sup>1</sup> | Total Debt Outstanding <sup>1</sup> | Ratio of Outstanding to Limit |
|-------------|---|-------------------------------|-------------------------------------|-------------------------------|
| 2022        | \$ 336,396,593                            | \$ 12,855,744                 | \$ 3,892,547                        | 30.3%                         |
| 2021        | 324,359,609                               | 12,399,467                    | 3,640,263                           | 29.4%                         |
| 2020        | 313,962,596                               | 11,987,471                    | 3,423,144                           | 28.6%                         |
| 2019        | 312,092,573                               | 11,932,586                    | 3,339,928                           | 27.9%                         |
| 2018        | 297,032,873                               | 11,364,855                    | 3,202,377                           | 28.2%                         |

<sup>1</sup>Values are in thousands of \$ and as of June 30 of each fiscal year.

<sup>2</sup>Sources for the assessed valuation of personal and real property are the Certificate of Supervisor of Assessments of Montgomery County, Maryland, as to the Last Assessment for Taxation of Property in the District of Montgomery County and the Certificate of Director of Finance of Prince George's County, Maryland as to the Last Assessment for Taxation of Property in the District of Prince George's County.

<sup>3</sup>The assessed valuation figures are based on the totals for Montgomery and Prince George's Counties (through FY 2022), which are being used as an approximation of the values for the WSSD.

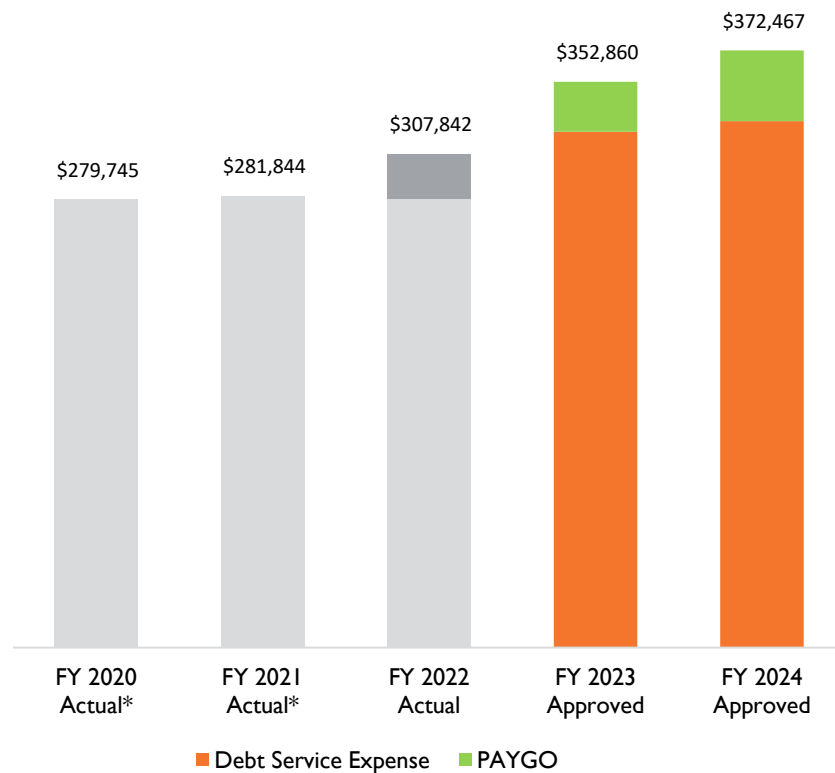
## DEBT SERVICE TRENDS

### Water and Sewer Debt Service (Including PAYGO)

The water and sewer debt service expenses (\$328.5 million in FY 2024) are funded by WSSC Water ratepayers through water consumption and sewer use charges and the IIF. WSSC Water programs in Pay-As-You-GO (PAYGO) financing each fiscal year to reduce the amount of planned debt issued for capital projects, thereby lowering future debt service requirements.

The chart that follows shows water and sewer debt service expenses and PAYGO for FYs 2020-2024. WSSC Water's requirements for water and sewer debt service have been increasing, from a total of \$279.8 million in debt service and PAYGO in FY 2020 to an estimated \$372.5 million in FY 2024. This increase is due to the investments WSSC Water is making in its capital-intensive infrastructure, such as system reconstruction work performed under the water and sewer reconstruction programs, SSO Consent Decree work and the Potomac WFP Consent Decree Program.

Water and Sewer Debt Service (Including PAYGO)  
(\$ in thousands)

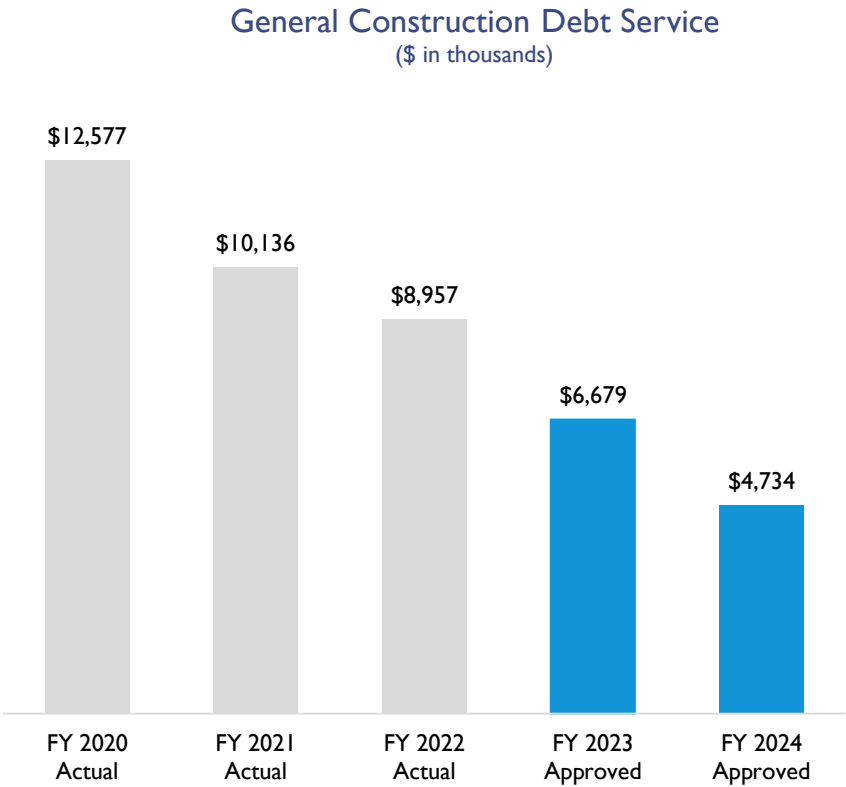


\*In FY 2020 and FY 2021, PAYGO was reduced to zero as part of the COVID-19 savings plan.

DEBT SERVICE TRENDS (Continued)

General Construction Debt Service

The new issuance of General Construction bonds has greatly decreased over the years as funding for system extension projects is primarily paid for by developers. Correspondingly, the debt service requirements for the General Construction bonds has also been decreasing, from \$12.6 million in FY 2020 to an estimated \$4.7 million in FY 2024, a decrease of 62.4%. Principal and interest expenses on General Construction bonds are paid through FFBC and other revenues.



Note: Debt service expense is net of interfund transfers.

**SECTION 10**  
**WATER QUALITY AND REGULATIONS**

## WATER QUALITY AND REGULATIONS

Water and sewer utilities are heavily impacted by both current and emerging regulations. WSSC Water is committed to protecting the natural environment of Prince George's and Montgomery Counties as it carries out its mandate to provide drinking water and sanitary sewer services. This commitment focuses on those unique natural and manmade features (waterways, woodlands and wetlands as well as parklands, historical sites and residential areas) that have been designated by federal, state and local environmental protection laws and regulations. Specific impact information is included in the evaluation of alternatives by the agency's Asset Management Program, if the environmental features will be affected by the approved construction of a project.

### WATER QUALITY CAPITAL PROJECTS

A further extension of these protections has been funded by approximately \$169.6 million included in the Fiscal Year (FY) 2024 Approved Budget which is attributable to meeting environmental regulations. These projects are mandated by the U.S. Environmental Protection Agency (EPA) under the Clean Water Act through the Maryland Department of the Environment in the form of more stringent state discharge permit requirements. These capital projects are listed in the following table.

| Project Name                                | Phase        | Approved FY 2024<br>(\$ in thousands) |
|---|--------------|---------------------------------------|
| Sewer Reconstruction Program                | Ongoing      | \$ 65,439                             |
| Blue Plains WWTP: Pipelines & Appurtenances | Ongoing      | 16,452                                |
| Trunk Sewer Reconstruction Program          | Ongoing      | 55,176                                |
| Potomac WFP Consent Decree Program          | Construction | 32,550                                |
| <b>Total Water Quality Projects</b>         |              | <b>\$ 169,617</b>                     |

At WSSC Water, our top priority is to continuously provide the customers with water that meets or surpasses strict federal Safe Drinking Water Act standards. WSSC Water provides updated information about water quality on our website at <https://www.wsscwater.com/what-we-do/water-quality>.



## REVISED LEAD AND COPPER RULE

The EPA's Lead and Copper Rule (LCR) is one of the highest profile Safe Drinking Water Act (SDWA) regulations. First passed in 1992, the rule has largely remained unchanged outside of a few minor updates. WSSC Water continually meets all regulatory requirements of this rule and due to historically low lead and copper results, is currently under reduced monitoring. WSSC Water also proactively engages in voluntary actions to better address the concerns of lead in drinking water. In 2006, WSSC Water voluntarily completed a system-wide search and replacement program for lead service lines, replacing any lead pipes found in the spaces maintained by WSSC Water. As a results, 90th percentile lead level from the latest round sampling is below the analytical detection limit of 1 ppb, far below EPA's Action Level of 15 ppb. Building on this foundation, WSSC Water is preparing for continued compliance with EPA's Lead and Copper Rule Revisions (LCRR). Promulgated in December 2021, LCRR requires significantly increased level of compliance efforts. The changes in the new regulation include expanded customer tap sampling, monitoring from schools and childcare facilities, lead service line inventory, replacement plan and sampling plan. In addition to the existing lead action level (AL) of greater than or equal to 15 ppb, a lead trigger level (TL) of above 10 ppb but less than 15 ppb was established. WSSC Water plans to engage with the provisions of this rule in two phases which are divided by activities required before and after the start of compliance in January 2025.

The first phase of LCRR compliance includes

- Development of Lead Service Line (LSL) Inventory: All service lines, regardless of ownership, must be categorized as either lead, non-lead, galvanized requiring replacement (GRR), or unknown. This includes the need to evaluate existing plumbing records and field inspections of homes with potential LSL
- Development of the LSL Replacement Plan: If any lead, GRR, or unknown lines exist, WSSC Water must develop a replacement plan to replace the full lead service line. Mandatory replacement is required if the trigger level or action level is exceeded
- Proactive LSL replacement: If any service line is determined to be lead or GRR, WSSC Water will initiate a full LSL replacement. Proactive replacement both reduces the probability of an AL or TL exceedance while also lowering the total number of lines replaced in the event of an AL or TL exceedance. Financial assistance program may be developed as WSSC Water is not required to cover the cost of replacing the private portion of a service line
- Creation of public outreach and sampling material: This includes the publicly accessible LSL Inventory, education material for primary schools and licensed childcare centers, public notification material in the event of a TL or AL exceedance, and general public health education materials required under LCRR
- Proactive Sampling Program: Sites evaluated in the 2006 voluntary study will be sampled before the January 2025 compliance date to better understand lead risks while allowing WSSC Water to evaluate customer engagement strategies.

Once LCRR compliance begins

- Compliance Tap, School and Licensed Childcare Sampling: Compliance tap sampling requires 100 sites to be sampled every 6 months. WSSC Water must also sample 20% of primary schools and licensed childcare facilities each year for the first five year of compliance
- Continued Proactive LSL Replacement
- Continued LSL Inventory Update: WSSC Water will continue updating the inventory as unknown LSL materials are confirmed, and when required, proactively replace LSLs and GRRs
- Optimized Corrosion Control Treatment: WSSC Water currently monitors 25 distribution locations to ensure that water filtration plant corrosion control treatment is fully optimized. However, compliance sampling results may dictate the addition of up to 25 extra sites or may require WSSC Water to completely reevaluate its corrosion control processes

## WATER QUALITY CAMPAIGNS

WSSC Water takes great pride in providing an essential service to our customers in Montgomery and Prince George's Counties. This commitment to safe, clean water is why WSSC Water continues to report zero drinking water quality violations, a tradition that extends for over 100 consecutive years.

### Drinking Water Source Protection

WSSC Water uses a multi-barrier approach to ensure that we supply safe, reliable and high-quality water to customers. The first step of this approach is protecting the sources of our drinking water, the Patuxent and Potomac rivers. One challenge is that the water in these rivers comes from areas far upstream, where there are multiple land uses and potential pollution sources. Due to the size of the watershed surrounding these two rivers, it is important for WSSC Water to form partnerships with regulatory and administrative agencies for each river. This allows the agency to participate in discussions related to land use policy and ensure source water protection is promoted. These partnerships are also important for raising awareness among partners about concerns related to water quality and safety. WSSC Water plays key roles in the Potomac River Basin Drinking Water Source Protection Partnership and the Patuxent Reservoirs Watershed Protection Group.



### Lead Prevention In Drinking Water

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing.

WSSC Water adds a corrosion inhibitor (orthophosphate) to the water supply which creates a coating on pipes (including those on customers' property) that prevents the pipes from leaching lead. While it is possible that some homes may have lead service lines or lead solder on the private property, WSSC Water's corrosion control methods can reduce the amount of lead leaching into water from these sources. Information about WSSC Water lead prevention methods can be found at <https://www.wsscwater.com/lead>.

While WSSC Water has not seen any lead levels requiring remediation measures, the following steps are recommended to further reduce the risks:

- Run water to flush out any potential lead content: if water has not been used for several hours, run water for 15 to 30 seconds or until it becomes cold or reaches a steady temperature before using it for drinking or cooking
- Use cold water for drinking, cooking and preparing baby formula
- Periodically remove debris from faucet strainers – recommended twice a year
- Have an electrician check the grounding in the home
- Look for alternative sources (e.g. bottled water) or treatment of water if lead levels are elevated
- Get children tested: contact a local health department or healthcare provider to find out how to get children tested for lead, if concerned about exposure

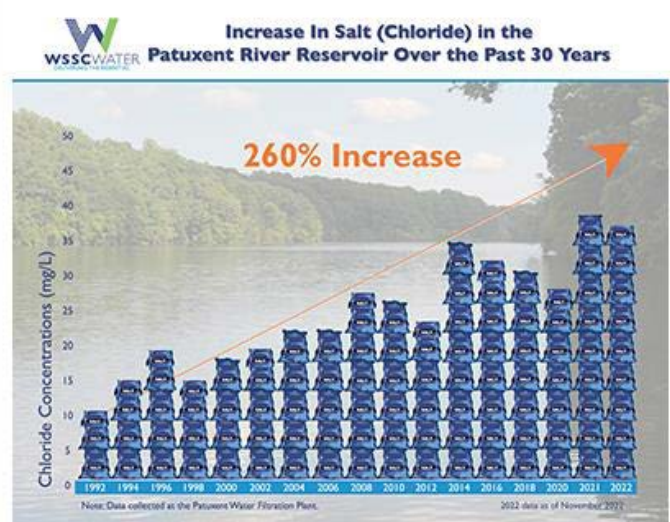
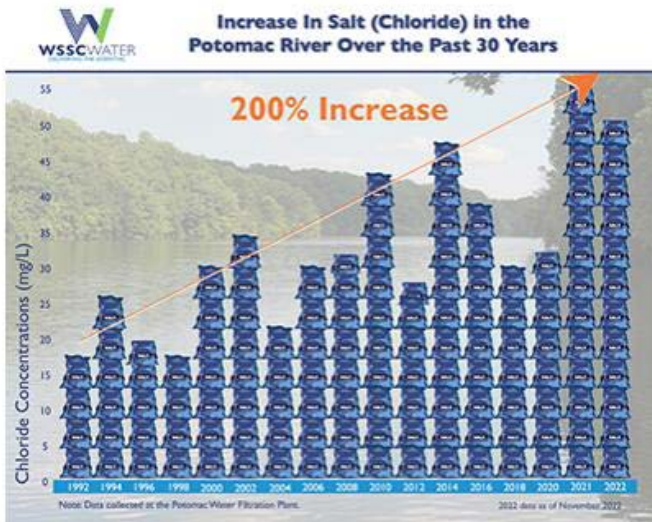


## WATER QUALITY CAMPAIGNS (Continued)

### Saltwise in Winter

Using salt on walkways, driveways and roads is harmful to the environment. Once the ice and snow melt, the salt does not go away. It seeps into the ground and wells, and travels with stormwater into streams, wells and drinking water reservoirs. It also corrodes pipes. It only takes 1 teaspoon of salt (sodium chloride) to permanently pollute 5 gallons of water to a level that is toxic to freshwater ecosystems. Salt in the water does not dissipate.

WSSC Water monitors the water in the Patuxent River reservoirs as well as the Potomac River, the source water for the Patuxent and Potomac WFPs. Sodium and chloride levels have been steadily increasing and, if the trend continues, could pose a problem in the future.



To keep excess salt out of local waterways, please do the following:

- Shovel snow and clear the pavement before snow turns to ice
- Only use salt if there is ice
- Apply the least amount of deicer necessary; a 12-ounce coffee mug full of salt is enough to treat a 20-foot driveway or 10 sidewalk squares
- Scatter the deicer and leave space between the grains
- When pavement temperatures drop below 15 degrees, salt will not work
- Consider using sand for traction
- Choose a deicer with calcium magnesium acetate; this is the most eco-friendly deicer
- Do not pretreat; salt placed on the pavement before a snowfall does not melt it or prevent it from sticking; additionally, weather can change and salt may have to be applied twice if the first application is covered up

### Be Salt-Wise! It's Easy as 1-2-3

**1**  
Shovel  
Right  
Away

**2**  
Use Less Salt  
Melts 10  
Sidewalk  
Squares  
= 12 OZ.

**3**  
Sweep &  
Reuse

Seal of the District of Columbia | Department of Environmental Protection



## WATER QUALITY CAMPAIGNS (Continued)

### Fats, Oils and Grease

Sanitary sewers are designed and constructed with enough diameter to carry the normal waste discharges from a residence or business. When cooking by-products, fats, oils and/or grease (FOG) are discharged to the sewer, the FOG can cool and accumulate on the interior of the sewer pipes. Over time, this accumulation of FOG restricts the flow and causes blockages in the sewer which can result in overflowing manholes or basement backups. Sanitary Sewer Overflows (SSOs) can discharge to storm drains and creeks, which will ultimately flow to the Chesapeake Bay. Get more information at <https://www.wsscwater.com/canthe grease>.

In addition to permitting and inspection efforts, WSSC Water has partnered with agencies such as the Restaurant Association of Maryland to help the food service industry understand the safest and best ways to dispose of FOG, and to train them in how to use Best Management Practices when dealing with FOG.



### Keep The Wipes Out of The Pipes

Unfortunately, many wipes that are labeled “flushable” may go down the toilet, but they do not break apart in the system. The true test to determine if something is flushable: does it dissolve like toilet paper or organic waste? If the answer is no, then it is not flushable.

Literally tons of wipes, still intact, clog pumps at wastewater pumping stations across the nation or end up at WRRFs and then have to be hauled away. WSSC Water has spent over \$1 million to install grinders at a number of our wastewater pumping stations to deal with the growing problem of wipes in the pipes. WSSC Water reminds customers to use the trash can for trash.

### Pharmaceuticals and Other Hazardous Wastes

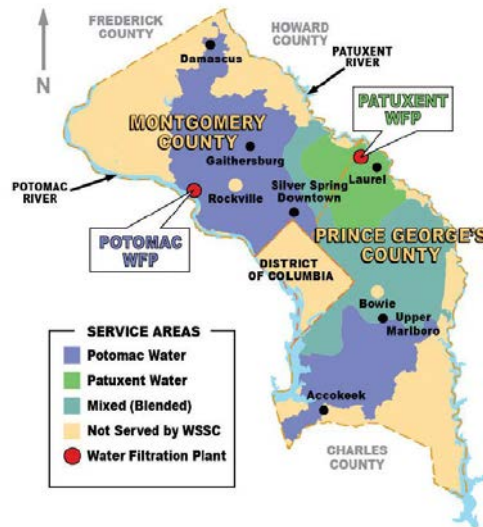
WSSC Water adopted the U.S. Food and Drug Administration recommendations to not dispose of unused or expired pharmaceutical drugs into the sanitary sewer system. Any pharmaceutical flushed down the toilet or discharged to the sanitary sewer system could potentially make its way into the drinking water source. WRRFs do not treat for many pharmaceuticals. Proper disposal of these items helps prevent future contamination to the environment.

WSSC Water advises disposing of pharmaceutical drugs in the trash, at a pharmacy or a police station. Additional information on disposal can be found on WSSC Water’s website at <https://www.wsscwater.com/waterquality> or by visiting <https://www.fda.gov> and searching for “disposal by flushing”.

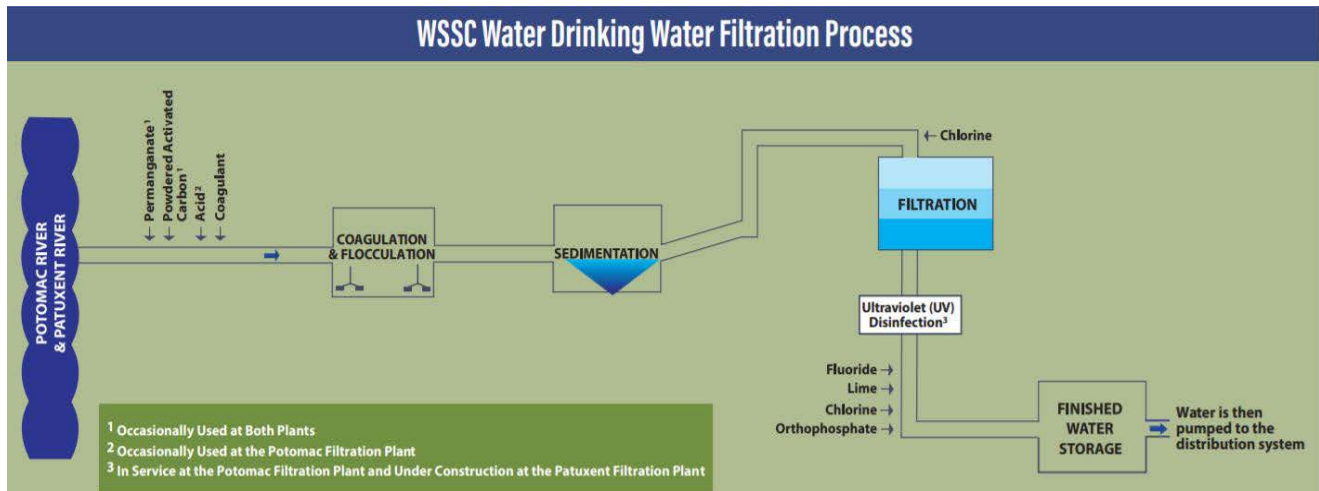
As for other hazardous wastes such as household cleaners, pesticides, paints, motor oil and prescription drugs: never pour them down the drain, in the toilet, on the ground or in storm drains. The best place to take these hazardous substances is to a recycling center. Please contact your County’s solid waste or waste management services for additional information.

## PERFORMANCE OF KEY SERVICES

One of the WSSC Water'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 Patuxent and Potomac rivers are the sources of all the water we filter and process. WSSC Water operates and maintains two water filtration plants located in Prince George's and Montgomery Counties. The map below shows the approximate service areas of both plants.



WSSC Water drinking water undergoes extensive purification and treatment after it arrives at the plant and before it is sent to the distribution system for delivery. The filtration process passes all regulatory requirements to ensure the customers receive the best quality water. The graph below illustrates the drinking water filtration process.



### Water Filtration and Treatment - Turbidity

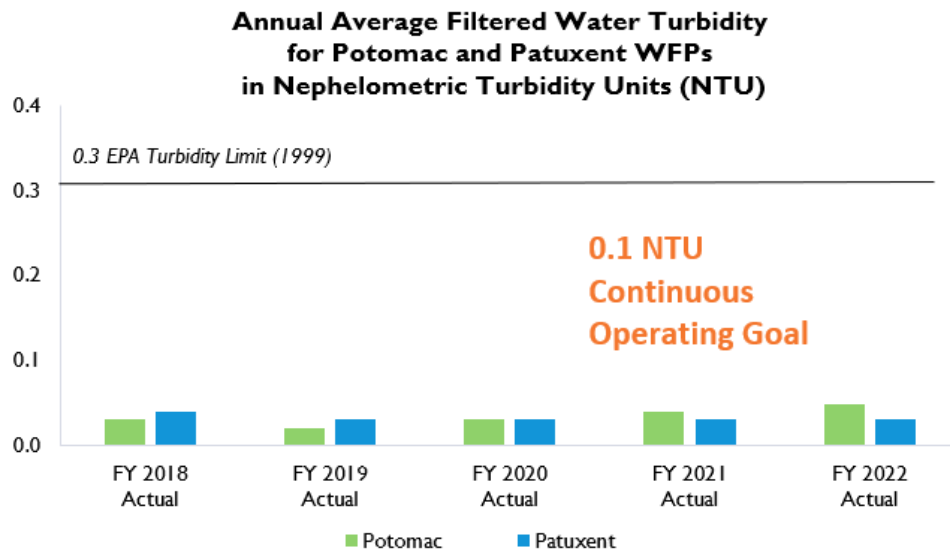
WSSC Water has never exceeded a maximum contaminant level or failed to meet a treatment technique requirement established by the EPA in accordance with the Safe Drinking Water Act.

In addition to traditional approaches to ensuring drinking water quality, WSSC Water continues to place particular emphasis on addressing low-level contaminants, such as disinfection by-products, and maintaining low levels of turbidity (suspended sediment) to ensure public health protection. The agency 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.

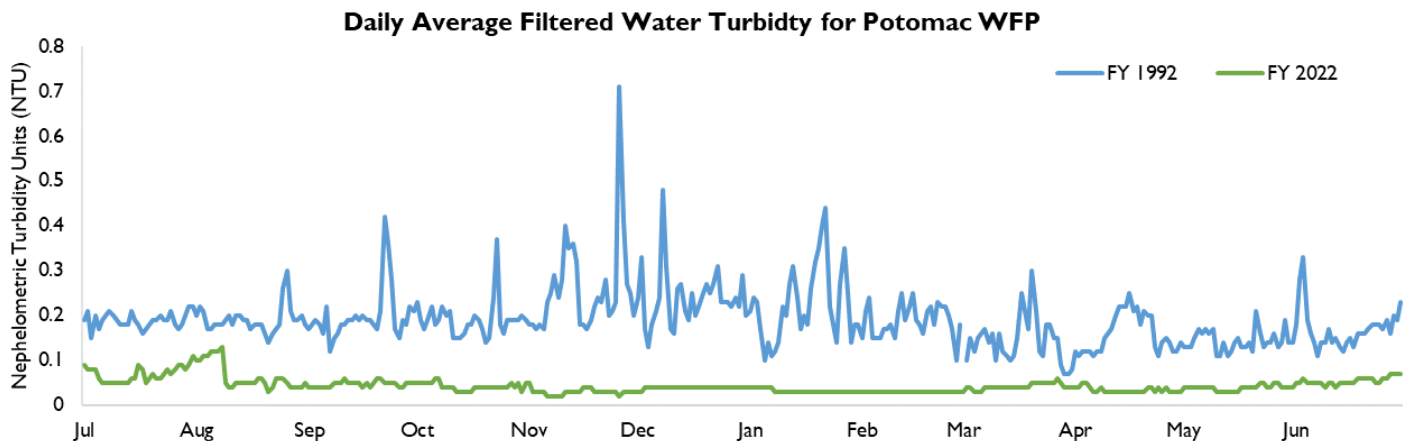
## PERFORMANCE OF KEY SERVICES (Continued)

### Water Filtration and Treatment – Turbidity (Continued)

WSSC Water's continued participation in the Partnership for Safe Water Program is indicative of our commitment to protecting our drinking water. A primary goal of this program is to maintain filtered water turbidity well below EPA established limits to effectively guard against *Cryptosporidium*. *Cryptosporidium* is a microbial pathogen found in surface water throughout the U.S. Ingestion of *Cryptosporidium* may cause cryptosporidiosis, an abdominal infection. Although WSSC Water was already meeting the then newly established maximum average monthly turbidity requirement of 0.5 NTU, a substantial effort was made in FY 1992 to further improve water quality to prevent emerging problems associated with *Cryptosporidium*. The graph below shows the average turbidity for the Potomac and Patuxent Water Filtration Plants (WFPs) for FYs 2018-2022. The EPA reduced the turbidity limit to 0.3 NTU in 1999, still well above the levels being achieved by WSSC Water. A maximum water turbidity of 0.1 NTU level has been and will continue to be a key objective for WSSC Water's Production Department.



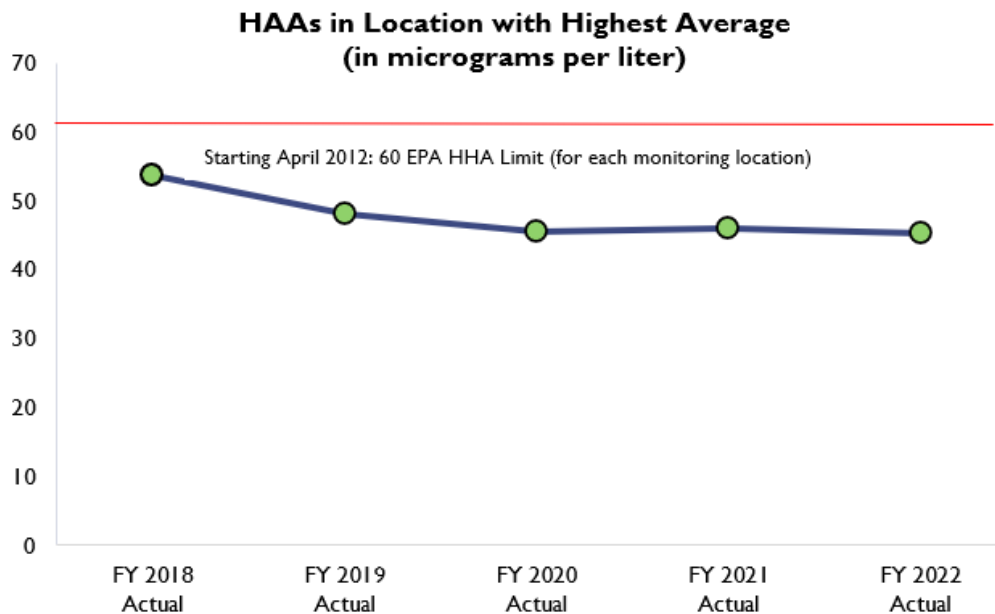
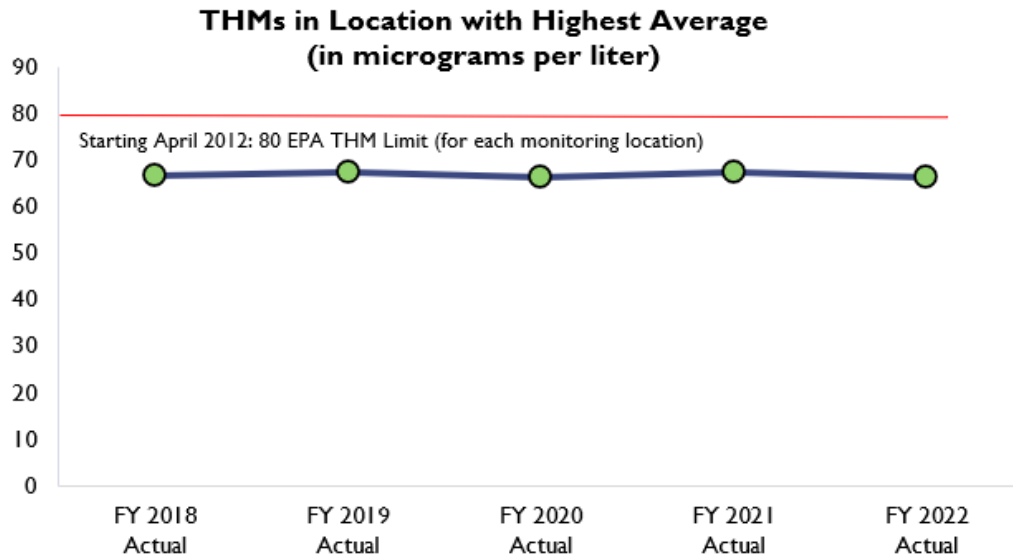
Not only has average turbidity been reduced, but also, as shown in the graph below for the Potomac WFP, the magnitudes of the daily peaks associated with variable raw water quality have been substantially reduced from FY 1992 peak levels. This latter measure is of particular importance in ensuring the reliability of the *Cryptosporidium* barrier. Finally, the ultraviolet disinfection systems at both the Potomac and Patuxent WFPs provide an extra barrier of protection against *Cryptosporidium*.



## PERFORMANCE OF KEY SERVICES (Continued)

### Water Filtration and Treatment – Trihalomethanes and Haloacetic

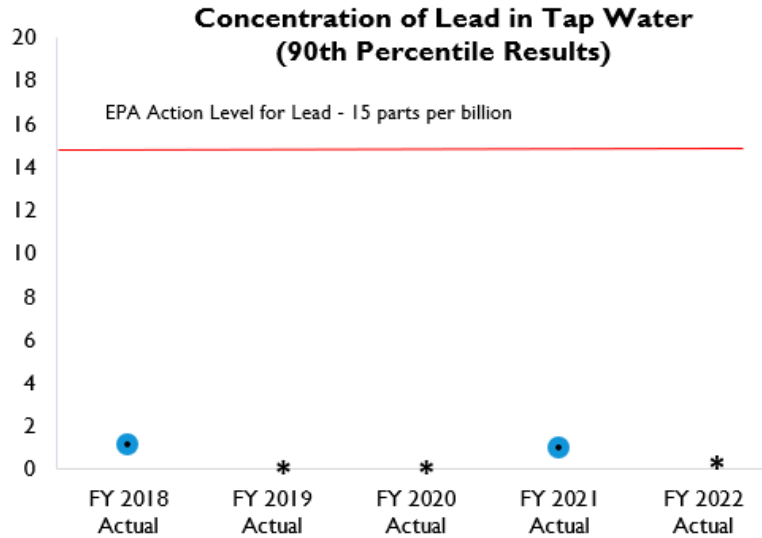
WSSC Water has also been aggressively pursuing enhanced coagulation (optimization of coagulant doses and pH levels to improve total organic carbon removal) to enhance disinfection byproduct precursor removal, thereby lessening the formation of potential carcinogens in the finished water. Effective January 2001, the EPA reduced the standard for trihalomethanes (THMs) from 100 to 80 micrograms or lower of total THMs per liter in finished water. At the same time, the EPA also established a maximum contaminant level for haloacetic acids (HAAs) of 60 micrograms of five HAAs per liter in finished water. As shown in the figures below, WSSC Water is meeting the THM and HAA standards with the help of its enhanced coagulation initiatives. The Stage 2 Disinfection By-products rule builds upon earlier rules and strengthens public health protection from disinfection by-products by requiring drinking water systems to meet maximum contaminant levels 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.



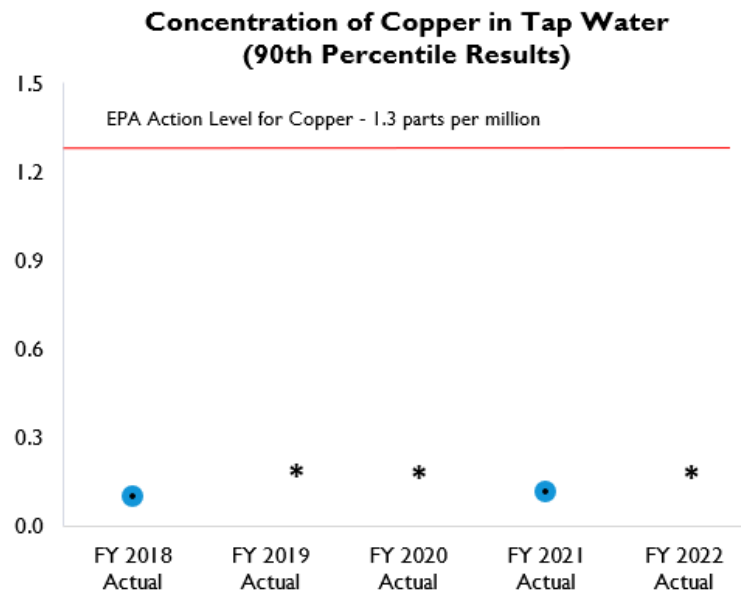
## PERFORMANCE OF KEY SERVICES (Continued)

### Water Filtration and Treatment – Tap Water Lead and Copper

Elevated levels of lead and copper in drinking water can cause serious health problems. WSSC Water continues its corrosion control program (using fine pH adjustment and the addition of orthophosphate) to minimize potential lead and copper corrosion in customer plumbing. The state has confirmed that WSSC Water's treatment is optimized for corrosion control against lead and copper. As a result of treatment optimization, the state has allowed WSSC Water 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 triennial monitoring continue to indicate the 90<sup>th</sup> percentile lead and copper levels are well below the tap water action levels. The most recent round of monitoring was performed in FY 2021 with the 90<sup>th</sup> percentile for lead at <1.0 ppb. The next round of monitoring will be conducted in early FY 2024.



\*No sampling required in these years.

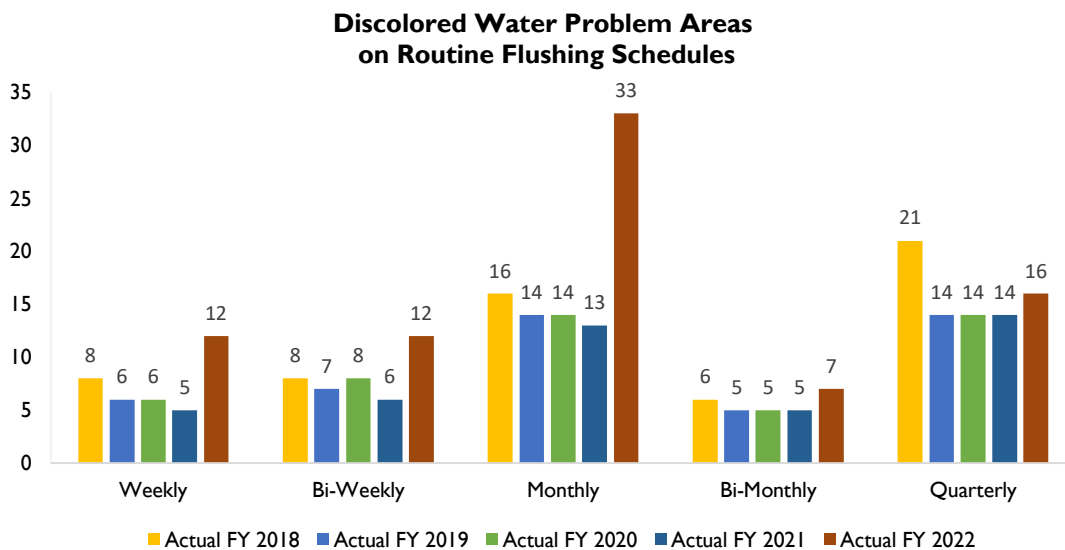
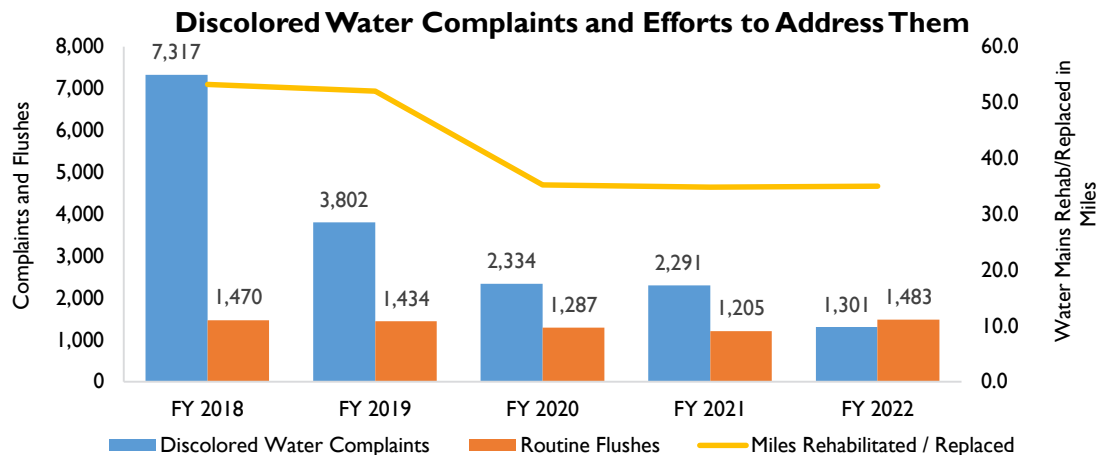


\*No sampling required in these years.

## PERFORMANCE OF KEY SERVICES (Continued)

### 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 1996 to periodically flush water mains in the affected areas to keep the water clear. At the same time, WSSC Water augmented its ongoing program to resolve such problems by mechanically cleaning and relining the old mains with a new cement mortar lining. Cleaning and lining were discontinued in FY 2001 and WSSC Water focused on programmatic replacement of the affected water mains. In FY 2022 the agency replaced 29 miles of distribution mains and 6 miles of transmission mains. In addition, total discolored water events decreased from 2,310 to 1,301. The total routine flushing of water mains have increased, as planned, from an average of 1,442 from FY 2015 through FY 2020 to 1,483 in FY 2022, to reduce customer discolored water events.

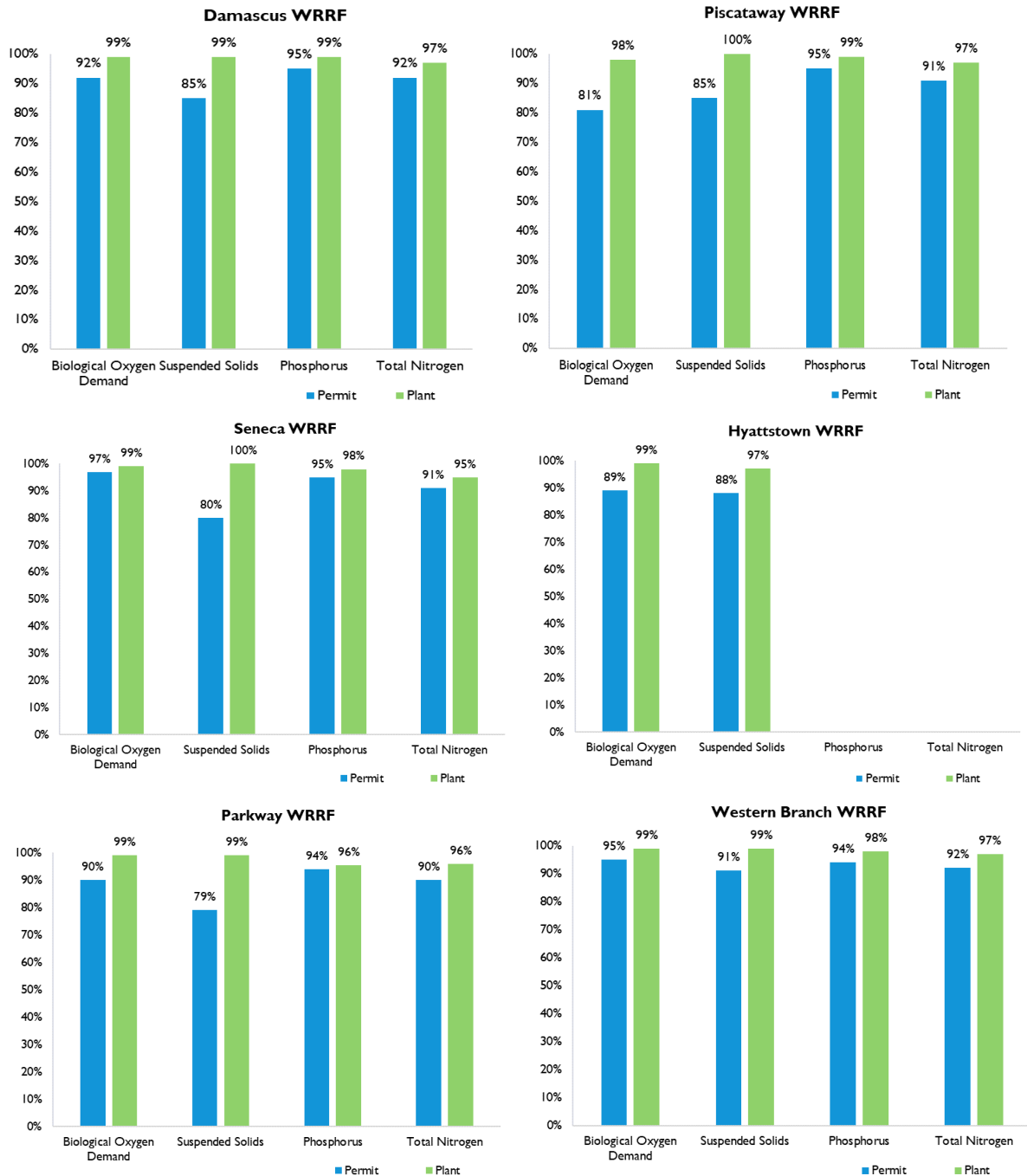


The graph above shows the number of areas requiring regular flushing on a weekly, bi-weekly, monthly, bi-monthly, quarterly, or semi-annual basis since FY 2018. FY 2022 planned flushing increases were attributable to the water main replacement program which reduced the number of water main breaks and resulted in fewer customer discolored water complaints.

## PERFORMANCE OF KEY SERVICES (Continued)

### FY 2022 Percentage Removal of Substances Regulated by Discharge Permits

The following graphs present actual FY 2022 plant performance for WSSC Water's six Water Resource Recovery Facilities (WRRFs) in terms of the percentage of specific substances removed compared to state and 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 2024, the Production Department will continue to pursue its goal of meeting or surpassing the permit requirements for each plant.

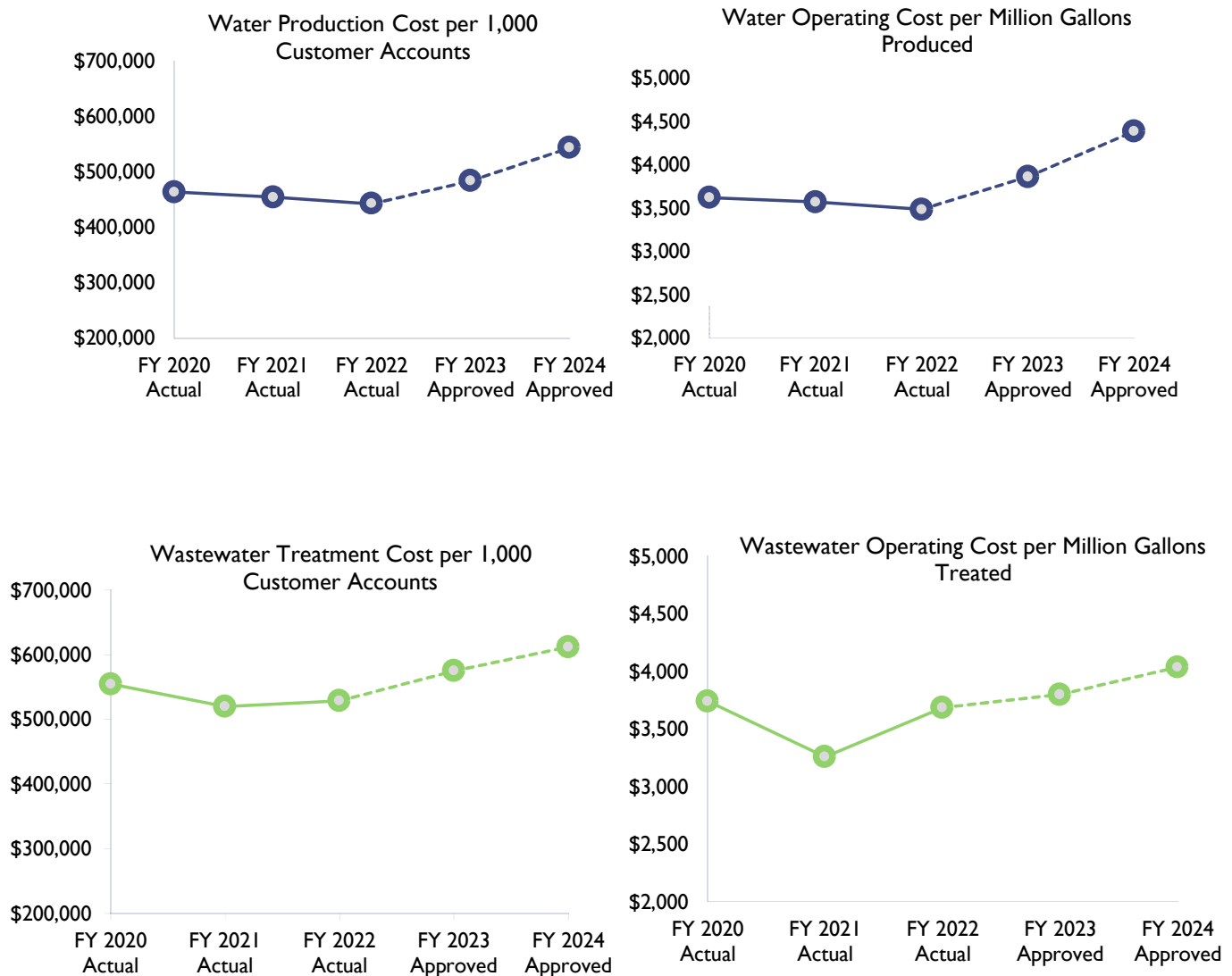


Note: Permit should be less than Plant

## PERFORMANCE OF KEY SERVICES (Continued)

### Water and Wastewater Operations

WSSC Water's top priority is to continuously provide a safe and reliable supply of drinking water that meets all strict federal Safe Drinking Water Act standards. At the same time the agency works 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. Despite inflation and the increased maintenance cost of our infrastructure systems, the agency continues to focus on being fiscally responsible with the water and wastewater operating costs. In the graph below showing the Wastewater Treatment Cost per 1,000 Customer Accounts, the FY 2022 cost is higher than in FY 2021 due to increased chemical costs. Similarly, the Wastewater Operating Cost per Million Gallons of Sewage Treated graph also shows the FY 2022 result higher than in FY 2021, also primarily due to the increase in chemical expenses.



Note: FY 2023 and FY 2024 are budgeted, not actual.



**SECTION II**  
**ORGANIZATIONAL BUDGETS AND MEASURES**

## ORGANIZATIONAL BUDGETS AND MEASURES

This section discusses expenses by organizational unit, assumptions related to WSSC Water's workforce and compensation, including retiree benefits. In addition, this section highlights the role, mission and core activities of each organization within the agency. It also provides goals, outcomes and measures for key performance metrics measured by the agency.

### COMPARATIVE EXPENSES BY ORGANIZATION - ALL OPERATING & CAPITAL FUNDS

| Organization                                 | FY 2022 Actual |                         | FY 2023 Approved |                         | FY 2024 Approved |                         | Change      |                       |
|--|----------------|-------------------------|------------------|-------------------------|------------------|-------------------------|-------------|-----------------------|
|  | Work Years     | Amount                  | Work Years       | Amount                  | Work Years       | Amount                  | Work Years  | Amount                |
| <b>Governance</b>                            |                |                         |                  |                         |                  |                         |             |                       |
| Commissioners'/Corporate Secretary's Office* | 2.0            | \$ 590,990              | 2.0              | \$ 477,706              | 2.0              | \$ 490,357              | -           | \$ 12,651             |
| Office of the Inspector General*             | 9.3            | 1,597,799               | 10.0             | 1,605,603               | 10.0             | 1,668,842               | -           | 63,239                |
| <b>General Manager's Office</b>              |                |                         |                  |                         |                  |                         |             |                       |
| General Manager's Office                     | 7.9            | 1,480,745               | 9.0              | 1,595,403               | 8.0              | 1,824,198               | (1.0)       | 228,795               |
| Office of Performance and Accountability     | 2.0            | 2,701,986               | 2.0              | 757,273                 | 6.0              | 1,276,929               | 4.0         | 519,656               |
| Human Resources Department                   | 23.1           | 4,130,027               | 30.0             | 4,889,243               | 31.0             | 5,699,692               | 1.0         | 810,449               |
| <b>General Manager's Direct Report</b>       |                |                         |                  |                         |                  |                         |             |                       |
| General Counsel's Office                     | 24.7           | 7,332,817               | 29.0             | 10,562,152              | 29.0             | 10,690,162              | -           | 128,010               |
| Finance Department                           | 59.7           | 7,627,397               | 64.0             | 8,221,268               | 65.0             | 8,607,480               | 1.0         | 386,212               |
| Customer Service Department                  | 118.3          | 14,502,468              | 94.0             | 16,721,325              | 127.0            | 16,414,891              | 33.0        | (306,434)             |
| Engineering & Construction Department        | 333.9          | 406,013,813             | 361.0            | 595,510,433             | 363.0            | 656,895,839             | 2.0         | 61,385,406            |
| Asset Management Division                    | 5.6            | 1,945,946               | 7.0              | 2,636,714               | 7.0              | 2,669,126               | -           | 32,412                |
| Information Technology Department            | 87.3           | 53,085,927              | 103.0            | 56,299,284              | 103.0            | 61,091,862              | -           | 4,792,578             |
| <b>External Affairs</b>                      |                |                         |                  |                         |                  |                         |             |                       |
| Intergovernmental Relations Office           | 4.0            | 546,589                 | 4.0              | 753,368                 | 4.0              | 775,495                 | -           | 22,127                |
| Communications & Community Relations         | 14.0           | 2,033,635               | 16.0             | 2,506,802               | 14.0             | 2,195,588               | (2.0)       | (311,214)             |
| Office of Supplier Diversity & Inclusion     | 8.6            | 1,041,251               | 10.0             | 1,220,583               | 10.0             | 1,350,416               | -           | 129,833               |
| Procurement Office                           | 21.8           | 2,652,501               | 31.0             | 3,181,169               | 31.0             | 3,454,267               | -           | 273,098               |
| <b>Operations</b>                            |                |                         |                  |                         |                  |                         |             |                       |
| Production Department                        | 319.2          | 150,941,016             | 354.0            | 162,701,830             | 331.0            | 173,700,905             | (23.0)      | 10,999,075            |
| Utility Services Department                  | 461.9          | 88,332,540              | 511.0            | 103,934,530             | 510.0            | 120,929,454             | (1.0)       | 16,994,924            |
| Innovation & Research Division               | 5.8            | 1,410,368               | 6.0              | 1,404,934               | 5.0              | 1,296,986               | (1.0)       | (107,948)             |
| <b>Mission Support</b>                       |                |                         |                  |                         |                  |                         |             |                       |
| General Services Department                  | 82.8           | 38,949,379              | 98.0             | 38,834,334              | 130.0            | 66,381,202              | 32.0        | 27,546,868            |
| Police & Homeland Security Office            | 35.4           | 4,531,797               | 40.0             | 5,336,375               | 40.0             | 5,487,066               | -           | 150,691               |
| Occupational Safety & Health Division        | 8.3            | 2,914,241               | 9.0              | 3,119,107               | 9.0              | 3,150,665               | -           | 31,558                |
| Enterprise Risk Management                   | 5.8            | 708,302                 | 6.0              | 867,227                 | 1.0              | 187,824                 | (5.0)       | (679,403)             |
| <b>Other</b>                                 |                |                         |                  |                         |                  |                         |             |                       |
| <b>Human Resources Non-Departmental</b>      | -              | <b>27,557,301</b>       | -                | <b>33,781,806</b>       | -                | <b>32,624,782</b>       | -           | <b>(1,157,024)</b>    |
| <b>Finance Non-Departmental</b>              |                |                         |                  |                         |                  |                         |             |                       |
| Debt Service                                 | -              | 289,213,777             | -                | 328,523,374             | -                | 333,201,310             | -           | 4,677,936             |
| PAYGO  | -              | 27,585,000              | -                | 31,016,000              | -                | 44,000,000              | -           | 12,984,000            |
| Other (Social Security, Retirement, etc.)    | -              | 32,949,761              | -                | 54,603,458              | -                | 59,818,218              | -           | 5,214,760             |
| <b>Retirement Trust Chargeback</b>           | -              | <b>(769,300)</b>        | -                | <b>(1,673,547)</b>      | -                | <b>(1,632,330)</b>      | -           | <b>41,217</b>         |
| <b>Total</b>                                 | <b>1,641.4</b> | <b>\$ 1,171,608,073</b> | <b>1,796.0</b>   | <b>\$ 1,469,387,754</b> | <b>1,836.0</b>   | <b>\$ 1,614,251,226</b> | <b>40.0</b> | <b>\$ 144,863,472</b> |

(\*) Six Commissioners and one Inspector General are not included in the workyears count. However, the associated funds are included.

## ORGANIZATIONAL UNIT AND FUND MATRIX – ALL OPERATING AND CAPITAL FUNDS

For each organizational unit, the Organizational Unit and Fund Matrix illustrates the funds to which costs are charged.

| Budget:<br>Fund Type:                            | Operating          |                    |                              | Capital         |                    |                         |
|--|--------------------|--------------------|------------------------------|-----------------|--------------------|-------------------------|
|  | Water<br>Operating | Sewer<br>Operating | General Bond<br>Debt Service | Water<br>Supply | Sewage<br>Disposal | General<br>Construction |
| <b>Governance &amp; General Manager's Office</b> |                    |                    |                              |                 |                    |                         |
| Commissioners'/Corporate Secretary's Office      | X                  | X                  | X                            | X               | X                  | X                       |
| Office of the Inspector General                  | X                  | X                  | X                            | X               | X                  | X                       |
| <b>General Manager's Office</b>                  |                    |                    |                              |                 |                    |                         |
| General Manager's Office                         | X                  | X                  | X                            | X               | X                  | X                       |
| Human Resources Department                       | X                  | X                  | X                            | X               | X                  | X                       |
| <b>General Manager's Direct Report</b>           |                    |                    |                              |                 |                    |                         |
| General Counsel's Office                         | X                  | X                  | X                            | X               | X                  | X                       |
| Finance Department                               | X                  | X                  | X                            | X               | X                  | X                       |
| Customer Service Department                      | X                  | X                  |                              |                 |                    |                         |
| Engineering & Construction Department            | X                  | X                  |                              | X               | X                  | X                       |
| Asset Management Division                        | X                  | X                  |                              |                 |                    |                         |
| Information Technology Department                | X                  | X                  | X                            | X               | X                  | X                       |
| <b>External Affairs</b>                          |                    |                    |                              |                 |                    |                         |
| Intergovernmental Relations Office               | X                  | X                  | X                            | X               | X                  | X                       |
| Communications & Community Relations Office      | X                  | X                  | X                            | X               | X                  | X                       |
| Office of Supplier Diversity & Inclusion         | X                  | X                  | X                            | X               | X                  | X                       |
| Procurement Office                               | X                  | X                  | X                            | X               | X                  | X                       |
| <b>Mission Support</b>                           |                    |                    |                              |                 |                    |                         |
| General Services Department                      | X                  | X                  | X                            | X               | X                  | X                       |
| Police & Homeland Security Office                | X                  | X                  | X                            | X               | X                  | X                       |
| Occupational Safety & Health Division            | X                  | X                  | X                            | X               | X                  | X                       |
| Enterprise Risk Management                       | X                  | X                  | X                            | X               | X                  | X                       |
| <b>Operations</b>                                |                    |                    |                              |                 |                    |                         |
| Production Department                            | X                  | X                  |                              |                 | X                  |                         |
| Utility Services Department                      | X                  | X                  |                              | X               | X                  | X                       |
| Strategy & Innovation Office                     | X                  | X                  | X                            | X               | X                  | X                       |
| <b>Other</b>                                     |                    |                    |                              |                 |                    |                         |
| Human Resources Non-Departmental                 | X                  | X                  | X                            | X               | X                  | X                       |
| <b>Finance Non-Departmental</b>                  |                    |                    |                              |                 |                    |                         |
| Debt Service                                     | X                  | X                  | X                            |                 |                    |                         |
| PAYGO  | X                  | X                  |                              |                 |                    |                         |
| Other (Social Security, Retirement, etc.)        | X                  | X                  | X                            | X               | X                  | X                       |
| Retirement Trust Chargeback                      | X                  | X                  | X                            | X               | X                  | X                       |

## WORKFORCE AND COMPENSATION

The workforce and compensation assumptions approved for Fiscal Year (FY) 2024 incorporate the policy and guideline recommendations discussed in the Sections 4 and 6.

### Salaries & Wages Summary

|                                 | <u>FY 2024 Approved</u> |                       |
|---------------------------------|-------------------------|-----------------------|
|                                 | Work<br>Years           | Amount                |
| Base Positions Funded Full Year | 1,836                   | \$ 167,686,052        |
| Overtime                        |                         | 7,809,862             |
| <b>Subtotal</b>                 |                         | <b>175,495,914</b>    |
| Lapse on Base Positions*        |                         | (14,244,190)          |
| <b>Subtotal</b>                 |                         | <b>161,251,724</b>    |
| Salary Enhancements             |                         | 8,790,340             |
| Salary - 6 Commissioners        |                         | 78,500                |
| <b>Total</b>                    | <b>1,836</b>            | <b>\$ 170,120,564</b> |

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

### Employee Benefits

The following employee benefits are funded in WSSC Water's FY 2024 Approved Budget through a combination of lump sum or payroll-based contributions.

FICA (Social Security & Medicare) – Contributions are collected each payday based on actual payroll. Since contribution rates and salary maximums change at the start of the calendar year, figures used in the budget represent an average of the projected changes for FY 2024. The employer rates are 6.2% for Social Security and 1.45% for Medicare.

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

Group Insurance – The contributions for health insurance are actuarially determined, and the contribution for life insurance is based on fixed rates per coverage amounts based on an employee's salary. Contribution rates are set based on various factors, including the fund balance in the Retiree Other Post-Employment Benefits (OPEB) Trust and claims cost experience.

Retirement System – WSSC Water maintains a retirement system for its employees which is intended to provide income during their retirement years. Annual employer contributions to the Employees' Retirement Plan are actuarially-determined and set at a level percentage of pay. This ratio is currently 16.9% of pay and has remained consistent over a number of years. The Employees' Retirement Plan is administered by an Executive Director who is appointed by the General Manager.

## WORKFORCE AND COMPENSATION (Continued)

### Employee Benefits (Continued)

Retiree Health Benefits Trust – The trust is a single employer contributory fund established to address the rising cost of life insurance and medical benefits for future retirees and beneficiaries. Through a trust vehicle, annual contributions by WSSC Water are set aside and actively invested. Employer contributions to the Trust are actuarially-determined and set at a level dollar amount above the annual retiree claims expense. This amount, \$5.4 million in recent years, has been contributed to the Trust in addition to the payments made to directly cover the costs of annual retiree claims. Over time, funding would be sufficient to pay for future retiree health benefits, as well as any accrued interest on the unfunded liability.

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

## GOVERNANCE & GENERAL MANAGER'S OFFICE

Governance is comprised of the Office of the Inspector General (OIG) and Corporate Secretary. OIG promotes accountability and integrity by conducting independent audits and investigations. The Corporate Secretary manages the Commissions Office.

### Budget Summary

| Governance & General Manager's Office        | FY 2022 Actual |                     | FY 2023 Approved |                     | FY 2024 Approved |                     | Increase / (Decrease) |                  |
|--|----------------|---------------------|------------------|---------------------|------------------|---------------------|-----------------------|------------------|
|  | Work Years     | Amount              | Work Years       | Amount              | Work Years       | Amount              | Work Years            | Amount           |
| Commissioners'/Corporate Secretary's Office* | 2.0            | \$ 590,990          | 2.0              | \$ 477,706          | 2.0              | \$ 490,357          | -                     | \$ 12,651        |
| Office of the Inspector General*             | 9.3            | 1,597,799           | 10.0             | 1,605,603           | 10.0             | 1,668,842           | -                     | 63,239           |
| <b>Total</b>                                 | <b>11.3</b>    | <b>\$ 2,188,789</b> | <b>12.0</b>      | <b>\$ 2,083,309</b> | <b>12.0</b>      | <b>\$ 2,159,199</b> | <b>-</b>              | <b>\$ 75,890</b> |

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

## COMMISSIONERS'/CORPORATE SECRETARY'S OFFICE

WSSC Water is governed by a six-member Commission of appointed officials.

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

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



### Mission Statement

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

## COMMISSIONERS'/CORPORATE SECRETARY'S OFFICE (Continued)

### Core Activities

Public Oversight and Corporate Functions – The Commission provides public oversight of WSSC Water, conducts the corporate business of the agency, such as adopting rates and fees, reviewing management reports and approving contracts. The Commissioners collectively sit as the Audit Committee to monitor WSSC Water's audit processes, financial reporting processes, system of internal controls, and compliance with laws, regulations, and the WSSC Code of Ethics. The Corporate Secretary assists the Commissioners in conducting the corporate business, serves as WSSC Water's registered agent, serves as parliamentarian at the meetings of the Commission and prepares official meeting minutes for public inspection.

## OFFICE OF THE INSPECTOR GENERAL

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

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

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

### Mission Statement

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

### Core Activities

Performance Audits – This activity includes engagements that provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, to reduce costs, to facilitate decision-making by parties with responsibility to oversee or initiate corrective action and to contribute to public accountability.

Assurance Services – This activity provides an objective examination of evidence for the purpose of providing an independent assessment on risk management, control or governance processes for the organization. Examples may include financial, compliance, system security and due diligence engagements. Assurance audits add value by improving opportunities to achieve organizational objectives, identifying operational improvement and/or reducing risk exposure.

Attestation Engagements – This activity can cover a broad range of financial or nonfinancial objectives about the subject matter or assertion depending on the users' needs. In an attestation engagement, the subject matter or an assertion by a party other than the auditors is measured or evaluated in accordance with suitable criteria. The work the auditors perform and the level of assurance associated with the report vary based on the type of attestation engagement.

Special Request Audits – The OIG periodically receives requests for audit work from Commissioners, WSSC Water's Board of Ethics and WSSC Water's management and stakeholders. These are one-time audits of identified problem areas that are performed on a priority basis. All requests for special audits are carefully considered.

Fraud, Waste and Abuse Hotline – This activity provides a centralized reporting vehicle for WSSC Water's employees, customers, contractors and other stakeholders of the agency to report suspected occurrences of fraud, waste and abuse anonymously, without fear of retaliation. The OIG staff includes Certified Fraud Examiners which serves as investigators of occurrences reported through the Fraud, Waste and Abuse Hotline.

## OFFICE OF THE GENERAL MANAGER

Office of the General Manager includes Office of Performance and Accountability and Human Resources Department

### Budget Summary

| Office of the General Manager            | FY 2022 Actual |                     | FY 2023 Approved |                     | FY 2024 Approved |                     | Increase / (Decrease) |                     |
|--|----------------|---------------------|------------------|---------------------|------------------|---------------------|-----------------------|---------------------|
|  | Work Years     | Amount              | Work Years       | Amount              | Work Years       | Amount              | Work Years            | Amount              |
| General Manager's Office                 | 7.9            | \$ 1,480,745        | 9.0              | \$ 1,595,403        | 8.0              | \$ 1,824,198        | (1.0)                 | \$ 228,795          |
| Office of Performance and Accountability | 2.0            | 2,701,986           | 2.0              | 757,273             | 6.0              | 1,276,929           | 4.0                   | 519,656             |
| Human Resources Department               | 23.1           | 4,130,027           | 30.0             | 4,889,243           | 31.0             | 5,699,692           | 1.0                   | 810,449             |
| <b>Total</b>                             | <b>33.0</b>    | <b>\$ 8,312,758</b> | <b>41.0</b>      | <b>\$ 7,241,919</b> | <b>45.0</b>      | <b>\$ 8,800,819</b> | <b>4.0</b>            | <b>\$ 1,558,900</b> |

Note: Variance explanation for the departments were available in the department's write-up.

## GENERAL MANAGER'S OFFICE

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



### Mission Statement

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

### Core Activities

General Management – This activity includes coordinating and supervising the agency-wide activities of WSSC Water and recommending courses of action to the Commissioners. As the principal executive, the General Manager/CEO is responsible for all agency operations and functions.



## OFFICE OF PERFORMANCE & ACCOUNTABILITY

The Chief Strategy & Innovation Officer is responsible for leading and managing the Strategy & Innovation Office.

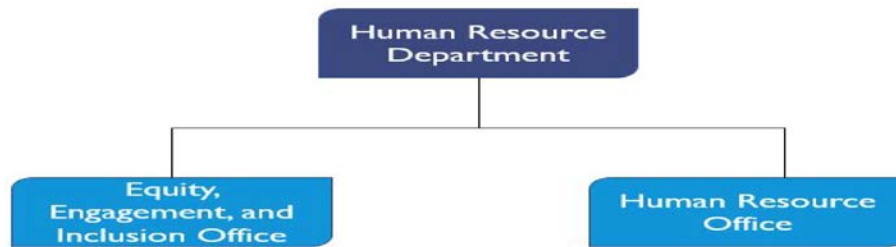
### **Core Activities**

Management and Administration - This activity involves the management and supervision of the Strategy & Innovation Office. The Chief Strategy & Innovation Officer is responsible for creating an environment where innovative ideas and new ways of doing business are encouraged across the agency.

## HUMAN RESOURCES DEPARTMENT

The Human Resources (HR) Department is responsible for planning, administering and evaluating the WSSC Water's personnel related programs. The department also oversees the equal employment policies. Lead by the Director of HR, the department is comprised of the divisions in the following chart.

### Organizational Structure



### Mission Statement

To deliver best-in-class services and workforce development solutions that contribute to the success of WSSC Water through the attraction, retention and engagement of a talented and diverse workforce.

### Budget Summary

| Human Resources Department                | FY 2022 Actual |                    | FY 2023 Approved |                    | FY 2024 Approved |                    | Increase / (Decrease) |                   |
|---|----------------|--------------------|------------------|--------------------|------------------|--------------------|-----------------------|-------------------|
|   | Work Years     | Amount             | Work Years       | Amount             | Work Years       | Amount             | Work Years            | Amount            |
| Human Resources Office                    | 22.6           | \$ 4,068,662       | 26.0             | \$ 4,383,285       | 28.0             | \$ 5,147,901       | 2.0                   | \$ 764,616        |
| Equity, Engagement and Inclusion Division | 0.5            | 61,365             | 4.0              | 505,958            | 3.0              | 551,791            | (1.0)                 | 45,833            |
| <b>Total</b>                              | <b>23.1</b>    | <b>\$1,130,027</b> | <b>30.0</b>      | <b>\$1,889,243</b> | <b>31.0</b>      | <b>\$1,699,692</b> | <b>1.0</b>            | <b>\$ 810,449</b> |

### Explanation of Major Variances

The FY 2024 Approved Budget for the HR Department reflects an increase of approximately 10.2% above the FY 2023 Approved Budget. The increase is primarily due to the allocation of funds for the newly established Family and Medical Leave Insurance Program also known as Time to Care Act of 2022.

Interdivisional workyear transfers are made to address operational needs.

### Highlights

- Managing ongoing COVID-19 response to maintain a safe working environment
- Development of the first WSSC workforce report and HR activity report

## HUMAN RESOURCES DEPARTMENT (Continued)

### Accomplishments

- Reorganized the Equity, Engagement and Inclusion Division
- Digitalization of HR files with the help of electronic data management
- Successfully negotiated a new three-year collective bargaining agreement contract

### Racial Equity and Social Justice

- Implemented salary adjustments to modify equity adjustment across the agency.

## HUMAN RESOURCES OFFICE

The Human Resources Office develops and maintains the employee benefit structures and the classification and compensation programs, conducts training courses and manages the employee recruitment functions. The Human Resources Office also provides counseling services on a variety of employee relations issues, and adheres to all applicable federal, state and local regulations. It is also responsible for providing a safe, inclusive and healthy work environment for WSSC Water employees, administering occupational safety and health programs to ensure compliance with all federal, state and local regulations. The office also supports the negotiation and management of any collective bargaining agreement.

### Core Activities

Talent Development – This activity involves the development, planning and administration of corporate employee development including succession management and tuition assistance programs; career development and counseling; leadership, management and supervisory development; knowledge capture and transfer methodologies; computer skills training; and assisting operating units with externally provided technical training.

Benefits Administration – This activity involves the development, administration and communication of all employee and retiree benefit plans, leave programs and deferred compensation plan to ensure they meet all regulatory requirements and interfaces with GCO, payroll and other financial systems. This activity also provides for the employee wellbeing program, which incorporates opportunities for employees to become engaged to make healthier behavioral and lifestyles choices.

Employee and Labor Relations – This activity designs, implements and administers WSSC Water's human resources programs including, but not limited to employee relations, labor relations, accommodations, unemployment, onboarding, exit processes, policies and procedures. provides advice and guidance on human resources services to departments and staff offices on resolution of employee relations and labor relations matters. This activity provides support for collective bargaining; compliance with employment regulations; and policy development, implementation and interpretation as well as other assigned duties.

Compensation and Human Resources Information System – This activity develops, plans and manages the compensation program in alignment with WSSC Water's compensation philosophy and regulatory requirements, and manages the human resources information management system. This activity develops and maintains the classification and pay schedules, maintains job descriptions, performs market analysis and job evaluations to determine appropriate grade assignment, addresses salary issues provides report and data analysis and maintains employee records.

Talent Acquisition – This activity includes recruitment, internal staffing (promotions, transfers and voluntary demotions), assessment testing, selection, hiring and onboarding compliance processes. This function is also responsible for internship, apprenticeship and student cooperative program development, implementation and management. This function assists with contingent worker hiring, workforce planning, and statistical analysis of recruitment and staffing activities.

## EQUITY, ENGAGEMENT AND INCLUSION DIVISION

The Equity, Engagement and Inclusion (EEI) Division ensures WSSC Water's compliance with EEO laws and practices, and address employee discrimination, harassment and retaliation issues and complaints in accordance with the agency's policies and procedures. The division transforms employee engagement with efforts to assess, design and implement initiatives that support H2O People by improving awareness of equity and inclusion.

### **Core Activities**

Equal Employment Opportunities – This activity directs the application of WSSC Water's equal employment principles and goals, and outlines the responsibilities of management, supervisory and non-supervisory personnel in fostering a spirit of equal employment opportunity. Also included in the activity are investigations of discrimination, harassment and retaliation claims in accordance with the agency's policy and procedures.

## GENERAL MANAGER'S DIRECT REPORT

General Manager's Direct Report is comprised of General Counsel, Chief Financial Officer, Chief Engineer and Chief Information Officer

### Budget Summary

| General Manager's Direct Report       | FY 2022 Actual |                       | FY 2023 Approved |                       | FY 2024 Approved |                       | Increase / (Decrease) |                      |
|---------------------------------------|----------------|-----------------------|------------------|-----------------------|------------------|-----------------------|-----------------------|----------------------|
|                                       | Work Years     | Amount                | Work Years       | Amount                | Work Years       | Amount                | Work Years            | Amount               |
| General Counsel's Office              | 24.7           | \$ 7,332,817          | 29.0             | \$ 10,562,152         | 29.0             | \$ 10,690,162         | -                     | \$ 128,010           |
| Finance Department                    | 59.7           | 7,627,397             | 64.0             | 8,221,268             | 65.0             | 8,607,480             | 1.0                   | 386,212              |
| Customer Service Department           | 118.3          | 14,502,468            | 94.0             | 16,721,325            | 127.0            | 16,414,891            | 33.0                  | (306,434)            |
| Engineering & Construction Department | 333.9          | 406,013,813           | 361.0            | 595,510,433           | 363.0            | 656,895,839           | 2.0                   | 61,385,406           |
| Asset Management Division             | 5.6            | 1,945,946             | 7.0              | 2,636,714             | 7.0              | 2,669,126             | -                     | 32,412               |
| Information Technology Department     | 87.3           | 53,085,927            | 103.0            | 56,299,284            | 103.0            | 61,091,862            | -                     | 4,792,578            |
| <b>Total</b>                          | <b>629.5</b>   | <b>\$ 490,508,368</b> | <b>658.0</b>     | <b>\$ 689,951,176</b> | <b>694.0</b>     | <b>\$ 756,369,360</b> | <b>36.0</b>           | <b>\$ 66,418,184</b> |

Note: Variance explanation for the departments were available in the department's write-up.

## GENERAL COUNSEL'S OFFICE

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

### Mission Statement

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

### Core Activities

Legal Services – This activity provides legal advice, guidance and preventive legal measures on regulatory and administrative matters to WSSC Water staff and officials regarding statutory, regulatory and administrative matters. The office also assists in the lawful formulation, adoption, implementation and enforcement of WSSC Water's policies, procedures, rules, regulations and programs.

Claims – This activity involves investigating claims made against WSSC Water to determine liability exposure, assessing damages to determine appropriate settlement value, negotiating liability claims settlement and pursuing claims against responsible third parties for damages incurred by the agency, within delegated levels of authority.

Billed Work – This activity involves investigation of damage to WSSC Water's property caused by others, or damage WSSC Water causes to others.

Ethics Office Administration – The Ethics Officer administers the Code of Ethics and provides support to the Board of Ethics. Responsibilities include maintaining the Financial Disclosure Forms, managing the Lobbyist Registration Awareness Program and associated registration forms and preparing quarterly and annual reports for the Montgomery and Prince George's County Councils. The Ethics Officer handles ethics inquiries, provides ethics training and is responsible for monitoring WSSC Water's standards, policies and procedures to ensure compliance.

## FINANCE DEPARTMENT

The Finance Department maintains the fiscal integrity of WSSC Water and helps ensure available resources are efficiently allocated and productively used to provide value to agency customers at the lowest possible price. Led by the Chief Financial Officer, the department is comprised of the divisions listed below.

### Organizational Structure



### Mission Statement

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

### Budget Summary

| Finance Department                    | FY 2022 Actual |                     | FY 2023 Approved |                     | FY 2024 Approved |                     | Increase / (Decrease) |                   |
|---------------------------------------|----------------|---------------------|------------------|---------------------|------------------|---------------------|-----------------------|-------------------|
|                                       | Work Years     | Amount              | Work Years       | Amount              | Work Years       | Amount              | Work Years            | Amount            |
| Office of the Chief Financial Officer | 3.0            | \$ 912,793          | 5.0              | \$ 1,140,370        | 6.0              | \$ 1,327,765        | 1.0                   | \$ 187,395        |
| Retirement & Investments Division     | 6.0            | 974,033             | 6.0              | 1,022,544           | 6.0              | 991,286             | -                     | (31,258)          |
| Revenue Division                      | 12.9           | 1,288,461           | 14.0             | 1,526,463           | 13.0             | 1,533,105           | (1.0)                 | 6,642             |
| Accounting Division                   | 16.2           | 1,746,184           | 16.0             | 1,713,562           | 17.0             | 1,887,090           | 1.0                   | 173,528           |
| Disbursements Division                | 13.1           | 1,295,917           | 14.0             | 1,391,992           | 14.0             | 1,412,277           | -                     | 20,285            |
| Budget Division                       | 8.5            | 1,410,009           | 9.0              | 1,426,337           | 9.0              | 1,455,957           | -                     | 29,620            |
| <b>Total</b>                          | <b>59.7</b>    | <b>\$ 7,627,397</b> | <b>64.0</b>      | <b>\$ 8,221,268</b> | <b>65.0</b>      | <b>\$ 8,607,480</b> | <b>1.0</b>            | <b>\$ 386,212</b> |

### Explanation of Major Variances

The FY 2024 Approved Budget for the Finance Department reflects an overall increase of 4.7% from the FY 2023 Approved Budget. The increase is primarily due to increased staffing in the Office of the Chief Financial Officer and increases in salaries and wages.

### Accomplishments

- Prepared and delivered Bond Rating Agency presentations and maintained a AAA Bond Rating from all three agencies
- Successfully completed a G.O. Bond sale of \$336.995M which included \$18.45M in Green Bonds. These are 30-year bonds with a true interest cost of 3.77%
- Completed a cost-of-service study that recommended greater reliance on fixed charges to stabilize revenues and increase CAP subsidies. Negotiated new rates with three wholesale customers

## FINANCE DEPARTMENT (Continued)

### Accomplishments (Continued)

- Prepared and delivered numerous presentations on CIP and capital and operating budgets to elected officials and county staffs resulting in support for a 7.0% rate increase for FY24
- Initiated more formal tracking of loss control recommendations and reached decisions on 49 of 93 outstanding recommendations
- Prepared 13 grant applications totaling over \$889M and obtained \$100M in MDE low-cost loan financing, including \$23M in principal forgiveness, for sewer reconstruction, water main replacement, the Piscataway Bioenergy project, and lead service line inventory and replacement
- Closed agreements for \$40M in low-interest loan funding, including \$2.5M in principal forgiveness for the Piscataway Bioenergy project. Disadvantaged rate of 0.80% on both loans
- Substantial completion of GL Wand implementation
- GFOA Distinguished Budget Award

### Racial Equity and Social Justice

- The Finance Department diligently focuses on performing its mission, contributing to revenue and expense management to assure financial access to WSSC Water's essential services at the most reasonable costs to all populations

## OFFICE OF THE CHIEF FINANCIAL OFFICER

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

### Core Activities

Grants Administration and Capital Funding – This activity administers Maryland Water Quality loans and grant monies received from the EPA and the MDE. The office is also responsible for all efforts associated with bond and note operations, and Maryland Water Quality loan administration.

## RETIREMENT & INVESTMENTS DIVISION

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

### Core Activities

Retirement Administration – This activity administers WSSC Water's Employees' Retirement Plan by providing retirement benefits counseling for employees and processing monthly annuity payments to retirees in accordance with the Plan and Internal Revenue Service regulations.

Investment Operations – This activity invests WSSC Water's funds in accordance with Maryland law.

## RETIREMENT & INVESTMENTS DIVISION (Continued)

### REVENUE DIVISION

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

#### Core Activities

Revenue Operations – This activity includes processing, depositing and recording all revenue received by WSSC Water, including payments for water and sewer bills, billed work invoices, grants, permits, and other miscellaneous revenue.

Assessments Preparation and Services – This activity identifies properties within Montgomery and Prince George's Counties that have newly constructed water and/or sewer mains, completed within the prior calendar year, to determine FFBC assessments. In addition, property usage reclassifications are identified, evaluated and recorded.

### ACCOUNTING DIVISION

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

#### Core Activities

General Ledger – This activity maintains WSSC Water's books and records in a standard that allows the reporting of its operations and financial conditions in accordance with Generally Accepted Accounting Principles.

Research, Special Handling and Special Studies – This activity performs special analyses and studies on both regular and as-needed bases to support management initiatives and rate calculations ensuring that agency decisions and policies are based on accurate data and reliable financial information. In addition, it tests, implements and enhances information technology initiatives.

Capital Assets – This activity maintains, monitors, tracks, analyzes and reports on water and sewer lines, water distribution, wastewater collection, multi-purpose facilities, capital equipment and WSSC Water's vehicle fleet.

Invoicing and Delinquent Accounts – This activity compiles WSSC Water reimbursable costs, prepares invoices and monitors collections. Billings include damages to agency facilities, citations, special cost sharing arrangements, fire hydrant meter leases and final accounting for developer projects.

### DISBURSEMENTS DIVISION

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

#### Core Activities

Accounts Payable – This activity processes supplier and procurement card invoices, customer refunds and claims, travel advances, and employee reimbursements; generates disbursement checks; makes electronic payments; and makes note, bond principal and interest expense payments. This activity includes verification of payment request and procurement card policy compliance, travel regulations and 1099-Miscellaneous reporting.



## DISBURSEMENTS DIVISION (Continued)

### Core Activities (Continued)

Maintenance of Debt Service Records – This activity prepares, maintains and reconciles WSSC Water’s notes program and debt service schedules and tables and prepares debt service information booklets.

Health, Dental and Other Benefits Accounting – This activity maintains and reconciles the financial records for the agency’s benefit plans, including health care, dental and life insurance.

Bank Account Reconciliations – This activity prepares timely reconciliations of all WSSC Water bank accounts, including checking, collection, general receiving, disbursing, investment, payroll and restoration bank accounts.

Payroll Processing – This activity is responsible for the accurate and timely preparation, control and distribution of the bi-weekly payroll; complying with all federal and state regulations and reporting; and preparation and distribution of employee W-2 statements.

## BUDGET DIVISION

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

### Core Activities

CIP and Budget Preparation and Administration – This activity prepares and transmits a proposed CIP budget by October 1st, and an operating and CIP budget by March 1st of each year to both Counties. Preparation includes developing assumptions, workload projections, guidance policies, project costs, expenditure timelines, procedures and formats, performance measures and analyzing the results, while maintaining relationships with the Counties regarding budgetary and fiscal policies. The budgets are presented to the General Manager, Commissioners and County staffs.

Financial Planning and Studies – This activity prepares long-range financial policies, conducts special studies and analyses including those driven by government mandates, prepares the agency’s Monthly Status Report and provides support to the Spending Affordability Groups.

### Goals, Objectives and Outcome Measures

Goal: Produce a sound, affordable capital spending program.

Strategic Priority: Spend Customer Dollars Wisely

| Objectives  | Outcome Measure  | FY 2021<br>Actual / Target | FY 2022<br>Actual / Target | FY 2023<br>Target | FY 2024<br>Target |
|---|--|----------------------------|----------------------------|-------------------|-------------------|
| Maintain the amount of rate supported water and sewer debt below 40% of total water and sewer operating expenditures. | Ratio of water and sewer debt service to total water and sewer operating expenditures. | 38.3% / 37.3%              | 37.7% / 36.7%              | 37.5%             | 35.5%             |

## BUDGET DIVISION (Continued)

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

| Objectives   | Outcome Measure                 | FY 2021<br>Actual / Target | FY 2022<br>Actual / Target | FY 2023<br>Target | FY 2024<br>Target |
|--|---------------------------------|----------------------------|----------------------------|-------------------|-------------------|
| Maintain a debt service coverage ratio (DSCR) greater than 1.5 | Ratio of debt service coverage. | 1.01 / 1.01                | 1.33 / 1.04                | 1.3               | 1.3               |

Goal: Minimize borrowing costs.

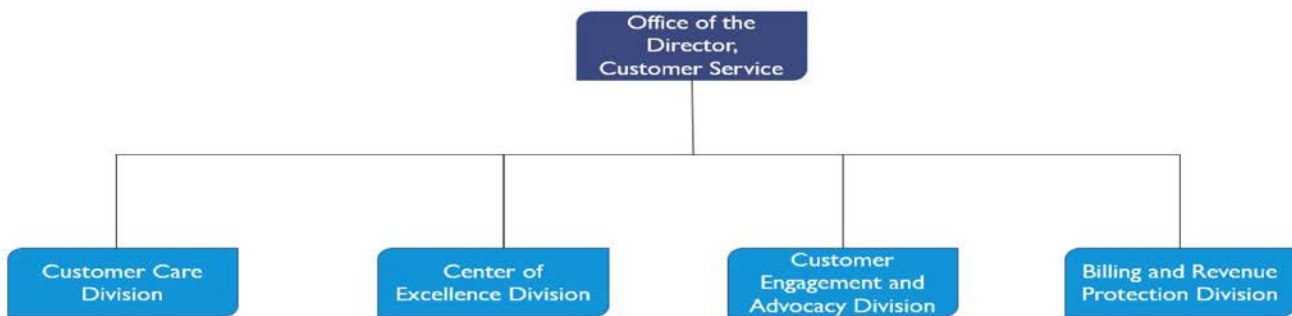
Strategic Priority: Spend Customer Dollars Wisely

| Objectives   | Outcome Measure   | FY 2021<br>Actual / Target | FY 2022<br>Actual / Target | FY 2023<br>Target | FY 2024<br>Target |
|--|---|----------------------------|----------------------------|-------------------|-------------------|
| Maintain Fitch Ratings, Moody's Investor Service, and/or S&P Global Ratings bond ratings of AAA/Aaa/AAA. | Bond ratings: (Fitch Ratings / Moody's Investor Service / S&P Global Ratings) | AAA/Aaa/AAA / AAA/Aaa/AAA  | AAA/Aaa/AAA / AAA/Aaa/AAA  | AAA/Aaa/AAA       | AAA/Aaa/AAA       |

## CUSTOMER SERVICE DEPARTMENT

The Customer Service Department is responsible for providing residential and commercial customers with timely, accurate, and responsive account services and customer financial assistance solutions to help pay their water and sewer bills. The Department helps customers understand the rates for water and sewer services, initiates start and stop services, and educates customers about topics ranging from water consumption to finding household plumbing leaks. Key priorities for the Customer Service Department include improving the overall customer experience and streamlining operations to improve customer satisfaction. Specific initiatives include continued stabilization and optimization of the customer-to-meter billing system, development and expansion of customer financial assistance programming, and customer self-service enhancements. Led by Director of Customer Service, the department is comprised of the divisions in the following chart.

### Organizational Structure



### Mission Statement

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

### Budget Summary

| Customer Service Department              | FY 2022 Actual |                      | FY 2023 Approved |                      | FY 2024 Approved |                      | Increase / (Decrease) |                     |
|--|----------------|----------------------|------------------|----------------------|------------------|----------------------|-----------------------|---------------------|
|  | Work Years     | Amount               | Work Years       | Amount               | Work Years       | Amount               | Work Years            | Amount              |
| Office of the Director, Customer Service | 4.9            | \$ 551,598           | 4.0              | \$ 3,654,405         | 4.0              | \$ 562,993           | -                     | \$ (3,091,412)      |
| Customer Care Division                   | 62.0           | 6,276,092            | 54.0             | 6,076,209            | 60.0             | 6,190,646            | 6.0                   | 114,437             |
| Center of Excellence Division            | 6.9            | 674,530              | 5.0              | 735,372              | 12.0             | 1,642,095            | 7.0                   | 906,723             |
| Customer Engagement & Advocacy Division  | 6.1            | 771,342              | 6.0              | 829,950              | 7.0              | 963,120              | 1.0                   | 133,170             |
| Billing & Revenue Protection Division    | 38.4           | 6,228,906            | 25.0             | 5,425,389            | 44.0             | 7,056,037            | 19.0                  | 1,630,648           |
| <b>Total</b>                             | <b>118.3</b>   | <b>\$ 14,502,468</b> | <b>94.0</b>      | <b>\$ 16,721,325</b> | <b>127.0</b>     | <b>\$ 16,414,891</b> | <b>33.0</b>           | <b>\$ (306,434)</b> |

### Explanation of Major Variances

The FY 2024 Approved Budget for the department reflects an increase of 31 workyears the cost of which is offset by \$3 million reduction in temporary services. The new positions are spread across 3 divisions: 6 to Customer Care, 7 to Center of Excellence and 18 to Billing & Revenue. Additionally, interdivisional workyear transfers are made to address operational needs. Overall there is slight decrease in the budget.

## CUSTOMER SERVICE DEPARTMENT (Continued)

### Highlights

- Customer service optimization to improve performance in the Customer Call Center
- Continued funding for enhancements to financial assistance programs that will provide conservation kits, plumbing inspections for qualified customers and high bill leak adjustment assistance to qualified customers
- Continued development of customer financial assistance programming

### Accomplishments

- Maintained billing timeliness by billing 99.9% of customer accounts in a timely manner
- Successfully transitioned to hybrid remote/in office customer service operations from fully remote operations
- Grew the number of customers enrolled in Customer Assistance Program (CAP) by over 10.0% from FY 2021
- Resumed turnoffs, reducing peak delinquencies by 14.5%, while continuing to offer generous payment plans to customers and supporting the Low-Income Household Water Assistance Program (LIHWAP), Maryland Homeowner Assistance Fund and several other assistance programs
- Expanded customer outreach and engagement including distribution of over 500,000 customer financial assistance inserts in bills and letters
- Implemented Customer Service Power BI dashboards and robotic process automation to provide reports and improve efficiency in processing
- Enhanced interactive voice response system and call management system to provide Spanish language information, self service, and customer service

### Racial Equity and Social Justice

- WSSC Water recognized the devastating impact of the pandemic on our community and suspended late fees and water service turnoffs from March 2020 to August 2021. As turnoffs resumed, WSSC Water encouraged customers to establish payment plans to avoid turnoffs and supported LIHWAP, Maryland Homeowner Assistance Fund and several other assistance programs. We will continue robust customer engagement to connect with customers about financial assistance options. We will continue developing new customer financial assistance programs and implementing enhancements to further support vulnerable and hard-to-reach customers. Focus will be on reducing the barriers that prevent customers from accessing these programs.

## OFFICE OF THE DIRECTOR, CUSTOMER SERVICE

Specific initiatives include optimization of the Customer-to-Meter (C2M) billing system, development and expansion of customer financial assistance programming and customer self-service enhancements.

### Core Activities

Management and Administration – This activity involves the management and supervision of the Customer Care, Center of Excellence, Customer Engagement & Advocacy and Billing & Revenue Protection divisions.

## CUSTOMER CARE DIVISION

The Customer Care Division serves as the voice of WSSC Water for customer oriented services and is comprised of the Customer Service Center and Research & Communications Section. The division responds to general and complex customer requests, such as customer assistance with billing matters, research and analysis and assisting our walk-in customers.

### Core Activities

Customer Correspondence – This activity addresses written correspondence received from WSSC Water customers. Inquiries and communications received via letter, fax or electronic mail are entered into the C2M database to accurately reflect the customer's account history.

Dispute Resolution/Refund Hearings – This activity focuses on all aspects of the dispute resolution and/or refund hearing process and the administrative functions necessary to track, evaluate and prepare information associated with the hearings.

Customer Account Inquiry (Non-Emergency) – This activity addresses customers' billing issues stemming from telephone conversations and walk-in inquiries. Specifically, this activity includes analyzing account records regarding household customer water use habits; generating work orders; scheduling and evaluating field service activities in the C2M database such as inspections, field investigations and restoration of service; and educating customers on such topics as sources of water loss, water conservation and customer assistance programs.

### Goals, Objectives and Outcome Measures

Goal: Provide a quick response to customers problems or Strategic Priority: Enhance customer experience system emergencies

| Objectives                                  | Outcome Measure                                    | FY 2021<br>Actual / Target | FY 2022<br>Actual / Target | FY 2023<br>Target | FY 2024<br>Target |
|---|--|----------------------------|----------------------------|-------------------|-------------------|
| Provide timely response to customer queries | Percentage of calls answered (non-emergency calls) | 80.0% / 87.0%              | 71.0% / 87.0%              | 90.0%             | 90.0%             |
| Reliable, consistent and timely billing     | Accounts billed on-time                            | 99.8% / 99.5%              | 99.9% / 99.8%              | 99.9%             | 99.9%             |

## CENTER OF EXCELLENCE DIVISION

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

### Core Activities

Workforce Management and Quality Assurance and Training – This activity includes developing and managing strategies related to workforce optimization, quality assurance, employee engagement, departmental performance and training.

Process and Technology – This activity includes developing and managing strategies via continuous process improvement and technological innovation.

## CUSTOMER ENGAGEMENT & ADVOCACY DIVISION

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

## CUSTOMER ENGAGEMENT & ADVOCACY DIVISION (Continued)

### Core Activities

Customer Awareness – This activity focuses on educating WSSC Water external customers on water conservation and publishing and distributing material on WSSC Water’s contributions to the surrounding communities. The activity also involves informing customers of any projects or events that will impact their water and sewer service.

## BILLING & REVENUE PROTECTION DIVISION

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

### Core Activities

Billing and Revenue Protection – This activity ensures effective and efficient billing, accounts receivable collection functions and fraud management. Additionally, the division assesses and authorizes requests for billing adjustments, manages delinquent accounts and reconciles billing.

Water and Sewer Bill Composition and Printing – This activity comprises the design, composition, printing and distribution of electronic and paper water and sewer bills to customers.

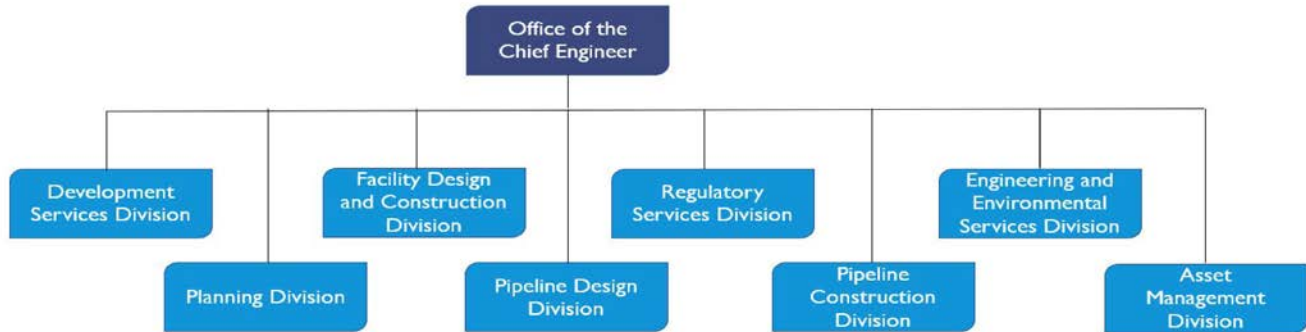
Customer Account Maintenance – This activity is associated with processing bill adjustments granted to customers who meet the adjustment policy criteria, updating adjustments to customer accounts in the C2M database and investigating refund requests, which may result in customer account modifications.

Monthly Bill Customer Account Inquiry – This activity determines appropriate actions to ensure that customers are billed accurately, particularly large users. The activity also ensures that malfunctioning meters which inaccurately measure consumption are properly identified, investigated and either repaired or replaced.

## ENGINEERING & CONSTRUCTION DEPARTMENT

The Engineering & Construction (E&C) Department manages the planning, design and construction of the water and sewer systems throughout the Washington Suburban Sanitary District (WSSD), and serves as the water and sewer regulatory body that protects the system and the public. The department emphasizes continuous improvement through the development and management of its people, the efficient use of existing and emerging technologies and the use of scientific, engineering and business knowledge to proactively solve practical problems. Led by the Chief Engineer, the department is comprised of the divisions shown in the following chart.

### Organizational Structure



### Mission Statement

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

### Budget Summary

| Engineering & Construction Department         | FY 2022 Actual |                       | FY 2023 Approved |                       | FY 2024 Approved |                       | Increase / (Decrease) |                      |
|---|----------------|-----------------------|------------------|-----------------------|------------------|-----------------------|-----------------------|----------------------|
|   | Work Years     | Amount                | Work Years       | Amount                | Work Years       | Amount                | Work Years            | Amount               |
| Office of the Chief Engineer                  | 1.8            | \$ 269,792            | 2.0              | \$ 11,109,747         | 2.0              | \$ 12,001,372         | -                     | \$ 891,625           |
| Development Services Division                 | 49.4           | 5,484,755             | 50.0             | 5,723,377             | 50.0             | 5,841,886             | -                     | 118,509              |
| Planning Division                             | 13.8           | 20,161,481            | 14.0             | 81,122,525            | 16.0             | 85,430,502            | 2.0                   | 4,307,977            |
| Facility Design & Construction Division       | 27.0           | 151,041,617           | 31.0             | 192,333,080           | 30.0             | 182,045,098           | (1.0)                 | (10,287,982)         |
| Pipeline Design Division                      | 35.6           | 17,979,392            | 41.0             | 32,539,744            | 44.0             | 36,206,244            | 3.0                   | 3,666,500            |
| Regulatory Services Division                  | 73.4           | 7,120,178             | 78.0             | 7,493,947             | 78.0             | 7,778,006             | -                     | 284,059              |
| Pipeline Construction Division                | 78.5           | 195,566,720           | 83.0             | 251,766,991           | 83.0             | 315,060,783           | -                     | 63,293,792           |
| Engineering & Environmental Services Division | 54.4           | 8,389,878             | 62.0             | 13,421,022            | 60.0             | 12,531,948            | (2.0)                 | (889,074)            |
| <b>Total</b>                                  | <b>333.9</b>   | <b>\$ 406,013,813</b> | <b>361.0</b>     | <b>\$ 595,510,433</b> | <b>363.0</b>     | <b>\$ 656,895,839</b> | <b>2.0</b>            | <b>\$ 61,385,406</b> |

## ENGINEERING & CONSTRUCTION DEPARTMENT (Continued)

### Explanation of Major Variances

The FY 2024 Approved Budget for the E&C Department reflects an overall increase of 10.3% from the FY 2023 Approved Budget. The operating budget for the department increased by \$4.3 million, an increase of 7.9%. The increase is associated with an increase in the water reconstruction work and is offset in part by a decrease in sewer reconstruction work. The department's capital budget increased by \$57.1 million or 10.5%. Recent rise in inflation is the primary source of the increase to the capital budget coupled with the FY 2023 reductions. This resulted in an increase to water rehabilitation and sewer and water reconstruction work and is offset in part by a decrease in the Piscataway Bioenergy project.

Overall, 5 new positions are added to the E&C department that consists of 2 plumbing inspectors and 3 project managers for the water and sewer infrastructure projects. Additional work years changes were done to address the department's operational needs including 3 transfers to Production and 1 to Laboratory Division and 1 transfer from Innovation & Research Division.

### Highlights

- WSSC Water continues to comply with all aspects of the Sanitary Sewer Overflow Consent Decree with all sewer assets completed and the required 2-year monitoring period that follow
- WSSC Water Potomac WFP Consent Decree Program was in design and construction during FY 2022 and FY 2023. The Potomac solids handling building expansion is continuing construction in FY 2023 and has a projected completion date of February 2023. The gravity thickener expansion construction will begin in FY 2023 and has a projected completion of July 2025. The sediment basin backwash improvements are currently under construction in FY 2023 and has a projected completion date of January 2026
- The Piscataway Bioenergy project construction started in FY 2020 and will continue in FY 2023 with a estimated completion date of November 2024

### Accomplishments

- The distribution and transmission main replacement programs completed 29.8 miles of rehabilitation in FY 2023

### Racial Equity and Social Justice

- The E&C Department implements projects and strives to minimize contract spending disparities in support of the Office of Supplier Diversity and Inclusion (OSDI). The department collaborates with SIO in the production of Commission Performance Reports in the areas of racial equity and social justice.

## OFFICE OF THE CHIEF ENGINEER

The Chief Engineer is responsible for leading and managing the E&C Department.

### Core Activities

Management and Administration – This activity involves the management and supervision of the E&C Department. The Chief Engineer is responsible for leading capital project delivery, regulatory compliance processes, process controls for water and wastewater treatment facilities, and environmental initiatives.

Unsigned System Extension Permit (SEP) – This activity reserves funds for developer projects that do not yet have a signed SEP, in the event WSSC Water has to proceed with development.



## DEVELOPMENT SERVICES DIVISION

The Development Services Division is responsible for the integrity of WSSC Water's water and sewer system through oversight of the planning, design and construction of developer-built water and sewer extensions, VVWPS and relocations. The division also reviews all plumbing, gas-fitting and house connection permit applications; issues permits; collects related fees and charges; administers the System Development Charge (SDC) reimbursement process; and reviews and processes site utility plans, service connection submittals and applicant built construction packages and Release for Service Requests.

### Core Activities

Development Design – This activity includes three stages of design: planning, design review and construction coordination for developer-built land development projects. Planning includes hydraulic analysis, determining the adequacy of existing mains and requirements for the size and alignment of new water and sewer mains, easements and coordination with other jurisdictions. Design review encompasses the review and approval of construction plans of new and/or relocated developer-built water and sewer mains for both WSSC Water and privately-owned systems associated with new development and issuance of all house connection, plumbing and site utility installation permits. Construction coordination involves review and approval of plan revisions during construction, as well as processing partial and final releases and working with other WSSC Water divisions to close-out and store as-built data for completed projects.

Permits – This activity includes reviewing plumbing, gas-fitting and house connection permit applications and issuing permits within the WSSD. It also ensures regulatory requirements are met and assesses and collects levies, related fees and charges.

## PLANNING DIVISION

The Planning Division responsibilities are three-fold. First, it is responsible to ensure adequate capacity of the water treatment, transmission, distribution, and storage systems, as well as the wastewater treatment, collection and conveyance systems for both existing and future customers. Secondly, it is responsible to develop projects and perform preliminary engineering before they are transferred to the design teams in order to expedite the project delivery process. Part of this effort includes several infrastructure replacement programs including water mains, wastewater pumping stations, force mains, and pre-stressed concrete cylinder pipe (PCCP). Lastly, it is responsible to develop new, and manage existing, regional cooperative agreements with adjoining jurisdictions and other agencies with whom WSSC Water shares resources, and to provide technical resources that advise the agency concerning any proposed State and Federal policy initiatives, laws and regulations that may impact its activities. This includes review and approval of all invoices related to WSSC Water's relevant share of the wastewater CIP projects for the District of Columbia Water and Sewer Authority (DC Water) and Charles County.

### Core Activities

Need Analysis & Facility Planning – This activity identifies and develops water and sewer system capacities through computerized hydraulic modelling and identifies deficiencies and solutions to mitigate them. This work is limited to CIP-sized facilities and can include development-related needs. It also develops long-range flow projections, provides technical support for County 10-year water and sewer plan revisions and prepares quarterly reports on available capacity.

Special Investigations and Technical Support – This activity provides operational support for planned and emergency shut-downs, and analysis for PCCP and transmission system inspections and rehabilitation. This work also includes preparing and submitting the annual water audit and water loss reduction plan required by MDE.

Flow Monitoring & Reporting – This activity monitors wastewater flows, reviews data, and develops sewer meter flow reporting used for billing and system operations.

Regulatory Permitting & Compliance – This activity includes the analysis of and response to proposed regulatory initiatives, coordination of comments on proposed legislation and evaluation of environmental legislation that may impact WSSC Water.

## PLANNING DIVISION (Continued)

### Core Activities (Continued)

Regional Water & Wastewater Management – This activity oversees payments to DC Water for WSSC Water's share of construction at the Blue Plains Advanced Wastewater Treatment Plant (Blue Plains) and other wastewater collection and conveyance facilities located in Washington, D.C. The division also oversees capital billing and reviews the preparation of Blue Plains and Mattawoman WRRF (located in Charles County) CIP projects. This activity also includes developing new and managing existing agreements with adjoining jurisdictions such as Howard County, the City of Bowie and the City of Rockville, as well as regional water supply cooperative agreements and planning activities through the Interstate Commission on the Potomac River Basin (ICPRB).

Replacement Planning – This activity pertains to all planning work associated with the water main, wastewater pump station, force main, large valve and meter valve replacement and facility replacement programs.

PCCP Investigations and Analysis – This activity represents all work associated with the planning efforts on the PCCP replacement program.

### Activity Indicators

| Workload Data  | FY 2021<br>Actual | FY 2022<br>Actual | FY 2023<br>Approved | FY 2024<br>Approved |
|--|-------------------|-------------------|---------------------|---------------------|
| Equipment fleet managed (pieces of equipment)                          | 692               | 664               | 685                 | 670                 |
| Vehicle fleet managed (number of vehicles)                             | 951               | 933               | 930                 | 930                 |
| Scheduled preventative maintenance completed on vehicles and equipment | 3,318             | 3,061             | 3,400               | 3,400               |
| Other (non-preventative maintenance) vehicle and equipment repairs     | 6,197             | 6,781             | 6,500               | 6,800               |

## FACILITY DESIGN & CONSTRUCTION DIVISION

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

### Core Activities

Facility Planning and Design – This activity funds and manages select architecture and engineering contracts and in-house resources designing major facility projects and investigating specific WSSD areas needing additional facilities serving existing and future customers.

Facility Construction – This activity funds and manages facility construction projects, including ensuring contract terms, general conditions, project designs and specifications are fulfilled; reviewing submittals; processing contractor requests for information; reviewing and processing monthly and final payment requests; administering and negotiating change orders; evaluating claims; and closing out the project.



## PIPELINE DESIGN DIVISION

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



### Core Activities

**Pipeline Design** – This activity prepares and manages contract design documents for CIP water and sewer main projects and the water and sewer reconstruction programs, including project scope preparation and design, overseeing consultants, performing technical reviews, industry analysis and benchmarking studies, coordinating community outreach and acquiring rights-of-way permits.

**Water and Sewer Relocations** – This activity reviews construction plans for new roads and other WSSC Water, government agency and private sector construction. It also administers and monitors architectural and engineering contracts required for governmental road construction projects. In addition, the division prepares designs for relocating existing water and sanitary sewer systems.

### Goals, Objectives and Outcome Measures

**Goal:** Provide reliable computing services to all users in order to deliver information and data in the timeframe required to support decision

**Strategic Priority:** Optimize Infrastructure

| Objectives   | Outcome Measure               | FY 2021<br>Actual / Target | FY 2022<br>Actual / Target | FY 2023<br>Target | FY 2024<br>Target |
|--|-------------------------------|----------------------------|----------------------------|-------------------|-------------------|
| Design the number of miles for the Water Reconstruction Program as planned | Miles of water mains designed | 27.9/25.0                  | 25.0/25.0                  | 10.0**            | 22.00             |
| Design the number of miles for the Sewer Reconstruction Program as planned | Miles of sewer mains designed | 29.4/25.0*                 | 27.5/33.0                  | 33.0              | 33.0              |

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

\*\* In FY 2023, the miles of water mains designed were reduced to 10.0 miles due to the CIP budget reductions.

## REGULATORY SERVICES DIVISION

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

### Core Activities

Code Planning and Plans Review – This activity plans, develops and maintains the technical aspects of WSSC Water's Plumbing and Fuel Gas Code along with performing all plumbing and gas-fitting engineering design reviews and approvals.

Cross Connection – This activity includes inspection of backflow prevention devices, maintenance of inspection records and all activities associated with the WSSC Water backflow prevention program.

Plumbing and Gas-Fitting Inspections – This activity inspects for proper permitting and installations, in compliance with WSSC Water's Plumbing and Fuel Gas Code, of installed commercial and residential plumbing and gas-fitting systems and grease abatement systems for construction projects.

Industrial Discharge Control Program – This activity monitors and controls industrial/non-domestic and hauled waste discharged into WSSC Water's sanitary sewer systems in compliance with all government regulations and investigates, samples, permits and reviews industry reports to confirm industry regulation compliance.

Fats, Oils and Grease (FOG) Program – This activity monitors and controls the food service industry discharge of fats, oils and grease into the sewer systems; investigates sanitary sewer blockages and overflows resulting from FOG discharges; and initiates enforcement actions.

## PIPELINE CONSTRUCTION DIVISION

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

### Core Activities

Construction Management – This activity provides for management and inspection for all pipeline construction projects, including new house connections, pipeline relocations, site utilities and rehabilitations. Rehabilitation contracts include water and sewer replacement, water main cleaning and lining, large water meter replacement, cathodic protection, house connection renewals and sewer main lining. It also includes inspection of work performed by others, such as developers and relocations by state, County, and municipal agencies.

Street Repair and Restoration – This activity manages and inspects street and landscaping restoration contracts, including processing internal patch tickets, issuing work orders, supervising consultant paving inspectors, inspecting sites, coordinating permit requirements with County regulators and managing contractor payments.

Contract Document Review – This activity reviews prepared construction and bid contract documents to achieve quality, cost effectiveness and timeliness in the deliverables.

## PIPELINE CONSTRUCTION DIVISION (Continued)



### Goals, Objectives and Outcome Measures

**Goal:** Provide reliable computing services to all users in order to deliver information and data in the timeframe required to support decision

**Strategic Priority:** Optimize Infrastructure

| Objectives   | Outcome Measure                                      | FY 2021<br>Actual /<br>Target | FY 2022<br>Actual /<br>Target | FY 2023<br>Target | FY 2024<br>Target |
|--|--|-------------------------------|-------------------------------|-------------------|-------------------|
| Replace the number of miles for the Water Reconstruction Program as planned  | Miles of water mains replaced                        | 26.3 / 23.0                   | 26.8 / 29                     | 23.0              | 25.0              |
| Rehabilitate the number of miles of sewer mains and lateral lines for the Sewer and Trunk Sewer Reconstruction Programs as planned | Miles of sewer mains and lateral lines rehabilitated | 24.5 / 38.0*                  | 27.5 / 42                     | 42.0              | 25.0              |

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

\*\*In FY 2023, the miles of water mains replaced were reduced to 23.0 miles due to CIP budget reductions.

## ENGINEERING & ENVIRONMENTAL SERVICES DIVISION

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

### Core Activities

**Construction Contract Services** – This activity reviews and produces contract bid documents for all construction, rehabilitation and new and renewal house connection contracts. The division also calculates and validates engineer bid estimates and contractor market responses.



## ENGINEERING & ENVIRONMENTAL SERVICES DIVISION (Continued)

### Core Activities (Continued)

GIS Services – This activity develops and maintains the web-based Enterprise Geographic Information System (EGIS) including: development, installation and programmatic oversight; collaboration with government agencies and other entities; and providing GIS data access to WSSC Water employees and other entities.

Electrical and Mechanical Support – This activity provides electrical and mechanical support including: asset management, ongoing project engineering and construction projects, research and evaluation of associated materials and methods and emerging technologies and traditional practices. The activity includes facility master plans, standardization, in-house engineering and technical support.

Civil Engineering Support – This activity provides in-house general civil, hydraulic, structural, corrosion and geotechnical engineering expertise to support asset management. It includes reviewing pipeline and facility designs, specification documents, manuals and guidelines, studies, shop drawings and preparing contract documents and specialty designs.

Infrastructure Management – This activity includes the Dam Safety and Inspection Program and the Corrosion Management Program. The Dam Safety and Inspection Program includes monthly water supply dam inspections and repair recommendations, piezometer readings, silt measurements and preparation of the annual dam report submitted to the state. The Corrosion Management Program includes monitoring approximately 1,500 corrosion test stations, providing and coordinating corrosion design and repair recommendations and developing and maintaining corrosion design guidelines.

Property and Rights-of-Way Acquisition – This activity provides real estate acquisition and rights-of-way support relating to new development, capital pipelines and facility projects. The services include preparing land plats and documents, legal descriptions and sketches and maintaining the real property inventory. Mapping is reviewed and entered into the EGIS.

Surveys – This activity provides water and sewer design surveys through completion of final as-built drawings for maintenance and future design. It also includes locating structures for maintenance and field verification of assets for the EGIS.

Engineering Records – This activity supports quality control and tracking of engineering plans and as-built drawings, including scanning, indexing and uploading record drawings into WSSC Water's Webmap.

Process Engineering and Water Quality Studies – This activity provides treatment process expertise and services for in-house projects, external studies and designs related to treatment of water and wastewater, including managing biosolids and related permits. The division ensures quality process engineering and site-specific services to meet regulations. In addition, it is the technical liaison with industry foundations and agencies to give WSSC Water access to research efforts and results.

Water Resources Protection – This activity develops strategies for water quality assessment and protection, including coordinating with outside agencies to pursue watershed and source water quality protection, collecting water samples, long-term modeling of land use on raw water and obtaining grant funding for evaluation and preventive measures.

## ASSET MANAGEMENT DIVISION

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

### Mission Statement

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

## ASSET MANAGEMENT DIVISION (Continued)

### Core Activities

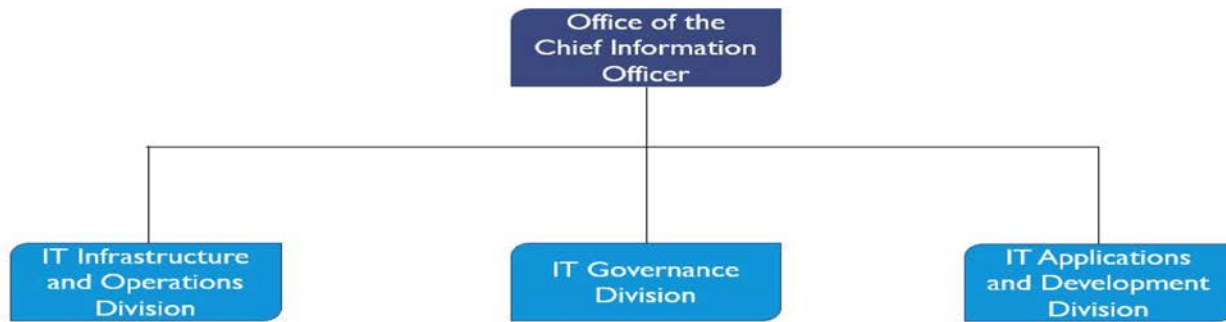
Asset Management Program – This activity involves the development and implementation of the WSSC Water Asset Management Program. The program includes the development of asset management plans, processes and procedures for all WSSC Water facility assets, water transmission and distribution assets, wastewater collection assets and support service facility assets. This effort is being delivered in multiple phases over a number of years. In addition, the office oversees WSSC Water's Project Needs Validation Process, which focuses on identifying the most effective solution based upon lifecycle costs, risk and level of service.

Business Case Evaluations – This activity performs evaluations to determine the most effective solutions to validated needs based upon lifecycle cost, business risk exposure and level of service.

## INFORMATION TECHNOLOGY DEPARTMENT

The Information Technology (IT) Department provides information technology support services and resources (hardware, software and communications) to enhance customer service, to improve operational efficiencies and to reduce overall operating costs. The IT Department, led by the Chief Information Officer, is comprised of the divisions shown in the following chart.

### Organizational Structure



### Mission Statement

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

### Budget Summary

|   | FY 2022 Actual |                      | FY 2023 Approved |                      | FY 2024 Approved |                      | Increase / (Decrease) |                     |
|---|----------------|----------------------|------------------|----------------------|------------------|----------------------|-----------------------|---------------------|
|   | Work Years     | Amount               | Work Years       | Amount               | Work Years       | Amount               | Work Years            | Amount              |
| Information Technology Department       |                |                      |                  |                      |                  |                      |                       |                     |
| Office of the Chief Information Officer | 9.0            | \$ 4,255,765         | 10.0             | \$ 4,991,902         | 10.0             | \$ 5,245,332         | -                     | \$ 253,430          |
| IT Infrastructure & Operations Division | 31.6           | 17,865,422           | 35.0             | 18,783,457           | 35.0             | 20,569,463           | -                     | 1,786,006           |
| IT Governance Division                  | 15.5           | 5,879,460            | 19.0             | 8,414,459            | 19.0             | 7,546,011            | -                     | (868,448)           |
| IT Applications & Development Division  | 31.2           | 25,085,280           | 39.0             | 24,109,466           | 39.0             | 27,731,057           | -                     | 3,621,591           |
| <b>Total</b>                            | <b>87.3</b>    | <b>\$ 53,085,927</b> | <b>103.0</b>     | <b>\$ 56,299,284</b> | <b>103.0</b>     | <b>\$ 61,091,863</b> | <b>-</b>              | <b>\$ 4,792,579</b> |

### Explanation of Major Variances

The FY 2024 Approved Budget reflects an increase of approximately 8.5% above the FY 2023 Approved Budget. The increase is primarily due to upgrades to systems that are end of life and implementation of new technologies.

### Highlights

- Expansion of mobile radio system for Utility Services Department. Approximately 100 additional radios will be installed within their fleets for more efficient intercommunications
- Installation of new Motorola radio dispatch console for the Police and Homeland Security Office



## INFORMATION TECHNOLOGY DEPARTMENT (Continued)

### Accomplishments

- Deployed planned potable water discharge application, which calculates and records planned potable water discharges and automatically reports to the Maryland Department of the Environment discharges at or exceeding 100,000 gallons
- Conducted full annual IT disaster recovery exercise
- Deployed retiree payroll pension system which replaced the 40-plus year-old legacy application
- Launched GIS Adopt a Fire Hydrant application for WSSC Water external customers. This application is accessible by WSSC Water customers and will allow them to adopt WSSC Water fire hydrants and augment WSSC Water's ongoing customer education and customer relations efforts
- Launched the WSSC Water mobile application for users, allowing external customers to explore WSSC Water's watershed and obtain more information about WSSC Water
- Launched the crew utilization dashboard for the Utility Services Department, giving more insight to WSSC Water field teams

### Racial Equity and Social Justice

- The IT department diligently focuses on performing all its mission elements within the parameters of the approved budget, contributing to cost containment to assure economical access to WSSC Water's essential services at the most reasonable costs to all populations
- Our contracting approach assures a high level of participation by small, local and minority business enterprises contributing to development of small and disadvantaged business entities within and around WSSC Water's service area

## OFFICE OF THE CHIEF INFORMATION OFFICER

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

### Core Activities

IT Security – This activity involves managing and developing the strategic direction for WSSC Water's enterprise information technology security framework and activities. It encompasses all IT projects or initiatives directly supporting the agency's cyber security programs.

IT Finance and Contract Administration – This activity provides accurate, timely and meaningful budget and financial information to support decision-making and effective and efficient management of resources for the successful operation of the IT applications and services provided to WSSC Water and its stakeholders and supports the procurement of goods and services in order to provide readily accessible IT services to the agency.

### Goals, Objectives and Outcome Measures

Goal: Manage the IT budget in the most cost-effective and fiduciary manner      Strategic Priority: Spend Customer Dollars Wisely

| Objectives | Outcome Measure | FY 2021<br>Actual / Target | FY 2022<br>Actual / Target | FY 2023<br>Target | FY 2024<br>Target |
|------------|-----------------|----------------------------|----------------------------|-------------------|-------------------|
|------------|-----------------|----------------------------|----------------------------|-------------------|-------------------|

## OFFICE OF THE CHIEF INFORMATION OFFICER (Continued)

| Objectives  | Outcome Measure  | FY 2021<br>Actual / Target | FY 2022<br>Actual / Target | FY 2023<br>Target | FY 2024<br>Target |
|---|--|----------------------------|----------------------------|-------------------|-------------------|
| IT Invoices approved within IT to support net 30 payments | Percentage of IT invoices approved within 15 calendar days | 94.0%/90.0%                | 96.0%/95.0%                | 97.0%             | 98.0%             |

## IT INFRASTRUCTURE & OPERATIONS DIVISION

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



### Core Activities

IT Customer Support Operations – This activity supports WSSC Water’s information technology users through the IT solution center and platform technologies. The IT solution center is responsible for monitoring, maintaining and supporting all agency desktop, laptop and mobile workforce initiatives and operations. Platform technologies are primarily responsible for the agency’s server and storage infrastructure. This includes assessing, implementing and maintaining server and storage technologies; and developing an IT strategic plan to ensure the stability and availability of these foundational elements.

Network Operations Center – This activity provides day-to-day oversight and management of WSSC Water’s data centers, mainframe operations, data network and telecommunications infrastructure. This includes management of a mission-critical data center and infrastructure operation; and oversight of related infrastructure activities throughout the entire product lifecycle, from requirements gathering through implementation, and to all subsequent ongoing production and on-call support.

IT Architecture – This activity is responsible for collaborating with other IT teams on the design and planning of WSSC Water IT infrastructure. The IT Architect is also instrumental in disaster recovery planning, reviewing and testing of WSSC Water’s IT infrastructure.

Platform Technologies – This activity includes assessing, implementing and maintaining WSSC Water’s server, storage, and backup infrastructure. This activity is also responsible for authentication and directory services along with Microsoft 365 support to include email, Microsoft Teams and other Microsoft technologies.

Voice and Data Networks – This activity is responsible for WSSC Water’s voice and data network infrastructure. This includes maintenance and support of routing and switching, firewalls, internet connections, Wi-Fi, Avaya private branch exchange, interactive voice response system, virtual private network, and contact center applications.

Telecommunications – This activity manages WSSC Water’s SCADA point-to-point microwave communications infrastructure. This activity is also responsible for maintenance and management support of uninterrupted power supply, telephone and network cabling, two-way radio communication and cellular tower leasing.

## IT INFRASTRUCTURE & OPERATIONS DIVISION (Continued)

### Goals, Objectives and Outcome Measures

Goal: Provide reliable computing services to all users in order to deliver information and data in the timeframe required to support decision. Strategic Priority: Optimize Infrastructure

| Objectives  | Outcome Measure  | FY 2021<br>Actual / Target | FY 2022<br>Actual / Target | FY 2023<br>Target | FY 2024<br>Target |
|---|--|----------------------------|----------------------------|-------------------|-------------------|
| Ensure high availability of critical business systems | Percentage of time that the critical systems are available                   | 99.9% / 97.0%              | 99.9% / 97.0%              | 97.0%             | 97.0%             |
| Ensure high availability of the network               | Percentage of time that the network is available across all WSSC Water sites | 99.9% / 97.0%              | 99.9% / 97.0%              | 97.0%             | 97.0%             |

## IT GOVERNANCE DIVISION

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

### Core Activities

Project Management – The project management office promotes the adoption of project management best practices to support the successful and timely implementation of projects. Using standard methodology, tools and templates, the project management office provides core services of managing and monitoring projects and mentoring functional project managers.

Portfolio Management – The enterprise program management office assists the senior leadership team in the prioritization of project proposals which strongly support the realization of WSSC Water's strategic priorities.

Business Analysis – This activity includes analyzing and documenting current business processes and workflows in as-is diagrams, outlining process improvements, making recommendations to streamline business processes and workflows and documents the proposed future state in to-be diagrams. The core activities of business analysis include elicitation, facilitation, requirements development, business process analysis and business process re-engineering.

Technical Writing – This activity includes gathering, developing and publishing clear, high-quality documentation for business partners across WSSC Water. The team creates templates, maintains and updates documentation, edits material, formats content and sets standards for conciseness, clarity and consistency.

IT Quality Assurance – This activity concentrates on the software testing and software quality assurance processes across the software development lifecycle. Working in conjunction with various development teams to set objectives, scope and strategies for IT quality assurance at the agency, critical success factors are identified and various processes and strategies are developed to mitigate those risks through developing, testing and benchmarking of a toolkit and methodology.

IT Asset Management – The IT asset management group manages the cost, risk and compliance associated with IT hardware and software assets by creating and promoting processes and procedures in line with IT asset management best practices.

IT Hardware Compliance – This activity includes working with IT stakeholders to define, implement and validate processes for efficiently managing IT hardware assets throughout the lifecycle in alignment with IT asset management best practices and internal policies.

IT Software Compliance – This activity includes validating that software is being used in accordance with the license terms and conditions. The team works with application owners to identify compliance issues for proactive remediation as well as providing support during a software audit to ensure the best outcome for WSSC Water.

## IT APPLICATIONS & DEVELOPMENT DIVISION

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

### Core Activities

Customer Care Information Systems – This activity maintains and supports Assessment Information System; Maintenance Management Information System; Fats, Oils and Grease program and Primavera/Analytics.

Innovation and Advanced Analytics – This activity supports the implementation of the agency-wide IT strategic plan for reporting and advanced analytics. This activity is responsible for the research, facilitation and promotion of IT innovations and advanced analytics; business intelligence and enterprise reporting function; back-end data warehousing; and analytical support to business users to enable strategic use of information across WSSC Water.

Application and Database Services – This activity supports application and database services, including web application development, and internet and intranet site support. Developers design, update and maintain web solutions for WSSC Water use, by development of strategies for middle tier and portal architecture, eCommerce, legacy to web migration, system requirements analysis, system design, programming, testing, implementation and system maintenance.

Geographic Information Systems – This activity manages WSSC Water's map-based enterprise technology solutions. This activity leads projects and initiatives related to GIS application development, custom tools, geodatabase design and implementation, maintenance and update of map databases, coordination of data acquisitions and development and updates of standards. The GIS Support Section works with external teams and collaborates with local, state and federal resources to strategize WSSC Water's overall GIS approach; supports initiatives to consolidate and centralize data repositories; and researches, initiates and supports all GIS-related projects.

Procurement and Logistics – This activity maintains all the Oracle EBS procure-to-pay modules, retirement systems and several other applications used throughout WSSC Water. The Oracle EBS Procure-to-Pay application encompasses several modules including but not limited to purchasing, iProcurement, accounts payable and inventory along with several interfaces between these modules and other applications. In addition, this team holds responsibility for e-Permitting, Project Dox, P6, RIVA and Questica applications.

Human Resource Management System – This activity supports the general ledger, human resources, payroll, time and labor, advanced benefits and self-service systems. WSSC Water's business units access these systems through the intranet network to accomplish agency business functions.

Database Administration – This activity supports hundreds of applications in variety of databases ranging from mainframe, Oracle and SQL Server. The Database Administration team provides support for Oracle Enterprise Resource Planning, EBS, ePermitting, GIS, SCADA, as well as in-house custom developed applications in various platforms. The Database Administration team supports various departments throughout WSSC Water and outside vendors.

### Goals, Objectives and Outcome Measures

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

| Objectives  | Outcome Measure  | FY 2021<br>Actual / Target | FY 2022<br>Actual / Target | FY 2023<br>Target | FY 2024<br>Target |
|---|--|----------------------------|----------------------------|-------------------|-------------------|
| Ensure the availability of applications to support the agency | Percentage of time that the critical systems are available | 99.9% / 97.0%              | 99.9% / 97.0%              | 97.0%             | 97.0%             |

## EXTERNAL AFFAIRS

External Affairs oversees the people and partnerships of the agency. The Deputy General Manager for External Affairs provides leadership and guidance on building strategic collaboration with customers, legislators, businesses and other key stakeholders. These partnerships are essential to ensuring the General Manager's vision for enhancing customer experience. External Affairs is comprised of the offices and departments listed below.

### Budget Summary

| External Affairs                            | FY 2022 Actual |                     | FY 2023 Approved |                     | FY 2024 Approved |                     | Increase / (Decrease) |                   |
|---|----------------|---------------------|------------------|---------------------|------------------|---------------------|-----------------------|-------------------|
|   | Work Years     | Amount              | Work Years       | Amount              | Work Years       | Amount              | Work Years            | Amount            |
| Intergovernmental Relations Office          | 4.0            | \$ 546,589          | 4.0              | \$ 753,368          | 4.0              | \$ 775,495          | -                     | \$ 22,127         |
| Communications & Community Relations Office | 14.0           | 2,033,635           | 16.0             | 2,506,802           | 14.0             | 2,195,588           | (2.0)                 | (311,214)         |
| Office of Supplier Diversity & Inclusion    | 8.6            | 1,041,251           | 10.0             | 1,220,583           | 10.0             | 1,350,416           | -                     | 129,833           |
| Procurement Office                          | 21.8           | 2,652,501           | 31.0             | 3,181,169           | 31.0             | 3,454,267           | -                     | 273,098           |
| <b>Total</b>                                | <b>48.4</b>    | <b>\$ 6,273,976</b> | <b>61.0</b>      | <b>\$ 7,661,922</b> | <b>59.0</b>      | <b>\$ 7,775,766</b> | <b>(2.0)</b>          | <b>\$ 113,844</b> |

Note: Variance explanations are available in the respective department details

## INTERGOVERNMENTAL RELATIONS OFFICE (IRO)

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

### Mission Statement

To analyze the impact of state and federal legislation on WSSC Water and act as the agency's representative before legislative bodies. The office cultivates and maintains key stakeholder relationships with elected, government, community, industry and business stakeholders to champion WSSC Water's policy interests and obtain resources necessary to fulfill our mission of providing safe and reliable water, life's most precious resource, and returning clean water to our environment, all in an ethical, sustainable and financially responsible manner.

### Core Activities

Intergovernmental Relations – This activity focuses on the passage of WSSC Water's legislative agenda, increasing communication with state and local governments and increasing the agency's role in federal legislative issues.

## COMMUNICATIONS & COMMUNITY RELATIONS OFFICE

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

### Mission Statement

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

### Core Activities

Media and Public Relations – This activity includes numerous functions which inform our customers, improve relationships with the media and constituencies and enhance WSSC Water's image. These functions include preparing news releases, conducting interviews with the press, briefing the media, performing public service announcements, conducting customer surveys and managing various platforms of social media.

Publications – This activity includes efforts related to the preparation and/or distribution of annual reports, brochures, booklets, newsletters, customer bill inserts and the transition of printed information to the agency's website.

Community Outreach – This activity includes informing customers and stakeholders in a variety of ways including attending community events, assisting with engineering and construction project meetings and organizing In Your Neighborhood meetings and STEAM education programs. We host our own programs while also supporting community fairs and large events organized by other agencies. The community outreach teams works with our Customer Service department to support the Customer Feedback Community and disseminate information related to Protecting Our Pipes and Fats, Oils and Grease (FOG), customer assistance programs, and tips for reducing water usage to customers across our service area.

Other Public and Communications Projects – This activity involves preparing communications materials for requested meetings and events, coordinating tours for dignitaries, ordering promotional materials, producing informational videos and providing advisory services to other offices and teams on their communications needs or issues.

Internal Communications and Events – This activity informs WSSC Water employees about company news, events, policies and benefits, and coordinates special events, service awards ceremonies and giving campaigns. This activity also communicates WSSC Water's strategic priorities and values to the agency's staff.

Graphics, Photography and Videography Support – This activity provides support to all WSSC Water business units with needed graphics design and photographic and videographic services.

Web Content Administration – This activity includes overall management of WSSC Water's website and oversight of the web content publication process for each organization within the agency, including creating, updating and publishing public notices, feature tabs, news releases, photo galleries and the events calendar. This activity also recommends, drafts and edits website content to provide user-friendly information to WSSC Water customers and stakeholders; manages the content on the internal website (intranet); assists other offices and divisions on their training and content needs; and provides content for agency-wide activities, need-to-know business and messages from senior leadership.

## OFFICE OF SUPPLIER DIVERSITY & INCLUSION

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

### Mission Statement

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

## OFFICE OF SUPPLIER DIVERSITY & INCLUSION (Continued)

### Core Activities

Small, Local and Minority Business Enterprise – This activity plans, manages, coordinates and monitors WSSC Water’s MBE and SLBE programs, in accordance with state law.

## PROCUREMENT OFFICE

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

### Mission Statement

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

### Core Activities

Procurement Services – This activity involves purchasing all commodities, supplies, equipment, and services necessary to support WSSC Water’s operations, maintenance, and staff functions at the lowest possible price through public competitive bidding. This is accomplished through competitive solicitation processes which result in the award of contracts that are effectuated by purchase orders using master and blanket purchase orders, requests for proposals, invitations for bids, multi-year contracts, and procurement cards for small dollar items purchases. Also included in this activity are all contracting functions, from request to advertise through notice to proceed and maintenance of a complete contract file for all contracts regardless of contracting method.

Operations and Administration – This activity involves implementing, maintaining, and administering programs for the agency’s supplier portal, training, policies and procedures, procurement card program management, and verification of vendor bonding and insurance. This activity also involves risk management and operations analysis; monitoring and reporting of suppliers’ participation on contracts; and through participation in outreach events with OSDI, providing information to prospective suppliers.

Strategic Sourcing – This activity involves managing the total cost of operation for WSSC Water by using a fact-based, data-driven process focused on cost savings, process improvements, supplier innovation, and category management.



## OPERATIONS

Operations refers to the departments critical to the planning, design, construction, operation and maintenance of the agency's water and sewer services. The Deputy General Manager for Operations provides leadership, oversight and guidance regarding facility planning, construction, maintenance and operations, innovation and research program, as well as maintenance and repair of the agency's vast water distribution and sewer collection systems, ensuring continuous delivery of life's most precious resource. The offices and departments that fall under Operations are listed in the table below.

### Budget Summary

| Operations                     | FY 2022 Actual |                       | FY 2023 Approved |                       | FY 2024 Approved |                       | Increase / (Decrease) |                      |
|--------------------------------|----------------|-----------------------|------------------|-----------------------|------------------|-----------------------|-----------------------|----------------------|
|                                | Work Years     | Amount                | Work Years       | Amount                | Work Years       | Amount                | Work Years            | Amount               |
| Production Department          | 319.2          | \$ 150,941,016        | 354.0            | \$ 162,701,830        | 331.0            | \$ 173,700,905        | (23.0)                | \$ 10,999,075        |
| Utility Services Department    | 461.9          | 88,332,540            | 511.0            | 103,934,530           | 510.0            | 120,929,454           | (1.0)                 | 16,994,924           |
| Innovation & Research Division | 5.8            | 1,410,368             | 6.0              | 1,404,934             | 5.0              | 1,296,986             | (1.0)                 | (107,948)            |
| <b>Total</b>                   | <b>786.9</b>   | <b>\$ 240,683,924</b> | <b>871.0</b>     | <b>\$ 268,041,294</b> | <b>846.0</b>     | <b>\$ 295,927,345</b> | <b>(25.0)</b>         | <b>\$ 27,886,051</b> |

Note: Variance explanations are available in the respective department details

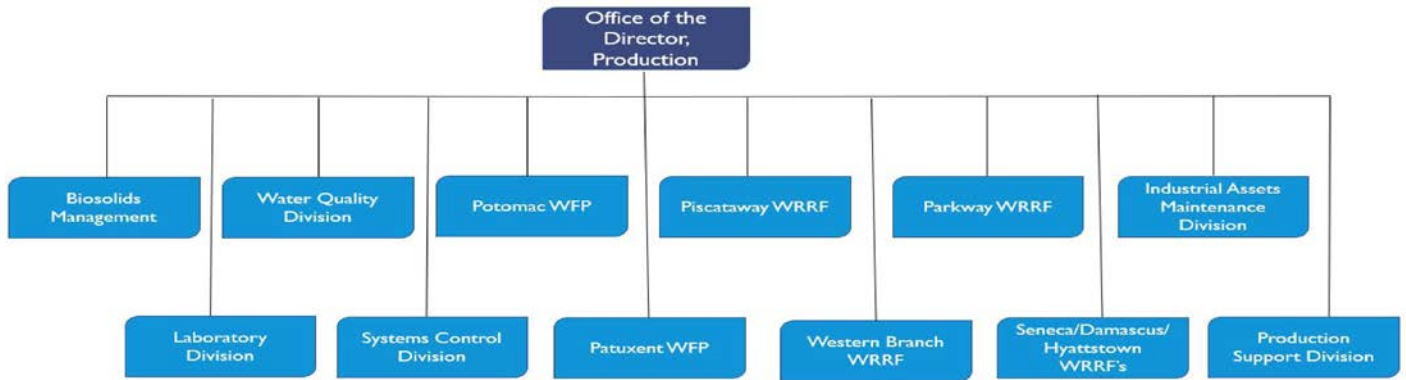
## PRODUCTION DEPARTMENT

The Production Department is committed to meeting two primary objectives: to provide our customers with a safe and reliable supply of drinking water that meets or exceeds all Federal and State standards and regulations; and protect public health and the environment by returning a clean wastewater effluent back to the environment. WSSC Water's yearly recognition by the Partnership for Safe Water and Peak Performance Award Programs is indicative of our commitment to provide our customers with the best water and wastewater services possible. Led by the Production Director, the department is comprised of the divisions shown in the following chart.



## PRODUCTION DEPARTMENT (Continued)

### Organizational Structure



### Mission Statement

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

### Budget Summary

| Production Department                | FY 2022 Actual |                       | FY 2023 Approved |                       | FY 2024 Approved |                       | Increase / (Decrease) |                      |
|--------------------------------------|----------------|-----------------------|------------------|-----------------------|------------------|-----------------------|-----------------------|----------------------|
|                                      | Work Years     | Amount                | Work Years       | Amount                | Work Years       | Amount                | Work Years            | Amount               |
| Office of the Director, Production   | 2.3            | \$ 405,037            | 3.0              | \$ 524,117            | 5.0              | \$ 1,437,414          | 2.0                   | \$ 913,297           |
| Biosolids Management Division        | 7.8            | 853,204               | 17.0             | 5,480,840             | 20.0             | 12,493,548            | 3.0                   | 7,012,708            |
| Laboratory Division                  | 28.9           | 4,332,429             | 29.0             | 4,244,295             | 33.0             | 4,888,241             | 4.0                   | 643,946              |
| Water Quality Division               | 7.2            | 1,121,528             | 10.0             | 2,045,666             | 12.0             | 5,433,549             | 2.0                   | 3,387,883            |
| Systems Control Division             | 30.8           | 6,022,510             | 32.0             | 8,883,683             | 32.0             | 10,529,471            | -                     | 1,645,788            |
| Potomac Division                     | 33.8           | 10,560,501            | 35.0             | 9,186,003             | 35.0             | 13,712,754            | -                     | 4,526,751            |
| Patuxent Division                    | 23.8           | 4,727,084             | 25.0             | 5,046,458             | 25.0             | 5,992,602             | -                     | 946,144              |
| Piscataway Division                  | 23.1           | 8,646,177             | 25.0             | 9,275,674             | 23.0             | 8,127,402             | (2.0)                 | (1,148,272)          |
| Western Branch Division              | 29.6           | 14,087,063            | 29.0             | 13,537,594            | 29.0             | 12,755,150            | -                     | (782,444)            |
| Parkway Division                     | 18.3           | 3,642,835             | 22.0             | 3,642,888             | 22.0             | 4,143,250             | -                     | 500,362              |
| Seneca/Damascus/Hyattstown Division  | 30.6           | 7,288,360             | 32.0             | 6,531,621             | 32.0             | 7,601,906             | -                     | 1,070,285            |
| Facilities Maintenance Division      | 59.9           | 16,548,217            | 68.0             | 20,128,848            | 36.0             | 10,437,037            | (32.0)                | (9,691,811)          |
| Production Support Division          | 10.9           | 69,952,198            | 13.0             | 71,458,802            | 13.0             | 73,309,948            | -                     | 1,851,146            |
| Process Control Engineering Division | 12.2           | 2,753,873             | 14.0             | 2,715,341             | 14.0             | 2,838,633             | -                     | 123,292              |
| <b>Total</b>                         | <b>319.2</b>   | <b>\$ 150,941,016</b> | <b>354.0</b>     | <b>\$ 162,701,830</b> | <b>331.0</b>     | <b>\$ 173,700,905</b> | <b>(23.0)</b>         | <b>\$ 10,999,075</b> |

## PRODUCTION DEPARTMENT (Continued)

### Explanation of Major Variances

The FY 2024 Approved Budget reflects an increase of approximately 6.76% over the FY 2023 Approved Budget. The increase is primarily due to large increases in the chemicals cost and the transfer of the Process Control Engineering Division from the Engineering & Construction Department (E&C) to the Production Department. Additional increases are attributed to the Lead and Copper Rule Compliance project; increased DC Water operational costs on regional sewage disposal and increased funding for Triadelphia Reservoir hydraulic dredging. The increase is partially offset by the transfer of some responsibilities from the Production Department's Facilities Maintenance Division to the Facility Services Division in the General Services Department.

Overall, the Production Department decreased by twenty-three workyears. This comprised of thirty two workyears transferred from the Department's Facilities Maintenance Division to the Facility Services Division in the General Services Department due to the reorganization. The twenty-three workyears decrease is offset by four new workyears (one each for Biosolids Management Division, Laboratory Division, Water Quality Division and Production Support Division) and five transferred workyears from other departments (three from E&C to the Laboratory Division, one from E&C to the Water Quality Division and one from the General Manager's Office to the Production Support Division). Interdivisional transfers were made to address the Department's operational needs.

### Highlights

- Supporting the Biosolids Master Plan
- Leading the revised Lead and Copper Rule Compliance Program, including all activities related with lead service line inventory and replacement over the next 5 years
- Staffing for the Biosolids Management Division is nearly complete, one additional Electrical & Mechanical workyear was added; one new workyear for the Water Quality Division to begin compliant operations under the revised federal Lead and Copper Rule
- Water tank rehabilitation is underway for four elevated tanks
- Designing the dredging of Little Seneca Reservoir to remove sediment collected in the forebays

### Accomplishments

- FY 2023 marked WSSC Water's 105th year without a drinking water violation
- Both Potomac and Patuxent WFPs earned the prestigious Partnership for Safe Water Presidents Award, the only two water filtration plants in Maryland to win the award
- Five WRRFs earned National Association of Clean Water Agency Peak Performance Awards in 2022

## OFFICE OF THE DIRECTOR, PRODUCTION

The Production Director is responsible for the oversight and operation of the Production Department.

### Core Activities

Management and Administration – This activity involves the management and supervision of the Department. It also involves coordination with other regional agencies, supports employee certifications and employee association memberships.

## BIOSOLIDS MANAGEMENT DIVISION

The primary focus of this division is on receiving the biosolids from all WSSC Water's WRRFs and producing an exceptional quality Class A product suitable for beneficial reuse while producing renewable energy.



### Core Activities

Biosolids Management Program – The program plans, organizes and directs the activities of WSSC Water's Anaerobic Digestion and Combined Heat and Power facility, consisting of thermal hydrolysis pre-treatment, mesophilic anaerobic digestion, cake receiving, de-watering operations, side stream treatment and combined heat and power processes and equipment. The program also manages all the contractual and regulatory issues related to biosolids and residuals.

## LABORATORY DIVISION

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

### Core Activities

Laboratory Services – This activity operates and maintains a state-of-the-art Environmental Protection Agency certified laboratory providing the highest quality analytical data to WSSC Water and other organizations for the benefit of public health and environmental quality. The activity handles all laboratory testing necessary to operate the treatment processes, including biological, organic, and metals testing; analyzing the chemical and physical properties of a variety of liquid, solid and gaseous samples; and optimizes treatment processes in order to meet or exceed the requirements of the Safe Drinking Water Act and other federal and state regulations.

## LABORATORY DIVISION (Continued)



## WATER QUALITY DIVISION

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

### Core Activities

Water Quality Program – The program's core functions include compliance with drinking water regulations, drinking water contamination monitoring and response, as well as customer and stakeholder support on water quality issues. Specifically, the division performs planning, management and operation of all Safe Drinking Water Act compliance activities including monitoring and reporting, identification and resolution of current and upcoming water quality problems, implementation of surveillance and response programs to better detect contamination events and communicating with customers and stakeholders to address their water quality concerns.

## SYSTEMS CONTROL DIVISION

This division is responsible for the operation and maintenance of the water distribution system's pumping stations, water storage tanks, throttling valves, specialty valves, electrically operated valves and associated instrumentation. The division operates and maintains SCADA systems through the Control Center, monitoring remote water and wastewater facilities to ensure reliable service and minimizing environmental damage. The ultimate goal of the division is to provide reliable and safe water throughout the distribution system. The division also operates and maintains three dams and the raw water reservoirs impounded behind them. Operations on the Patuxent River dams to include notifications with emergency management personnel during flooding events.

### Core Activities

Operations – This activity involves the operation and maintenance of the water distribution system's pumping stations, water storage tank throttling valves, specialty valves, electrically operated valves, associated instrumentation and three dams and their impounded raw water.



## SYSTEMS CONTROL DIVISION (Continued)

### Core Activities (Continued)

Maintenance – This activity maintains and operates the agency's Patuxent reservoirs to protect water quality. This activity also performs maintenance required by the dam regulatory offices and the maintenance of the watershed recreational areas. In addition, this activity provides support to the Communications & Community Relations Office for its community outreach events. During drought years and during the current Brighton Dam rehabilitation project, this unit has removed silt from the upper reservoir reaches to regain reservoir storage.

Maintenance Support Services – This activity is associated with monitoring, controlling, and enhancing process systems associated with treatment, distribution, and collection for water and wastewater systems. This activity also monitors real time energy costs to minimize the Commission's electrical costs. In addition, this activity supports project planning, project design, and project construction of new facilities within the WSSD. When necessary, the WSSC Water's Emergency Operating Center is directed within this area.

Water Storage Facilities Maintenance – This activity oversees the maintenance of the agency's water storage facilities. In addition to the routine recoating of the water storage facilities every 20 years on coating systems whose recommended life expectancy is every 15 years, this activity also involves working with the Facilities Design and Construction Division on 9 major tank rehabilitation projects.



### POTOMAC AND PATUXENT WFPs

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

### Core Activities

Operations – This activity is associated with monitoring, controlling and enhancing process systems associated with water treatment to meet or exceed rigorous federal water quality standards under the Safe Drinking Water Act as well as monitoring and reporting of the plant discharge pursuant to the requirements of the federal Clean Water Act. This activity also monitors and controls the chlorine residual levels entering the water system to maintain water safety to the customer tap as well as conducts annual enhanced coagulation to reduce chlorine by-product formation in the water system.

POTOMAC AND PATUXENT WFPs (Continued)

Core Activities (Continued)

Maintenance – This activity is comprised of maintenance activities, from preventative to reactive to enhancement, for the agency’s WFPs. Preventative maintenance is performed on a regular or scheduled basis and is designed to lengthen the service life of plant equipment. It also provides for inspections necessary to monitor the operation of this equipment, which in turn reduces reactive maintenance costs. Enhancement maintenance is performed to improve or enhance a functional piece of plant equipment, system or facility and to reduce the costs associated with correcting faulty or failing equipment components, grounds, structures, process or safety concerns in order for the facilities to meet permit requirements.

Activity Indicators

| Workload Data   | FY 2021 Actual | FY 2022 Actual | FY 2023 Approved | FY 2024 Approved |
|---|----------------|----------------|------------------|------------------|
| Average daily filtered water to the distribution system (MGD) | 162.8          | 161.2          | 163.0            | 162.0            |



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

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

Core Activities

Operations – This activity is associated with monitoring, controlling, and enhancing process systems associated with wastewater collection and water resource recovery. The process systems include controlling and monitoring processes with wastewater in its fluid stage and controlling and monitoring solids processing as well.

# PISCATAWAY, WESTERN BRANCH, PARKWAY, SENECA, DAMASCUS AND HYATTSTOWN WRRFs (Continued)

## Core Activities (Continued)

Maintenance – This activity is comprised of maintenance activities, from preventative to reactive to enhancement, for the agency’s WRRFs. Preventative maintenance is performed on a regular or scheduled basis and is designed to lengthen the service life of plant equipment. It provides for inspections necessary to monitor the operation of this equipment, which in turn reduces reactive maintenance costs. Enhancement maintenance is performed to improve or enhance a functional piece of equipment, system or facility, and the costs associated with correcting faulty or failing equipment components, grounds, structures, processes or safety concerns in order for the facilities to meet permit requirements.

## Activity Indicators

| Workload Data                    | Wastewater Treated Flow (MGD) |                   |                     |                     |
|----------------------------------|-------------------------------|-------------------|---------------------|---------------------|
|                                  | FY 2021<br>Actual             | FY 2022<br>Actual | FY 2023<br>Approved | FY 2024<br>Approved |
| Piscataway WRRF                  | 28.4                          | 24.2              | 27.7                | 26.8                |
| Western Branch WRRF              | 26.1                          | 21.9              | 24.0                | 23.6                |
| Parkway WRRF                     | 6.8                           | 6.1               | 6.6                 | 6.5                 |
| Seneca/Damascus/Hyattstown WRRFs | 17.8                          | 16.3              | 17.4                | 17.2                |

## FACILITIES MAINTENANCE DIVISION

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

## Core Activities

Maintenance Support Services – This activity provides operational support and maintenance services for all of the agency’s facilities and properties. This activity includes specialized maintenance services such as electrical, mechanical, instrumentation, welding, metal fabrication and carpentry services, which are provided in the form of enhancements, repairs, replacements and preventative and predictive maintenance services. This activity also includes all buildings and grounds maintenance and repairs.

## PRODUCTION SUPPORT DIVISION

The primary focus of this division is on establishing, and coordinating execution of, asset management practices and procedures for the Production Department; and training.

## Core Activities

Production Support – This activity includes facility support through asset management, contract management, and training. It also includes management of the shared operation and maintenance costs for utilities in other jurisdictions, and shared costs to support coordination of regional water supply issues and water system emergencies.



## PROCESS CONTROL ENGINEERING DIVISION

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

### Core Activities

Corrective Maintenance – This activity provides corrective maintenance of all process control systems at WSSC Water facilities.

Enhancement and Upgrade Maintenance – This activity includes software programming and configuration enhancements, hardware upgrades and process control system improvements.

Inventory Management – This activity orders, receives and performs database management of materials and inventory.

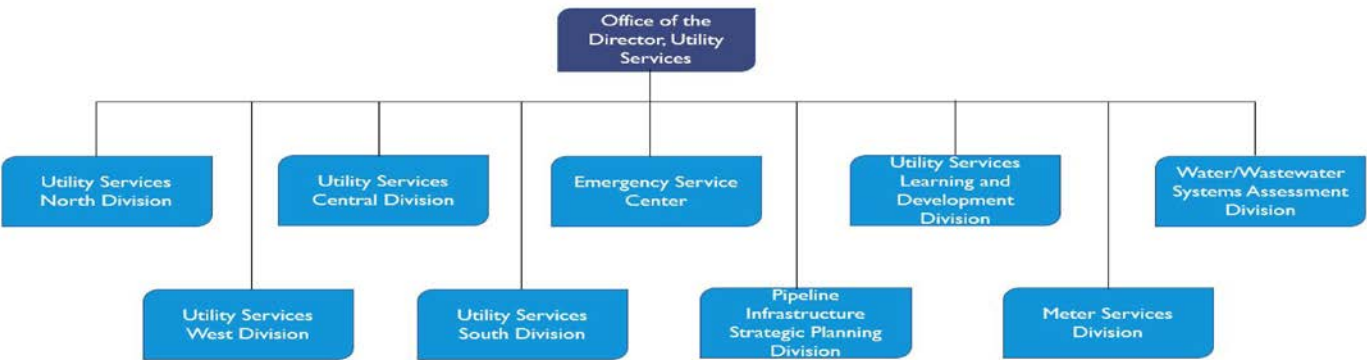
New Facility Support – This activity participates in design reviews to integrate, install and program new process control equipment for newly constructed facilities, including managing contractual agreements with vendors.

# UTILITY SERVICES DEPARTMENT

The Utility Services Department is directly responsible for maintaining the distribution and collection systems including all of WSSC Water’s water and sewer mains, thus ensuring the consistent flow of water and outflow of wastewater within the WSSD and preserving the infrastructure in order to provide quality service for customers. Led by the Utility Services Director, this department is comprised of the nine divisions shown in the Organizational Structure chart.



## Organizational Structure



## Mission Statement

We are entrusted by our community to maintain the water and wastewater infrastructure and protect the environment – all to serve WSSC Water’s customers.

## UTILITY SERVICES DEPARTMENT (Continued)

### Budget Summary

| Utility Services Department                         | FY 2022 Actual |                      | FY 2023 Approved |                       | FY 2024 Approved |                       | Increase / (Decrease) |                      |
|---|----------------|----------------------|------------------|-----------------------|------------------|-----------------------|-----------------------|----------------------|
|   | Work Years     | Amount               | Work Years       | Amount                | Work Years       | Amount                | Work Years            | Amount               |
| Office of the Director, Utility Services            | 10.3           | \$ 5,592,152         | 10.0             | \$ 9,212,824          | 10.0             | \$ 19,948,404         | -                     | \$ 10,735,580        |
| Utility Services North Division                     | 57.3           | 7,552,231            | 59.0             | 6,985,308             | 59.0             | 7,115,853             | -                     | 130,545              |
| Utility Services West Division                      | 52.7           | 7,981,098            | 60.0             | 8,089,880             | 60.0             | 8,214,987             | -                     | 125,107              |
| Utility Services Central Division                   | 56.0           | 7,178,737            | 62.0             | 9,039,482             | 60.0             | 9,029,332             | (2.0)                 | (10,150)             |
| Utility Services South Division                     | 54.3           | 7,474,611            | 58.0             | 8,619,775             | 60.0             | 8,648,195             | 2.0                   | 28,420               |
| Emergency Service Center                            | 19.9           | 1,525,316            | 19.0             | 1,786,804             | 19.0             | 1,848,534             | -                     | 61,730               |
| Pipeline Infrastructure Strategic Planning Division | 26.4           | 9,375,160            | 37.0             | 11,890,086            | 37.0             | 12,206,866            | -                     | 316,780              |
| Utility Services Learning & Development Division    | 6.5            | 750,005              | 7.0              | 847,395               | 7.0              | 872,904               | -                     | 25,509               |
| Water/Wastewater Systems Assessment Division        | 75.1           | 30,166,228           | 83.0             | 36,848,034            | 82.0             | 37,531,286            | (1.0)                 | 683,252              |
| Meter Services Division                             | 103.4          | 10,737,002           | 116.0            | 10,614,942            | 116.0            | 15,513,093            | -                     | 4,898,151            |
| <b>Total</b>  | <b>461.9</b>   | <b>\$ 88,332,540</b> | <b>511.0</b>     | <b>\$ 103,934,530</b> | <b>510.0</b>     | <b>\$ 120,929,454</b> | <b>(1.0)</b>          | <b>\$ 16,994,924</b> |

### Explanation of Major Variances

The FY 2024 Approved Budget for the Utility Services Department reflects an overall increase of 16.4% from the FY 2023 Approved Budget. The increase is primarily (1) increases in system reconstruction project costs after prior COVID-19 related deferrals, (2) salaries and wages, (3) the additional and reinstated and innovation programs for meter field services and metallic pipe condition assessment, and (4) the impact of inflation on materials.

### Highlights

- Continuing focus on large meter testing, repair and replacement
- Performing inspections on metallic water mains using new and emerging technologies
- Implementing new work and asset management software to replace legacy maintenance management information system, to provide both asset and work management capabilities for the Utility Services Department to manage WSSC Water's linear infrastructure. The new application solution will meet business needs and allow for expansion, refinement and growth, while incorporating critical business processes

### Accomplishments

- Implemented the first full year of using satellite leak detection generating a total of 236 points of interest to improve the efficiency of our leak detection program and reducing the amount of water loss in the system
- Exceeded goal of 2 miles for water main replacements completed by WSSC Water crews by completing a total of 3.2 miles
- After the COVID-19 pandemic, safely resumed in home services and implemented appointment based activities to assist in reducing the amount of past due accounts by over 12,500

## UTILITY SERVICES DEPARTMENT (Continued)

### Racial Equity and Social Justice

- The Utility Services Department is developing the Racial Equity and Social Justice (RESJ) criteria to be incorporated into the Asset Management Program for evaluation of the water/wastewater improvement projects.

## OFFICE OF THE DIRECTOR, UTILITY SERVICES

The Utility Services Director is directly responsible for the operation, maintenance and repair of the water and sewer mains throughout the WSSD.

### Core Activities

PCCP Program Management – This activity provides for the engineering, design, construction, inspection, investigation and analysis/assessment of PCCP.

## UTILITY SERVICES NORTH, WEST, CENTRAL AND SOUTH DIVISIONS

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



### Core Activities

Maintenance – This activity involves performing measures designed to lengthen the service life of water and sewer mains. This includes providing regular interval flushing to minimize discolored water, and regularly locating and exercising large valves to ensure system operability. These measures seek to minimize or avoid costlier corrective maintenance activities. Adjustment, repair and replacement of components after failure within the water distribution and wastewater collection systems are also included in this activity.

## UTILITY SERVICES NORTH, WEST, CENTRAL AND SOUTH DIVISIONS (Continued)

### Core Activities (Continued)

**Inspection Maintenance** – This activity involves routine and emergency inspection of integral components of the water distribution and wastewater collection systems. The primary objective of this activity is to respond to and assess emergency maintenance requests from customers.

**Capital Project Support** – This activity involves the maintenance crews' support of capital construction projects, such as water main shut downs, locating and exposing facilities, and new house connections. Also included is contract administration for PCCP rehabilitation, including pipe replacement, pipe repairs, joint repair, mobilization and excavation. The timing and approach to rehabilitation is determined following PCCP inspection and assessment. Rehabilitation of these mains provides value to the customer by minimizing the risk of failure and ensuring a safe and reliable water supply.

**Field Crew Scheduling** – This activity involves scheduling water main shutdowns.

### Goals, Objectives and Outcome Measures

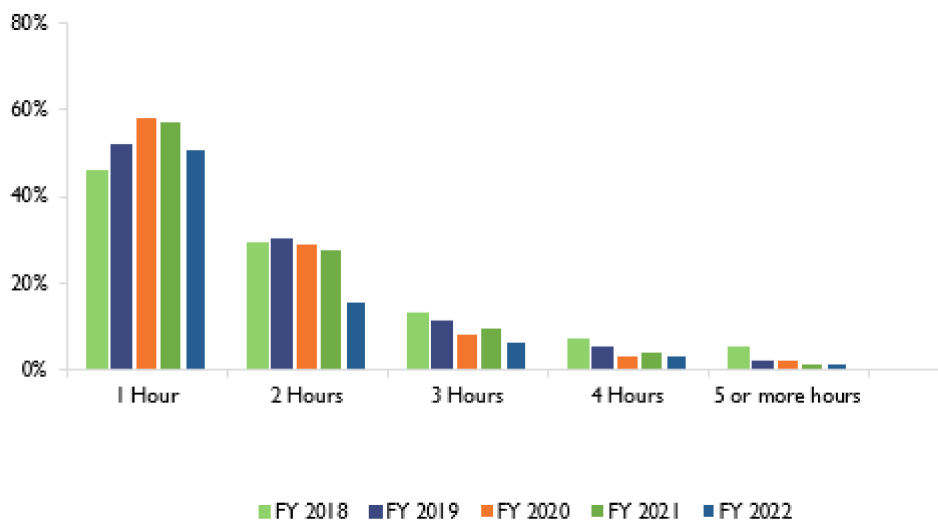
**Goal:** Accurately account for water produced in the distribution system **Strategic Priority:** Optimize Infrastructure

| Objectives  | Outcome Measure                              | FY 2021<br>Actual / Target | FY 2022<br>Actual / Target | FY 2023<br>Target | FY 2024<br>Target |
|---|--|----------------------------|----------------------------|-------------------|-------------------|
| Reduce service interruptions due to water main breaks | Number of breaks per 100 miles of water main | 33 / 34                    | 28 / 34                    | 34                | 34                |

### Emergency Response

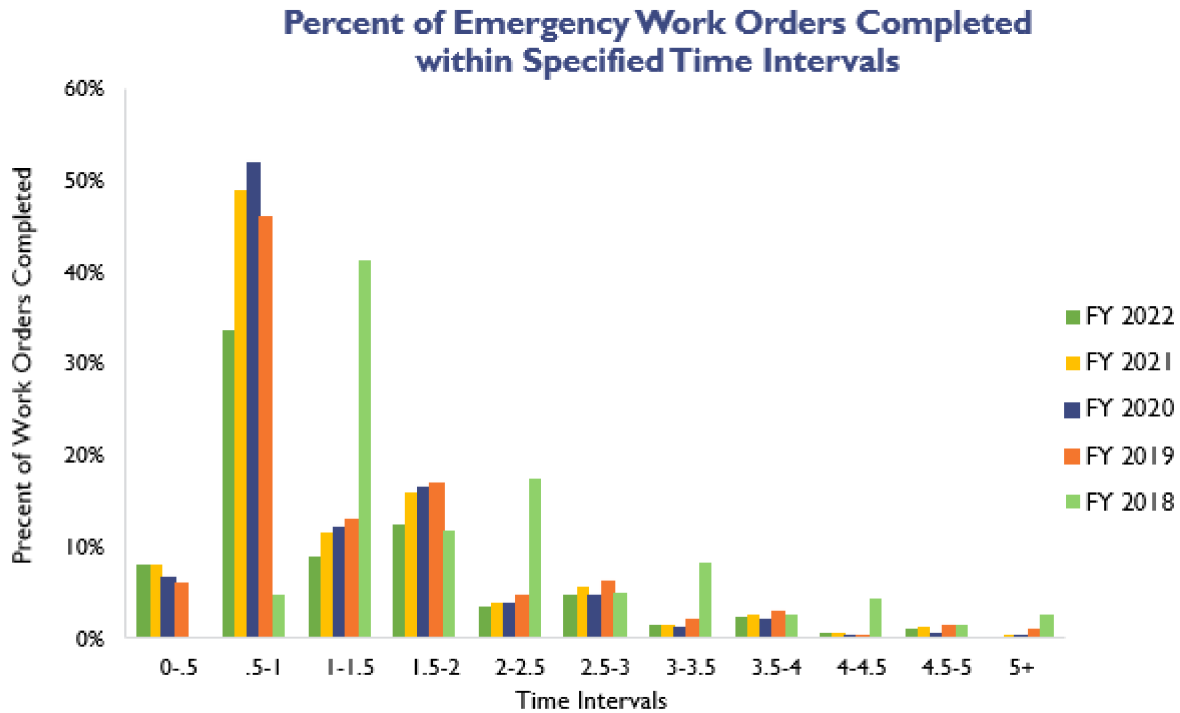
During FY 2022, 23,393 emergency work orders were initiated in response to customer or system emergencies, a 7.2% decrease from FY 2021. WSSC Water's objective is to provide a first response to these emergencies in less than 2 hours, a reasonable and necessary response time based upon feedback from customers. As illustrated in the next graph, WSSC Water responded to approximately 42.0% of emergency calls in less than 1 hour and to 63.0% in less than 2 hours with an average response time of 1.1 hours.

**Percentage of Emergency Responses within Specified Times**



The following graph shows the distribution of emergency work order completion times in FY 2022. Most emergency work orders required less than 2-hours to complete.

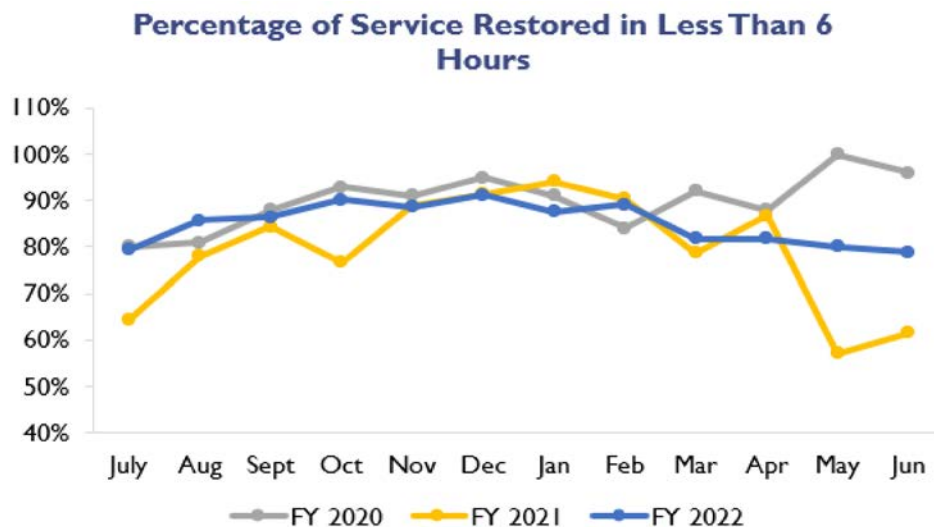
## UTILITY SERVICES NORTH, WEST, CENTRAL AND SOUTH DIVISIONS (Continued)



### Restoration of Water Service

WSSC Water's objective is to restore normal service to our customers within 24 hours from the time the agency is notified of an emergency, and to limit the actual time a customer is without water service to less than 6 hours. During FY 2022, more than 32,719 customers, or approximately 7.0% of WSSC Water's customers, experienced a temporary suspension in water service while a water main was shut down following a water main break or other emergency. The following graph 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 FY 2022, the average time customers were without water service was 4 hours, with 79.7% having water service restored within the targeted 6 hour goal.

FY 2023 response times may be impacted due to budget reductions.





## UTILITY SERVICES NORTH, WEST, CENTRAL AND SOUTH DIVISIONS (Continued)

### Sewer Line Blockage

The goal of the line blockage analysis program is to prevent a customer who experiences a sewer backup due to a problem in the WSSC Water's sanitary sewer system from suffering a second backup. When a customer reports a sewer backup, a maintenance crew responds to confirm the backup and determine the cause. Once confirmed, a crew is dispatched to address the problem, generally within 2 hours. The customer is notified the following business day that a follow-up line blockage investigation has been initiated. The sewer main is immediately recleaned to avoid another backup during the investigation process, and a closed-circuit television inspection of the sewer line is performed within 5 days of the backup to evaluate the structural integrity. 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 of any planned action, and the appropriate preventive maintenance or rehabilitation action is scheduled and subsequently implemented.

The overall program objective is to prevent a second backup in 95.0% of the cases processed. For FY 2022, the agency was successful in preventing a second backup in 72.0% of these cases. The Proactive Maintenance Program, along with preventive maintenance optimization and the use of new technologies such as smart covers, has enabled WSSC Water to pursue its objective more diligently.

### Sewer House Connection Renewal

The sewer house connection renewal program replaces sewer house connections when structural problems have caused customer backups. Damaged or deteriorated sewer house connections are replaced as necessary to ensure that customers do not suffer repeated sewer backups into their homes. The program objective is to prevent a second backup after WSSC Water has confirmed there is a problem with the service. During FY 2022, more than 465 house connections met the criteria for sewer renewal.

## EMERGENCY SERVICE CENTER

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

### Core Activities

Radio Dispatching – This activity communicates with field inspectors and WSSC Water crews to investigate reports of emergencies and receive updates on field maintenance activities 24/7; updates maintenance records and arranges for resolution of problems; and operates base radio station equipment, dispatch emergency work orders to maintenance crews, cleaning companies, plumbers and other agency personnel as required.

Emergency Calls – This activity includes receiving and managing water and sewer related calls from customers within the WSSD.

### Customer Calls to the Emergency Service Center

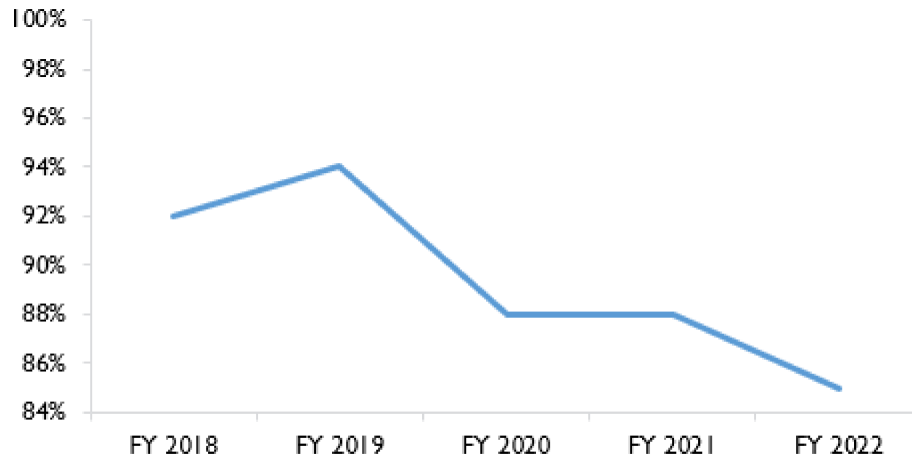
During FY 2022, WSSC Water answered 85.0% of customer calls for emergency maintenance assistance, as shown in the graph below. Transitional challenges were experienced while the Emergency Service Center was renovated. The temporary relocation contributed to network outages with the Wi-Fi, operating system and the AvayaOneX phone system; thus, contributing to decrease in calls answered. The goal continues to be a 95.0% response rate.

A GIS application enables customers to report emergencies using their smart phones. The system complements the Maintenance Management Information System by placing needed information about leaks and other emergencies at the emergency dispatchers'

## EMERGENCY SERVICE CENTER (Continued)

fingertips, thereby allowing representatives to provide consistent and knowledgeable responses.

### Percent of Emergency Service Center Calls Answered



The Center uses the Customer Notification System for mass notifications to customers, internal and external representatives.

## PIPELINE INFRASTRUCTURE STRATEGIC PLANNING DIVISION

This division collects quality data to assist managing and administering predictive and preventive maintenance activities impacting WSSC Water's pipeline infrastructure. The data is utilized to plan and schedule maintenance activities, develop water and wastewater asset management plans and improve business workflows within the Utility Services Department. The division is also involved in evaluating and tracking urgent assets and the prioritization of CIP projects/assets.

### Core Activities

**Planning** – This activity is associated with the utilization of data to plan and schedule maintenance activities, the development of water and wastewater asset management plans, the improvement of business workflows and the prioritization of water and wastewater assets/projects.

**Water Main Replacement** – This activity is associated with in-house staff replacing water mains that are undersized or aged past their useful life. This function contributes to the reduction of discolored water complaints and service interruptions due to frequent main breaks and increased fire protection.

### Goals, Objectives and Outcome Measures

Goal: Complete planned water main replacement miles

Strategic Priority: Optimize Infrastructure

| Objectives   | Outcome Measure   | FY 2021<br>Actual / Target | FY 2022<br>Actual / Target | FY 2023<br>Target | FY 2024<br>Target |
|--|---|----------------------------|----------------------------|-------------------|-------------------|
| Replace the number of miles of water main by in-house staff as planned | Miles of water main replaced by inhouse crews vs. planned | 3.6 / 2.0                  | 3.2 / 2.0                  | 2.0               | 2.0               |



## UTILITY SERVICES LEARNING & DEVELOPMENT DIVISION

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

### Core Activities

Research and Development – This activity identifies initiatives that increase productivity and efficiency; evaluating the cost impact of "best in class" business practices, with specific emphasis on training and technology integration; and evaluating new products and metering systems.

Design, Deliver and Evaluate Courses – This activity involves identifying training requirements, developing training materials, coordinating and providing training courses and evaluating course effectiveness. Course development includes specific business processes, computer skills, non-technical skills such as customer relations (telephone) etiquette and technical skills such as pipe repair.

## WATER/WASTEWATER SYSTEMS ASSESSMENT DIVISION

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

### Core Activities

Planning – This activity provides the necessary management and administration related to compliance with the requirements of the federal SSO Consent Decree, and execution of the Line Blockage Analysis Program, which provides for review of sewer lines and service stoppage data, and recommendations for preventive maintenance sewer cleaning and other measures to eliminate repetitive backups and overflows.

Field Maintenance – This activity provides for the proactive cleaning and/or televising of sewer mains Proactive Maintenance Program; preventive sewer cleaning in order to reduce or eliminate the possibility of future sewer backups or overflows; corrective sewer main and service cleaning on an emergency basis; and closed circuit television inspection of sewer main lines and service laterals after a customer has experienced a sewage backup into their home or business. The analysis of related videos to provide a recommendation for preventive or corrective maintenance is also included.

Condition Assessment – This activity provides condition assessment of the agency's water distribution and transmission systems, as well as the wastewater collection and disposal systems. Condition assessment of the water systems (PCCP and non-PCCP mains) includes leak detection, acoustic testing and other related techniques to determine pipeline deficiencies and condition ratings. Condition assessment of the wastewater and collections systems involves the investigation of problem sewer basins and development of flow monitoring projects to evaluate the magnitude of the problem(s); physical surveys, smoke testing, dye testing and internal inspection to identify specific defects; SSES of selected basins for the purpose of identifying and eliminating extraneous flows; inspecting and documenting the condition of manholes, trunk sewer lines and creek crossings to identify and correct problems having the potential for causing sewer overflows; and managing and operating the flow surveillance components of WSSC Water's comprehensive sewer model.

Large Valve Assessment, Repair and Replacement – This activity provides inspection of the water transmission systems' large valves. This activity systematically inspects, exercises, repairs and replaces (when necessary) large diameter valves located throughout the system. Based upon results of valve condition assessments, annual valve rehabilitations are projected to be approximately 85 repairs and 2 replacements.

## WATER/WASTEWATER SYSTEMS ASSESSMENT DIVISION (Continued)

### Goals, Objectives and Outcome Measures

Goal: Identify deteriorating infrastructure through inspection, Strategic Priority: Optimize Infrastructure testing and monitoring

| Objectives  | Outcome Measure                                | FY 2021<br>Actual / Target | FY 2022<br>Actual / Target | FY 2023<br>Target | FY 2024<br>Target |
|---|--|----------------------------|----------------------------|-------------------|-------------------|
| Inspect the number of PCCP miles as planned   | Miles of PCCP inspection performed vs. planned | 13.0 / 18.0                | 18.0 / 18.0                | 17.4              | 18.0              |
| Install acoustical fiber optic line to monitor PCCP water transmission mains as planned | Miles of AFO line installed vs. planned        | 6.9 / 10.0                 | 5.3 / 10.0                 | 10.0              | 10.0              |

### Activity Indicators

| Workload Data   | FY 2021<br>Actual / Target | FY 2022<br>Actual / Target | FY 2023<br>Approved | FY 2024<br>Approved |
|---|----------------------------|----------------------------|---------------------|---------------------|
| Miles of sewer mains cleaned for preventive maintenance                             | 646 / 650                  | 615 / 650                  | 650                 | 650                 |
| Miles of mainline sewer televised for preventative maintenance program (WSSC Crews) | 47 / 60                    | 48 / 60                    | 60                  | 60                  |
| Miles of mainline sewer televised for proactive maintenance program (by contract)   | 131 / 200                  | 116 / 200                  | 200                 | 200                 |
| Manholes inspected (by contract)  | 791* / 5,500               | 6,008 / 5,500              | 5,500               | 5,000               |

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

## METER SERVICES DIVISION

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

### Core Activities

Temporary Fire Hydrant Meter Leasing and Maintenance – This activity involves administering WSSC Water's Temporary Fire Hydrant Meter Leasing Program, which permits the temporary use of metered fire hydrants to individuals or firms. All fire hydrant meters are tested, repaired and maintained to further ensure proper registration and billing accuracy.

Flow Test – This activity involves routine inspection of the water distribution system and performing fire flow tests for outside agencies.

Small and Large Meter Testing, Repair and Flow Test – This activity involves routine inspection of the water distribution system and performing fire flow tests for outside agencies.

Small and Large Meter Testing, Repair and Replacement – This activity involves testing, repairing, and replacing small and large meters to ensure billing accuracy. Meters tested and repaired on a routine preventive maintenance basis are more likely to operate at optimum levels with fewer instances of inaccurate registration. Some meters lose accuracy over time and it may become necessary to replace them to ensure accurate registration for WSSC Water's customers.

New Meters – This activity involves processing requests for both small and large meters from external customers and installing new meters. The primary function of this activity is to ensure that all activated meters are assigned an account number and properly billed.

## METER SERVICES DIVISION (Continued)

### Core Activities (Continued)

Meter Reading – This activity is associated with providing timely and accurate meter readings in order to render customer bills based on actual usage.

## INNOVATION & RESEARCH DIVISION

The Innovation & Research Division focuses on finding new ideas, technologies and process changes to improve operational efficiency, empower employees, develop new products and services, create new tools to compliment safe work practices, share our knowledge and expertise to benefit the industry, expand our partnerships and increase the sustainability of our infrastructure. The office also identifies, evaluates and pursues revenue opportunities created from innovative ideas and research.

### Core Activities

Innovation and Research – This activity researches problems, develops possible solutions and tests results. The division applies ideas and solutions to increase internal and external customer value and productivity.

Business Development Activities – This activity involves the development, review and implementation of opportunities to generate non-rate related revenues through the sale of services or products.



## MISSION SUPPORT

Mission Support refers to the departments and offices providing centralized support services to WSSC Water. The Deputy General Manager for Mission Support is responsible for ensuring core activities align with and are in support of the General Manager's strategic vision, goals and objectives. Mission Support is comprised of the departments and offices listed below.

### Budget Summary

| Mission Support                       | FY 2022 Actual |                      | FY 2023 Approved |                      | FY 2024 Approved |                      | Increase / (Decrease) |                      |
|---------------------------------------|----------------|----------------------|------------------|----------------------|------------------|----------------------|-----------------------|----------------------|
|                                       | Work Years     | Amount               | Work Years       | Amount               | Work Years       | Amount               | Work Years            | Amount               |
| General Services Department           | 82.8           | \$ 38,949,379        | 98.0             | \$ 38,834,334        | 130.0            | \$ 66,381,202        | 32.0                  | \$ 27,546,868        |
| Police & Homeland Security Office     | 35.4           | 4,531,797            | 40.0             | 5,336,375            | 40.0             | 5,487,066            | -                     | 150,691              |
| Occupational Safety & Health Division | 8.3            | 2,914,241            | 9.0              | 3,119,107            | 9.0              | 3,150,665            | -                     | 31,558               |
| Enterprise Risk Management            | 5.8            | 708,302              | 6.0              | 867,227              | 1.0              | 187,824              | (5.0)                 | (679,403)            |
| <b>Total</b>                          | <b>132.3</b>   | <b>\$ 47,103,719</b> | <b>153.0</b>     | <b>\$ 48,157,043</b> | <b>180.0</b>     | <b>\$ 75,206,757</b> | <b>27.0</b>           | <b>\$ 27,049,714</b> |

Note: Variance explanation for the departments were available in the department's write-up.

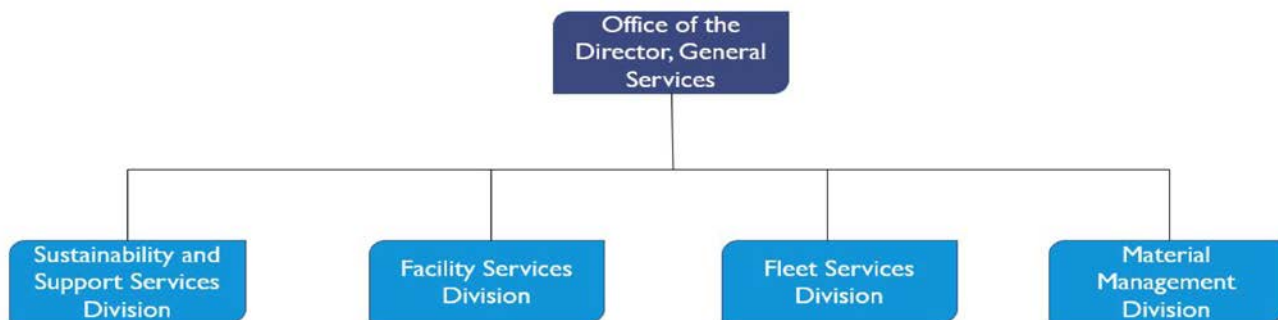
## GENERAL SERVICES DEPARTMENT

The General Services Department plays a crucial role in overseeing the maintenance and operation of all WSSC Water facilities and grounds. This encompasses a wide range of responsibilities, from minor to major renovations of support facilities, to managing the fleet and fuel services, which includes the acquisition, maintenance, and overall management of vehicles and equipment, as well as their associated infrastructure.

Additionally, the department handles the procurement, warehousing, and distribution of materials and supplies, ensuring the smooth functioning of essential office operations. It also provides essential services such as print and mail services, vending and food services, and efficient records and document management. Sustainability is a key focus, with services that span planning, design, and construction of support facilities, as well as energy management initiatives.

Property development and space planning and management are integral aspects of the department's mandate, contributing to the efficient utilization of resources and infrastructure. At the helm of this multifaceted department is the Office of the Director, overseeing and guiding the four distinct divisions detailed in the chart below.

### Organizational Structure



## GENERAL SERVICES DEPARTMENT (Continued)

### Mission Statement

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

### Budget Summary

| General Services Department   | FY 2022 Actual |                      | FY 2023 Approved |                      | FY 2024 Approved |                      | Increase / (Decrease) |                      |
|---|----------------|----------------------|------------------|----------------------|------------------|----------------------|-----------------------|----------------------|
|   | Work Years     | Amount               | Work Years       | Amount               | Work Years       | Amount               | Work Years            | Amount               |
| Office of the Director, General Services Sustainability & Support Services Division | 1.5            | \$ 368,248           | 3.0              | \$ 584,713           | 2.0              | \$ 507,180           | (1.0)                 | \$ (77,533)          |
| Facility Services Division  | 15.7           | 26,103,323           | 22.0             | 24,753,642           | 27.0             | 40,133,419           | 5.0                   | 15,379,777           |
| Fleet Services Division   | -              | -                    | -                | -                    | 27.0             | 9,905,442            | 27.0                  | 9,905,442            |
| Materials Management Division   | 40.4           | 9,963,558            | 46.0             | 10,431,499           | 46.0             | 12,420,830           | -                     | 1,989,331            |
|   | 25.2           | 2,514,250            | 27.0             | 3,064,480            | 28.0             | 3,414,331            | 1.0                   | 349,851              |
| <b>Total</b>  | <b>82.8</b>    | <b>\$ 38,949,379</b> | <b>98.0</b>      | <b>\$ 38,834,334</b> | <b>130.0</b>     | <b>\$ 66,381,202</b> | <b>32.0</b>           | <b>\$ 27,546,868</b> |

### Explanation of Major Variances

The FY 2024 Approved Budget reflects an increase of approximately 70.9% over the FY 2023 Approved Budget. The increase is primarily due to the transfer of some responsibilities from the Production Department's Facilities Maintenance Division to the General Services Department's Facility Services Division. Additional increases are attributed to significant increase in energy cost, the funding for the RGH Building Upgrades and the Anacostia Depot reconfiguration projects and the projected increases of fuel, fleet and equipment costs.

Overall, the General Services Department increased by thirty two workyears. This comprised of five workyears transferred to the Sustainability & Support Services Division and twenty seven workyear transferred to the Facility Services Division from the Production Department's Facilities Maintenance Division due to reorganization.

### Highlights

- Introduced the first hybrid unmarked police interceptor vehicle to the fleet
- GPS modules were upgraded in all vehicles to 4G connectivity, eliminating the need for fuel modules that had caused fueling errors and hardware costs
- As the first task in the Enterprise Document Management (EDM) program, the WSSC Water records retention schedule is being updated and approved by the Maryland State Archivist; task II of the EDM program is being implemented a pilot project to scan, store and manage HR Department's documents
- Multiple contracts were negotiated and approved with the Public Services Commission, Washington Gas Light and Montgomery County so that WSSC Water can supply natural gas and renewable natural gas to Montgomery County for use in their facilities and bus fleet
- The feasibility study for a micro-grid at the Potomac Water Filtration Plant was completed and a grant application for preliminary engineering was submitted to Maryland Energy Administration
- The control building at the Piscataway WRRF was remodeled with new modular furniture and locker facilities eliminating code violations and greatly improving working conditions
- Implemented a warehouse document management system to electronically store and search critical documents

## GENERAL SERVICES DEPARTMENT (Continued)

### Accomplishments

- Executed complete shop floor renovation at Laurel Garage utilizing processes to eliminate waste and inefficiencies in the workforce
- Installed a new 12,000-pound above-ground lift at Gaithersburg Garage and portable column lifts at Anacostia Equipment Shop
- Implemented key boxes for the Utility Services Department that are accessed with employee proximity cards
- Renovated the Utility Services Emergency Service Center including new electrical and communication cabling, modular furniture, operations console and finishes
- Disposed of or relocated materials being stored in a leased warehouse, saving hundreds of thousands of dollars on annual leasing
- Requested and received a new residential meter contract to support the operational backlog created by the indefinite deferral of the AMI project and the COVID-19 pandemic
- Initiated information technology projects to deploy barcoding technologies and improved the warehouse's online ordering application. Both initiatives intended to improve business efficiencies and reduce costs

## OFFICE OF THE DIRECTOR, GENERAL SERVICES

The General Services Director is responsible for the oversight and operation of the General Services Department.

### Core Activities

Management and Administration – This activity manages and supervises the three divisions in this department.

General and Administrative – This activity has a broad scope, ranging from supervising a fleet of vehicles and equipment (parts and supplies) to warehousing and inventorying, providing materials to support the maintenance, repair and operations of WSSC Water's infrastructure systems and facilities, providing printing, mailing, vending and cafeteria services, records archiving and document management, as well as real estate management, management and support services for facility planning, design and construction.

## SUSTAINABILITY & SUPPORT SERVICES DIVISION

The Sustainability and Support Services Division manages sustainability and support services such as workspace planning, real estate, office services including reprographics and mail services, records management and energy management for WSSC Water. This division also works across the agency to optimize sustainable practices such as recycling and green facilities and construction.

### Core Activities

Sustainable Planning Services – This activity provides sustainability services for WSSC Water, which includes space planning, design and greening of infrastructure. The agency is working towards Leadership in Energy and Environmental Design (LEED) certification for agency facilities and lowering the environmental impact of the work.

Office Services – This activity provides printing and reprographic services, mail services, food and vending services, asset management of furniture and office equipment and the disposal of surplus property.

Property Development – This activity involves the development, review and implementation of opportunities to generate non-rate related revenues through the sale or joint development of real estate properties, including surplus property.

Records Management – This activity provides records management for WSSC Water, including maintaining a current records inventory and moving towards electronic document management, as well as developing, sharing and maintaining records management policies and procedures across the agency.



## SUSTAINABILITY & SUPPORT SERVICES DIVISION (Continued)

### Core Activities (Continued)

Energy Management – This activity includes the management and procurement of wholesale electricity, natural gas and other fuels; the development of renewable energy sources such as wind, solar, hydro and biogas; the replacement of energy inefficient equipment and systems at WSSC Water facilities; and the development and maintenance of the Climate Change Program.



## FLEET SERVICES DIVISION

The Fleet Services Division sources, purchases and maintains safe and reliable vehicles and work site equipment at six garages located in both Montgomery and Prince George's Counties. The division is also responsible for purchasing fuel, maintaining underground tanks and fueling stations as well as purchasing electric vehicles, maintaining charging stations and monitoring the positive environmental impact of the addition of electric vehicles to the fleet.



## FLEET SERVICES DIVISION (Continued)

### Core Activities

Vehicle and Equipment Maintenance and Repair – This activity involves the distribution, inspection, maintenance, repair and quality control of a wide variety of vehicles, light and heavy equipment.

Fleet Contracting and Purchases – This activity involves developing specifications for the purchase of vehicles and equipment, major garage equipment and specialized field service units. This activity also includes purchasing and inventorying parts and supplies.

Fuel – This activity involves the purchase of fuel, the maintenance of underground fuel storage tanks and monitoring WSSC Water's carbon emissions.

### Activity Indicators

| Workload Data  | FY 2021<br>Actual | FY 2022<br>Actual | FY 2023<br>Approved | FY 2024<br>Approved |
|--|-------------------|-------------------|---------------------|---------------------|
| Equipment fleet managed (pieces of equipment)                          | 692               | 664               | 685                 | 670                 |
| Vehicle fleet managed (number of vehicles)                             | 951               | 933               | 930                 | 930                 |
| Scheduled preventative maintenance completed on vehicles and equipment | 3,318             | 3,061             | 3,400               | 3,400               |
| Other (non-preventative maintenance) vehicle and equipment repairs     | 6,197             | 6,781             | 6,500               | 6,800               |

## MATERIALS MANAGEMENT DIVISION

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

### Core Activities

Warehousing – This activity involves administrative and physical functions associated with the storage and distribution of goods and materials required to support construction, maintenance and repair operations. These functions include receipt, identification, inspection, cycle counting, storage and issuance of material to customers, both internal employees and external construction contractors.

Materials Management – This activity involves the acquisition and management of materials stocked at WSSC Water's warehouses, and used by employees and contractors in the maintenance and repair of the distribution and collection systems. This includes receiving, storing and issuing materials; inspecting, testing and evaluating materials; developing new material specifications; and certifying the manufacturing processes, materials and plants.

## POLICE & HOMELAND SECURITY OFFICE

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



## POLICE & HOMELAND SECURITY OFFICE (Continued)



### **Mission Statement**

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

### **Core Activities**

Security Services – This activity provides security for employees and visitors to the agency-owned property and facilities. This involves conducting proactive patrols of all WSSC Water properties and facilities; implementing and proactively monitoring centralized physical and electronic security systems; expanding and improving the performance of electronic security systems; enforcing all rules, regulations and laws regarding forestry, the environment and protection of natural resources; and providing proprietary guard services to WSSC Water facilities.

Investigative Services – This activity involves investigation into civil, criminal and administrative matters, and/or incidents involving the agency property or personnel. Also included are background investigations of contractors and potential agency employees, theft of water service, and illegal waste dumping.

Emergency Management – This activity includes coordination of the entire preparedness cycle - planning, training and exercising, for emergency situations and disasters. This activity is also responsible for assisting in the agency-wide coordination of response to large-scale emergency incidents and disasters and coordinating with state and local government public safety agencies during those incidents. Emergency management includes updating of emergency response, operations and Continuity of Operations Plans (COOP). In particular, COOP is an effort within individual executive departments and agencies to ensure continued performance of essential functions during all-hazards, both natural and man-made. Emergency management also includes management of and improving follow-through on improvement planning processes and after-action reports following emergency exercises and real-world incidents.

Risk and Threat Assessment and Mitigation – This activity involves conducting risk and resiliency assessments and revision of emergency response plans under the America's Water Infrastructure Act (S. 3021; Public Law 115-270, enacted October 23, 2018). Utilities must also review and, if necessary, revise these documents at least every five years. The law requires community water systems to complete risk and resiliency assessments that have considered physical risks posed by malicious actors and natural disasters, as well as risks from cyber threats. The assessments must consider possible impacts to treatment and distribution infrastructure, as well as intakes and source water. Systems are also required to assess their computer and automated systems, chemical use and storage, operations and maintenance, monitoring practices and financial infrastructure.

## OCCUPATIONAL SAFETY & HEALTH DIVISION

The Occupational Safety & Health Division provides administration of the WSSC Water Safety and Health Program to ensure compliance with governing federal, state and the agency safety regulations. It is also responsible for providing a safe, inclusive and healthy work environment for WSSC Water employees, administering occupational safety and health programs to ensure compliance with all federal, state and local regulations.

### Core Activities

Occupational Safety and Health – This activity provides for the development and supervision of the agency-wide programs to minimize the risk of injuries, accidents and damage to WSSC Water property. This activity develops and implements training and medical surveillance, performs safety audits and inspections, evaluates work practices, recommends safety improvements, ensures safe use of hazardous materials and reviews design of the agency facilities.

## ENTERPRISE RISK MANAGEMENT

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

### Core Activities

Strategic Planning – This activity supports the leadership team and Commissioners in charting WSSC Water's future. Key functions include strategic plan workshops, tracking plan achievement, Leaders on the Same Page meetings and employee outreach efforts.

Enterprise Risk Management – This activity supports the leadership team in achieving the Commission's strategic objectives by designing and implementing the Enterprise Risk Management Plan. The program identifies, assesses, responds, monitors and reports risks and opportunities through regular activities, such as: risk management training, risk workshops, risk registers and enterprise risk reports.

Strategic Analytics – This activity identifies, collects and analyzes data to educate and inform business decisions. Key products include: WSSC Water's Digital Strategy, the Commission Performance Report, WSSC Water's Data Community, internal dashboards and American Water Works Association utility benchmarking.

## OTHER

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

### Budget Summary

| Other                                     | FY 2022 Actual |                       | FY 2023 Approved |                       | FY 2024 Approved |                       | Increase / (Decrease) |                      |
|---|----------------|-----------------------|------------------|-----------------------|------------------|-----------------------|-----------------------|----------------------|
|   | Work Years     | Amount                | Work Years       | Amount                | Work Years       | Amount                | Work Years            | Amount               |
| Human Resources Non-Departmental          | -              | \$ 27,557,301         | -                | \$ 33,781,806         | -                | \$ 32,624,782         | -                     | \$ (1,157,024)       |
| Finance Non-Departmental                  |                |                       |                  |                       |                  |                       |                       |                      |
| Debt Service                              | -              | 289,213,777           | -                | 328,523,374           | -                | 333,201,310           | -                     | 4,677,936            |
| PAYGO                                     | -              | 27,585,000            | -                | 31,016,000            | -                | 44,000,000            | -                     | 12,984,000           |
| Other (Social Security, Retirement, etc.) | -              | 32,949,761            | -                | 54,603,458            | -                | 59,818,218            | -                     | 5,214,760            |
| Retirement Trust Chargeback               | -              | (769,300)             | -                | (1,673,547)           | -                | (1,632,330)           | -                     | 41,217               |
| <b>Total</b>                              | <b>-</b>       | <b>\$ 376,536,539</b> | <b>-</b>         | <b>\$ 446,251,091</b> | <b>-</b>         | <b>\$ 468,011,980</b> | <b>-</b>              | <b>\$ 21,760,889</b> |

### Explanation of Major Variances

The FY 2024 Approved Budget for Other reflects an overall increase of 4.9% from the FY 2023 Approved Budget primarily due to (1) increased PAYGO contributions, (2) debt service increases due to new bond sales and interest rates, (3) increased payments to Social Security and Retirement funds and (4) increased contingency funds.

## HUMAN RESOURCES NON-DEPARTMENTAL

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

## FINANCE NON-DEPARTMENTAL

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

## RETIREMENT TRUST CHARGEBACK

Retirement Trust Chargeback accounts for retirement and investments expenses related to the operations of the retirement trust that will be paid by the trust.

## **APPENDICES**

APPENDIX A  
ECONOMIC INDICATORS AND TRENDS

**Top 20 Customers - Water and Sewer Usage**

| Rank | Name of Customer                                      |
|------|---|
| 1    | National Institutes of Health                         |
| 2    | University of Maryland                                |
| 3    | Department of Public Works Howard County              |
| 4    | Leisure World   |
| 5    | General Services Administration (GSA)                 |
| 6    | U.S. Navy   |
| 7    | Southern Management Corp                              |
| 8    | National Institute of Standards and Technology (NIST) |
| 9    | Joint Base Andrews                                    |
| 10   | Gaylord   |
| 11   | Franklin Park Apartments                              |
| 12   | MedImmune LLC   |
| 13   | Prince George's County Central Services               |
| 14   | MGM Resorts   |
| 15   | Pepsi Cola  |
| 16   | Advance Conservation Technology                       |
| 17   | Keys Energy Center                                    |
| 18   | Wheaton Plaza Shopping Center                         |
| 19   | Coca Cola Bottling Company                            |
| 20   | Enclave Holding LLC                                   |

## ACTIVE CUSTOMER ACCOUNTS

WSSC Water Active Customer Accounts for Montgomery and Prince George's Counties as of the end of the fiscal year.

|                                   | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|-----------------------------------|---------|---------|---------|---------|---------|
| Customer Accounts Both Counties   | 460,072 | 460,825 | 463,755 | 466,884 | 468,929 |
| Percent Change (%)                | 0.1%    | 0.2%    | 0.6%    | 0.7%    | 0.4%    |
| <b>By Type of Customer*</b>       |         |         |         |         |         |
| Residential                       | 440,164 | 440,087 | 442,536 | 445,503 | 442,968 |
| Percent Change (%)                | 0.1%    | 0.0%    | 0.6%    | 0.7%    | -0.6%   |
| Commerical and Industrial         | 16,921  | 16,852  | 17,455  | 17,402  | 21,843  |
| Percent Change (%)                | -1.4%   | -0.4%   | 3.6%    | -0.3%   | 25.5%   |
| Government and Other              | 2,987   | 3,886   | 3,764   | 3,979   | 4,118   |
| Percent Change (%)                | 0.2%    | 30.1%   | -3.1%   | 5.7%    | 3.5%    |
| <b>By Type of Property*</b>       |         |         |         |         |         |
| Single-Family Residence           | 341,514 | 341,093 | 341,776 | 343,414 | 343,851 |
| Townhouse                         | 90,880  | 91,244  | 92,883  | 94,823  | 96,209  |
| General Commercial                | 16,915  | 16,844  | 17,446  | 16,050  | 13,202  |
| Garden Apartment                  | 3,911   | 3,890   | 3,861   | 3,978   | 3,977   |
| Multi-Unit (Individually Metered) | 2,630   | 2,619   | 2,615   | 2,626   | 2,624   |
| High-Rise Apartment               | 442     | 442     | 426     | 468     | 473     |
| Other                             | 3,780   | 4,693   | 4,748   | 5,525   | 8,593   |
|                                   | 460,072 | 460,825 | 463,755 | 466,884 | 468,929 |

\* Data source: WSSC Water's Customer-to-Meter (C2M) customer billing system

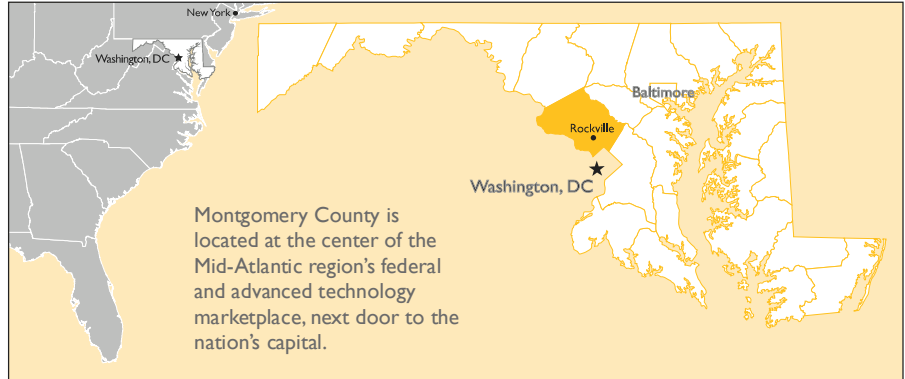
The following pages include economic facts for Montgomery County and Prince George's County, Maryland Department of Commerce.

# Brief Economic Facts

## MONTGOMERY COUNTY, MARYLAND

Montgomery County is Maryland's most populous jurisdiction and one of its most affluent, has a stable and significant office market, and is a major economic engine for the state. It is home to an array of ground breaking innovations such as mapping the human genome, developing life-saving therapies, building premier cybersecurity defenses, and driving world-class IT advancements. Federal facilities in the county include the National Institutes of Health, the National Institute of Standards and Technology, and the Food and Drug Administration. The county is also home to educational and research organizations such as the Johns Hopkins University's Montgomery County Campus, the Howard Hughes Medical Institute, the Henry M. Jackson Foundation, and the Universities at Shady Grove.

Montgomery County's private sector industries generate \$73.2 billion in economic output in areas including information technology, telecommunications, biotechnology, software development, aerospace engineering, professional services, and government/federal contractors. Leading private employers



include Adventist, Choice Hotels, Emergent BioSolutions, GEICO, Giant Food, HMSHost, Kaiser Permanente, Lockheed Martin, Marriott Intl., AstraZeneca, Supernus, Verizon, and WeddingWire.

Recent developments include the start of construction for the Purple Line, a 16-mile light rail from Montgomery County to Prince George's County, and completion of a new mixed-use development in the heart of the Wheaton Triangle called the Wheaton Revitalization Project.

### LOCATION

| Driving distance from Rockville: | Miles | Kilometers |
|----------------------------------|-------|------------|
| Atlanta, Georgia                 | 624   | 1005       |
| Baltimore, Maryland              | 38    | 61         |
| Boston, Massachusetts            | 436   | 702        |
| Chicago, Illinois                | 670   | 1078       |
| New York, New York               | 225   | 363        |
| Philadelphia, Pennsylvania       | 136   | 219        |
| Pittsburg, Pennsylvania          | 207   | 333        |
| Richmond, Virginia               | 118   | 190        |
| Washington, DC                   | 16    | 26         |

### CLIMATE AND GEOGRAPHY<sup>1</sup>

|                               |           |
|-------------------------------|-----------|
| Yearly Precipitation (inches) | 43.5      |
| Yearly Snowfall (inches)      | 24.9      |
| Summer Temperature (°F)       | 74.4      |
| Winter Temperature (°F)       | 35.1      |
| Days Below Freezing           | 86.3      |
| Land Area (square miles)      | 495.4     |
| Water area (square miles)     | 10.1      |
| Elevation (ft)                | 10 to 880 |

### POPULATION<sup>2,3</sup>

|        | Montgomery County Households | Montgomery County Population | Maryland part of Washington DC metro* | Maryland  |
|--------|------------------------------|------------------------------|---------------------------------------|-----------|
| 2010   | 357,075                      | 971,777                      | 2,036,172                             | 5,773,552 |
| 2020   | 368,000                      | 1,051,816                    | 2,226,589                             | 6,055,802 |
| 2030** | 399,150                      | 1,112,690                    | 2,324,580                             | 6,254,500 |

\*Frederick, Montgomery and Prince George's counties

\*\*Projections

Selected places population (2010): Germantown 86,395; Silver Spring 71,452; Rockville 61,209; Bethesda 60,858; Gaithersburg 59,933; Aspen Hill 48,759; Wheaton 48,284

### POPULATION DISTRIBUTION<sup>2,3</sup> (2020)

| Age         | Number    | Percent    |
|-------------|-----------|------------|
| Under 5     | 65,340    | 6.2%       |
| 5 - 19      | 200,590   | 19.1%      |
| 20 - 44     | 336,061   | 32.1%      |
| 45 - 64     | 283,256   | 27.0%      |
| 65 and over | 162,414   | 15.5%      |
| Total       | 1,047,661 | 100.0      |
| Median Age  |           | 39.4 Years |

# Brief Economic Facts MONTGOMERY COUNTY, MARYLAND

## LABOR AVAILABILITY<sup>3,4,5</sup> (BY PLACE OF RESIDENCE)

| Civilian Labor Force (2021 avg.)                           | County        | Labor Mkt. Area* |
|--|---------------|------------------|
| Total civilian labor force                                 | 547,389       | 1,185,163        |
| Employment   | 517,358       | 1,111,150        |
| Unemployment   | 30,031        | 74,013           |
| Unemployment rate  | 5.5%          | 6.2%             |
| Residents commuting outside the county to work (2016-2020) | 59,145 Number | 14.4% Percent    |
| Employment in selected occupations (2016-2020)             |               |                  |
| Management, business, science and arts                     | 320,180       | 57.3%            |
| Service  | 82,859        | 14.8%            |
| Sales and office   | 91,947        | 16.4%            |
| Production, transp. and material moving                    | 32,280        | 5.8%             |

\*Frederick, Montgomery and Prince George's counties

## MAJOR EMPLOYERS<sup>6,7</sup> (2020-2021)

| Employer  | Product/Service                              | Employment |
|---|--|------------|
| National Institutes of Health*  | HQ/ medical research                         | 17,535     |
| Naval Support Activity Bethesda*  | Medical services                             | 10,204     |
| U.S. Food and Drug Administration*  | HQ / food & drug R&D & standards             | 8,500      |
| Giant Food  | Groceries                                    | 4,354      |
| Adventist HealthCare  | HQ / medical services                        | 3,675      |
| Government Employees Insurance (GEICO)                                    | HQ / insurance                               | 3,505      |
| Marriott International  | HQ / hotels & motels                         | 3,500      |
| Astrazeneca   | HQ / pharmaceutical R&D & manufacturing      | 3,500      |
| National Oceanic and Atmospheric Administration*                          | HQ / weather analysis & reporting            | 2,913      |
| Kaiser Foundation Health Plan   | Medical services                             | 2,720      |
| Montgomery College  | Higher education                             | 2,719      |
| U.S. Nuclear Regulatory Commission*                                       | HQ / utilities regulation                    | 2,522      |
| Holy Cross Hospital   | Medical services                             | 2,070      |
| National Institute of Standards and Technology*                           | HQ / testing & standards; R&D                | 2,000      |
| Infosys   | Consulting                                   | 2,000      |
| Henry M. Jackson Foundation for the Advancement of Military Medicine, The | HQ / R&D in the social sciences & humanities | 1,959      |
| Suburban Hospital   | Medical services                             | 1,887      |
| Westat  | HQ / contract research & surveys             | 1,750      |

Excludes post offices, state and local governments, national retail and national foodservice; includes higher education

\*Employee counts for federal and military facilities exclude contractors to the extent possible; embedded contractors may be included

## EMPLOYMENT<sup>4</sup> (2020)

| Industry                            | Estab-lishments | Annual Avg. Empl. | Empl. % | Avg. Wkly. Wage |
|-------------------------------------|-----------------|-------------------|---------|-----------------|
| Federal government                  | 107             | 48,721            | 11.05   | \$2,419         |
| State government                    | 12              | 1,275             | 0.29    | 984             |
| Local government                    | 246             | 41,108            | 9.32    | 1,440           |
| Private sector                      | 32,682          | 349,963           | 79.34   | 1,543           |
| Natural resources and mining        | 60              | 912               | 0.21    | 996             |
| Construction                        | 2,471           | 23,825            | 5.40    | 1,385           |
| Manufacturing                       | 426             | 12,763            | 2.89    | 2,786           |
| Trade, transportation and utilities | 3,783           | 51,816            | 11.75   | 1,015           |
| Information                         | 563             | 9,079             | 2.06    | 2,293           |
| Financial activities                | 3,106           | 28,087            | 6.37    | 2,586           |
| Professional and business services  | 8,598           | 101,909           | 23.11   | 1,977           |
| Education and health services       | 4,552           | 71,516            | 16.21   | 1,189           |
| Leisure and hospitality             | 2,381           | 31,818            | 7.21    | 562             |
| Other services                      | 6,712           | 18,218            | 4.13    | 1,096           |
| Total                               | 33,047          | 441,068           | 100.00  | 1,628           |

Includes civilian employment only

## HOURLY WAGE RATES<sup>4</sup> (2021)

| Selected Occupations                | Median  | Entry   | Skilled |
|-------------------------------------|---------|---------|---------|
| Accountants                         | \$39.14 | \$26.61 | \$52.14 |
| Aerospace engineers                 | \$80.21 | \$48.91 | \$88.21 |
| Assemblers and Fabricators          | \$20.97 | \$14.78 | \$26.20 |
| Bookkeeping/accounting clerks       | \$23.51 | \$17.23 | \$28.80 |
| Computer hardware engineers         | \$61.62 | \$40.56 | \$70.46 |
| Computer systems analysts           | \$48.56 | \$32.77 | \$61.14 |
| Computer user support specialists   | \$29.13 | \$19.60 | \$34.48 |
| Customer service representatives    | \$18.40 | \$13.83 | \$23.98 |
| Electrical engineers                | \$59.13 | \$39.24 | \$68.82 |
| Electronics engineering technicians | \$62.99 | \$42.18 | \$75.78 |
| Freight, stock and material movers  | \$14.91 | \$13.94 | \$18.61 |
| Industrial truck operators          | \$21.81 | \$17.58 | \$24.45 |
| Information security analyst        | \$60.19 | \$36.15 | \$71.34 |
| Inspectors, testers, sorters        | \$24.76 | \$18.09 | \$32.66 |
| Machinists                          | \$29.74 | \$22.25 | \$35.61 |
| Maintenance workers, machinery      | \$29.18 | \$17.32 | \$34.05 |
| Mechanical Engineers                | \$54.50 | \$37.34 | \$65.26 |
| Network support specialists         | \$49.38 | \$34.76 | \$61.91 |
| Packaging/filling machine operators | \$17.68 | \$13.46 | \$20.03 |
| Packers and packagers hand          | \$15.58 | \$13.73 | \$18.53 |
| Secretaries                         | \$22.84 | \$15.93 | \$27.77 |
| Shipping/receiving clerks           | \$18.21 | \$14.24 | \$22.88 |
| Stock clerks and order fillers      | \$14.58 | \$13.38 | \$18.26 |
| Telemarketer                        | \$14.87 | \$12.13 | \$18.33 |

Wages are an estimate of what workers might expect to receive in Montgomery County and may vary by industry, employer and locality



# Brief Economic Facts MONTGOMERY COUNTY, MARYLAND

## SCHOOLS AND COLLEGES<sup>3,8</sup>

### Educational Attainment - age 25 & over (2016-2020)

|                                |       |
|--------------------------------|-------|
| High school graduate or higher | 91.4% |
| Bachelor's degree or higher    | 59.2% |

### Public Schools

|   |
|---|
| Number: 135 elementary; 40 middle; 25 high, 1 career/tech |
| Enrollment: 158,231                                       |
| Cost per pupil: \$18,229                                  |
| Students per teacher: 13.5                                |
| High school career / tech enrollment: 17,011              |
| High school graduates: 11,608                             |

### Nonpublic Schools Number: 315

| Higher Education (2020) | Enrollment | Degrees |
|-------------------------|------------|---------|
|-------------------------|------------|---------|

### 2-year institution

|                    |        |       |
|--------------------|--------|-------|
| Montgomery College | 20,037 | 3,110 |
|--------------------|--------|-------|

### Major 4-year institutions

|  |     |     |
|--|-----|-----|
| Uniformed Services University of the Health Sciences | NA  | NA  |
| Washington Adventist University                      | 968 | 267 |

Universities at Shady Grove - Degree programs offered by 9 University System of Maryland institutions including UMCP, UMB, UB, UMBC, UMES, UMUC, Bowie, Salisbury and Towson.

Universities at Shady Grove - Degree programs offered by 9 University System of Maryland institutions including UMCP, UMB, UB, UMBC, UMES, UMUC, Bowie, Salisbury and Towson.

## TAX RATES<sup>9</sup>

|  | Montgomery Co. | Maryland  |
|--|----------------|-----------|
| <b>Corporate Income Tax (2022)</b>   | none           | 8.25%     |
| Base – federal taxable income  |                |           |
| <b>Personal Income Tax (2022)</b>  | 3.20%          | 2.0-5.75% |
| Base – federal adjusted gross income   |                |           |
| *Graduated rate peaking at 5.75% on taxable income over \$300,000  |                |           |
| <b>Sales &amp; Use Tax (2022)</b>  | none           | 6.0%      |
| Exempt – sales for resale; manufacturer's purchase of raw materials; manufacturing machinery and equipment; purchases of materials and equipment used in R&D and testing of finished products; purchases of computer programs for reproduction or incorporation into another computer program for resale |                |           |
| <b>Real Property Tax (FY 22)</b>   | \$0.7178       | \$0.11    |
| Effective rate per \$100 of assessed value   |                |           |
| In addition to this rate, there are some miscellaneous taxes and/ or special taxing areas in the county; in an incorporated area, a municipal rate may also apply  |                |           |
| <b>Business Personal Prop. Tax (FY 22)</b>   | \$1.7945       | none      |
| Rate per \$100 of depreciated value  |                |           |
| Exempt – manufacturing and R&D machinery, equipment, materials and supplies; manufacturing, R&D and warehousing inventoryIn an incorporated area, a municipal rate may also apply; municipal exemptions may be available   |                |           |
| <b>Major Tax Credits Available</b>   |                |           |
| Enterprise Zone, Job Creation, More Jobs for Marylanders, R&D, New Jobs, Biotechnology and Cybersecurity Investment, A&E District  |                |           |

## INCOME<sup>3</sup> (2016-2020)

| Distribution            | Percent Households |           |              |
|-------------------------|--------------------|-----------|--------------|
|                         | Montgomery County  | Maryland  | U.S.         |
| Under \$25,000          | 9.20%              | 12.80%    | 18.40%       |
| \$25,000 - \$49,999     | 11.50%             | 15.40%    | 20.60%       |
| \$50,000 - \$74,999     | 12.50%             | 15.20%    | 17.20%       |
| \$75,000 - \$99,999     | 11.60%             | 13.00%    | 12.80%       |
| \$100,000 - \$149,999   | 19.20%             | 19.30%    | 15.60%       |
| \$150,000 - \$199,999   | 12.70%             | 10.80%    | 7.10%        |
| \$200,000 and over      | 23.50%             | 13.40%    | 8.30%        |
| Median household        | \$111,812          | \$87,063  | \$64,994     |
| Average household       | \$152,779          | \$114,236 | \$91,547     |
| Per Capita              | \$55,643           | \$43,352  | \$35,384     |
| Total income (millions) | \$56,960           | \$254,806 | \$11,201,162 |

## HOUSING<sup>3,10</sup>

Occupied Units 2016-2020 372,825 (65.60% owner occupied)

### Housing Transactions

|                      |           |
|----------------------|-----------|
| Units Sold           | 15,671    |
| Median Selling Price | \$530,000 |

\*All multiple listed properties excludes auctions and FSBO

## BUSINESS AND INDUSTRIAL PROPERTY<sup>6</sup>

Already home to over 300 biotech companies, the county is planning additional development along the I-270 and Rt. 29 corridors, adding to its global reputation as a technology center. Over 1.5 million sf of urban, transit-oriented office space is under construction in downtown Bethesda including Marriott's new corporate headquarters scheduled for completion in 2022. Viva White Oak - Broke ground in 2018 on a 300-acre mixed use devt. focusing on advanced technologies, adjacent to the new U.S. FDA HQ campus.

**Montgomery College Germantown Campus Science and Technology Park** - Up to one million sf planned, including an academic and training facility tied in with the college's biotech program, a business incubator, and build-to-suit facilities.

### Business Incubators

Alexandria LaunchLabs (Gaithersburg); Bethesda Green; BioHealth Innovation (Rockville); Germantown Innovation Center; GovCon (Rockville); Rockville Innovation Center; Silver Spring Innovation Center

| Market Profile Data (2019)            | Low       | Average     | High        |
|---------------------------------------|-----------|-------------|-------------|
| <b>Land – cost per acre</b>           |           |             |             |
| Industrial                            | \$146,200 | \$972,430   | \$2,500,000 |
| Office                                | \$350,000 | \$2,494,334 | \$7,323,262 |
| <b>Rental Rates – per square foot</b> |           |             |             |
| Warehouse / Industrial                | \$9.75    | \$8.00      | \$19.81     |
| Flex / R&D / Technology               | \$18.60   | \$34.50     | \$55.00     |
| Class A Office                        | \$12.72   | \$17.41     | \$31.25     |

# Brief Economic Facts MONTGOMERY COUNTY, MARYLAND

## TRANSPORTATION

**Highways:** I-270 (“The Technology Corridor”), I-370, I-495, U.S. Route 29 and the ICC (MD 200); ten-minute access to I-95

**Rail:** 12 Metrorail stations, including three of the system’s busiest; 11 future Purple Line rail stops; Amtrak, MARC and CSX Transportation offer long-distance passenger and commuter service as well as freight rail service

**Bus:** 234 Metrobuses operating on 41 routes in the county, plus extensive service via the county’s Ride-On bus system

**Truck:** More than 130 local and long-distance trucking establishments

**Water:** Served by the Port of Baltimore with a 50’ channel; a leading U.S. automobile and break-bulk port; seven public terminals including the state-of-the-art Intermodal Container Transfer Facility

**Air:** Commercial passenger and air cargo services are available through Baltimore/Washington International Thurgood Marshall, Washington Dulles International, and Ronald Reagan Washington National Airports; commuter and corporate air service is available at the Montgomery County Airpark (4200’ runway)

## RECREATION AND CULTURE

**Parks and Recreation:** More than 410 different parks, including national, state, regional and neighborhood, featuring tennis courts, ball fields and totalling 34,600 acres; more than 100 miles of trails provide recreational opportunities

**Golf:** Nine public golf courses, 22 private golf courses, and more than a dozen country clubs, including the Tournament Players Club at Avenel; county hosted the 2011 US Open at Congressional Country Club.

**Sports:** 11 public pools and 50 private community pools; public and private tennis courts throughout the county; year-round amateur and professional sports as well as thoroughbred racing.

**Cultural:** The Music Center at Strathmore’s 1,978-seat concert hall and adjacent education center; Olney Theatre Center in Olney; American Film Institute’s Silver Theatre, the Round House Theatre, Bethesda Blues and Jazz Supper Club, and the Fillmore featuring Live Nation in Silver Spring.

**Arts & Entertainment Districts:** Bethesda, Silver Spring, Wheaton.

**Attractions:** Clara Barton National Historic Site, National Capital Trolley Museum, Chesapeake & Ohio Canal National Historical Park, Sugarloaf Mountain Vineyard and Brookside Gardens.

**Events:** Sugarloaf Craft Festival, Montgomery County Agricultural Fair, SILVERDOCS Film Festival, Quicken Loans National Golf Tournament, and Seneca Creek State Park Light Festival.

## UTILITIES

**Electricity:** Potomac Electric Power Company, Baltimore Gas and Electric and the Allegheny Power System; customers of investor-owned utilities and major cooperatives may choose their electric supplier

**Gas:** Natural gas supplied by Washington Gas; BGE serves the northern section of the county; customers may purchase gas from other natural gas suppliers

**Water and Sewer:** Washington Suburban Sanitary Commission (WSSC) maintains and operates the county’s water and sewer system; the City of Rockville operates its own water and sewer system

**Telecommunications:** Verizon Maryland, Comcast and RCN provide cable television, high-speed wired and wireless internet and telephone services in the county; services available include Ethernet, VoIP, and Verizon FiOS)

## GOVERNMENT<sup>11</sup>

**County Seat:** Rockville

**Government:** County executive and nine county council members elected for four-year terms; charter form of government allows for the separation of the executive from the legislative branch; lawmaking powers are vested in an elected legislative body

Marc B. Elrich, County Executive 240.777.2500

Gabriel Albornoz President, County Council 240.777.7964

**Website:** [www.montgomerycountymd.gov](http://www.montgomerycountymd.gov)

**County Bond Rating:** AAA (S&P); Aaa (Moody’s); AAA (Fitch)

**Montgomery County Economic Development Corporation**

David Petr, President and CEO 1801 Rockville Pike, Suite 320 Rockville, Maryland 20852

Telephone: 240.641.6700

Email: [connect@thinkmoco.com](mailto:connect@thinkmoco.com)

[thinkmoco.com](http://thinkmoco.com)

### Sources:

1 National Oceanic and Atmospheric Administration (1981-2010 normals); Maryland Geological Survey

2 American Community Survey

3 U.S. Bureau of the Census

4 Maryland Department of Labor, Office of Workforce Information and Performance

5 U.S. Bureau of Labor Statistics

6 Montgomery County Economic Development Corporation

7 Maryland Department of Commerce

8 Maryland State Department of Education; Maryland Higher Education Commission

9 Maryland State Department of Assessments and Taxation; Comptroller of the Treasury

10 Maryland Association of Realtors

11 Maryland State Archives; Maryland Association of Counties

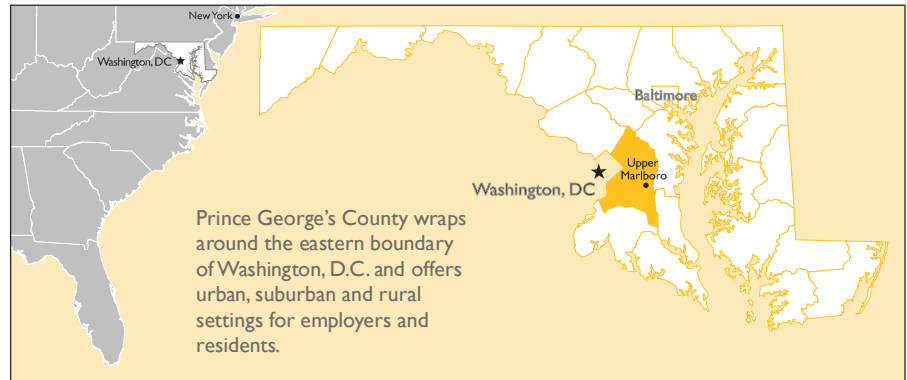
# Brief Economic Facts

## PRINCE GEORGE'S COUNTY, MARYLAND

Prince George's County wraps around the eastern boundary of Washington, D.C. and offers urban, suburban and rural settings. The region is served by three international airports and the Port of Baltimore. The county boasts a friendly business climate, skilled workers and an outstanding quality of life.

Prince George's has one of the largest technology and aerospace sectors in the state and a growing hospitality sector. Major private employers include SGT, Inovalon, Verizon, and MGM National Harbor; with private sector industries generating \$31.9 billion in economic output. Woodmore Towne Centre and National Harbor are recent, high-quality mixed-use developments, and Westphalia Town Center and Towne Square at Suitland Federal Center are currently under development.

Prince George's County has significant federal facilities, such as Joint Base Andrews, NASA Goddard Space Flight Center, FDA, NOAA, USDA Beltsville Agricultural Research Center, and



the U.S. Citizenship and Immigration Services headquarters currently under construction. Academic facilities include the University of Maryland College Park, the state's flagship public university, and other major institutions. The county's commitment to business growth is reflected by the recent location or expansion of 2U and Kaiser Permanente of the Mid-Atlantic. The county's healthcare sector is also growing, led by the UM Capital Region Medical Center currently under construction.

### LOCATION

| Driving distance from Upper Marlboro | Miles | Kilometers |
|--------------------------------------|-------|------------|
| Atlanta, Georgia                     | 626   | 1007       |
| Baltimore, Maryland                  | 37    | 60         |
| Boston, Massachusetts                | 433   | 697        |
| Chicago, Illinois                    | 703   | 1131       |
| New York, New York                   | 222   | 357        |
| Philadelphia, Pennsylvania           | 133   | 214        |
| Pittsburg, Pennsylvania              | 239   | 385        |
| Richmond, Virginia                   | 107   | 173        |
| Washington, DC                       | 18    | 29         |

### CLIMATE AND GEOGRAPHY<sup>1</sup>

|                               |                  |
|-------------------------------|------------------|
| Yearly Precipitation (inches) | 44.1             |
| Yearly Snowfall (inches)      | 13.9             |
| Summer Temperature (°F)       | 75.8             |
| Winter Temperature (°F)       | 36               |
| Days Below Freezing           | 92               |
| Land Area (square miles)      | 487              |
| Water area (square miles)     | 12.2             |
| Shoreline (miles)             | 119              |
| Elevation (ft)                | sea level to 440 |

### POPULATION<sup>2,3</sup>

|        | Prince George's County Households | Prince George's County Population | Maryland part of Washington DC metro* | Maryland  |
|--------|-----------------------------------|-----------------------------------|---------------------------------------|-----------|
| 2010   | 304,050                           | 863,420                           | 2,036,172                             | 5,773,552 |
| 2020   | 316,150                           | 909,612                           | 2,226,589                             | 6,055,802 |
| 2030** | 332,150                           | 916,770                           | 2,324,580                             | 6,254,500 |

\*Frederick, Montgomery and Prince George's counties

\*\*Projections

Selected places population (2010): Bowie 54,727; Clinton 35,970; Chillum 33,513; College Park 30,413; South Laurel 26,112; Suitland 25,825; Laurel 25,115

### POPULATION DISTRIBUTION<sup>2,3</sup> (2020)

| Age         | Number     | Percent |
|-------------|------------|---------|
| Under 5yrs  | 59729      | 6.6%    |
| 5 - 19 yrs  | 169801     | 18.7%   |
| 20 - 44 yrs | 316249     | 34.7%   |
| 45 - 64 yrs | 243564     | 26.8%   |
| 65 and over | 121208     | 13.3%   |
| Total       | 910551     | 100.0   |
| Median Age  | 37.5 Years |         |

# Brief Economic Facts PRINCE GEORGE'S COUNTY, MARYLAND

## LABOR AVAILABILITY<sup>3,4,5</sup> (BY PLACE OF RESIDENCE)

| Civilian Labor Force (2021 avg.)                           | County           | Labor Mkt. Area* |
|--|------------------|------------------|
| Total civilian labor force                                 | 502,972          | 1,185,163        |
| Employment   | 465,458          | 1,111,150        |
| Unemployment   | 37,514           | 74,013           |
| Unemployment rate  | 7.5              | 6.2%             |
| Residents commuting outside the county to work (2016-2020) | Number<br>88,527 | Percent<br>30.6% |
| Employment in selected occupations (2016-2020)             |                  |                  |
| Management, business, science and arts                     | 197,693          | 40.9%            |
| Service  | 95,631           | 19.8%            |
| Sales and office   | 93,997           | 19.4%            |
| Production, transp. and material moving                    | 46,497           | 9.6%             |

\*Frederick, Montgomery and Prince George's counties

## MAJOR EMPLOYERS<sup>6,7</sup> (2020-2021)

| Employer   | Product/Service                        | Employment |
|--|--|------------|
| University System of Maryland                            | Higher education                       | 20,250     |
| Joint Base Andrews Naval Air Facility Washington**       | Federal Military installation          | 17,500     |
| U.S. Internal Revenue Svc. **                            | Federal Revenue Collection             | 4,735      |
| U.S. Census Bureau**                                     | Federal Demographic Research           | 4,605      |
| WMATA  | Public Transportation                  | 3,546      |
| NASA/Goddard Space Flight Ctr.                           | Federal, Space Research                | 3,000      |
| United Parcel Service                                    | Mail and package delivery              | 3,000      |
| Prince George's Community College                        | Higher education                       | 2,045      |
| MGM National Harbor                                      | Hotels and Gaming                      | 2,000      |
| Gaylord National Resort-Convention Ctr                   | Hotels and Conventions                 | 2,000      |
| ASRC Federal (Arctic Slope Regional Corp)                | Research and Engineering               | 1,903      |
| National Maritime Intelligence-Integration Office (NMIO) | Federal Maritime Intelligence Analysis | 1,890      |
| Verizon  | Telecommunication                      | 1,800      |
| University of Maryland Capital Region Health             | Medical services                       | 1,800      |
| CBMC Capital   | Building Maintenance                   | 1,800      |
| U.S. Dept. Of Agriculture**                              | Federal Government                     | 1,725      |
| Knight Protective Services                               | Security Guard Service                 | 1,500      |
| MELWOOD HORT TRAINING CTR INC                            | Social services                        | 1,400      |
| National Oceanic and Atmospheric Admin**                 | Federal Weather Analysis and Reporting | 1,375      |

Excludes post offices, state and local governments, national retail and national foodservice; includes higher education

\*Includes UMCP, UMUC and Bowie State University

\*\*Employee counts for federal and military facilities exclude contractors to the extent possible; embedded contractors may be included

## EMPLOYMENT<sup>4</sup> (2020)

| Industry                             | Estab-lishments | Annual Avg. Empl. | Empl. % | Avg. Wkly. Wage |
|--------------------------------------|-----------------|-------------------|---------|-----------------|
| Federal Government                   | 114             | 27,468            | 9.28    | \$2,200         |
| State Government                     | 15              | 21,013            | 7.10    | 1,135           |
| Local Government                     | 298             | 39,420            | 13.31   | 1,368           |
| Private Sector                       | 16,014          | 208,174           | 70.31   | 1,104           |
| Natural resources and mining         | 16              | 94                | 0.03    | 1,075           |
| Construction                         | 1,822           | 27,236            | 9.20    | 1,445           |
| Manufacturing                        | 327             | 7,214             | 2.44    | 1,266           |
| Trade, Transportation, and utilities | 3,396           | 55,992            | 18.91   | 883             |
| Information                          | 147             | 2,342             | 0.79    | 1,835           |
| Financial activities                 | 1,326           | 10,414            | 3.52    | 1,284           |
| Professional and business services   | 3,350           | 37,164            | 12.55   | 1,525           |
| Education and health services        | 2,398           | 32,161            | 10.86   | 1,152           |
| Leisure and hospitality              | 1,692           | 27,776            | 9.38    | 488             |
| Other Services                       | 1,519           | 7,762             | 2.62    | 886             |
| Total                                | 16,442          | 296,077           | 100.00  | 1,243           |

Includes civilian employment only

## HOURLY WAGE RATES<sup>4</sup> (2021)

| Selected Occupations                | Median  | Entry   | Skilled |
|-------------------------------------|---------|---------|---------|
| Accountants                         | \$38.66 | \$25.94 | \$50.94 |
| Aerospace engineers                 | \$74.61 | \$50.59 | \$80.52 |
| Assemblers and Fabricators          | \$22.66 | \$15.82 | \$27.10 |
| Biological technicians              | \$28.86 | \$19.01 | \$32.26 |
| Bookkeeping/accounting clerks       | \$23.36 | \$16.71 | \$28.53 |
| Computer hardware engineers         | \$66.76 | \$45.22 | \$76.44 |
| Computer systems analysts           | \$48.13 | \$31.59 | \$58.47 |
| Computer user support specialists   | \$28.78 | \$19.26 | \$32.49 |
| Customer service representatives    | \$18.35 | \$13.45 | \$23.63 |
| Electrical engineers                | \$47.90 | \$32.92 | \$61.46 |
| Electronics engineering technicians | \$64.80 | \$46.26 | \$77.37 |
| Freight, stock and material movers  | \$14.58 | \$13.85 | \$19.21 |
| Industrial truck operators          | \$22.38 | \$17.83 | \$25.71 |
| Information security analyst        | \$60.33 | \$38.20 | \$68.96 |
| Inspectors, testers, sorters        | \$22.71 | \$15.16 | \$31.14 |
| Machinists                          | \$36.57 | \$22.02 | \$38.22 |
| Maintenance workers, machinery      | \$23.27 | \$15.47 | \$29.24 |
| Mechanical Engineers                | \$47.98 | \$32.49 | \$61.13 |
| Network support specialists         | \$49.38 | \$35.95 | \$61.98 |
| Packaging/filling machine operators | \$16.90 | \$13.08 | \$20.83 |
| Packers and packagers hand          | \$16.35 | \$13.50 | \$19.01 |
| Secretaries                         | \$22.80 | \$15.98 | \$29.01 |
| Shipping/receiving clerks           | \$18.26 | \$14.17 | \$22.76 |
| Stock clerks and order fillers      | \$14.91 | \$13.37 | \$18.89 |
| Telemarketer                        | \$13.84 | \$12.54 | \$15.84 |

Wages are an estimate of what workers might expect to receive in Prince George's County and may vary by industry, employer and locality

# Brief Economic Facts PRINCE GEORGE'S COUNTY, MARYLAND

## SCHOOLS AND COLLEGES<sup>3,8</sup>

### Educational Attainment - age 25 & over (2016-2020)

|                                |       |
|--------------------------------|-------|
| High school graduate or higher | 87.2% |
| Bachelor's degree or higher    | 34.4% |

### Public Schools

|  |
|--|
| Number: 121 elementary; 36 middle/combine; 24 high; 1 career/tech; 9 charter |
| Enrollment: 128,777  |
| Cost per pupil: \$16,323   |
| Students per teacher: 13.8   |
| High school career / tech enrollment: 13,575                                 |
| High school graduates: 7,762   |

### Nonpublic Schools Number: 118

### Higher Education (2020)

|                                      | Enrollment | Degrees |
|--------------------------------------|------------|---------|
| <b>2-year institution</b>            |            |         |
| Prince George's Community College    | 11,358     | 1,349   |
| <b>4-year institutions</b>           |            |         |
| Bowie State University               | 6,250      | 1,164   |
| Capitol Technology University        | 754        | 176     |
| University of Maryland, College Park | 40,709     | 11,320  |
| University of Maryland Global Campus | 59,679     | 14,352  |

Undergraduate and graduate courses are offered at the Laurel College Center through 6 Maryland public colleges/universities  
Central Michigan and Embry-Riddle Aeronautical Universities offer courses at Joint Base Andrews.

## TAX RATES<sup>9</sup>

|  | Prince George's County | Maryland  |
|--|------------------------|-----------|
| <b>Corporate Income Tax (2022)</b>   | none                   | 8.25%     |
| Base – federal taxable income  |                        |           |
| <b>Personal Income Tax (2022)</b>  | 3.20%                  | 2.0-5.75% |
| Base – federal adjusted gross income   |                        |           |
| *Graduated rate peaking at 5.75% on taxable income over \$300,000  |                        |           |
| <b>Sales &amp; Use Tax (2022)</b>  | none                   | 6.0%      |
| Exempt – sales for resale; manufacturer's purchase of raw materials; manufacturing machinery and equipment; purchases of materials and equipment used in R&D and testing of finished products; purchases of computer programs for reproduction or incorporation into another computer program for resale |                        |           |
| <b>Real Property Tax (FY 22)</b>   | \$1.0000               | \$0.1120  |
| Effective rate per \$100 of assessed value   |                        |           |
| In addition to this rate, there are some miscellaneous taxes and/ or special taxing areas in the county; in an incorporated area, a municipal rate may also apply  |                        |           |
| <b>Business Personal Prop. Tax (FY 22)</b>   | \$2.50                 | none      |
| Rate per \$100 of depreciated value  |                        |           |
| Exempt – manufacturing and R&D machinery, equipment, materials and supplies; manufacturing, R&D and warehousing inventory In an incorporated area, a municipal rate may also apply; municipal exemptions may be available  |                        |           |
| <b>Major Tax Credits Available</b>   |                        |           |
| Enterprise Zone, Job Creation, More Jobs for Marylanders, R&D, New Jobs, Biotechnology and Cybersecurity Investment, A&E District  |                        |           |

## INCOME<sup>3</sup> (2016-2020)

| Distribution            | Percent Households  |           |              |
|-------------------------|---------------------|-----------|--------------|
|                         | Prince George's Co. | Maryland  | U.S.         |
| Under \$25,000          | 10.6%               | 12.80%    | 18.40%       |
| \$25,000 - \$49,999     | 14.8%               | 15.40%    | 20.60%       |
| \$50,000 - \$74,999     | 17.1%               | 15.20%    | 17.20%       |
| \$75,000 - \$99,999     | 14.6%               | 13.00%    | 12.80%       |
| \$100,000 - \$149,999   | 21.0%               | 19.30%    | 15.60%       |
| \$150,000 - \$199,999   | 10.9%               | 10.80%    | 7.10%        |
| \$200,000 and over      | 10.9%               | 13.40%    | 8.30%        |
| Median household        | \$86,994            | \$87,063  | \$64,994     |
| Average household       | \$105,736           | \$114,236 | \$91,547     |
| Per Capita              | \$38,502            | \$43,352  | \$35,384     |
| Total income (millions) | \$33,374            | \$254,806 | \$11,201,162 |

## HOUSING<sup>3,10</sup>

Occupied Units (2016-2020) 315,634 (62.10% owner occupied)

### Housing Transactions

|                      |           |
|----------------------|-----------|
| Units Sold           | 12,562    |
| Median Selling Price | \$380,000 |

\*All multiple listed properties excludes auctions and FSBO

## BUSINESS AND INDUSTRIAL PROPERTY<sup>6</sup>

The county offers a range of business locations, including urban mixed-use developments at Metro stations, suburban office parks, a Foreign Trade Zone countywide, State Enterprise Zone, Opportunity Zones, and distribution and manufacturing parks with rail and highway access. The University of Maryland Discovery District provides opportunities for direct collaboration with one of the top universities in the nation. Class A office space with great access is available in Laurel, Calverton, Bowie, College Park, Beltsville, Greenbelt, Hyattsville, Largo, and many other locations.

Prince George's County enacted landmark legislation establishing a \$50 million Economic Development Incentive Fund (EDIF) that provides loans, guarantees and conditional loans for projects in the county that create jobs and investment.

### Business Incubators

Bowie Business Innovation Center, Bowie Maryland International Incubator, College Park Prince George's County Innovation Station, Largo Technology Advancement Prog., Univ. of MD at College Park

| Market Profile Data (2019)            | Low       | High        | Average   |
|---------------------------------------|-----------|-------------|-----------|
| <b>Land – cost per acre</b>           |           |             |           |
| Industrial                            | \$40,000  | \$800,000   | \$250,000 |
| Office                                | \$125,000 | \$2,000,000 | \$300,000 |
| <b>Rental Rates – per square foot</b> |           |             |           |
| Warehouse / Industrial                | \$3.75    | \$14.48     | \$7.31    |
| Flex / R&D / Technology               | \$6.00    | \$19.00     | \$11.14   |
| Class A Office                        | \$16.00   | \$36.00     | \$21.14   |



# Brief Economic Facts PRINCE GEORGE'S COUNTY, MARYLAND

## TRANSPORTATION

**Highways:** I-95, I-495, U.S. 1, U.S. 50, U.S. 301, Baltimore Washington Parkway (MD 295), and Intercounty Connector (MD 200).

**Mass Transit:** MARC (MD Area Regional Commuter) serves the Baltimore-Washington corridor, with nine locations in the county; WMATA (Washington Metro Area Transit Authority) provides 70 bus routes and rail service; 15 stations on the Blue, Orange and Green Metro rail lines; local bus system with 28 routes.

**Rail:** CSX Transportation and Norfolk Southern Railway; Amtrak Metroliner passenger service from D.C. to New York with intermediate stops, including the Capital Beltway Station at New Carrollton; and the 16 mile/21 station Purple Line light rail transit system under construction, connecting Prince George's and Montgomery counties.

**Truck:** All major motor freight common carriers serve the county.

**Water:** Served by the Port of Baltimore, a leading U.S. automobile and break-bulk port, with a 50' channel and seven public terminals including the state-of-the-art Intermodal Container Transfer Facility; one of only four ports on the East Coast able to accommodate Neo-Panamax ships

**Air:** Baltimore/Washington International Thurgood Marshall Airport, accessible by bus, train and shuttle van; Ronald Reagan Washington National Airport, minutes from the Capital Beltway and accessible by bus and metro; and Washington Dulles International Airport, accessible by bus and car.

## RECREATION AND CULTURE

**Parks and Recreation:** Maryland-National Capital Park and Planning Commission manages nearly 26,000 acres of parkland with over 90 miles of paved hiker/biker/equestrian trails; 127 neighborhood parks; 39 community centers; 27 recreational buildings; 10 aquatic facilities; three ice rinks; four golf courses; 214 tennis courts and an indoor/outdoor tennis facility; the Prince George's Equestrian Center and the Show Place Arena; an airport (the oldest in operation); a marina; and the Prince George's Sports and Learning Complex.

**Sports:** Comcast Center, Maryland Stadium, Samuel Riggs IV Alumni Center, FedEx Field (home of the Washington Redskins), and a 10,000 seat AA baseball stadium.

**Cultural and Historical:** Clarice Smith Performing Arts Center at the University of Maryland; many historical sites and museums; the Smithsonian Institutions, the Kennedy Center, and the National Gallery of Art are just across the county line in the nation's capital.

**Arts & Entertainment District:** Gateway Arts District

**Attractions:** Six Flags America theme park; MGM National Harbor, a luxury waterfront dining, retail, entertainment and gaming resort on the Potomac River; and Tanger Outlets with 80 designer and name brand stores.

## UTILITIES

**Electricity:** Baltimore Gas and Electric, Potomac Electric Power Company, and Southern Maryland Electric Cooperative, Inc.; customers may choose their electric supplier

**Gas:** Natural gas supplied by Baltimore Gas and Electric and Washington Gas; customers may choose their gas supplier

**Water and Sewer:** Washington Suburban Sanitary Commission

**Telecommunications:** Verizon, Comcast, Level 3 Communications and others have significant fiber throughout the county; AT&T, Sprint, Cavalier, Cox, and other carriers and resellers also offer services on proprietary and leased lines

## GOVERNMENT

**County Seat:** Upper Marlboro

**Government:** County executive elected at large and nine county council members elected by district for four-year terms; charter form of government allows for the separation of the executive from the legislative branch; lawmaking powers are vested in an elected legislative body

Angela D. Alsobrooks, County Executive 301.952.4131

Calvin S. Hawkins II, Chair, County Council 301.952.3700

**Website:** [www.princegeorgescountymd.gov](http://www.princegeorgescountymd.gov)

**Bond Rating:** AAA (S&P); Aaa (Moody's); AAA (Fitch)

**Prince George's County Economic Development Corporation**

David Iannucci, President and CEO

1801 McCormick Drive, Suite 350

Largo, Maryland 20774

Telephone: 301.583.4650

Email: [info@pgcedc.com](mailto:info@pgcedc.com)

[www.pgcedc.com](http://www.pgcedc.com)

Sources:

1 National Oceanic and Atmospheric Administration (1981-2010 normals); Maryland Geological Survey

2 American Community Survey

3 U.S. Bureau of the Census

4 Maryland Department of Labor, Office of Workforce Information and Performance

5 U.S. Bureau of Labor Statistics

6 Prince George's County Economic Development Corporation

7 Maryland Department of Commerce

8 Maryland State Department of Education; Maryland Higher Education Commission

9 Maryland State Department of Assessments and Taxation; Comptroller of the Treasury

10 Maryland Association of Realtors

11 Maryland State Archives; Maryland Association of Counties



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## APPENDIX B - GLOSSARY

|                                  |  |
|----------------------------------|--|
| Account Maintenance Fees         | (Also referred to as AMF) 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 | (Also referred to as AMI) 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.  |
| American Water Works Association | (Also referred to as AWWA) An international, nonprofit, scientific and educational organization providing water management solutions.  |
| Applicant                        | Any firm, corporation, Municipality, agency, person, or persons who owns or develops property requiring water or sewer service provided by systems, facilities, and/or service connections within the Washington Suburban Sanitary District.   |
| Asset Management Program         | (Also referred to as AMP) 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.  |
| Biosolids                        | Solids produced as a byproduct of treating sewage to produce clean water; also referred to as sludge.  |

## APPENDIX B - GLOSSARY

Blue Plains Advanced  
Wastewater Treatment Plant

(Also referred to as Blue Plains) The regional wastewater treatment plant owned and operated by the District of Columbia Water and Sewer Authority. Approximately 62.0% of the wastewater from the Washington Suburban Sanitary District is treated at Blue Plains. WSSC Water's 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.

Blue Plains Inter-Municipal  
Agreement

Provides for the inter-jurisdictional (Washington, D.C., Fairfax County, VA, Montgomery County, MD, Prince George's County, MD, and WSSC Water) allocation of wastewater flow capacity, including operating and capital costs associated with wastewater collection, treatment and biosolids management.

Bond

A written promise to pay a sum of money on a specific date at a specified interest rate.

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, 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 WSSC Water over a six-year period.

Capital Project

A WSSC Water effort involving expenditures and funding for the creation, expansion, renovation, or replacement of major facilities and other assets having relatively long lives. Expenditures within capital projects may include costs of planning, design, land, construction, contract supervision, and associated administrative and support costs.

Commission

A six-member Commission governing WSSC Water, comprised of three Commissioners appointed from each County by the County's Executive, confirmed by their respective County Councils. Each Commissioner serves a four-year term.



## APPENDIX B - GLOSSARY

|  |   |
|--|---|
| 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 the changes; 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.                         |
| 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.  |
| Customer Assistance Program                  | (Also referred to as CAP) WSSC Water program providing financial assistance to approved residential customers.  |
| Customer-to-Meter                            | Oracle Customer-to-Meter (C2M) is a billing system providing a comprehensive billing and customer service platform.   |
| Debt Service                                 | The annual payment of principal and interest on bonded indebtedness.  |
| District of Columbia Water & Sewer Authority | (Also referred to as DCWASA or DC Water) Provides drinking water, sewage collection and sewage treatment to District of Columbia.   |
| 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 WSSC Water facilities. The program stipulates a reduction in energy usage and costs greater than, or equal to, the annual capital costs to be incurred.  |
| 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 WSSC Water. The ESP does not include major projects included in the CIP or projects to serve new development.   |
| Enhanced Nutrient Removal                    | (Also referred to as ENR) Enhanced Nutrient Removal is the next step in the natural technological progression of wastewater treatment processes, starting with primary treatment, through secondary and advanced treatment, then biological nutrient removal, and now enhanced nutrient removal. Biological processes are used to further the removal of total nitrogen to levels as low as 3 mg/L and total phosphorus to 0.3 mg/L or less. The Maryland Department of the Environment (MDE) Chesapeake Bay 2000 Agreement calls for the use of ENR. |

## APPENDIX B - GLOSSARY

|                               |   |
|-------------------------------|---|
| Enterprise Resource Planning  | (Also referred to as ERP) An automated system that integrates all data and processes of a System 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.   |
| Federal Open Market Committee | (Also referred to as FOMC) A Federal Reserve Board committee that sets monetary policy, including the interest rates that are charged to banks.   |
| 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                 | WSSC Water's policies with respect to revenues, spending, and debt management as the policies relate to WSSC Water 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                   | (Also referred to as FY) The 12-month period to which the annual operating and capital budgets and their expenditure authorizations apply. WSSC Water's fiscal year starts on July 1 and ends on June 30.   |
| 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.   |

## APPENDIX B - GLOSSARY

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| Force Main                     | (Also referred to as FM) 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 WSSC Water to help underwrite the agency'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 Charge      | (Also referred to as FFB or FFBC) A charge assessed owners of property abutting WSSC Water's 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 fiscal year (ending fund balance). Fund balance is also referred to as Accumulated Net Revenue in this document.   |
| General Bond Debt Service Fund | (Also referred to as GBDS) 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 WSSC Water's general construction and administrative and support facility construction program; and for administering the agency's front foot benefit assessment activities.   |
| General Construction 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 WSSC Water's minor water supply and wastewater collection and disposal systems (water mains less than 16" in diameter and sewer mains less than 15" in diameter), and all administrative and support facilities. Water meters are also purchased from this fund. |

## APPENDIX B - GLOSSARY

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| Geographic Information System  | (Also referred to as GIS) A system that 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, and development planning.  |
| Goal                           | A long-term, attainable target for an organization – its vision of the future.   |
| Green Bond                     | Bond instrument whose proceeds are exclusively applied to projects such as green buildings, pollution prevention and control, renewable energy, water quality, and climate change adaptation.  |
| 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. 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        | (Also referred to as H/C Charge) A fee set annually by WSSC Water 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.   |
| Information Only Projects      | The CIP document contains an Information Only Projects section. Projects in this section are not required to be in the CIP under Section 23-301 of the Public Utilities Article, WSSD Laws, Annotated Code of Maryland, but may be included for any number of reasons such as: fiscal planning purposes; the reader's improved understanding of the full scope of a specific set of projects; or in response to requests from County governments. Expenditures for Information Only projects are not included as part of the CIP six-year program costs but are shown separately on the bottom line of the financial summary in the front section of the CIP for informational purposes. |
| Infrastructure Investment Fees | (Also referred to as IIF) A fixed fee that funds a portion of the debt service associated with WSSC Water's water and sewer pipe reconstruction programs.  |

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| Justice40  | Federal program to invest in climate change, clean energy and energy affordable and sustainable housing, training and workforce development, remediation and reduction of legacy pollution, and the development of critical clean water and wastewater infrastructure efficiency, clean transit, affordable and sustainable housing, training and workforce development, remediation and reduction of legacy pollution, and the development of critical clean water and wastewater infrastructure in disadvantaged communities.  |
| Level of Service                                       | The services, programs, and facilities provided by WSSC Water to its customers. The level of service may increase, decrease, or remain the same, depending upon needs, alternatives, and available resources.  |
| Maryland Department of the Environment                 | (Also referred to as MDE) The Maryland Department of the Environment was created in 1987 to protect and preserve the State's air, water and land resources and safeguard the environmental health of Maryland's citizens. MDE's duties also encompass enforcement of environmental laws and regulations, long-term planning and research. MDE provides technical assistance to Maryland industry and communities for pollution and growth issues and environmental emergencies.  |
| Maryland-National Capital Park and Planning Commission | (Also referred to as M-NCPPC) Founded in 1927 and chartered by the State of Maryland, it has geographic authority in the Montgomery and Prince George's County regions, planning and coordinating regional growth and development, including a system of parks and recreational locations.   |
| Memorandum of Understanding                            | An agreement between parties indicating an intended common line of action.   |
| Metropolitan Washington Council of Governments         | (Also referred to as MWCOG) Non-profit association of 24 Washington, D.C. area local governments focused on housing, economic competitiveness and the Metro system.  |
| Miscellaneous  | Revenue derived from charges for late payment of bills and Front Foot charges; charges for repair of WSSC Water property (e.g., fire hydrants, water mains, sewer lines) damaged by individuals; charges for relocation of WSSC Water's water and sewer systems and/or facilities for the benefit of other parties (e.g., Maryland Department of Transportation and County Departments of Transportation); sewage handlers fees which are charged for discharging septic tank clean-out wastes into WSSC Water's sewerage system; antenna lease fees collected; and fees charged for the use of recreational facilities in WSSC Water's watershed areas. |

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| Mission                        | A written declaration of an organization's core purpose and focus. 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 to assess turbidity in a liquid sample by using an instrument called a nephelometer. A nephelometer passes light through a sample and the amount of light deflected is then measured.   |
| 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 WSSC Water 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.   |
| 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 WSSC Water'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 WSSC Water, 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.   |
| Plumbing and Inspection Fees   | A fee for WSSC Water's inspection of all plumbing and gas fixtures installed in residential and commercial structures to ensure that such installations are in compliance with WSSC Water's Plumbing and Gas-fitting Code.  |

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| Potomac WFP Consent Decree         | A court-enforced legal document that was negotiated between WSSC Water, 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 WSSC Water to take certain actions in order to reduce the amount of solids discharged back into the Potomac River.   |
| Project Needs Validation Process   | Systematically identifies and validates the water, wastewater and support services needs of WSSC Water, develops potential solutions to the validated needs and recommends a preferred solution.  |
| Public Hearing                     | An opportunity 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 WSSC Water 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 WSSC Water'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. |
| Quintile                           | A quintile is a statistical value that divides a dataset into five equal parts, each representing 20% ( $1/5^{\text{th}}$ ) of the range of a given population. The first quintile represents the lowest 20% of the range (0% to 20%); the second quintile represents the second 20% of the population (20% to 40%); and so on.   |
| Ready-to-Serve Charge              | Comprised of the Account Maintenance Fees (AMF) and the Infrastructure Investment Fees  |
| Reconstruction Debt Service Offset | (Also referred to as REDO) The use of surplus funds from the General Bond Debt Service Fund to offset a portion of the debt service cost of the Systems Reconstruction Program. REDO was established in FY 1983 to use the surplus that had accumulated in the General Bond Debt Service account to benefit all WSSC Water ratepayers on a long-term basis.   |
| Regional Sewage Disposal           | WSSC Water's share of the maintenance and operating costs of the District of Columbia Water and Sewer Authority's Blue Plains Wastewater Treatment Plant.   |
| Rockville Sewer Use                | Revenue derived from payment by the City of Rockville for the city's share of the Regional Sewage Disposal charges.   |

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| Salaries & Wages                       | A budget expenditure category for monetary compensation in the form of annual or hourly pay for work performed.   |
| Sanitary Sewer Overflow Consent Decree | A court-enforced legal document that was negotiated between WSSC Water, 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 WSSC Water 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 1993 to pay for growth-related CIP projects. (FY 1994 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 WSSC Water's major wastewater collection, storage, and disposal facilities, including all sewer mains 15" in diameter 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 WSSC Water'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. |
| Sewer Use Charges                      | Revenue derived from applying an increasing rate schedule per 1,000 gallons of water sold. The rate charged for each account is based upon the average daily water consumption by customer unit during each billing period.   |



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| 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 WSSC Water on the basis that the industrial user has a reasonable potential for adversely affecting the operation of WSSC Water's wastewater treatment plants. |
| Spending Affordability                          | (Also referred to as SAG) 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 WSSC Water's budget preparation. This process started with the FY 1996 budget.  |
| Strategic Sourcing                              | Strategic planning and priority alignment to foster informed decision making using fact-based, data-driven processes.   |
| Supervisory Control and Data Acquisition System | (Also referred to as SCADA) The technological system enabling WSSC Water to use automation to collect data from one or more (remote) facilities and send limited control instructions to those facilities.  |
| 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 Water-issued permit for extensions to WSSC Water's system. This permit is required for the Applicant to build water and sewer systems that WSSC Water will, upon satisfactory completion, take over for maintenance and operations.  |
| System Extension Process                        | Addresses projects undertaken by applicants to support future growth, serve one new residence or provide relief from a residential health hazard.   |

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| 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 Sanitary Sewer Overflow Consent Decree, “Trunk Sewer” refers to any sewer lines in WSSC Water’s Collection System that are 15” 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.   |
| U.S. Environmental Protection Agency    | (Also referred to as EPA) U.S. Federal agency charged with overseeing waterways and water sources, decreasing water pollution and protecting drinking water from known and emerging contaminants that endanger public health.  |
| Washington Suburban Sanitary Commission | (Also referred to as WSSC Water or agency) A Bi-County agency established by an act of the Maryland General Assembly responsible for planning, designing, constructing, operating, and maintaining water and sewerage systems in Prince George’s and Montgomery Counties.  |
| Washington Suburban Sanitary District   | (Also referred to as WSSD) The area served by WSSC Water, strict 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. |
| Wastewater                              | Water that originates from a combination of domestic, industrial, commercial or agricultural activities and, due to sewer inflow or infiltration, may also include surface runoff or stormwater.   |
| Water Consumption Charge                | Revenue derived from the sale of water by applying an increasing rate schedule per 1,000 gallons of use. The rate charged for each account is based upon the average daily consumption during each billing period.   |

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|------------------------|---|
| Water Fund             | Funded by customers, community members and WSSC Water employees to assist approved residential customers experiencing financial hardships paying water/sewer bills.   |
| 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 WSSC Water'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 WSSC Water's major water supply and distribution facilities, including all water mains 16" in diameter 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.   |

## APPENDIX C - ACRONYMS

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| AFO      | Acoustic Fiber Optic   | H/C     | House Connection                                       |
| AL       | Action level   | ICPRB   | Interstate Commission on the Potomac River Basin       |
| AMF      | Account Maintenance Fee  | IIF     | Infrastructure Investment Fee                          |
| AMI      | Advanced Metering Infrastructure                               | IT      | Information Technology                                 |
| C2M      | Customer-to-Meter  | LCRR    | Lead and Copper Rule Revisions                         |
| CAP      | Customer Assistance Program                                    | LIHWAP  | Low-Income Household Water Assistance Program          |
| CEO      | Chief Executive Officer  | LSL     | Lead Service Line                                      |
| CLF      | Consolidated Lab Facility                                      | MBE     | Minority Business Enterprise                           |
| CIP      | Capital Improvements Program                                   | MDE     | Maryland Department of the Environment                 |
| CIU      | Categorical Industrial User                                    | MGD     | Million Gallons per Day                                |
| COOP     | Continuity of Operations Plans                                 | M-NCPPC | Maryland-National Capital Park and Planning Commission |
| CPI-W    | Consumer Price Index for Urban Wage Earners & Clerical Workers | MVR     | Meter, Vertical Turbine                                |
| DC Water | District of Columbia Water and Sewer Authority                 | MWCOG   | Metropolitan Washington Council of Governments         |
| DSCR     | Debt Service Coverage Ratio                                    | MWIFA   | Maryland Water Infrastructure Financing Administration |
| DWRLF    | Drinking Water Revolving Loan Fund                             | NTU     | Nephelometric Turbidity Units                          |
| E&C      | Engineering & Construction Department                          | OHEP    | Maryland Office of Home Energy Programs                |
| EBS      | E-Business Suite   | OIG     | Office of the Inspector General                        |
| EGIS     | Enterprise Geographic Information System                       | OPEB    | Other Post-Employment Benefits                         |
| EPA      | Environmental Protection Agency                                | OSDI    | Office of Supplier Diversity & Inclusion               |
| FEMA     | Federal Emergency Management Agency                            | PAYGO   | “Pay-As-You-GO” Financing                              |
| FFBC     | Front Foot Benefit Charge                                      | PCCP    | Pre-stressed Concrete Cylinder Pipe                    |
| FICA     | Social Security & Medicare                                     | PPB     | Parts per billion                                      |
| FM       | Force Main   | REDO    | Reconstruction Debt Service Offset                     |
| FOG      | Fats, Oils, and Grease   | RESJ    | Racial Equity and Social Justice                       |
| FOMC     | Federal Open Market Committee                                  | SAG     | Spending Affordability Guidelines                      |
| FSE      | Food Service Establishment                                     | SCADA   | Supervisory Control and Data Acquisition               |
| FTE      | Full Time Equivalent = Workyear                                | SDC     | System Development Charge                              |
| FY       | Fiscal Year  | SDWA    | Safe Drinking Water Act                                |
| GAAP     | Generally Accepted Accounting Principles                       | SEP     | System Extension Permit                                |
| GFOA     | Government Finance Officers Association                        | SIU     | Significant Industrial User                            |
| GIS      | Geographic Information System                                  | SLBE    | Small, Local Business Enterprise                       |
| GPD      | Gallons per Day  | SRF     | State Revolving Fund                                   |
| GPS      | Global Positioning System                                      | SSES    | Sewer System Evaluation Survey                         |
| GRR      | Galvanized Requiring Replacement                               |         |  |
| HAA      | Haloacetic Acid  |         |  |

## APPENDIX C - ACRONYMS

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| SSO   | Sanitary Sewer Overflow                    |
| THM   | Trihalomethanes                            |
| TL    | Trigger level                              |
| WFP   | Water Filtration Plant                     |
| WQRLF | Water Quality Revolving Loan Fund          |
| WRRF  | Water Resource Recovery Facilities         |
| WSSC  | Washington Suburban Sanitary<br>Commission |
| WSSD  | Washington Suburban Sanitary<br>District   |
| WWPS  | Wastewater Pumping Station                 |
| WWTP  | Wastewater Treatment Plant                 |



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